

PRESS RELEASE

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HDFC and HDFC India Real Estate Fund to invest in L&T's Urban Infrastructure Venture

Mumbai, June 27, 2006: L&T Infrastructure Development Projects Limited (L&T-IDPL) and L&T Urban Infrastructure Limited (L&T-UIL) today signed definitive agreements to raise Rs. 95 crore by way of equity and quasi-equity from Housing Development Finance Corporation (HDFC) and HDFC India Real Estate Fund (HIREF). HDFC will hold 14.9% equity and HIREF will hold 10.1% equity in L&T-UIL.

Larsen and Toubro Ltd (L&T) has been engaged in developing urban infrastructure projects across India for the last several years. Its portfolio is well diversified with a balanced mix of projects across all urban infrastructure sectors namely residential, office space and commercial projects. L&T-IDPL, by itself and through L&T Infocity, has developed and sold / leased a total floor space area of over 6 million sq. ft. in cities like Hyderabad, Bangalore, Kolkata, Visakhapatnam, Chennai, Kochi and internationally, in Colombo, Sri Lanka. L&T's track record as a credible developer of IT Parks has attracted international banks and software companies for developing built-to-suit and multi-tenanted facilities for their operations in India and Sri Lanka.

To take advantage of the emerging opportunities in the urban infrastructure sector, L&T has decided to house all existing and future projects within the urban infrastructure space in L&T-UIL, a subsidiary of L&T-IDPL. With the proposed investment, the post-issue equity valuation of L&T-UIL will work out to Rs. 380 crore on a fully diluted basis. L&T's strengths in