



PRESS RELEASE

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L&T Launches First Yen Convertible Bonds Issue

Mumbai, January 5, 2006: Larsen & Toubro Limited (L&T) launched a foreign currency convertible bonds issue denominated in Japanese yen aggregating to USD 100 million in the international markets on January 4. This is the first Japanese yen denominated convertible bond issue to be launched in India.

The zero-coupon convertible bonds have a maturity of 5 years and are convertible into Global Depository Shares at a premium of 35% over the BSE closing share price of Rs.1850.70 on January 4, 2006. The bonds will be listed in an international exchange.

Proceeds from the bond issue would finance the capital expenditure plans of the Company and further international acquisitions. The issue will augment the Company's resource base as it aims for accelerated organic and inorganic growth.

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