PRESS RELEASE

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Performance for the year ended March 31, 2008

Net profit for the year surges 55%
Robust revenue growth of 41% during the year
Declares 1:1 Bonus Issue

Mumbai, May 29, 2008: Larsen & Toubro Limited **(**L&T), the leading engineering and construction conglomerate, has reported excellent results for the year ended March 31, 2008, reflecting an all-round superior business performance. The Gross Sales & Service revenue registered a y-o-y growth of 40.7% at Rs. 25187 crore. The share of revenue from international operations constituted 16.4% of the Gross Revenue. Continuing the growth trend set in the past, the Order Inflow rose by 37% over the previous year, which validates the Company's leadership position in infrastructure-building, turnkey project execution and manufacturing businesses.

L&T's premium market position and delivery leadership have enabled it to report healthy financials for the quarter ended Mach 31, 2008. While Order Inflow for the quarter registered a growth of 56%, Gross Sales & Service revenue at Rs.8578 crore for the quarter grew by 34.7%, when compared with the corresponding quarter of the previous year.

Profitability posted smart improvement aided by judicious selection of orders, timely execution of jobs and continuous cost optimization efforts, despite rising input prices. Profit after Tax (PAT) for the year, including exceptional gains, at Rs.2173 crore surged by 54.9% over the PAT of Rs. 1403 crore for the previous year. Excluding exceptional gains, PAT for the year ended March 31, 2008 grew by 51.6%

Similarly, PAT of Rs. 967 crore for the quarter ended March 31, 2008, grew by 38% over the PAT of Rs. 701 crore for the corresponding quarter of the previous year.Excluding exceptional gains, PAT for the quarter ended March 31, 2008 increased by 27%.

Operating Profits (EBITDA) for the year at Rs. 3405 crore grew by 54%, which translates into an improvement in the operating margins by 1 percentage point over the previous year. Strong infrastructure and industrial growth, buoyant market for capital goods sector and a sound risk management framework – all these factors together contributed to the robust growth in Revenue & Profitability during the year.

The Board of Directors has recommended a final dividend of Rs.15/- per equity share. Including the interim dividend of Rs.2/- per share already paid, the total dividend for the year works out to Rs.17/- per equity share.

The Board has also recommended for the approval of the shareholders, an issue of bonus equity shares in the ratio of 1:1 (one bonus share of Rs.2/- each for every equity share held).

Group Financials

The strong financial performance of the Company was adequately complemented by the other companies in the Group leading to a growth in Group performance both in terms of Revenue and Profitability. The Group registered a y-o-y increase of 43% in the Total Income which stood at Rs. 29848 crore for the year ended March 31, 2008.

The Group PAT for the year 2007-08 excluding exceptional gains on divestitures stood at Rs. 2304 crore posting a healthy growth of 27% over the similar PAT of Rs. 1810 crore for the previous year.

Engineering & Construction (E&C) Segment

The core infrastructure and industrial sectors have attracted sizeable investment in the recent times, driven by sound fiscal and economic policies of the government. The manufacturing sector is also on a growth mode to meet not only the domestic demand but also provide a cost effective sourcing avenue to some of the global majors. Capitalizing on the opportunities provided by these sectors, the E&C segment reported a significant growth in its Order Inflows during the year 2007-08 at Rs. 35392 crore and posted an increase of 40% over the previous year. The share of international orders booked during the year was 17% of the segment's total Order Inflow.

E&C segment revenues for the year ended March 31, 2008 at Rs. 19377 crore registered an increase of 44% when compared to the previous year. The share of export revenues represented 16 % of the year's segment revenues.

Driven by operational excellence initiatives and improved execution efficiencies, the segment Operating Margin saw a noteworthy improvement of 1.3 percentage point for the year ended March 31, 2008 over the previous year.

The segment ended the year with a healthy Order Book at Rs. 50931 crore. The international Order Book at Rs. 8210 crore represented 16% of the segment's Order Book.

The details of the major orders secured during the year ended March 31, 2008 are given in Annexure I.

Electrical & Electronics Segment

Electrical & Electronics segment reported a steady growth in its Order Inflows and Sales, reflecting the Company's dominant position in this sector. The segment revenues at Rs. 2663 crore for the year ended March 31, 2008 was higher by 29% when compared to the previous year. Electrical Standard Products and Systems, Control & Automation and Petrol Dispensing Pump businesses realized higher volumes and price differentials from the market so as to neutralize the adverse impact of rising input costs. In addition, capacity enhancement and improved product offerings enabled it to optimize the cost of production and distribution, thereby sustaining the profitability during the year.

Machinery & Industrial Products Segment

Backed by strong demand from the manufacturing and construction sectors, the segment posted gross revenues of Rs. 2411 crore during the year ended March 31, 2008 registering a healthy increase of 31% over the previous year. Increased activity in the domestic industrial**,** infrastructure and construction sectors has benefited Industrial Valves, Construction Equipment and welding systems businesses significantly. Besides increased volumes, higher price realization in the domestic market and improved manufacturing efficiencies for machinery businesses contributed to higher profitability of the segment.

Outlook

While macro economic fundamentals continue to inspire confidence, the recent slowdown in the industrial sectors, coupled with rising input costs, particularly oil price, and credit squeeze, may have an impact on the capital goods sector's ability to sustain the growth momentum in the medium term. However, in view of the current pace of infrastructure development in the country and the neighbouring regions, the immediate prospects for growth appear promising. The company's businesses are geared up to harness the full potential of the available opportunities. With a sizable order book, the company is reasonably confident of producing healthy results in the near term.

Annexure I

The details of major orders secured during the year ended March 31, 2008 are given below:

Domestic **April 07 – March 08**

	Rs. Crore
► Construction of Mumbai International Airport including design and engineering of terminal building, airside works, runways for Mumbai International Airport Limited	5500
► Construction and civil work for the Northern Area Development project in RJ-ON/1 block at Barmer, Rajasthan for Cairn Energy India Private Limited	1347
► Mumbai High South Redevelopment Phase – II project comprising Design, Engineering, Procurement, Fabrication, Load-out, Transportation, Installation, Testing and Commissioning at Mumbai High for ONGC	1261
► Expansion of coal and coke handling plant, base handling plant and electrical works at Burnpur in West Bengal for Steel Authority of India Limited	1184
► NQ Re-construction project comprising re-construction of offshore facilities at NQ Complex for ONGC – NQRC at Mumbai High, South Field	877
► Detailed Engineering, Supply of equipment, Site service, civil & structural Works for steel melt shop and power distribution area for Sinter Plant at Kalingnagar, Orissa for Tata Steel Limited	857
► Design, Engineering, Supply of materials & equipment, Erection, Construction and Commissioning of Blast Furnace at Angul, Orissa for Bhushan Steel & Strips Limited	770
► Residual process design, detailed engineering, procurement, supply, fabrication, construction, installation, testing, commissioning and PGTR for Sulphur Recovery units along with associated facilities at Baroda , Gujarat for Indian Oil Corporation Limited	693

Overseas

► Manufacture and supply of reactors (18 nos) and separators (4 nos) for Clean Fuel Project of Kuwait National Petroleum Company.	1696 (423 USD Mio)
► Building of 4 Nos of RO-RO / LO-LO semi submersible Heavy Lift Container Carrier Vessels for Roll Dock BV, Netherlands	580 (145 USD Mio)
► Expansion and reinforcement of 33 KV network at Al Ain, Abu Dhabi for Al Ain Distribution Company	411 (108 USD Mio)
► Building of 2 Nos of Multi-purpose Heavy Lift Vessels for BigLift Shipping B.V. Netherlands	398 (95 USD Mio)
► Construction of Primary Sub-station 132 / 22 KV Lot 1A and Associated Cable Works at Saadiyat Island for Abu Dhabi Water & Electricity Authority	365 (96 USD Mio)

LARSEN & TOUBRO LIMITED

Registered Office : L&T House, Ballard Estate, Mumbai 400 001

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31 , 2008

	Particulars	Independent Financials (Rs. crore) 3 months ended March 31 2008	3 months ended March 31 2007	Year ended March 31 2008	Year ended March 31 2007	Consolidated Financials (Rs. crore) Year ended March 31 2008	Year ended March 31 2007
1	Gross Sales / Revenues from Operations	8577.55	6365.74	25187.48	17900.59	29561.11	20700.49
	Less: Excise Duty	110.68	120.92	332.78	333.49	362.61	364.46
	Net Sales / Revenues from Operations	**8466.87**	**6244.82**	**24854.70**	**17567.10**	**29198.50**	**20336.03**
2	(i) Other Operational Income	15.18	21.64	23.15	37.70	151.88	176.83
	(ii) Interest Income	23.60	16.81	84.48	59.06	113.56	108.05
	(iii) Other Income	210.27	182.99	480.24	402.57	384.65	290.70
3	**Total Income (1+2)**	**8715.92**	**6466.26**	**25442.57**	**18066.43**	**29848.59**	**20911.61**
4	**Expenditure :**						
a)	(Increase) / decrease in stock -in- trade and work -in -progress	(244.82)	145.99	(746.17)	(121.76)	(782.56)	(131.46)
b)	i) Consumption of raw materials	2093.48	1363.92	6516.82	4069.51	7123.10	4151.63
	ii) Sub-contracting charges	1393.93	1062.46	4490.44	3391.95	4966.38	3580.27
	iii) Construction materials	2158.39	1370.21	5610.32	3651.01	5968.37	3932.56
	iv) Purchase of traded goods	532.14	338.42	1581.90	1183.41	1586.98	1184.41
	v) Other manufacturing / operating expenses	506.24	447.65	1677.15	1363.46	3117.08	2407.70
c)	Employee cost	379.62	326.85	1535.44	1259.19	2049.43	1488.20
d)	Sales, administration and other expenses	529.76	379.97	1374.17	1024.65	1722.65	1284.94
e)	Depreciation, amortisation, obsolescence and impairment	68.17	69.81	211.60	170.01	509.74	344.86
	Total Expenditure	**7416.91**	**5505.28**	**22251.67**	**15991.43**	**26261.17**	**18243.11**
5	Interest expenses	49.86	23.14	122.66	92.99	203.11	158.44
6	Exceptional item : gain on disposal / dilution of stake in Group Companies	87.23	-	87.23	22.88	34.31	494.97
7	**Profit before Tax (3) - (4) - (5) + (6)**	**1336.38**	**937.84**	**3155.47**	**2004.89**	**3418.62**	**3005.03**
8	**Provision for Taxes :**						
a)	Provision for Current Tax (including wealth tax)	306.25	256.12	892.79	612.32	1039.27	719.54
b)	Provision for Deferred Tax	25.20	(23.08)	19.95	(25.63)	31.74	(6.98)
c)	Provision for Tax on Fringe Benefits	38.17	4.03	69.31	15.18	76.11	20.16
d)	Tax on Dividends received from Subsidiaries / Joint Ventures	-	-	-	-	13.68	11.10
	Total Provision for Taxes	**369.62**	**237.07**	**982.05**	**601.87**	**1160.80**	**743.82**
9	**Profit after Tax (PAT) (7) - (8)**	**966.76**	**700.77**	**2173.42**	**1403.02**	**2257.82**	**2261.21**
10	Add : Share of Profit / (Loss) from Associates	-	-	-	-	135.83	95.08
11	Less : Minority Interests	-	-	-	-	68.29	116.15
12	**Consolidated PAT**	-	-	-	-	**2325.36**	**2240.14**
13	**Consolidated PAT without exceptional gains on divestitures**	-	-	-	-	**2304.76**	**1810.26**
14	Paid-up equity share capital (Face value of share: Rs. 2 each)	**58.47**	56.65	**58.47**	56.65	**58.47**	56.65
15	Reserves excluding revaluation reserve			**9470.71**	5683.85	**10746.74**	6836.97
16	Basic EPS (Rupees)	**33.12**	24.95	**75.59**	50.22	**80.87**	80.19
17	Diluted EPS (Rupees)	**32.44**	24.05	**72.76**	48.36	**77.90**	77.36
18	Aggregate of Public Shareholding:						
	- Number of Shares ('000s)	**280245**	276383	**280245**	276383	**280245**	276383
	- Percentage of Shareholding	**95.87%**	97.57%	**95.87%**	97.57%	**95.87%**	97.57%

Notes :

1 Pursuant to the announcement of the Institute of Chartered Accountants of India(ICAI) dated March 29, 2008 on accounting of derivatives, the Company has adopted during the year under review, the principles of hedge accounting as per the Accounting Standard 30, in respect of those derivative transactions which are not covered by the existing Accounting Standard 11. Consequently, an amount of Rs. 171.53 crore (net) has been charged to Independent Financials, as a result of fair valuation of outstanding derivative contracts. In addition, an amount of Rs. 90.22 crore (net) has been charged on this account by group companies, and considered in the Consolidated Financials.

2 Exceptional item for the quarter ended March 31, 2008 as per Independent Financials represents a gain of Rs. 87.23 crore on disposal of stake in a subsidiary company. The gain on account of this transaction is Rs. 34.31 crore in the Consolidated Financials.

3 The Company during the quarter ended March 31, 2008 has allotted 4,99,761 equity shares of Rs. 2 each, fully paid up, on exercise of stock options by employees, in accordance with the Company's stock option schemes.

4 The Board of Directors has recommended a final dividend of Rs.15 per equity share of a face value Rs. 2 per share. Including the special interim dividend of Rs.2 per equity share paid during the year, the dividend for the year works out to Rs.17 per equity share.

5 The Board of Directors has recommended for the approval of shareholders, the issue of bonus equity shares in the ratio of 1:1 [one bonus equity share of Rs. 2 each for every equity share of Rs. 2 each held].

6 There were no pending investor complaints as on January 1, 2008. During the quarter ended March 31, 2008, 21 complaints were received and resolved.

7 Figures for the previous periods have been re-grouped / re-classified to conform to the figures of the current periods.

8 The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting on May 29, 2008.

for LARSEN & TOUBRO LIMITED

Mumbai
May 29, 2008

A. M. NAIK
Chairman & Managing Director

Segment-wise Revenue, Result and Capital Employed
in terms of Clause 41 of the listing agreement :

Particulars	Independent Financials (*Rs. crore*)				Consolidated Financials (*Rs. crore*)	
	3 months ended March 31		Year ended March 31		Year ended March 31	
	2008	2007	2008	2007	2008	2007
Gross Segment Revenue						
1 Engineering & Construction	6762.68	4893.63	19376.54	13425.08	21003.26	14669.52
2 Electrical & Electronics	834.43	693.18	2662.92	2067.08	2655.56	2056.40
3 Machinery & Industrial Products	806.91	664.13	2410.91	1843.00	2680.36	2020.96
4 Financial Services	-	-	-	-	755.12	313.36
5 Developmental Projects	-	-	-	-	303.78	145.24
6 Others	401.50	251.92	1307.25	943.65	3176.60	2371.73
Total	**8805.52**	6502.86	**25757.62**	**18278.81**	**30574.68**	**21577.21**
Less: Inter-segment revenue	212.79	115.48	546.99	340.52	861.69	699.89
Net Segment Revenue	**8592.73**	**6387.38**	**25210.63**	**17938.29**	**29712.99**	**20877.32**
Segment Result (Profit before Interest and Tax)						
1 Engineering & Construction	1013.65	668.27	2332.81	1407.57	2064.19	1506.30
2 Electrical & Electronics	114.42	95.83	398.73	307.60	398.21	303.07
3 Machinery & Industrial Products	138.56	136.89	431.01	313.14	422.73	332.35
4 Financial Services	-	-	-	-	246.87	89.39
5 Developmental Projects	-	-	-	-	158.91	297.50
6 Others	51.81	25.00	98.29	73.23	387.40	291.20
Total	**1318.44**	**925.99**	**3260.84**	**2101.54**	**3678.31**	**2819.81**
Less: Segment margins on internal capitalization	21.21	5.01	55.03	13.42	53.20	48.89
Less: Interest expenses	49.86	23.14	122.66	92.99	203.11	158.44
Add: Net Unallocable corporate income / (expenditure)	89.01	40.00	72.32	9.76	(3.38)	392.55
Profit Before Tax	**1336.38**	**937.84**	**3155.47**	**2004.89**	**3418.62**	**3005.03**
Capital Employed						
(Segment assets less Segment liabilities)						
1 Engineering & Construction			4107.21	2886.55	4910.33	3285.40
2 Electrical & Electronics			1014.13	709.91	1009.55	716.17
3 Machinery & Industrial Products			438.51	312.13	643.82	470.50
4 Financial Services			-	-	1165.19	376.76
5 Developmental Projects			-	-	3750.20	2543.59
6 Others			336.10	194.04	1420.17	1029.80
Total capital employed in Segments			**5895.95**	**4102.63**	**12899.26**	**8422.22**
Unallocable corporate assets *less* corporate liabilities			7304.49	3783.74	5838.34	3057.73
Total Capital Employed			**13200.44**	**7886.37**	**18737.60**	**11479.95**

Notes :

1 Segments have been identified in accordance with Accounting Standard 17 on Segment Reporting, considering the risk / return profile of the busineses, their organisational structure and the internal reporting systems. During the year, segment reporting has been reconstituted in compliance with the threshold norms for reportable segments in the Consolidated Financials. Accordingly, Financial Services and Developmental Projects have been reported as separate segments.

2 Segment definitions **: Engineering & Construction** comprises execution of engineering and construction projects to provide solutions in civil, mechanical, electrical, and instrumentation engineering (on turnkey basis or otherwise) to core sectors / infrastructure industries, shipbuilding and supply of complex plant and equipment to core sectors. **Electrical & Electronics** include manufacture and/or sale of low voltage switchgear, switchboards, petroleum dispensing pumps and systems, energy metering / protection systems, control & automation and medical equipment.**Machinery & Industrial products** comprise industrial machinery & equipment, marketing of industrial valves, construction equipment and welding / industrial products. Besides the above, **Machinery & Industrial Products in consolidated financials** also include manufacture / sale of undercarriage assemblies.

Financial Services comprise corporate finance, equipment finance, infrastructure financing and related advisory services. **Developmental Projects** comprise development, operation and maintenance of basic infrastructure projects, toll collection, development of urban infrastructure and providing related advisory services.

Others include ready mix concrete property development, e-engineering services and embedded systems. Besides above, Others in consolidated financials also include power comprising co-generation of power and steam for captive consumption by Haldia Petrochemicals Limited and information technology services.

3 Segment Revenue comprises Sales & Operational Income allocable specifically to a segment. Unallocable expenditure mainly includes expenses incurred on common services provided to segments and other corporate expenses. Unallocable income primarily includes interest income, dividends and profit on sale of investments. Corporate assets mainly comprise investments

for LARSEN & TOUBRO LIMITED

A. M. NAIK
Chairman & Managing Director