



PRESS RELEASE

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L&T Ventures into Dredging

Mumbai, May 17, 2006: Larsen & Toubro Limited, India's engineering and construction organization, has made a foray into the dredging business by acquiring a majority stake in the Indian entity, International Seaport Dredging Pvt. Ltd., promoted by Belgian dredging multinational, Dredging International NV.

Following the Shareholders' Agreement entered into on 25th January 2006 with Dredging International, L&T has infused equity to acquire 61% stake of the Indian venture of Dredging International headquartered at New Delhi. Dredging International will hold the balance 39%.

Dredging International ('DI') is part of the DEME Group (Dredging, Environmental & Marine Engineering). A major player in the global dredging market, it has achieved rapid and sustained growth over the last decade. DI's core activity is dredging and land reclamation. For more than a century, constituent companies of DI have undertaken projects worldwide, including inland grain harbours in Argentina, construction of quay walls on the Mekong river in Southeast Asia and modern ports in the Persian Gulf and the Red Sea in the 70s. Today, DI's modern and high-tech trailing suction hopper dredgers and the mighty cutter suction dredgers are deepening fairways and reclaiming new land in South America, the Middle East, Australia, Africa and Europe in addition to building ports in India.

This acquisition is in line with L&T's strategy to strengthen its position in ports and harbours. L&T has played a major role in construction in several public and private sector ports in the country, including ports at Nava Sheva, Chennai, Mundra (for Adani), Gangavaram, Hazira (for Shell LNG plant), Seabird Project at Karwar; private jetties for Finolex (Ratnagiri), Reliance (Hazira), Chemplast (Karaikal) and Ballard Pier in Mumbai.