

PRESS RELEASE

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The next key initiative is on Talent Management. A strong committed workforce, supported by a unique work culture and coupled with innovative HR processes & policies, continue to be the Company's greatest strengths. We believe in continuous development of our employees. The Training and Development department offers a wide menu of training programmes to our employees for developing technical, behavioural and managerial skills. Our focus on employee productivity, empowerment and the continuous exposure given to the employees in the latest technological advancements bolster our HR initiatives for retaining talent.

We have launched a structured leadership development program for developing leaders on an ongoing basis. This exercise is expected to not only meet short-term operational challenges but also to provide future leadership for taking on larger responsibilities.

Building an engaged and loyal workforce has always been our endeavour - a workforce that enjoys maximum job satisfaction while contributing to the realisation of L&T's vision, and thereby our collective dream of making India one of the leading nations in the world.

As regards Technology, I wish to state that in every sphere of L&T's operations, technology continues to be a key enabler. It reinforces our leadership position and sustains our competitive strength in the industry. While technology is generally viewed as a means to an end, for L&T, technology represents endless possibilities.

Further to our joint venture with Mitsubishi Heavy Industries Limited (MHI) for the manufacture of super-critical boilers, we have signed another agreement with MHI for manufacturing super-critical steam turbine and generator in India. The Company has also entered into a joint venture with the US-based Gulf Interstate Engineering Company (GULF) to provide end-to-end engineering & project management services to the hydrocarbon pipeline industry in India and abroad. We are constantly strengthening our technological presence in coal gasifier, water & hydrocarbon industry. The Electrical & Electronics Division of the Company filed over a hundred patent applications on its range of electrical and electronics products during 2007-08, highlighting its leading edge in product innovation.

Brand Building is another key initiative. The L&T brand strikes a resonant patriotic chord across our domestic target groups. Consistent brand positioning has enabled us establish a strong and memorable image of L&T as 'a nation-builder'. Brand tracking and studies of various stakeholders affirm that public perception of L&T is in line with the Company's communication objectives. L&T's tag line – 'It's all about Imagineering' reflects the sharpening focus on knowledge-intensive businesses as the Company migrates to the upper end of the technology spectrum.

IT plays an important role in our Business. We have been one of the early adopters of the latest solutions in Information Technology, and have kept pace with the times in leveraging IT for business applications including ERPs and Internet enabled systems. Our IT Governance and Risk Management framework focuses on

In tandem with domestic growth, L&T is also growing its International operations. L&T's large technology base and pool of experienced professionals enable it to offer integrated services in world markets. We have placed greater emphasis on accelerated growth in GCC countries.

To address the booming infrastructure market, we have formed joint ventures and set up execution centres in various GCC countries. The Company has established a state-of-the-art fabrication facility for the manufacture of modular structures, heavy jackets and offshore oil & gas platforms at Sohar in Oman. Work on establishing a greenfield plant in Sohar for the manufacture of high-tech equipment for refineries, petrochemical and fertilizer projects and other process industries is proceeding at a rapid pace. We have set up design engineering centers at Sharjah and Abu Dhabi for providing design and engineering consultancy services in oil & gas and infrastructure sectors. In keeping with our tradition of simultaneously developing local resources while meeting our business objectives, we have invested in workmen training in Oman.

A switchboard manufacturing facility was set up in Saudi Arabia for power and motor control systems with automation in the Low Voltage and Medium Voltage sectors. As you are aware, we already have manufacturing operations for high end switchgear, industrial valves & tyre moulding presses in China for catering to local market, as well as for export to global markets.

Coming to Mergers & Acquisitions, I am pleased to inform you that we have completed a major acquisition in the electrical segment by acquiring the switchgear business of Tamco Corporate Holdings, Malaysia which has manufacturing facilities in Malaysia, China, Indonesia and Australia. The acquisition of Medium Voltage switchgear technology is an important step in expanding our product range to be able to offer a full suite of products to meet customer requirements in India and in the GCC countries. We have also acquired strategic stakes in some of our key vendors for ensuring availability of raw materials.

In line with our philosophy of exiting non-core businesses, we decided to exit the Ready Mix Concrete business. Definitive agreements have been signed to transfer this business to Lafarge Aggregates India Pvt. Ltd. We have also divested our stake in HPL Cogeneration Limited.

Now, let me give you a brief on business outlook. While macro economic fundamentals continue to inspire confidence, the recent slowdown in the industrial sectors, coupled with the spike in input costs, particularly oil, and the credit squeeze, may impact the ability of the capital goods sector to sustain the growth momentum in the near term. Despite this, in view of the current pace of hydrocarbon & infrastructure development in the country and the neighbouring regions as well as L&T's entry into manufacturing of super critical boilers and

turbines, the prospects for growth appear promising. The Company's businesses are geared to harness the full potential of the emerging opportunities.

Finally, I wish to express my sincere gratitude to all L&T-ites for their strong commitment in driving the growth of the organization. I am also deeply appreciative of the continuing support of my colleagues, our customers, business associates, shareholders and members of the Board. It is the teamwork and support of every L&T-ite that builds confidence in our ability to continue on the profitable growth journey.

Thank You.

-- A. M. Naik