



PRESS RELEASE

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Larsen & Toubro Limited

Good performance for the quarter ended June 30, 2004

July 31, 2004: Larsen & Toubro Limited (L&T) achieved Gross Sales & Service income of Rs. 2689 crore for the three months ended June 30, 2004, recording a growth of 64% over the same period last year.

Profit before tax and Profit after tax for the quarter amounted to Rs. 116.01 crore and Rs.80.13 crore respectively, posting an increase of 28% and 26% respectively over the first quarter of 2003/04. The figures for the first quarter of 2003/04 have been recast to exclude the financials of the cement business which was demerged into UltraTech CemCo Limited with effect from April 1, 2003.

Engineering & Construction Segment

The Engineering & Construction (E&C) segment secured orders aggregating to Rs. 2172 crore, as against Rs. 1967 crore in the first quarter of 2003-04. This translates into a growth of 10% quarter-on-quarter.

Export orders at Rs. 670 crore constituted 31% of the order booking, evidencing the Company's credentials to secure projects overseas. A repeat order for supply of Coal Gassifier Shell to China is a testimony to the Company's world class manufacturing facilities geared to fabricate complex process plant equipment.

The details of major orders secured during the quarter are:

Domestic

	<i>Rs. Crore</i>
▶ Construction, erection, commissioning of 3 nos. 660 MW Boilers for SIPAT super thermal power project (Chattisgarh) of National Thermal Power Corporation Limited	239
▶ Supply, erection, commissioning of Coal Handling Plant at Kahalgaon for National Thermal Power Corporation Limited	171
▶ Supply and erection of Coal Handling Plant at Vindhyachal for National Thermal Power Corporation Limited	112

Overseas

	<i>Rs.Crore</i>
▶ 33/11 kV package Substation with 33 kV overhead line and cable at Al Ain for Abu Dhabi Water & Electricity Authority	142
▶ Coal Gassifier Shell and Internals for Zhongauan Dahua Group Company Limited , Henan Province (China)	96
▶ Construction and maintenance of water front project at Dubai for Trident International Holdings, Dubai	76

E&C segment revenues for the quarter at Rs. 2277 crore accounted for 84% of the Company's revenues and registered a growth of 74% on a q-o-q basis. The subsequent quarters are expected to register much lower increases.

The segment has an order backlog position of Rs. 16581 crore as at June 30, 2004.

Electrical & Electronics Segment

The segment revenue at Rs. 251 crore posted a 24% q-o-q growth. The increase was driven by Electrical Switchgear Products. The segment's export sales grew more than threefold to Rs. 17 crore, demonstrating the success of export initiatives.

Segment operating margin for the quarter at 10.7% is higher as compared to 8.6% for the corresponding quarter of the previous year. This was largely achieved through lower manufacturing costs, higher labour productivity and higher new product intensity.

Outlook

With a robust order backlog, the Company expects an overall sales growth of over 25% for the year. E&C segment margins are likely to improve during the remaining quarters. The Company is well-positioned to capture the opportunities emerging in the hydrocarbon sector – both in the domestic and international markets. With the Government's continued thrust on infrastructure and manufacturing sectors, the outlook for the near-to-medium term is encouraging.