



PRESS RELEASE

Issued by Corporate Communications Department
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China Total Rs. 452 Crores

Mumbai, August 24, 2004: L&T's Heavy Engineering Division won its third successive contract worth Rs. 187 crores from China for the supply of critical coal gasification equipment. This order from the Shenhua Group is for the world's first coal liquefaction plant built on a commercial scale. It follows earlier contracts valued at Rs. 200 crores for similar systems for fertilizer and methanol projects in central and southern China. L&T has already supplied reactors worth Rs. 65 crores for downstream petrochemical projects in China promoted by industry leaders like BASF, BP and Shell. This brings the total value of orders secured and under execution in China to Rs. 452 crores.

As part of the new contract, L&T will design and build two sets of coal gasifiers, conforming to Shell Coal Gasification Process technology, for the plant in Mongolia in northern China. The Shenhua Group, which directly reports to the central leadership of the Chinese Government, is one of the largest energy enterprises, owning 6000 MW power generation capacity and is also the largest coal producer in the country.

Mr. M. V. Kotwal, Senior Vice President (Operations) said L&T is proud to be associated with a plant that sets a technological precedent and looked forward to further participation with the Shenhua Group in its forthcoming projects.

With rising cost of oil and natural gas, coal gasification has a promising future as a cost-effective alternative feedstock for downstream fertilizer, methanol and coal liquefaction plants.