



PRESS RELEASE

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L&T jv inks pact for Oman's First Facility for Mega Oil Rigs & Structures

Muscat, November 08, 2006: The Oman-based joint venture of Larsen & Toubro Limited - L&T Modular Fabrication Yard LLC took another major step today towards establishing Oman's first modular fabrication facility with the signing of an SUA (sub-usufruct agreement) with Sohar Industrial Port Company. L&T MFY is a joint venture with The Zubair Corporation – the group that is playing a critical part in Oman's growth and development. The agreement was signed on behalf of L&T MFY by Mr. K. Venkataramanan (President and Member of the Board of L&T) and Mr. Rashad M. Al Zubair of The Zubair Corporation who are, respectively, Chairman and Joint Chairman on the Board of the JV, in the presence of Mr. A. M. Naik, Chairman and Managing Director of L&T and H E Muhammad Al Zubair, Chairman of The Zubair Corporation.

The new modular fabrication facility is located at Sohar in north Oman, and would significantly augment the country's industrial base by manufacturing latest-generation products for the offshore oil & gas sector. Fabrication of a range of complex plants including Integrated Decks from 10,000 to 20,000 tonnes, Jack-up Rigs and FPSOs (Floating Production Storage & Offloading vessels) will introduce a new dimension to Oman's offerings and leverage its geographical position as 'the gateway to the Gulf'. In addition to the GCC countries, the products "made in Sohar" will find markets in Africa and South Asia. The yard is spread over an area of 400,000 sq.m. and will have state-of-the-art facilities for heavy structural fabrication, sophisticated equipment & systems integration and testing, and load-out of ultra-large modules. The water-front captive jetties will be able to accommodate ocean-going vessels of 10-12 m draft. The plant will be a global centre of manufacturing excellence in its field and, as planned at present, will produce about 50,000 tonnes of finished goods per year.

L&T MFY will also signify a milestone in the development of human resources in Oman. Parent company L&T's emphasis on localisation and skill training is already in evidence. Even before production commences, training sessions are already being conducted in key aspects of modular fabrication. The learning and exposure to modular fabrication provided by L&T MFY is certain to give young Omanis skills that are among the most sought after in the region. When fully

functional, it is estimated that L&T MFY will employ about 2,000 dedicated personnel. It is also expected to fuel the growth of ancillary industries around the plant thus contributing to the overall industrial development of the region.

Background:

L&T is a technology-driven engineering and construction organisation, with extended interests in manufacturing, services and Information Technology. A leader in its Indian businesses, L&T has an increasing international presence, with global operations and offices in over 20 countries. The company has a proven track record in offshore platform and pipeline engineering, procurement and construction. Together with its established Hazira facility on the west coast of India, the fabrication yard at Sohar will enable L&T to cater to diverse oil company requirements, with round-the-year delivery capability.

The Zubair Corporation is one of the largest industrial houses in Oman with a long history of developing associations worldwide, with a focus on development in Oman. The group comprises around 40 wholly-owned companies, subsidiaries and associates that have operations in the Middle East, India, Europe and the USA. The Zubair Corporation has participated in most of the infrastructure, tourism and industrial projects in the Sultanate.

Through its joint ventures with The Zubair Group, L&T has been closely involved in the development of key sectors of Oman's economy. Another JV, Larsen & Toubro (Oman) LLC, offers turnkey construction services for all types of projects and is one of the largest construction companies in Oman today. L&T has also jointly participated with Zubair in Larsen & Toubro Electromech LLC (LTEM), formerly known as Zubair Kilpatrick LLC. It is engaged in operations and maintenance of electromechanical systems for building utilities and is also a major contractor to Petroleum Development Oman (PDO) in oilfield projects.