

PRESS RELEASE

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LARSEN & TOUBRO LIMITED

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Larsen & Toubro Limited
Performance For The Year Ended March 31, 2005

Revenues for the year up by 35%
PAT for the year up at Rs. 984 crore
Total Dividend at Rs. 27.50 per equity share including

Engineering & Construction Segment

The Engineering & Construction (E&C) Segment booked new orders amounting to Rs. 13301 crore, showing an increase of 14% over the previous year. Of these, export orders accounted for Rs. 1692 crore, constituting 13% of the orders booked during the year.

Both domestic and international markets provided opportunities for the Company in Oil & Gas, Power and Infrastructure sectors. The size and complexity of the orders booked across a range of core sector industries / infrastructure sector reflect the premier position of the Company in the E&C segment.

The details of the major orders secured during the quarter ended 31st March 2005 are given below:

January March 2005

	Rs. crore
Providing and laying of MS pipeline from Modhera to Dharoi for Lift Irrigation project of Gujarat Water Resource Development Corporation	254
Revamp and reconstruction of SH Process Platform Complex in Mumbai High South for ONGC.	186
Construction of housing complex at Whitefield, Bangalore for Whitefield Shelters Private Limited.	180
Water Supply System for Bangalore Water Supply & Sewerage Board, under Greater Bangalore Water Supply Scheme	166

Other Diversified Businesses

Among the diversified businesses, the Construction equipment business was the star performer. Good demand growth and product improvements helped the Company register 18% growth in its revenues over the previous year. Welding systems and industrial products also performed well during the year. These businesses along with the Ready Mix Concrete business have good growth potential for the Company in the coming years.

Interest Cost

Gross interest cost and net interest cost of the Company for the year amounted to Rs. 84 crore and Rs. 54 crore respectively. Despite increase in the borrowings during the year, the gross average borrowing cost for the year was lower by about 1.6% as compared to the previous year, due to several cost optimization measures taken by the Company.

Provision for Taxation

The provision for current tax is higher at Rs. 321 crore as compared to the increase is largely due to higher level of net earnings and phasing out of various tax incentives provided earlier by the Government.

Consolidated Financials

The consolidated Gross Sales Revenues for the year of L&T Group, including its domestic and overseas subsidiaries amounted to Rs. 14613 crore, registering a growth of 31.6% over the previous year. The Group profit after tax at Rs. 1117 crore has increased impressively by 45.6% on the back of good performance of most of the subsidiaries.

Among the major subsidiaries, Larsen & Toubro Infotech Limited registered a growth of 54% in its revenues during the year. Other subsidiaries such as L&T Finance Limited, HPL Cogeneration Limited, etc. also reported good performances with increased revenues and profits.

Outlook

The fundamentals in the economy are reasonably strong and the thrust on infrastructure development is expected to continue. There are prospects of sizeable investments in the Power, Hydrocarbon and Infrastructure sectors, which augur well for the Company, in the medium term. With capacity utilization rising to threshold levels, the capital goods industry is expected to benefit from investment outlays in varied manufacturing sectors.

Barring unforeseen circumstances, the Company is hopeful of satisfactory performance in the next year.

FN: Annual results 2004-05.doc