



PRESS RELEASE

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L&T's High-tech Manufacturing Hub in Coimbatore Gets Into Gear

Facilities for Valves and Switchboards Inaugurated

Coimbatore, April 12, 2007: Larsen & Toubro Limited (L&T) — the USD 4 billion engineering, technology and construction company — crossed yet another milestone in its growth with the back to back inauguration of the first two facilities at its 300 acre campus in Coimbatore. The facilities for the manufacture of high end industrial valves and switchboards, will cater to domestic and international markets, and position India as a global player in the high end manufacturing space.

The switchboards facility of L&T's Electrical & Electronics Division, was inaugurated by Mr. R. N. Mukhija, President – Operations, and Member of the Board of L&T.

The valve facility of L&T's associate company, Audco India Limited (AIL) was jointly inaugurated by Mr. K.V Rangaswami, President – Operations and Member of the Board, L&T, and Mr. Lewis M. Kling, President and Chief Executive Officer of Flowserve Corporation, USA. AIL is a joint venture of L&T and Flowserve.

Commenting on the landmark event, Mr. A. M. Naik, Chairman & Managing Director, L&T, stated: “The new facilities signal L&T's commitment to strengthening high end manufacturing capability within the country. They are building blocks in our larger strategic goal of enhancing capacities to meet global demand for high precision manufacturing. This is in addition to L&T's well established world class capabilities in execution of large projects and heavy engineering. The facilities will help L&T consolidate its leadership position in the high technology manufacturing space.”

Emphasising the export opportunity, Mr. Mukhija, said, “The switchboards facility is poised to become the country's single largest unit of its kind. Over 40 per cent of the production will cater to international markets.”

Inaugurating the facility for valves, Mr. K.V. Rangaswami, said “The fact that the facilities have been set up within 11 months of laying the foundation stone reflects L&T’s accelerated pace of operations and the importance that the Company attaches to its expansion plans at Coimbatore.”

All the facilities in the 300 acre Coimbatore Campus will incorporate cutting edge technology and ‘best of breed’ practices. The campus will progressively see the establishment of manufacturing facilities and technology centres for various strategic business units, an advanced tooling centre, and facilities for high precision components for sectors like aerospace, nuclear, automotive and hydraulics.

The strategic choice of Coimbatore was based on the competitive advantages that the industrial city offers in terms of a strong supporting technical infrastructure with over 30,000 small and medium enterprises, high caliber of skilled talent and an enabling industrial environment. The city also enjoys proximity to the major ports of Cochin and Tuticorin.

The campus would also generate extensive direct and indirect employment. As with all of L&T manufacturing facilities, the Coimbatore Campus will meet critical environmental standards. Afforestation programmes envisage the planting of over 60,000 trees in the campus.

(More Information on Facilities & Background on Next Page)

Information about Facilities

Valves Facility

The valves facility is the fourth manufacturing unit of Audco India Limited (AIL), a joint venture company incorporated in 1961, now has equal equity participation of Larsen & Toubro Limited, India and Flowserve Corporation, USA. The company has established itself as a global leader for manufacture and supply of valves and customized flow control products for major refineries, petrochemical plants, LNG & GTL projects, etc. AIL exports almost 60% of its production, and supplies are made to various projects/plants in USA, Europe, Middle East, Africa and Asia-Pacific. With the growing demand for Oil & Gas, and the large investments planned especially in the Middle East, AIL is poised for accelerated growth in the coming years.

The additional capacities being created at Coimbatore will help AIL to meet the higher demands for Gate, Globe, Check and Ball valves including larger sizes up to 60”.

The facility will have CNC machines for precision and critical operations, automatic welding machines for plasma, sub-arc and MIG processes. The Coimbatore facility is equipped with a pressurized system for dust-free manufacturing. AIL plans to operate the plant with the latest manufacturing systems backed by highly qualified, skilled manpower. All four factories of AIL are integrated by an SAP-ERP system for seamless operations. The Coimbatore facility will achieve high productivity and low costs of production - key success factors for global competitiveness.

Switchboards Facility

The switchboards manufacturing facility at Coimbatore will augment the capability of L&T - India's largest manufacturer of low tension switchgear. The facility will soon become the largest single unit for manufacture of switchboards in the country. Manufacturing capability of 7000 panels per year will be increased to 13,000 panels by 2009 and to 17,000 panels by 2010. The Coimbatore facility is L&T's fourth switchgear manufacturing centre – in addition to Powai (Mumbai), Faridabad (near Delhi) and Ahmednagar (Maharashtra).

The integration of modern technology into the manufacturing process has helped L&T achieve global standards in every parameter - quality, speed, safety, efficiency, etc. This has also given L&T's facilities the flexibility for timely response to changing market requirements. The new manufacturing facility will have high-end automatic CNC turret punch presses, press brakes, roll forming and state-of-the-art powder coating plant. In addition, there will be a well equipped testing facility.

(Background Information on next page)

Background:

Valves: AIL is recognized as a leading manufacturer and reliable supplier of quality valves with a commitment to customer service. AIL has grown rapidly in the last five years with a CAGR of about 26% as against single digit growth rate prevalent in the global valve market.

AIL has set for itself an ambitious growth trajectory for the future and recognizes the necessity for its facilities to be on par with world's best, in terms of product design, quality, delivery and cost. AIL has been supplying high end products like cryogenic valves, high pressure and high temperature valves for the nuclear industry, emergency shut-down valves for oil and gas pipelines, and special valves for corrosive applications.

In order to stay ahead of competition worldwide, and provide customers with products of contemporary designs at competitive prices, AIL has a best-in-business Product Design & Development facility at its plant in Chennai, with over 80 engineers, equipped with advanced design and simulation software tools and skill-sets. This has helped to shorten the development time for new products and for customization, thus reducing overall response time.

With the addition of the new facility, AIL will be ramping up production capacities to global levels, and will meet customer expectations of faster delivery.

Switchgear: L&T is one of the major manufacturers of low voltage switchgear in the world, with the scale, sophistication and range to meet international benchmarks. The track record includes the supply of intelligent switchboards, systems and service to major industrial projects. In addition to its leadership position in the Indian market, L&T has a growing presence in overseas markets.

L&T switchgear and switchboards conform to international design standards. KEMA certification and CE markings attest to quality and reliability. The company's continuous investment in upgrading capabilities has led to the development of a technology base on par with the finest in electrical industry worldwide. As an industry leader, L&T views its role as a complete solutions provider for power distribution and control in the low tension electricals segment.

L&T's leadership in the switchgear sector is based on the prominence it has achieved not only in terms of volume and value of sales, but also in other aspects of design innovation, product quality and customer service. The quality management systems adopted at the manufacturing facilities are in line with ISO 9001-2000 Standards. L&T is conscious of the need to harmonise growth with environmental interests. Its innovations in product design and manufacturing process reflect this concern.

L&T's commitment to upgrading designs is reflected in its consistently high volume of investment in R&D. L&T was the first switchgear manufacturer in the private sector to build a full-fledged short circuit test station in India. Computer-aided designing integrated with concurrent engineering has facilitated the development of designs that keep pace with the changing demands of industry. L&T also collaborates with the Bureau of Indian Standards (BIS) and the Industrial Electrotechnical Commission (IEC) in developing standards for the industry.

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