



PRESS RELEASE

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L&T Exits Tractor Business

Mumbai, July 29, 2005: The Board of Larsen & Toubro Limited (L&T), India's largest engineering, technology and construction company, has approved the divestment of its stake in L&T-John Deere Private Limited (LTJD), a joint venture company with Deere & Company (Deere), in favour of its joint venture partner. This is in line with the various steps the Company has been taking to exit from non-core areas to enhance the focus on its core businesses – Engineering & Construction, Electrical & Electronics, Information Technology and Engineering Services.

LTJD was formed as a joint venture with Deere for the manufacture of agricultural tractors in the year 1997. Deere, with a turnover of over USD 20 billion, is a world leader in agricultural equipment market. Commercial operations were started in the year 2000 in a world class manufacturing facility set up near Pune, Maharashtra. LTJD initially introduced tractors in the higher horse power range and quickly achieved a key position in the premium segment of the tractor market.

The world class manufacturing processes institutionalized in LTJD resulted in significant success in export markets as well and LTJD is today the largest exporter of tractors out of India. LTJD exports tractors and aggregates to USA, Europe and several East Asian countries through the distribution channels of Deere.