



## ***PRESS RELEASE***

Issued by Corporate Communications Department

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# **Larsen & Toubro Limited Performance for the year ended March 31, 2006**

**PAT for the year up at Rs. 1012 crore  
40% increase in PAT for the quarter ended March 31, 2006  
Group profits for the year up by 25%  
Dividend declared at Rs. 22.00 per equity share**

**Mumbai, May 25, 2006:** Larsen & Toubro Limited (L&T) reported a 12% increase in Gross Revenues from operations of Rs. 14884 crore for the financial year ended March 31, 2006 as against Rs. 13255 crore for the previous year. The share of revenues from international operations constituted 18% of the total gross revenues.

Inclusive of extraordinary items and gains from divestments, Profit after Tax [“PAT”] for the quarter and year ended March 31, 2006 has increased to Rs. 467 crore and Rs. 1012 crore respectively.

PAT, excluding extraordinary items and gains from divestments at Rs. 863 crore for the year ended March 31, 2006 increased by 37% over the previous year. Similarly, the PAT for the quarter ended March 31, 2006, excluding extraordinary items and gains from divestments has increased by 37 % over the corresponding quarter of the previous year.

The provision for current tax is higher at Rs. 365 crore as compared to the previous year’s provision of Rs. 321 crore, the increase attributed to increase in share of taxable earnings from business operations.

The Board of Directors has recommended a dividend of Rs. 22.00 per equity share.

## **Engineering & Construction [“E&C”] Segment**

For the year ended March 31, 2006, E&C Segment recorded a substantial growth of 51% in order booking at Rs. 19609 crore. International orders at Rs 3786 crore constituted 19% of the total value of orders.

A major share of orders booked relate to the hydrocarbon and infrastructure sectors. The significant increase in order booking reflects the company’s superior execution skills and resource mobilizing capability to successfully complete orders of large value and technical complexities.

The details of the major orders secured during the year ended March 31,2006 are given in Annexure I

The segment recorded revenues of Rs. 12570 crore during the year ended March 31, 2006, representing an increase of 10% over previous year. Export sales for the year at Rs. 2460 crore, constituted 20% of the total segment revenue. The segment result [“Segment PBIT”] for the year ended March 31,2006 at Rs. 949 crore posted an impressive increase of around 24% over the previous year.

The order backlog as at March 31, 2006 is healthy at Rs. 24169 crore. Capacity augmentation by way of expansion of the heavy engineering fabrication facility at Hazira and proposed new facilities at Coimbatore and Middle East are some of the key initiatives being taken up to address the growth prospects.

## **Electrical & Electronics Segment**

The segment revenues for the year ended March 31,2006 at Rs. 1582 crore showed a 30% growth over the previous year, reflecting the underlying buoyancy in the various businesses and re-affirming the segment’s dominant status as a market leader in many of its product ranges in the country. The share of export revenues during the year ended March 31, 2006 increased to 11 % as compared to 8% in the previous year. The Segment PBIT for the year ended March 31, 2006 at Rs. 232 crore, posted a smart growth of 60% over the previous year.

Several internal initiatives like procurement optimization, lean manufacturing, contemporary product range etc., and supported by a healthy market demand have had a visible and favorable impact on the performance of the segment. The segment is augmenting capacity at Ahmednagar and Coimbatore for meeting the growing domestic demand and is also setting up manufacturing facilities in China & Saudi Arabia to enlarge its presence overseas.

## **Other Diversified Businesses**

Total revenues from the Company's other businesses for the year ended March 31, 2006 was Rs. 1111 crore, posting a healthy increase of 33% over the previous year. Large investments in the domestic infrastructure and construction sectors have benefited the businesses with higher sales growth witnessed in ready mix concrete, construction equipment and welding systems/products.

## **Consolidated Financials**

The consolidated Gross Revenues for the year ended March 31, 2006 of the Group amounted to Rs. 16666 crore, registering a growth of 14% over the previous year. The net profit accruing to the Group, excluding extraordinary items and gains from divestitures at Rs. 1051 crore, posted an impressive growth of 51% over the previous year comparative of Rs. 696 crore.

Most of the entities comprising the Group have reported good performances, both in terms of revenue growth and profitability, leading to an improved consolidated financial position for 2005-06.

## **Outlook**

Sound economic fundamentals and capacity creation prospects across all core sectors are positive factors facilitating the Company's growth potential in the near term. The Company's ability to optimize its resources and utilize the conducive business environment would be a key determinant to its growth and profitability.

Given the substantial order backlog, the Company expects to sustain its good performance and meet investor expectations in the medium term.

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*Annual Results 2005-06.doc*

## Annexure I

The details of major orders secured during the year ended March 31, 2006 are given below:

### Domestic

April 05 – March 06

|   | <i>Rs.<br/>Crore</i> |
|---|----------------------|
| ▶ Booster compressor platform and modification of existing platforms in the Bassein Gas Field, north west of Mumbai for Oil and Natural Gas Corporation Limited   | 1300                 |
| ▶ Modification of existing facilities, testing, pre-commissioning, and commissioning of entire facilities (wherever applicable) for Mumbai High North and Bassein Field for Oil and Natural Gas Corporation Limited   | 1000                 |
| ▶ Engineering, procurement, onshore fabrication and transportation of the critical booster and high pressure compression modules approximately 80 km west, north west of Mumbai for ONGC (Vasai East Development Project) in consortium with Samsung Heavy Industries Ltd., Korea | 776                  |
| ▶ Construction of Blast Furnace “H” of 2.5 MTPA capacity and electrification works at Jamshedpur, Jharkhand for Tata Steel Limited  | 714                  |
| ▶ Construction of buildings, utilities and electrification, airside and landside work of Hyderabad Airport for Hyderabad International Airports Limited   | 495                  |
| ▶ Construction of Krishnagiri – Thoppur road in Tamil Nadu for L&T Krishnagiri Thopur Toll Road Private Limited   | 450                  |
| ▶ Execution of Parbati hydro electric project stage III, on the river Sainj, Himachal Pradesh, in consortium with Patel Engineering Limited   | 428                  |
| ▶ Development of port facilities at Gangavaram : breakwater (package I) and marine-onshore civil works (package 3) for Gangavaram Port Limited  | 408                  |

### Overseas

|  |     |
|--|-----|
| ▶ Engineering, procurement and commissioning of Vacuum Distillation Unit (VDU) , off-sites and utilities for Petronas Melaka Group 3 (9MG3) lube base oil plant, Malaysia for Petronas, Malaysia | 593 |
| ▶ Engineering, procurement, construction and commissioning of facilities for New Depot project at Safat, Kuwait for Kuwait Aviation Fuel Company   | 580 |
| ▶ Manufacture and supply of Column, Regenerator, Reactor and HP Heat Exchangers for Reliance Industries Limited (Special Economic Zone - Jamnagar)   | 384 |
| ▶ Construction of residential buildings at Mogul Gardens in Dubai for Nakheel, UAE   | 328 |