

COMPANY INFORMATION

BOARD OF DIRECTORS

A. M. Naik	<i>Chairman & Managing Director</i>
J. P. Nayak	<i>Whole-time Director & President (Machinery & Industrial Products)</i>
Y. M. Deosthalee	<i>Whole-time Director & Chief Financial Officer</i>
K. Venkataramanan	<i>Whole-time Director & President (Engineering & Construction Projects)</i>
R. N. Mukhija	<i>Whole-time Director & President (Electrical & Electronics)</i>
V. K. Magapu	<i>Whole-time Director & Senior Executive Vice President (IT & Technology Services)</i>
K. V. Rangaswami	<i>Whole-time Director & Senior Executive Vice President (Construction)</i>
M. V. Kotwal	<i>Whole-time Director & Senior Executive Vice President (Heavy Engineering)</i>
S. Rajgopal	Nominee — UTI
B. P. Deshmukh	Nominee — GIC
Kranti Sinha	Nominee — LIC
S. N. Talwar	Non-Executive Director
M. M. Chitale	Non-Executive Director
Lt. Gen. Surinder Nath (Retd.)	Non-Executive Director
U. Sundararajan	Non-Executive Director
A. K. Shukla	Nominee — LIC

COMPANY SECRETARY

N. Hariharan

REGISTERED OFFICE :

L&T House, Ballard Estate, Mumbai 400 001



L&T's Corporate Office in Mumbai

**61st ANNUAL GENERAL MEETING,
AT BIRLA MATUSHRI SABHAGAR
19, MARINE LINES, MUMBAI 400 020
ON FRIDAY, AUGUST 25, 2006
AT 3.00 P.M.**

AUDITORS

M/s. Sharp & Tannan

SOLICITORS

M/s. Manilal Kher Ambalal & Co

REGISTRAR AND SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited,
Satam Industrial Estate, Chakala,
Andheri (E), Mumbai – 400 099.

Leadership Team



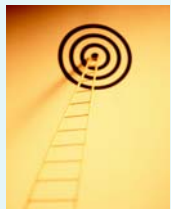
(Front row – from left to right): Mr. J.P. Nayak, Mr. A.M. Naik, Mr. Y.M. Deosthalee
(Rear – from left to right): Mr. K. Venkataramanan, Mr M.V. Kotwal, Mr V.K. Magapu,
Mr. R. N. Mukhija and Mr. K.V. Rangaswami

PEOPLE

Your company's most precious resource



'Talent strikes targets no one else can strike. Genius strikes targets no one else can see.'



**Lakshya –
Developing Human
Capital**

If we were asked to single out the one thing that distinguishes L&T from its peers, and sets this company apart from the rest, we would point not to its impressive track record of achievements, not to the records it has set and surpassed in every sector it

operates, or even to the large, state-of-the-art manufacturing facilities around the country. We would, instead, point to a remarkable individual – the L&T-ite.

L&T is its people. This is a Company whose character has been shaped and whose course determined by its own employees. We recognize therefore that all our strategic goals – enhancing shareholder value, achieving profitable growth, becoming an Indian multinational ... hinge on a single crucial factor - our ability to attract, retain and develop the skills of our human resources. Talent identification, acquisition, and development in terms of career planning and succession planning are therefore accorded top priority and consistently receive management attention.

MISSION

Building a vibrant, professional work environment that attracts, nurtures and retains good performers and; developing the expertise to be able to be a strategic partner to fulfill present and future business needs

Mission Statement of L&T's HR department

Talent Attraction

The campus is the nursery of future corporate leaders. Through intense effort across the last few years, L&T has created a significant brand presence in premier engineering and management institutes around the country. Young talent increasingly look upon L&T as a career destination that offers them the finest opportunity for enhancing their skill sets, professional growth and personal fulfillment. In addition to campus recruitment, leadership talent is rejuvenated and replenished through lateral recruitment.

'Campus Ambassadors'

Your Company initiated the concept of 'Campus Ambassador' to establish a visible and vibrant presence in the premier engineering and business campuses of the country. Tasked with promoting the L&T brand and ensuring that L&T is viewed as an employer of choice, the Campus Ambassador is a dedicated resource for building relationships with students and faculty. He is typically a distinguished alumnus of the institute he liaises with. He shares his vast knowledge and experience in the engineering industry with young minds and also takes part in influencing engineering course curricula to meet industry needs.



A temple of learning in a serene environment - L&T's Management Development Centre at Lonavala.

Training and development

Gandhiji had said 'learn as if you are going to live for ever'. For us, learning is a continuous process, and no employee is too old or too senior in the hierarchy to be exempt from training. The training and development function is assigned the responsibility of building capability within the organization to conduct business optimally in the present and prepare the organization with capabilities to meet the challenges of the future.

Tie-ups with B-schools

L&T has agreements in place with some of the country's premier business schools and management institutions to conduct courses for selected employees.

L&T's Training Institutes

Internally, L&T has its own institutes which train people in various technical and functional skills. Over 25 certification programs are organized ranging from project management to Six Sigma to something as basic as Autocad or

Welding. L&T also boasts of over 450 internal faculty for its various programs across India. The training outreach extends to L&T's channel partners – stockists and dealers as well as vendors. Customers too benefit from training in the application of L&T's high technology products and systems.

Apart from these initiatives, it is the culture and ethos of L&T that sustains a yearning to learn, improve and serve better – both individually and collectively.

Leadership for the future

Tomorrow is certainly going to be far more challenging than all our yesterdays. The pace would accelerate, the demands grow more varied and complex and the pressure to perform much more intense. It is in recognition of these emerging realities that L&T has begun to equip its people with a new order of abilities and attitudes that will help them crown their efforts with continued success.

Knowledge is power. Wisdom is sacred.
 Together, they shape the future.
 Most of the Company's resources are definable, their potential measurable.
 One, and only one, is different - the human resource.
 Its value is unlimited, and its potential is - dare we say it - infinite.
 It is people who have given L&T its remarkable history.
 And it is people who will, in the future, give the Company its winning edge.

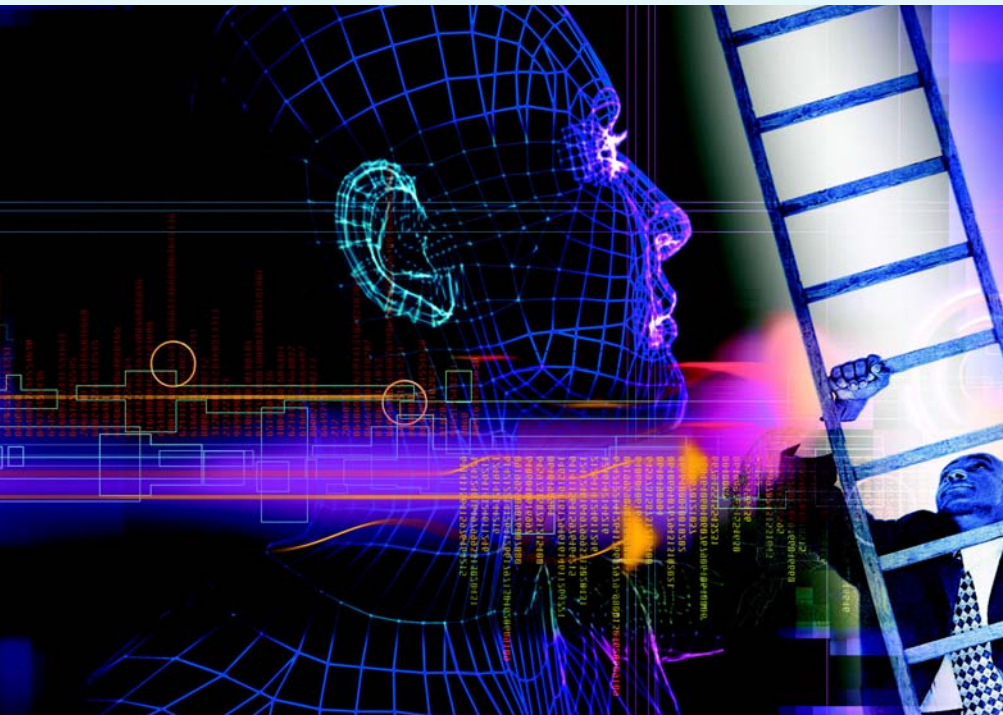
'Machineries may be there, build-ings may be there... but without people it's all nothing. People are our only real asset.'

Henning Holck-Larsen



TECHNOLOGY

– A Key Enabler



L&T views technology as the fulcrum that will enable the Company to achieve its goals more competitively, more emphatically, more effectively. Recognizing that technology is a moving target, and that yesterday's state-of-the-art could already be on the way to obsolescence, L&T constantly scans the horizon, and moves rapidly to acquire and implement solutions as they emerge. L&T is committed to investing in the capital and human resources that this would necessitate. If there is any method of doing something better, faster and safer or with a more favourable environmental impact, L&T adopts it.

Technology in R&D

The future is taking shape on computer screens at L&T's R&D laboratories. Here, teams of highly trained and talented engineers create life-like, 3-D images of power plants, petrochemical complexes and refineries – all in vivid detail. At the Technology & Innovation Centre in Vadodara, research engineers probe deep into the molecular structure of metals and unlock their secrets. In L&T's electrical laboratories, brilliant engineers study application requirements, material properties and design formations. Before long a product is born.

L&T also builds on its strong R&D tradition to provide advanced technical support to L&T's E&C and Heavy Engineering Operating Divisions.



3-Dimensional model vividly depicts every aspect of a complex refinery project.

'A mind that is stretched to a new idea never returns to its original dimension'



**Lakshya –
Leveraging technology
for competitive
advantage**

'Imagineering' synthesizes engineering with imagination, fuses right and left brain thinking, and enlivens the regimented march of knowledge with a creative leap.

While engineering turns concepts into reality, 'imagineering' lights up the path ahead, and unlocks the world that lies beyond.

And finally, 'imagineering' underscores L&T's focus on the technological facet of engineering. As L&T progresses towards becoming a true knowledge-based premium conglomerate, the signpost along the road reads 'Imagineering'.

L&T's new tag line 'It's all about imagineering' captures the ethos of the company. It describes not just where it is coming from but also where it is heading.

Technology for Product Innovation

L&T's Electrical & Electronic Business Division has one of the highest New Product Intensities in the industry. Every third rupee of the revenue generated for switchgear products comes from products introduced in the last five years. Many of the products have won international awards, and the department has registered a number of patents.



Innovatively designed L&T switchgear product combines elegance with reliable protection.

IT Resources

The extensive use of IT gives L&T its leading edge in project execution and management, equipment and system design. The E&C Division, for instance, shares designs, models and data instantaneously in a web-enabled environment. The objective is to deliver engineering information as intelligent data to leverage its core project development and execution competencies.

Technology for Communication

L&T's far-flung project sites are linked to design offices and administrative centres through VSATs and wireless links achieving virtual single-office operation. Video conferencing systems facilitate the sharing of ideas and collaborative effort across multiple centres.

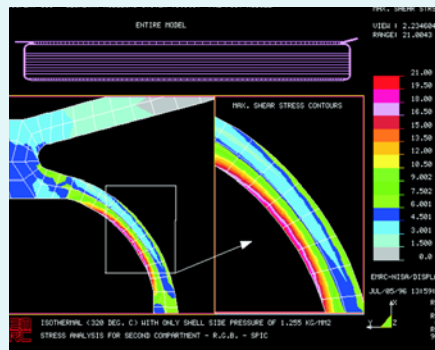
Research and Development

R&D is born out of a belief that the best is not good enough. L&T believes that there will always be ways to enhance performance levels, raise safety thresholds, accelerate processes, and it is the mission of L&T's R&D engineers to seek and discover those avenues for improvement.

L&T's Corporate Technology Department takes a macro-perspective of technological developments in industry worldwide. Its efforts cover:

- Facilitating technology development for each of the businesses within to enable them achieve the L&T's strategic plans
- Cross-fertilisation of ideas across Operating Divisions on technology development
- Identifying technology gaps and initiating remedial action through both organic and inorganic routes
- Identifying, nurturing and bringing to fruition new technology-based initiatives

Technology will continue to be a key enabler of L&T's existing and emerging businesses. It will help L&T secure and sustain its competitive advantages as it encounters the challenges of change.



Putting metal to the test - L&T's R&D labs probe deep into the structure of components.

Benchmarks set by L&T

L&T has consistently demonstrated the ability to set and surpass industry benchmarks. Here is a glimpse of some of the records set by L&T. The list is by no means exhaustive and only serves to indicate the diversity of L&T's achievements in engineering, construction and manufacturing across several industry sectors.

- World's largest coal gasifier built for an ammonia plant in China
- India's largest single-stream PTA plant built for Indian Oil Corporation's refinery in Panipat
- The world's largest Continuous Catalyst Reactor for the world's largest refinery
- The world's biggest Fluid Catalytic Cracking regenerator
- India's biggest marine equipment - an oil and gas process platform
- The world's longest LPG pipeline - from Jamnagar in Gujarat to Loni in Uttar Pradesh, across a distance of 1270 km.
- India's widest range of low tension switchgear
- The world's lightest contactor
- The first power distribution products and systems engineered for a tropical environment.
- India's longest coal conveyor
- India's first open sea jetty
- India's first IT Park built by L&T at Bangalore
- Construction of Asia's largest blast furnace at Visakhapatnam
- Construction of a Cold Rolling Mill for a steel plant in Jamshedpur in a world record time of around 26 months.
- Asia's highest viaduct

INTERNATIONAL OPERATIONS

Prime Focus on Middle East and China



‘The roots of true achievement lie in the will to become the best you can become’



**Lakshya –
Becoming an Indian
multinational**

Business analysts and economic pundits around the globe acknowledge that the age ahead could well be Asia's and an ascendant India has imminent potential for global greatness. As an Indian Company, L&T is proud of the growing recognition of India's technological skills,

its prowess in IT and its native business acumen. L&T is proud too of its part in building Brand India overseas.

The dismantling of trade barriers and the growing integration of the global economy has certainly widened L&T's business horizons, affording opportunities that could never have been secured in domestic markets. At the same time, L&T believes the dazzle of globalization should not make companies lose sight of fundamental business imperatives. Simply put, 'going global' is best done selectively, in sharply focused geographies. In other words, it is best done with a clear *Lakshya*.

L&T has selected countries and regions with the maximum congruence to its strengths, the best 'fit' with its operational

culture and the most favourable logistics. L&T has identified the Middle East and China as prime centers for growth, with pockets in Africa and South East Asia forming a secondary target.

The Middle East

The surge in the Middle East economy opens up a range of possibilities for many of L&T's key businesses. An accompanying development that merits attention is the broad-basing of the growth drivers of the Gulf Cooperation Council countries. Many economies in the region



are consciously reducing their dependence on oil and gas and diversifying into petrochemicals and other industries. This diversification has favourable implications for L&T, given its wide range of capabilities. L&T intends to ramp up its presence in these markets through a slew of joint ventures and business initiatives that will add breadth and depth to its existing association with the industry and infrastructure of the Middle East.

L&T is setting up a Modular Fabrication Yard in Oman to build equipment for offshore applications and for the hydrocarbon sector. Proximity to the existing and emerging Gulf markets is bound to enhance L&T competitiveness in catering to the needs of the oil and gas exploration industry and mid/down stream hydrocarbon sector. Further, with the setting up of joint ventures in the region, L&T now has a broad spread of operations bolstered by local partnerships in different

countries. L&T is, therefore, well-positioned to take advantage of the economic upswing in the region.

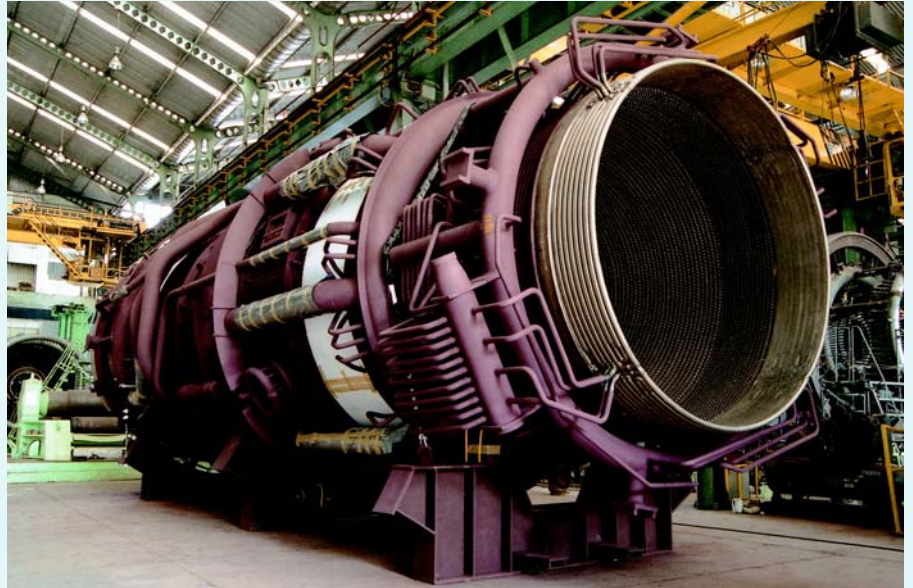
Opportunities exist for L&T's IT subsidiary – Larsen & Toubro Infotech Limited (L&T Infotech) – to make a significant contribution by providing high-quality services in the UAE and neighbouring countries.

China

While much of the world seems to perceive China as a threat to be avoided if possible and countered if not, L&T is of the view that the dragon economy actually represents exciting opportunity. L&T has, accordingly, advanced significantly in its bid for multiple engagements with China's burgeoning industry.

Across the last couple of years, L&T has supplied coal gasifiers for China's fertilizer, methanol and coal liquefaction projects. L&T is also in the process of supplying reactors for major petrochemical projects. With the number of refineries and downstream projects being planned, it is certain that the immediate and mid-term future in China holds more challenging opportunities for supply of high-tech equipment by L&T.

L&T has set up a manufacturing facility for high-end switchgear in Wuxi New



Coal gasifier built by L&T for a plant in China. L&T is one of the few companies in the world capable of manufacturing equipment of such complexity.

District (WND) in the Jiangsu Province of China, and now has offices in Shanghai and Beijing.

China's strong manufacturing base also offers the potential for L&T to set up a sourcing office in that country.

In the coming years, L&T will intensify its efforts overseas to propel Brand L&T (and

with it, of course, Brand India) through the transitory stages of awareness, recognition and wider acceptance. Each of these initiatives represents a step towards helping L&T realize its vision of becoming a true Indian multinational.



Qatar is slated to host the next Asian Games, and L&T assists in the preparation by building a sports stadium and the Games Village complex.



A giant process platform sails off from L&T's Hazira facility bound for the oil and gas fields of Abu Dhabi.

CORPORATE SOCIAL RESPONSIBILITY

Initiatives for a Better World



The true worth of a man is measured by the objects he pursues



Lakshya – spreading progress by sharing progress

'No man is an island', and no company can ever view itself in isolation of the society and community in which it functions.

L&T addresses social issues of health and environment with the same professional

rigour that it adopts for business issues. L&T believes in the merits of detailed analysis, planning, implementation and evaluation of results.

Broadly Corporate Social Responsibility (CSR) initiatives cover:

- HEALTH
- SAFETY
- ENVIRONMENT
- EDUCATION

HEALTH

Good health is a basic driver for growth. Focussing on the people surrounding L&T's establishments, it has set up welfare centres and organizes periodic health drives -- free or at highly subsidised rates.

Periodic programmes include blood-donation drives, alcohol recovery programmes, immunization projects, cancer check-ups and eye camps.

Spreading Awareness of AIDS/HIV

As one of India's first companies to create awareness of the impact of HIV/AIDS in the workplace, L&T continually strives to bring even more people within the ambit of its enlightening influence, thus preventing the spread of this killer disease.

Mother /Child Care and community initiatives

L&T's Health Centre in Mumbai renders several free health services to the community. This includes family planning services, mother and child health care services, immunization, detection and treatment of diseases like leprosy and T.B., counselling, health education and training to NGO health workers.

At other locations viz. Hazira, Kanskahal, Baroda, Ahmednagar, Mysore, Chennai, Bangalore, Chandigarh, Faridabad etc., L&T's health initiatives include family planning, immunization, nutrition, vitamin A supplements, promotion of breast feeding, and control of skin diseases, malaria and encephalitis. Programmes are conducted on sanitation, constructing latrines, safe drinking water, hygiene and animal vaccination camps.

SAFETY

The safety standards adopted by L&T at its workplaces are on par with the best in the industry worldwide. For L&T, safety is non-negotiable. It is as important as production, as quality, as efficiency and as every other aspect of the Company's performance.



Contributing to a vital cause - blood donation drive at L&T.

ENVIRONMENT

Industry and the environment are often placed in adversarial positions. Believing that this need not necessarily be so, L&T endeavours to project the supportive roles they play.

L&T's factories and workplaces would do an environmentalist proud with a



A public park in Mumbai maintained by L&T is an island of green in the heart of the major metropolis

presence of more than 80,000 trees. They are clean, have minimal effluents and the efforts at environment conservation are visible and verdant. L&T has enunciated Environmental Policy Statements as stipulated by the ISO 14001 standard for its Heavy Engineering and Electrical & Electronics Divisions. Management Reviews are conducted annually by internal and external auditors in line with ISO 14001 requirements.

EDUCATION

L&T believes that the disparities in the country's education system need to be addressed through long-term and durable solutions. L&T helps schools for the under-privileged through broad-ranging assistance. For example, L&T facilitates several developmental initiatives for schools in the vicinity of its Powai campus, Mumbai and at other locations. Several Government schools also receive assistance, including teaching aids for developing maths skills.

L&T also encourages and rewards academic excellence among children of its employees.



'Teaching them young' - a health awareness programme being conducted at a school in Mumbai.

Two all-India education schemes have been introduced for the children of L&T's Mumbai-based employees — a prize for good academic performance and educational reimbursement for children of deceased/incapacitated employees.

L&T Institute of Technology

The L&T Institute of Technology (LTIT) at Powai, Mumbai conducts industry-integrated diploma courses in various disciplines of engineering for the children of L&T employees. LTIT is widely regarded as one of the finest training institutes of its kind in India.



A family welfare camp conducted by L&T at Hazira near Surat in Gujarat.

L&T-Build India Scholarship

Each year, L&T gives 40 promising engineering graduates the opportunity to undergo the prestigious M.Tech Program at IIT at L&T's cost.

A HELPING HAND

Response to natural calamities

L&T has always sprung into action to alleviate the misery caused by natural

calamities that strike our country from time to time. L&T has deployed volunteers, provided construction material, medical and food supplies, given financial assistance and rebuilt houses for communities devastated by disasters like floods, famines and earthquakes.

Employee Volunteering

L&T-ites at several locations dedicate their personal time and resources to help underprivileged communities. Ladies within the L&T fold – employees, spouses and children of employees – have formed a number of clubs to engage in community welfare.

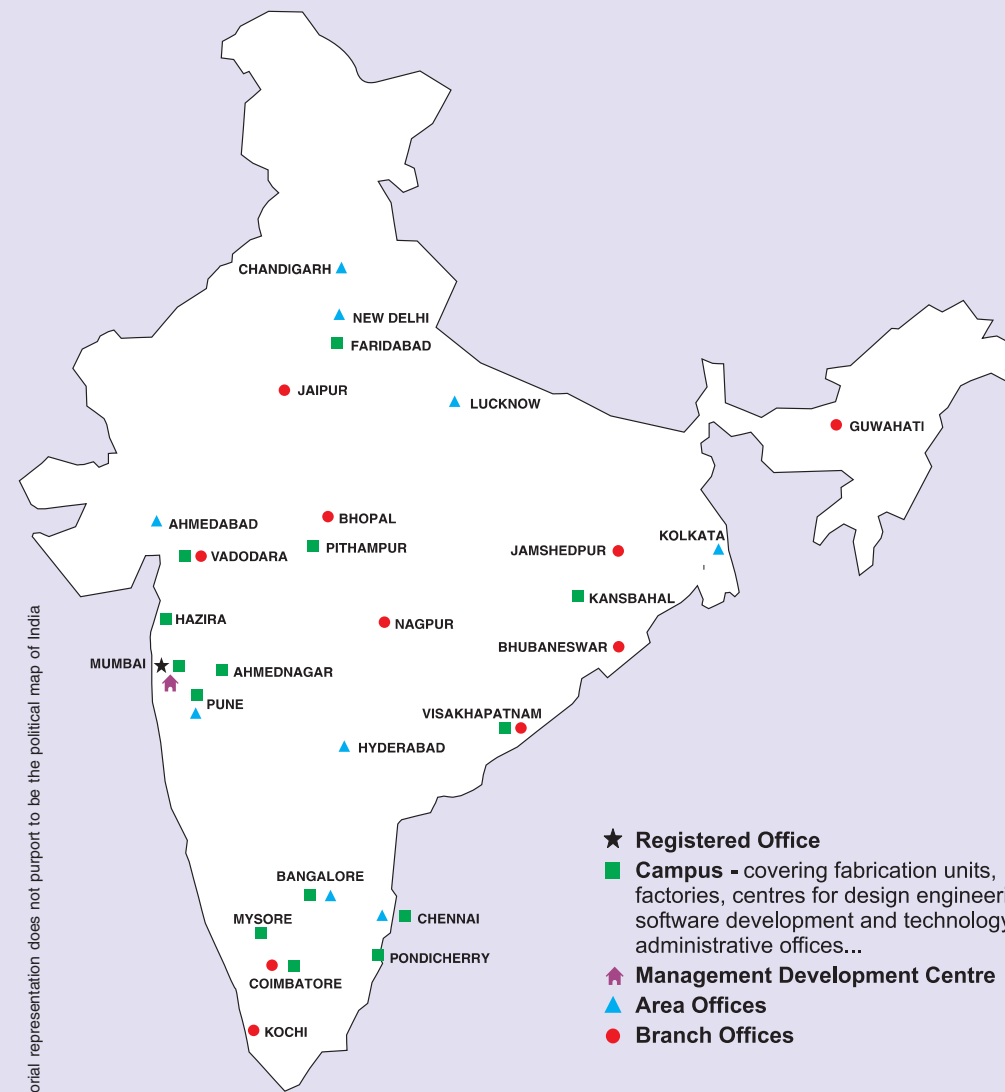


AWARDS

- First Prize in National Energy Conservation, 2005 – Won by L&T's Heavy Engineering Division- conferred by the Ministry of Power
- Silver Award 2005 of the Royal Society for the Prevention of Accidents (RoSPA), U.K. - Won by L&T's Construction Division
- Environmental Excellence Gold Award - conferred by Greentech Foundation 2004-2005.

Each of these awards is coveted, and L&T is proud of all of them. But what is perhaps more gratifying than all these trophies are the living and vibrant instances of the success of L&T's CSR initiatives – the sparkle in a child's smile, the joy of a family well cared for.

L&T's Nationwide Network

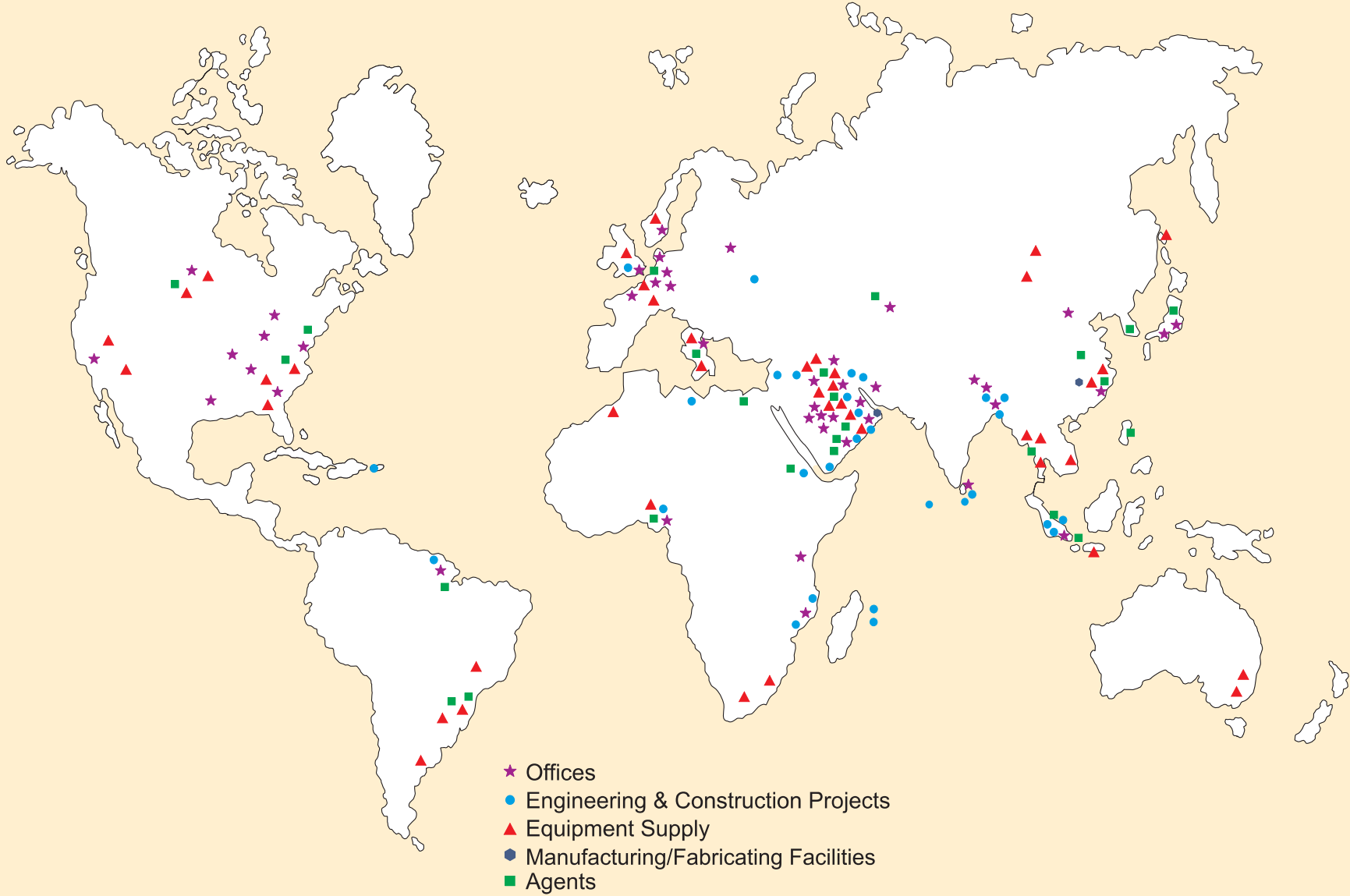


This pictorial representation does not purport to be the political map of India

- ★ Registered Office
- Campus - covering fabrication units, factories, centres for design engineering, software development and technology, administrative offices...
- 🏠 Management Development Centre
- ▲ Area Offices
- Branch Offices

*Coimbatore is the location for proposed manufacturing technology complex.

L&T - A Global Network



Note: Map is broadly representative of L&T's presence in markets worldwide.