



PRESS RELEASE

Issued by Corporate Communications Department
LARSEN & TOUBRO LIMITED
L&T House, Ballard Estate, Mumbai 400 001

Tel: 67 525 656 Ext: 832/645/649/856/853
Fax: 91-22-67 525 607/ 8

L&T to expand capacity of Ahmednagar factory

CMD lays foundation of new Switchboard plant

Ahmednagar, September 21, 2006: Larsen & Toubro Limited (L&T), India's largest engineering and technology organization in the private sector, today took a big step towards expansion of capacity for its Electrical & Electronics Division (EBG) at its facility at MIDC in Ahmednagar.

L&T's Chairman & Managing Director, Mr. A. M. Naik and President – Operations & Member of the Board, Mr. R. N. Mukhija, visited the Ahmednagar facility for groundbreaking of its Switchboard factory. Mr. Naik laid the foundation of Switchboard manufacturing plant that will have a constructed area of more than 250,000 sq. feet.

The construction of 150,000 sq feet factory will be completed by the middle of financial year 2007-08. It is expected to generate revenue of Rs. 150 crore in the first year of operation and will employ more than 100 direct and 300 indirect people. This factory, over a period of 4-5 years, is expected to generate revenue of Rs. 350 crore and would generate both, direct and indirect employment for 1000 people.

Under its plans of growing building electrical business, the Modular Devices factory has already started operation and employs 150 people. A plan for expanding this business from 1.5 million units to 10.5 million units has been put in place that is expected to be completed within 2 years. The additional space requirement for this business will be met by additional construction. This would generate revenue of Rs 50 crore in the first year of commissioning.

The total expansion programme for both businesses at Ahmednagar facility envisages investment of Rs. 90 crore. With such an expansion, the Ahmednagar facility would have manpower strength of close to 1300 personnel.

Speaking on this occasion, Mr. Naik said, “L&T is already on a high growth path. All our initiatives and investments are directed towards making the organization a true Indian multinational and adding continuous value for meeting shareholders' expectations.”

Mr. Mukhija said, “L&T's electrical business is growing at 30% and we are committed to maintaining this growth. Our market share in the Switchboard business is above 40%. The new factory at Ahmednagar will help us meet the needs of a variety of customers in both, domestic and international market and add flexibility to the business.”

Mr. Naik and Mr. Mukhija undertook a visit to the manufacturing shops where General Manager & head of Ahmednagar factory, Mr. R. C. Agarwal, briefed them about some of the initiatives relating to manufacturing excellence and workmen involvement in quality and productivity enhancement. A presentation on different initiatives for expansion and growth was also made before the top officials of the company.

The two officials inaugurated the expansion of Tool Room building and Canteen building. The tool room capacity has been doubled to 2400 sq meters area and will house state-of-the-art CNC machines integrated with CAD/CAM technology. The canteen building has been expanded to accommodate 1000 employees.