

## ***PRESS RELEASE***

Issued by Corporate Communications Department  
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# **62nd Annual General Meeting of L&T August 24, 2007**

**Ladies & Gentlemen!**

I am pleased to extend a warm welcome to this 62nd Annual General Meeting of your Company.

I am happy to report to you the good performance of the Company for the year 2006-2007.

This fiscal year has been an excellent one in terms of all round growth and profitability. The initiatives conceived under our strategic plan 'Lakshya'



Profit after Tax (PAT) at Rs. 377 crore for the quarter ended June 30, 2007 surged by 140% over the corresponding quarter of the previous year. Excluding gains from exchange differences on foreign currency denominated borrowings and deposits, PAT for the quarter ended June 30, 2007 grew by 57%.

### **Investing for profitable growth:**

To build further on the successes achieved, the Company is investing in multiple spheres - people, technology, capacity expansion both domestically & internationally and brand building. This is essential for sustaining the growth momentum and continuous value creation.

### **People Talent management:**

For sustained profitable growth, talent acquisition and retention is one of the key result areas for our senior managers. The Company is constantly honing people management and leadership skills of our employees and is increasingly investing in training centers across India. Innovative Human Resource initiatives like 'Campus to Corporate', launch of an e-learning portal – 'Any Time Learning', buddy referrals for talent acquisition, have been launched. As a result, the Company has been able to substantially increase its human resource.

The 'e-Recruitment' Module which is built on a robust IT infrastructure went 'LIVE' very recently. For HR departments in the Company, it is a single repository of information on job applications and an efficient system to manage talent acquisition. We have also implemented SAP-HCM (Human Capital Management) module – 'Organization Management'.

### **Technology Building on core engineering strength:**

When it comes to technology, given our commitment to becoming a knowledge based premium conglomerate, investments in technology across all businesses continue to remain at the forefront of the Company's business strategy. The Company has set up Engineering design centers at Mumbai, Baroda, Chennai, Bangalore, and Delhi as well as in the Middle East. In line with our objective of emerging as a player with end-to-end capabilities in the power sector, the Company has signed an agreement with MHI, Japan for super critical boiler technology and is close to achieving a similar tie-up in the field of turbines.

### **International Business Strengthening presence beyond India:**

Coming to international business, Company continues to forge alliances and invest in international business for enhancing capabilities and achieving its vision of becoming an Indian multinational with focus in Middle East and China. Joint ventures have been set up in Kuwait and Saudi Arabia for electromechanical construction in oil & gas, power and infrastructure sectors. The Modular

Fabrication yard being set up at Sohar, Oman will strengthen the Company's presence in the gulf region. The Company is receiving encouraging response from clients for project execution and Design & Engineering services. The Company has set up manufacturing facilities in China for high-end switchgear & rubber processing machinery and a factory is also being built for industrial valves. These initiatives will accelerate the Company's thrust towards its 'Lakshya' target of achieving 25% revenues from international business.

### **Capacity Expansion:**

The Company is expanding capacity internationally and within India. Substantial capacity augmentation at Hazira will help us address the growing demand in oil & gas industry. Electrical & Electronics division is expanding its capacity at Mysore, Ahmednagar and Mahape to take care of rapid growth in the sector. The Company crossed a major milestone with the inauguration of the first two units at its 300-acre campus in Coimbatore. The facilities for the manufacture of industrial valves and switchboards are already accomplished. The campus will progressively see the establishment of manufacturing facilities for an advance tooling and high precision components in aerospace, nuclear power and defence sectors etc. The Company is building a state of the art Heavy Lift cum Pipelay vessel in partnership with SapuraCrest Petroleum Berhad, Malaysia that will give us offshore installation capability and achieve significant competitiveness. All the divisions of the Company have planned increased investments in acquisition and installation of new equipment and manufacturing facilities.

### **Enhancing Brand Image:**

The Company will intensify and extend its brand promotion drive to strengthen its image of a high-end technology company. Various media options and communication opportunities are being explored in the selected markets. Calibrated objectives include securing recognition for our corporate values, promotion of sector specific propositions and communication of product attributes. The Company is confident that enhanced brand recognition will favourably impact our business prospects and will also facilitate talent acquisition.

### **Corporate Sustainability:**

Corporate Sustainability includes maintaining top notch ethical and business practices, safety, health and well being of employees, energy conservation measures, conservation of water, waste management and community engagement.

We help strengthening primary education in the schools for communities around our campuses including vocational courses conducted for school dropouts. We impart training in construction skills for rural youth through six construction skill



for the support that my colleagues and I have received from all our customers, business associates, shareholders and members of the Board. I am grateful to them for their continued confidence in the management and expect to receive their full support in augmenting our future plans and strategy.

Thank you very much

**-- A. M. Naik**

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