



PRESS RELEASE

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L&T JV in Saudi Arabia for Hydrocarbon and Power Sector Construction

Mumbai, January 17, 2007: Larsen & Toubro Limited (L&T) has signed a Joint Venture with A.A. Turki Contracting & Trading Corporation (ATCO) of the Kingdom of Saudi Arabia. The new venture, to be known as 'Larsen & Toubro ATCO (Saudia) LLC', will be registered as a local company in that country. It will focus on electromechanical construction for the hydrocarbon and power sector construction.

The Kingdom of Saudi Arabia is one of the biggest markets in the GCC. As a part of its strategic plans, L&T has taken important steps in the GCC area by establishing Engineering & Project Management Centres in Abu Dhabi and Sharjah followed by the construction of its own deep-water offshore platforms and Modular Fabrication Yard at Sohar, Oman.

ATCO, belonging to Sheikh Abdulrahman Ali Al-Turki, is a leading conglomerate in Saudi Arabia. Mr. Ziad Ali Al-Turki, Executive Vice President of the ATCO agrees that the Joint Venture will enable the two companies to benefit significantly from the boom in the Oil & Gas and infrastructure fields.

L&T has successfully completed many projects in Saudi. After the implementation of mega formaldehyde and para-formaldehyde projects, L&T is now executing an over US\$ 120 million contract for methanol / carbon monoxide project. It has also constructed many schools, hospitals and sub-stations and is building a factory for electrical products and services in the eastern province. L&T's Heavy Engineering Division has supplied critical equipment like Catofin Reactors, Product Splitter, Waste Heat Boiler, Formaldehyde Reactors, Absorber, Tail Gas Heater and Feed / Effluent Exchanger to Saudi customers.