



PRESS RELEASE

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Larsen & Toubro Limited

Performance for the quarter ended December 31, 2004

Sales for the quarter up 32%
Net Profit for the quarter up 30%

Mumbai, January 24, 2005: Larsen & Toubro Limited (L&T) has recorded Gross Sales & Service revenues of Rs. 3268 crore for the quarter ended 31.12.2004, reflecting an increase of 32% over the corresponding quarter last year. Profit before tax and Profit after tax for the quarter at Rs. 187.03 crore and Rs. 132.35 crore show an increase of 27% and 30% respectively.

Cumulatively for the nine-month period ended December 31, 2004, Gross Sales & Service income amounted to Rs. 8960 crore, showing an increase of 44%. Profit before tax and Profit after tax at Rs. 448.47 crore and Rs. 296.85 crore represent growth of 26% and 20% respectively.

The profit figures referred to above exclude the one-time gain of Rs. 353.32 crore accrued on sale of shares in UltraTech Cement Limited in the previous quarter.

Engineering & Construction (E&C)

E&C segment reported order booking of Rs. 3161 crore for the quarter which is in line with the management expectations. The total order booking for the nine-month period aggregates to Rs. 7853 crore. Barring unforeseen circumstances, the Company expects to book a significant volume of orders in the last quarter, which should help achieve a reasonable growth in order booking for the year.

The details of major orders secured by E&C segment during the quarter-ended 31.12.2004 are:

Domestic

	<i>Rs. Crore</i>
▶ Veligonda project - closing of the Gottipadia gap, excavation of Gottipadia canal works and distribution at Markapuram, Prakasam District (Andhra Pradesh) for Government of Andhra Pradesh	380
▶ Mora – Talatheri pipeline for Gujarat State Petronet Limited	352
▶ Material Handling Plant for Neyveli Lignite Corporation Limited	283
▶ EPC contract for Isomerisation Unit of Mangalore Refinery and Petrochemicals Limited	265
▶ Electrical system, steam supply , auxiliary system and common service system for 2 x 1000 MW project at Kudankulam [Tamil Nadu] for Nuclear Power Corporation of India Limited	190
▶ Upgradation of road from Kattumavadi to Ramanathapuram, Tamil Nadu Road Sector Project	143
▶ Supply of equipment, materials, erection and services for coal handling plant for 2 x 210 MW power plant, Units 4 & 5 at Bakreshwar for West Bengal Power Development Corporation Limited	135
▶ Construction of Cyberabad Convention Centre at HITEX Exhibition Complex , Hyderabad for Cyberabad Convention Centre Private Limited	122
▶ Design, supply, erection and commissioning of dairy plant at Gurgaon [Haryana] for Dumex India Private Limited	103
▶ Construction of cut & cover tunnel 3C14R and station for Line 3 - for Delhi Metro Rail Corporation Limited	69

Overseas

▶ Manufacture and supply of reactors for Shenhua Direct Coal Liquefaction Project in inner Mongolia, China	57
▶ Manufacture and supply of Ethylene Oxide Reactors for Equate Petrochemical Company, Kuwait	45

E&C Gross Revenues for the quarter amounted to Rs. 2821 crore, up 35% as compared to same period last year. For the nine-month period, the Revenues amounted to Rs. 7659 crore, accounting for around 84% of the Company's revenues. Export Sales for the quarter and for the nine-month period amounted to Rs. 644 crore and Rs.1668 crore respectively.

The order backlog position continues to be strong, with unexecuted order value of Rs. 16701 crore as at 31.12.2004. Of this, export order backlog amounts to Rs. 2472 crore.

Electrical & Electronics

The Electrical & Electronics segment continued its strong performance with gross revenues for the quarter at Rs. 311 crore reflecting a 24% increase over last year. Price realization has improved on the back of strong demand and with higher levels of efficiencies in manufacturing operations and supply chain management, operating margins have improved.

Outlook

Engineering & Construction revenues are expected to report a growth of around 35% for the year and Electrical & Electronics segment is poised to record a revenue growth of around 25% for the year. E&C margins are expected to show good improvement in the last quarter in spite of substantial increase in input costs. Operating margin of Electrical & Electronics segment is expected to be marginally better than the previous year.