



PRESS RELEASE

Issued by Corporate Communications Department
LARSEN & TOUBRO LIMITED
L&T House, Ballard Estate, Mumbai 400 001

Tel: 22685786 (Direct), 22685656 Ext: 772
Fax: 91-22-22685607/ 8
E-mail: jkp-ccd@lth.ltindia.com

L&T To Acquire A Unit In The Building Electricals Segment

Mumbai, August 25, 2005: Larsen & Toubro Limited (L&T) has entered into a Memorandum of Understanding with Datar Switchgear Limited, Nashik (DSL) for a merger of DSL with L&T under a scheme to be approved by BIFR.

DSL is presently engaged in the manufacture of electrical and electronic products. DSL was a pioneer in the field of Miniature Circuit Breakers (MCB) and Earth Leakage Circuit Breakers (ELCB) and has been manufacturing them since 1984. DSL's products for building electricals segment are well accepted, though over the last few years DSL was not able to exploit its full potential due to various constraints. DSL brings with it a core technology available with very few manufacturers world over.

Before the merger, DSL will transfer its electronics business and the other identified liabilities, including the award it has received under an arbitration with Maharashtra State Electricity Board and related litigation to an identified company.

As part of the arrangement for merger with DSL, L&T will assume debt of approximately Rs. 24 crores. L&T's equity share capital will not undergo any significant dilution post merger.

L&T, a leader in the low voltage switchgear business, is currently marketing the MCBs and ELCBs imported from Hager, France, which service the premium end of building segment. With the products from DSL, L&T will serve the entire building electrical segment – both the premium and the mass market. L&T has commenced work on product augmentation along with DSL. The building electrical segment has tremendous growth potential in India on the back of impressive growth of service industry, higher growth of housing sector and improved focus on infrastructure upgradation.

This acquisition is in line with L&T's plans to expand the product range in the low voltage electrical business.

After obtaining the approval of DSL's lenders, the scheme will be filed with BIFR for its approval. The scheme will be placed before the shareholders of L&T on receipt of directions from BIFR.

FN: *DSL Acquisition.doc*