Press Release

L&T Completes Cement Restructuring, Grasim Acquires Majority Stake In UltraTech

Mumbai, July 6, 2004: Larsen & Toubro Limited (L&T) and Grasim Industries Limited (Grasim) today announced that the process of implementation of the scheme of demerger of the cement division of L&T has been completed and Grasim has acquired majority stake in UltraTech CemCo Limited (UltraTech), the demerged cement business of L&T.

The Scheme of Arrangement for demerger of cement business sanctioned by the Honorable High Court of Bombay became effective from Friday, May 14, 2004 and accordingly the cement business undertaking was transferred to and vested in UltraTech CemCo Limited.

Grasim had made a successful open offer bid for 30% of the equity of UltraTech with a view of taking Management control. Concurrently, Grasim acquired 8.5% equity stake of UltraTech from L&T, and Grasim and its associates have sold 14.95% of their holding in the demerged L&T to L&T Employees' Welfare Foundation.

Speaking on the occasion, Mr. A.M. Naik, Chairman & Managing Director, L&T, said, "This transaction, one of the biggest in corporate India, has helped to unlock value for its shareholders and position the demerged L&T as a focussed Engineering, Construction and Technology Company."

Mr. Kumar Mangalam Birla, Chairman, Aditya Birla Group, said, "This transaction reflects our commitment to build a leadership position in cement. We believe that it will take about 2 to 3 years for UltraTech to provide a competitive return on the aggressive price offered to its shareholders."

The transaction is expected to provide UltraTech an opportunity to leverage synergies with Grasim and strengthen their ability to compete in Indian and overseas markets.

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