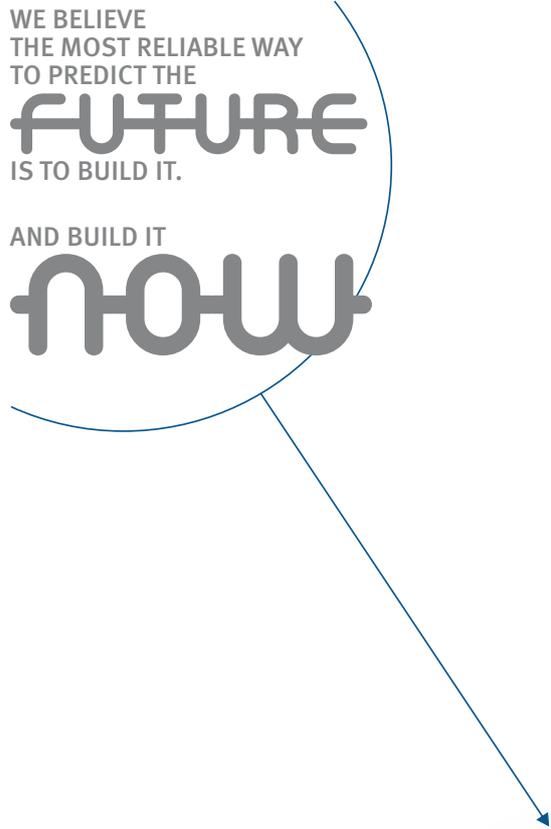


WE BELIEVE
THE MOST RELIABLE WAY
TO PREDICT THE

FUTURE
IS TO BUILD IT.

AND BUILD IT

now



Today
we bring together
the parts from which will
emerge tomorrow's mosaic.
And today's groundwork will lead
to tomorrow's soaring edifices.

At L&T, the future is now. We direct our energies to decipher change, pursue new technological leads and pilot organisational transformation. So when tomorrow knocks, we will be best prepared to turn aspirations into accomplishments - for ourselves and for all around us.

SUSTAINABILITY REPORT 2013

GRI CHECKED

A+



MEMBER OF

Dow Jones
Sustainability Indices

In Collaboration with RobecoSAM

| | | |
|----------|--|-----|
| S | MESSAGES | |
| | Group Executive Chairman | 1 |
| T | Leadership Team | 5 |
| N | GROUP PROFILE | |
| | Organisational Structure | 7 |
| E | Business Portfolio | 9 |
| T | CORPORATE GOVERNANCE | |
| | Governance Philosophy | 15 |
| N | Disclosures on Management Approach | 21 |
| O | SUSTAINABILITY APPROACH | |
| | In Harmony with NAPCC | 25 |
| | Future Ready | 27 |
| C | Materiality | 29 |
| | Reporting Scope | 31 |
| | Sustainability Roadmap | 33 |
| | STAKEHOLDER ENGAGEMENT | 35 |
| | OUR PEOPLE | 41 |
| | PERFORMANCE | |
| | Economic | 57 |
| | Environment | 71 |
| | Social | 93 |
| | PRODUCT STEWARDSHIP | 103 |
| | AWARDS & RECOGNITION | 115 |
| | MAPPING OF ABRR | 117 |
| | INDEPENDENT ASSURANCE STATEMENT | 120 |
| | GRI INDEX | 123 |
| | ACRONYMS | 131 |

Message from the Group Executive Chairman

Dear Stakeholder,

Challenge incentivises change. In 2012-13, we harnessed the on-going challenging circumstances to innovate, enhance and build for the future and continued to create value across the stakeholder spectrum. Significant investments in the environment, people and processes were made and bonus shares were issued to shareholders to commemorate our 75th year.

I am happy to present the sixth Sustainability Report which details our triple bottomline performance, and highlights the strategic initiatives we undertook in the last year.

Maintaining Momentum

Despite an adverse macro-economic climate, we sustained the momentum of growth. **For the financial year ended March 31, 2013, the Company reported a consolidated net profit of INR 52.05 billion, up 10.91% compared to the previous year.** Consolidated net sales rose by 15.84% in the last fiscal to reach INR 744.98 billion. Order book stood at INR 1,536.04 billion as on March 31, 2013, and recorded a yearly growth of 25%.

Securing Growth

With uncertain domestic growth, we have diversified our markets across multiple geographies. Our focus has been predominantly in the Middle East, South East Asia and is being extended to Australia, select CIS and African nations. **International orders now comprise 17% of the total order inflow.**

Expanding 'Greenprint'

We made significant progress in our operations on the green front and have also enabled customers and society to achieve environment-friendly growth. We are now India's largest EPC solution provider of large-scale solar

power plants and have created a dedicated 'Water & Renewable Energy' business unit. Our first 'Green Factory' at Vadodara for Electrical & Automation products was commissioned and we have 2 million sq. ft. of certified green space with 12 green buildings. **L&T is the only EPC Company to feature among the top 10 in India in '2012 Carbon Disclosure Leadership Index'.**

The L&T Public Charitable Trust assisted in the construction of check dams and doubled last year's tally from 50 to 100. This ensures better access to water for tribal communities in Thane district of Maharashtra. As part of a company-wide water conservation initiative, 19 out of 22 campuses achieved zero wastewater discharge status with four of them being water positive.

Grooming Leadership

Employees are the driving force for all our endeavours. Our focus remains on attracting talent and nurturing them into high performers through multiple technical and behavioural training interventions. **A structured six-step development process is helping build a robust leadership pipeline.** Our globally benchmarked institutions - Leadership Development Academy at Lonavala near Mumbai and Project Management Institutes at Vadodara and Chennai are helping us to achieve these goals.



Reinforcing Safety

Safety implementation programmes were injected with a new vigour across all our businesses.

We set up India's first Safety Innovation School at Hazira near Surat. It embeds safety competencies among our employees and contractors, through interactive and innovative safety training programmes. A dedicated safety initiative 'Suraksha Jeet' launched last year helped various construction businesses to align safety performance with global standards.

During the year, the Company won various safety awards, including the prestigious British Safety Council (BSC) 'Five Star Rating' & 'Sword of Honour' for four locations and International Safety Awards from BSC for eight construction sites in distinction category.

Catalysing Inclusive Growth

Over 700,000 people among the marginalised sections of society are beneficiaries of our on-going interventions in education, skill building and mother & child healthcare. This represents a 30% increase over last year.

Vocational training and computer programmes were introduced at eight new locations, including an institution

specifically for women. Around 150 rural schools were provided facilities for better hygiene, sanitation and drinking water. Three new L&T Health Centres were inaugurated and seven more mobile health clinics were pressed into service at various locations.

Our portal L&T-scape enables L&T-ites to explore community care opportunities and share their social volunteering experiences.

The impact of our Corporate Social Responsibility activities has been widely acknowledged. L&T received the 'Caring Company Award' from the World CSR Congress 2013 and the CMO-Asia's Best CSR Practices Award 2012.

It is our constant endeavour to stay in tune with the evolving needs and expectations of society and stakeholders. We have taken several steps to respond positively to the challenges of the future and intend to build further on them. We welcome your observations and suggestions to provide added impetus to our sustainability journey.

A.M. Naik
Group Executive Chairman
Larsen & Toubro



VISION

L&T shall be a professionally-managed Indian multinational, committed to total customer satisfaction and enhancing shareholder value.

L&T-ites shall be an innovative, entrepreneurial and empowered team constantly creating value and attaining global benchmarks.

L&T shall foster a culture of caring, trust and continuous learning while meeting expectations of employees, stakeholders and society.



LARSEN & TOUBRO



THE L&T PLEDGE

On the occasion of the
Platinum Jubilee of our company,
we solemnly pledge to carry forward
the glorious heritage of our Company.

We are proud to be part of Team L&T,
which over the last 75 years
has helped build our nation,
created value for our stakeholders,
and developed the communities around us.

We resolve today to continue
this tradition of service.

Undeterred by obstacles,
we will work towards a better future for all,
and realise our dreams.

We will do this with the passion,
commitment and drive that has become:
'The L&T Way'.



LARSEN & TOUBRO

Message from the Leadership Team

K. Venkataramanan
CEO & Managing Director



“

Our goal is to be a technology-driven organisation by moving up the value chain and by growing in business on a sustainable basis.

”

Sustainability is embedded in our business strategy. Our core values- transparency, accountability and ethical corporate citizenship help us create a larger societal capital. Across the years, it has been our constant effort to deliver on stakeholders' expectations in an equitable way while proactively addressing environmental risks.

M.V. Kotwal
Heavy Engineering & Shipbuilding



Businesses are compelled to strike a balance between managing the complex issues of today and proactively preparing for tomorrow's uncertainties. Equally important, all decisions must factor in the impact on People, Planet & Profit.

L&T has a tradition of being in sync with changing times. Our commitment to sustainability is reflected in our drive to reduce use of paper and plastics, enhance 'green cover' and sourcing renewable energy through wind farms.

This year, we continued with multiple change initiatives under - ECAS (Enterprise-wide Collaboration for Alignment with Strategy), Employee Engagement, TOC (Theory of Constraints) and Innovation to make our businesses globally competitive.

S.N. Subrahmanyam
Construction & Infrastructure



L&T Construction builds infrastructure which enhances life, work and leisure for millions of people. The essence of sustainability is carried in our diverse portfolio:

- Green Buildings
- Infrastructure Development
- Water Conservation
- Solar Energy
- Wind Energy
- Smart Grids

We lay great emphasis on conservation of natural resources. Significant progress has been achieved in energy and water conservation, renewable energy and carbon footprint reduction at our campuses and project sites.

We shall continue to move further in our effort to make sustainability, an integral part of our businesses.

R. Shankar Raman
Chief Financial Officer



As the Company enters its 76th year, the one feature that distinguishes us from organisations with much shorter life cycles is the core belief of L&T and its employees in making sustainability a way of life.

The expression of such belief is reflected in the sustainable practices across all our businesses and our enduring values. These have enabled us to pursue business opportunities steadfastly through varied business cycles, minimise the inherent risks and maximise stakeholder value in the most responsible manner.

S.N. Roy
Corporate Affairs and Power



The strong values that drive L&T's corporate governance amply support the Company's sustainable business practices. Added to these are our vibrant human capital and a deep commitment to inclusive growth.

India's power sector is responding positively to the recent government initiatives. It is expected that the sector would open up for more and more fast-track power projects including Ultra Mega Power Projects. At L&T, we strongly believe that we have a major role to play in this space.

We are also aware of the need to espouse sustainable practices in building power projects. Our supercritical and ultra supercritical technologies are best-in-class. They will contribute to sustainable development by reducing the carbon footprint and conserving valuable natural resources.

We will always strive to ensure that L&T's way of doing business adds value for its stakeholders.

CSR has been one of our core values long before it scaled high on the social agenda. We invest time and money in interventions such as Education, Skill Building and Mother & Child Health, all of which yield long-term positive impacts.

L&T Hydrocarbon

At L&T Hydrocarbon, we believe that 'Global is Sustainable' and hence continue to strengthen our international presence with particular thrust in the Middle East and select South East Asian, African and CIS countries. We emphasise on identifying and developing local talent from the regions in which we operate. This year, we entered into an MOU with the Ministry of Manpower, Oman to create a technically sound manpower pool.

V.K. Magapu

L&T Infotech



At L&T Infotech, sustainability has twin dimensions - human and technical. 'My CSR' is an initiative that brings in the human aspect of sustainability. It carries with it an intrinsic reward and encourages employees as well as their spouses to participate in volunteering. Collective engagement leads to sustained interest and higher impact.

On the technical front we are diligently working to reduce waste in energy, water and all other consumptions with an aim to reduce our carbon footprint.

S. Raghavan

Machinery & Industrial Products



Even in the face of unprecedented challenges and financial uncertainties, the practice of sustainability was unwavering at MIP.

All our units implemented 'Zero Wastewater Discharge' programmes. Safe work practices at our facilities as well as at the establishment of sub-contractors gained impetus through training programmes, top level reviews, independent audits, etc.

Our total reclamation solutions for metals enables restoration of precious plant assets which otherwise would have been scrapped, helps our clients enhance their sustainability quotient, and shows how sustainability can translate challenges into opportunities.

S.C. Bhargava

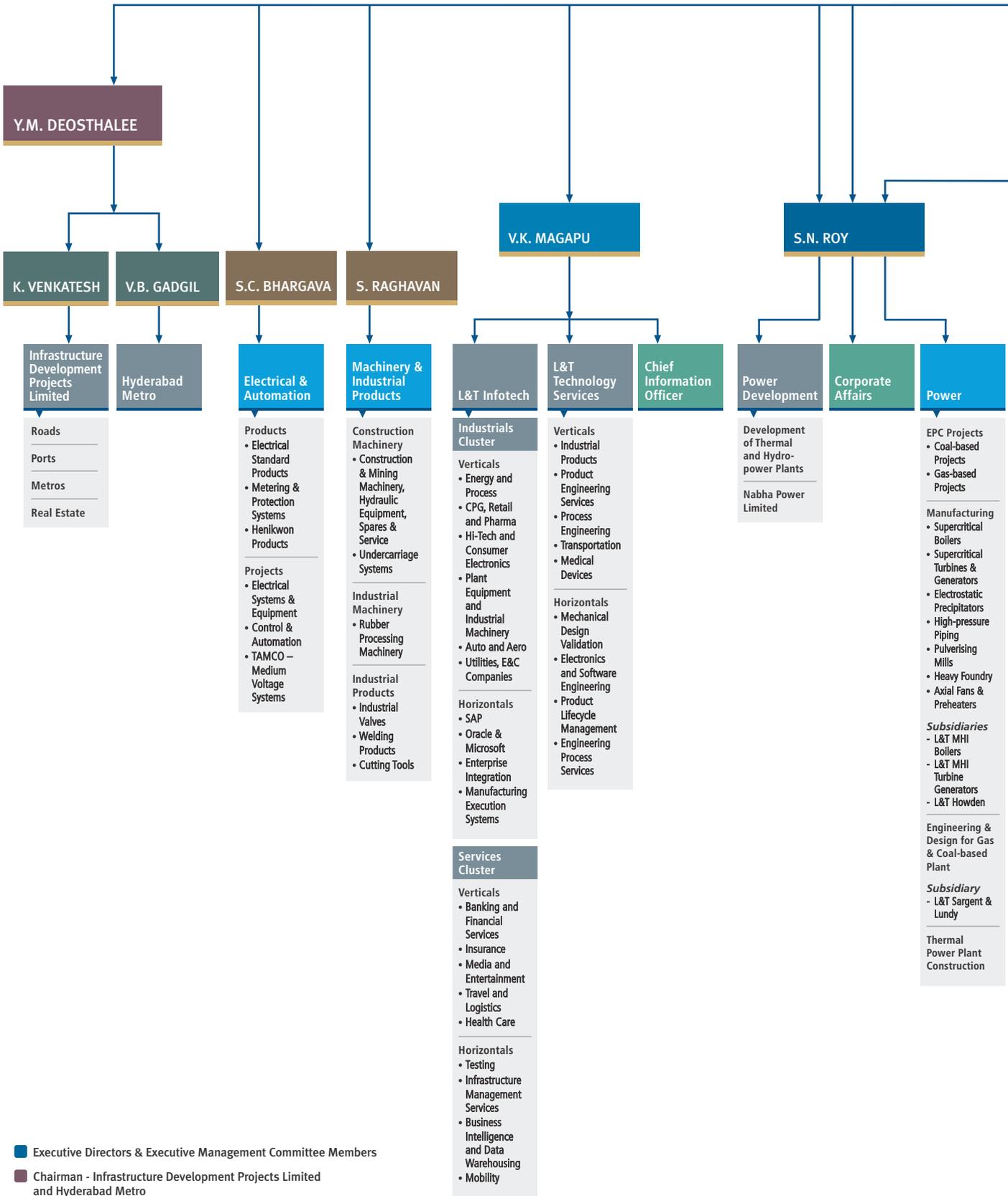
Electrical & Automation



Innovation is the key to successfully discerning the big growth opportunities within challenges. We foster a culture of innovation which helps us introduce products and solutions that address challenges like resource scarcity, energy efficiency and climate change.

Automation and smart manufacturing are not only helping us become more cost-efficient, they are also making us more eco-efficient by optimising our energy consumption and reducing our carbon footprint. In the reporting year, we set up a world-class circuit breaker manufacturing facility in Vadodara which has the distinction of being the first green-rated factory in L&T.

To unlock value and accelerate continuous improvement, we have introduced a ten-point sustainability indicator to monitor and manage our performance.



- Executive Directors & Executive Management Committee Members
- Chairman - Infrastructure Development Projects Limited and Hyderabad Metro
- Executive Management Committee Members
- Managing Director - L&T Infotech
- Senior Executives
- Independent Company
- Support Functions
- Subsidiaries

A.M. NAIK
Group Executive Chairman

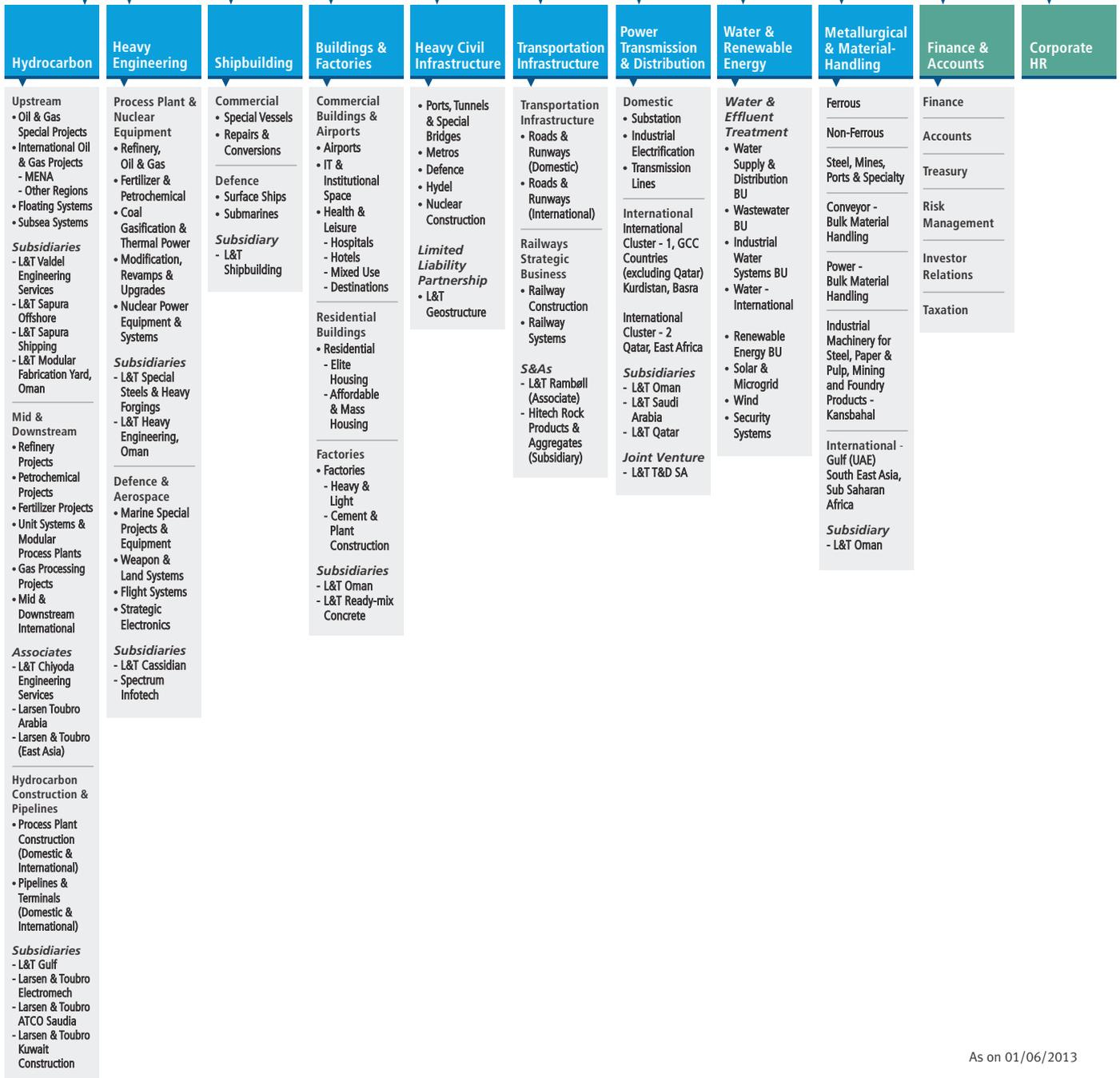
K. VENKATARAMANAN
Chief Executive Officer & Managing Director

M.V. KOTWAL

S.N. SUBRAHMANYAN

R. SHANKAR RAMAN

YOGI SRIRAM



As on 01/06/2013

Business Portfolio

CONSTRUCTION



Buildings & Factories:

It undertakes engineering, design and construction of airports, IT parks, office spaces, educational institutions, stadiums, convention centres, metro stations, hospitals, hotels, residential buildings, factories, cement plants and warehouses.

Transportation Infrastructure:

It serves multiple segments - roads, runways and elevated corridors, infrastructure in international markets, railway construction and railway systems. The business has consolidated its position in India while securing significant orders in the Gulf.

Heavy Civil Infrastructure:

It engages in design, engineering and construction of

projects in metro rail systems, ports, tunnels, special bridges, hydropower, nuclear power and defence infrastructure sectors.

Metallurgical & Material-handling:

It offers EPC services for projects of ferrous and non-ferrous metal industries, bulk material & ash handling systems in the power, port, steel and mining sectors. The business has an industrial machinery and foundry workshop at Kansbahal in Odisha and a fabrication shop at Kancheepuram in Tamil Nadu.

Power Transmission & Distribution:

It delivers integrated solutions and end-to-end services such as design, manufacture, supply, installation and commissioning of transmission lines, substations, distribution networks, electrical & instrumentation works. The business caters to the needs of power, process and infrastructure projects and communication systems.

Water & Renewable Energy:

It caters to infrastructure projects including water supply & distribution, desalination plants, wastewater networks, water & wastewater treatment plants, industrial water systems, unaccounted-for-water and lift irrigation systems. In the field of renewable energy, the business provides EPC services for projects on photovoltaic (PV) and concentrated solar power plants (CSP), wind power plants, micro-grid systems, smart-grid systems and integrated security solutions.

HYDROCARBON



L&T Hydrocarbon provides complete EPC solutions for the global oil & gas industry. It caters to the entire hydrocarbon chain - upstream, mid & downstream and pipelines. Turnkey capabilities cover oil & gas, petroleum refining, chemicals, petrochemicals and fertilizer industries. Single-window solutions are offered for front-end engineering & design, detailed engineering, procurement, fabrication, project management, construction, installation and commissioning.

POWER



L&T Power is an integrated concept-to-commissioning solutions provider for thermal power plants. Leveraging its extensive project management expertise, it sets up coal & gas-based power generation projects on a bulk turnkey basis. It has one of the world's largest integrated manufacturing facilities for boilers, steam turbines, generators, pressure piping, etc.

HEAVY ENGINEERING



L&T is globally acknowledged as one of the top five companies in Heavy Engineering. It offers world-class, technology-intensive, custom-made equipment and systems for core sector industries, operating through the following Strategic Business Groups:

Process Plant and Nuclear Equipment:

- Fertilizer • Petrochemical • Reactor • Cracker Plant and Oil & Gas • Coal Gasification • Thermal Power Plant
- Nuclear Power Plant Equipment

Defence and Aerospace:

- Weapon Systems • Defence Marine • Aerospace

Special Steels and Heavy Forgings

SHIPBUILDING



L&T builds specialised commercial ships (multipurpose heavy lift roll-on / roll-off, semi-submersible container ships, LPG / LNG vessels, chemical tankers, dredgers, reefers, cable layers etc.) as well as defence vessels for the Navy and the Coast Guard (warships, submarines and auxiliary vessels).

Marine systems and equipment offerings include steering gear, fin stabiliser systems, propeller shafts, electrical distribution network components, helicopter hangar equipment, heat exchangers and weapon-launch platforms and sensor systems.

L&T has two major shipyards, one each on the east and the west coast of India.

ELECTRICAL & AUTOMATION



This business offers a wide range of low and medium voltage switchgear, energy meters, relays and industrial & building automation solutions. It is a major international manufacturer of electrical and electronic products and systems, and caters to industries, utilities, infrastructure, buildings and agriculture. The Products Strategic Business Group includes Electrical Standard Products and Metering & Protection System. The Projects Strategic Business Group includes Electrical Systems & Equipment and Control & Automation.

MACHINERY & INDUSTRIAL PRODUCTS



It comprises two Strategic Business Groups - Machinery and Industrial Products. The Machinery Strategic Business Group offers construction and mining machinery, rubber processing machinery and foundry products. The Industrial Products Strategic Business Group consists of industrial valves, welding consumables and cutting tools.

INFORMATION TECHNOLOGY



L&T Infotech provides end-to-end solutions and services to varied sectors like BFSI, Travel & Logistics, Media & Entertainment, Healthcare, Energy & Process, Utilities and E&C, Hi-tech & Consumer Electronics, CPG, Retail & Pharmaceuticals, Auto & Aerospace and Plant Equipment & Industrial Machinery. It has expertise in Service Lines including Testing, Mobility, Infrastructure Management System, BI/DW, SAP, Oracle and Microsoft, Enterprise Integration, and Manufacturing Execution Systems. It is differentiated by its unique three-pronged value proposition encompassing Business-to-IT Connect, Engage the Future and Execution Excellence.

NATIONAL NETWORK



The pictorial representation does not purport to be the political map of India.

- ★ Registered Office
- Campus - covering facilities for manufacturing, modular fabrication, shipbuilding and centres for design engineering, software development and technology
- 🏠 Management Development Centre
- Offices
- ◆ Knowledge City
- ▲ Construction Skills Training Institutes*

*Part of L&T's Corporate Social Initiatives

G L O B A L P R E S E N C E



Note: Map is broadly representative of L&T's global presence.

- ★ Offices
- Engineering & Construction Projects
- ▲ Product & Equipment Supply
- ⬢ Manufacturing / Fabrication Facilities
- Agents

New Policies **FUTURE**

Today industry and society engage with each other more closely than ever before, conscious of their mutual interdependence. We now have a revamped Companies Bill and more rigorous scrutiny of the way in which industry operates. We see these trends as positive signals for greater accountability and transparency.

CORPORATE
GOVERNANCE



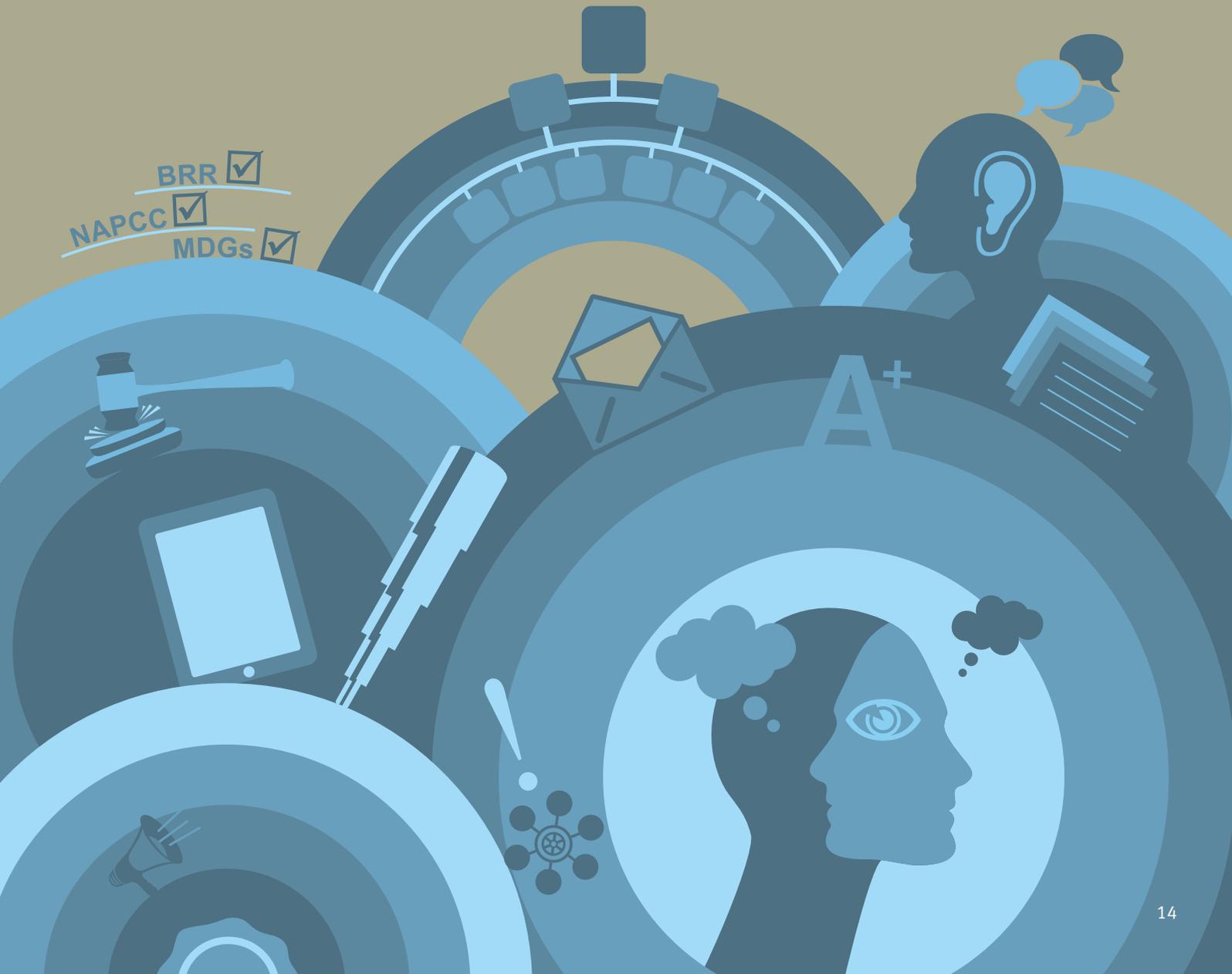
now

Proactive compliance

- Reinforcing systems for enhanced transparency
- Focus on restructuring for greater accountability
- Proactive compliance to National / International ESG disclosure requirements



BRR
NAPCC
MDGs



We believe that the crux of sound Corporate Governance is in 'performance with integrity'- a critical component in enhancing and retaining stakeholder trust.

As India revamps its policies and legislation, L&T strives to be in line or a step ahead of the times. We are proactively addressing emerging challenges across issues related to environment, social inclusion and corporate governance. We have not only reported our Triple Bottom Line performance since 2008, when it was voluntary, but we have also been consistently enhancing the scope and depth of the report.

Thus, when the Securities and Exchange Board of India (SEBI) mandated that the country's top 100 companies by Market Capitalisation must publish their Annual Business Responsibility Report (ABRR), we were more than prepared.

Governance Structure

Our essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, we continuously endeavour to improve upon these aspects on an ongoing basis. L&T's four-tier Corporate Governance structure ensures greater management accountability, facilitates increased autonomy of businesses and increases stakeholder confidence.



| | |
|--|---|
| <p>1</p> <p>Strategic Supervision</p> | <p>2</p> <p>Executive Management</p> |
| <p>by the Board of Directors comprising the Executive and Non-Executive Directors.</p>  | <p>by the Corporate Management comprising the Executive Directors, one person from Senior Management and four Advisors to the Group Executive Chairman.</p> |
| <p>3</p> <p>Strategy & Operational Management</p> | <p>4</p> <p>Operational Management</p> |
| <p>by the Independent Company (not legal entities) Boards of each Business comprising representatives from the Company Board, Senior Executives from the Business and independent members.</p> | <p>by the Business Unit (BU) Heads.</p>  |

For more information on the governance structure, refer L&T's Annual Report 2012-13 at www.larsentoubro.com

Sustainability Structure

Steadfast commitment from the top management strengthens the precept and practice of sustainability at L&T. We embrace a top-down approach to optimise our efforts.

Our Sustainability Executive Board (SEB), steered by a member of the Executive Management Committee (EMC), ensures effective formulation of sustainability policies and implementation of our strategy. Our business heads, Sustainability Councils and Unit Level Sustainability Teams cascade the initiatives across the Company.

L&T won the Indian Chamber of Commerce (ICC) Corporate Governance & Sustainability Vision Award 2013 for the second consecutive year in the 'Water Stewardship' category



Remuneration Policy

Transforming jobs into high-growth career avenues requires an atmosphere that recognises and rewards talent. We have some of the most competitive remuneration policies in the industries where we operate. This fosters a culture of empowerment, professionalism and creative freedom to unlock the hidden potential in our people.

Our compensation packages consist of base remuneration, perquisites and performance incentives. The components of remuneration vary for different grades, and are governed by industry patterns, qualifications, experience, responsibilities and individual performance.

The Board Members' remuneration is based on our size and global presence, economic and financial factors, industrial trends, compensation paid by the peer companies, etc. We pay remuneration to Executive Directors in the form of salary, perquisites and retirement benefits (fixed components) & commission (variable component), based on recommendation of the Nomination & Remuneration (N&R) Committee, approval of the Board and the shareholders. The commission is calculated with reference to net profits in the financial year and as per the Sections 198 and 309 of The Companies Act, 1956.



Our remuneration policy fosters a culture of empowerment, professionalism and creative freedom to unlock the hidden potential in our people

Process Excellence

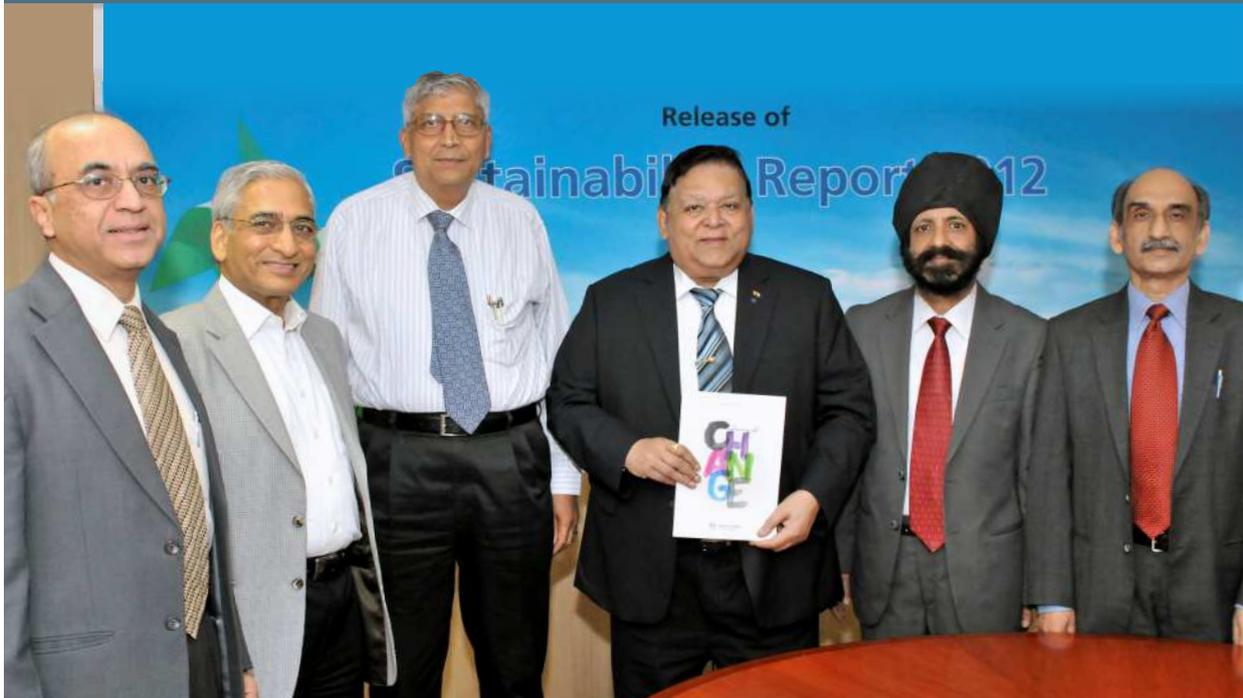
Enhanced performance is the product of rigorous process management. We ensure consistent and periodic review of the effectiveness of our processes. Based on our observations, we refine these processes to attain higher efficiencies and consistency.

LAKSHYA at L&T

'Project LAKSHYA 2010', launched in 2005, helped us identify and implement various strategic initiatives pertaining to the formation of Independent Companies. In 2010-11, we developed LAKSHYA 2015, which chalked out the focus areas of various businesses and set specific business targets.

However, the developments in domestic and international environment impacted the performance and future expectations of many of our existing businesses and necessitated a mid-term review of our strategy. We subsequently developed a revised version - 'LAKSHYA 2016' that incorporated various strategic changes.

RELEASE OF L&T SUSTAINABILITY REPORT 2012



IT-driven Productivity

At L&T, our IT systems are at the core of all business processes. They facilitate communication, collaboration and provide real time access to information. This facilitates effective decision making, monitoring and management control. IT initiatives during the year 2012-13 witnessed upgradation to mobile technology in a number of applications including one for our Board members that has resulted in a paperless Board Room.

A new iPad application enables each Director to securely receive all papers related to the Board meeting. It includes features that allow them to make annotations before and during the meetings. Additionally, with the elimination of printing, compiling and despatch, the secretarial department's productivity has also increased significantly.



Sustainability Genesis

L&T was the first engineering and construction company in India to publish its Corporate Sustainability Report. In 2007, we set up a dedicated task force to report our environmental and social performance, and implement sustainability initiatives. Over the years, the task force has evolved from implementing initiatives to embedding sustainability within the organisation's culture.

Today, our sustainability journey is gaining recognition at national and global forums. We were ranked as the 4th Greenest Company of the World in the industrial segment by Newsweek. We were also included in the Dow Jones Sustainability Index - 2012 (emerging markets) and ranked as sector leader in construction & material section.

Our Sustainability Roadmap 2012-15 focusses on seven thrust areas. These include energy conservation & Greenhouse Gas (GHG) mitigation, embedding a 'safety culture', water conservation, material management, enhancing the health index of the organisation and continuing social interventions.

We were ranked as the 4th Greenest Company of the World in the industrial segment by *Newsweek*

Certifications

All our units are ISO 9001 certified. Further, 19 of them are certified for ISO 14001 and 18 for OHSAS 18001. Our E&A business secured ISO 27001 certification. We currently have 4 Platinum, 4 Gold, 3 Silver, 1 Certified Green Buildings and 1 Silver rated Green Factory among L&T establishments.

Performance Measurement and Review Mechanisms

A team of chartered accountants, engineers and system experts constitute our internal corporate audit department. Equipped with in-depth knowledge about our businesses, systems and procedures they ensure detailed scrutiny and suggest improvement areas.

Our Internal Audit function is ISO 9001:2008 certified. The Head of Corporate Audit Services reports jointly to the Group Executive Chairman and the Chief Executive Officer & Managing Director. We periodically rotate the staff of our Corporate Audit Services.

We deploy best-in-class IT tools to enhance compliance to organisational systems, maximise productivity and reduce costs.

Qualitative data on performance indicators is collated from diverse sources such as:

- Information from completed projects
- Information from technical audits of plants, project sites and offices
- Sharing of best practices
- R&D reports
- Information from global sources, partners and collaborators
- Regulatory agencies, professional associations

During the reporting year, our Sustainability Policy was merged with Corporate Social Initiatives Policy and published as 'Corporate Social Responsibility (CSR) Policy'. Two other corporate policies viz., 'Corporate Human Resource Policy' and 'Corporate Environment, Health & Safety (EHS) Policy' were reviewed. All three corporate policies have been approved by the Board.

The Board of Directors has complete access to the information within the Company, which include -

- Annual revenue budgets, financing and capital expenditure plans

- Quarterly results and results of operations of Independent Company and business segments

- Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems

- Minutes of Meetings of Board of Directors, Audit Committee (AC), Nomination & Remuneration (N&R) Committee and Shareholders'/Investors' Grievance Committee

- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any

- Developments in respect of human resources

Code of Conduct and Risk Management Framework

All Board Members and Senior Management Personnel* of the Company abide by the Company's 'Code of Conduct'. This ensures compliance with the provisions of the revised Clause 49 of the Listing Agreement with Stock Exchanges.

Policies, procedures and guidelines have been formulated to clearly lay down norms on action and conduct of our employees.

These cover:

| | |
|---|--|
| <input checked="" type="checkbox"/> Guidelines on Corporate Communication | <input checked="" type="checkbox"/> Securities Dealing Code |
| <input checked="" type="checkbox"/> Protection of Women's Rights in the Workplace | <input checked="" type="checkbox"/> Security Manual and Procedures |
| <input checked="" type="checkbox"/> Corporate IT Policies | <input checked="" type="checkbox"/> Whistleblower Policy |

The Code of Conduct is available on the Company's website, www.larsentoubro.com. The annual declaration regarding its compliance by the Company is also given by the CEO & Managing Director.

* Senior Management Personnel are one level below the Executive Directors including functional heads.



To the Shareholders of Larsen & Toubro Limited

Sub: Compliance with Code of Conduct

I, hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

K. Venkataramanan
CEO & Managing Director

Date: May 08, 2013
Place: Mumbai



To cascade sustainability across our supply chain, we have developed a dedicated environment & social 'Code of Conduct'. Many of our suppliers are signatories to this code and are committed to practice it in letter and spirit. Essential environment-friendly and socially-responsible business practices propagated by the code include energy efficiency, water conservation, waste reduction, occupational health & safety, prevention of corruption and respect for human rights.

We adhere to Section 299 of the Companies Act, 1956, which requires that every Director of a company who is in any way concerned or interested in a contract or arrangement, is required to disclose the nature of his concern or interest at a meeting of the Board of Directors. Once a year, a declaration is given to the Board by a Director to the effect that he is a Director or a member of a specified corporate body or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that corporate body or firm.

Any change in directorship is immediately reported to the Board. This information is shared with the accountants of all the Businesses and compliance with the provisions of The Companies Act, 1956 is ensured. In consonance with the provisions of Clause 49 of Listing Agreement, every Board Member confirms, on a yearly basis, that he has complied with the Company's Code of Conduct as applicable to Board Members and Senior Management of the Company. Senior executives of the Company are required to confirm whether they or any of their specified

relatives have entered into any transaction with the Company. During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of the Company.

L&T is a member of the Engineering & Construction Risk Institute (ECRI), USA and actively participates in training and knowledge sharing activities

At L&T, we manage our risk portfolio by employing management practices which ensure that we accept risks within defined parameters and for which we believe that compensation is adequate. The Audit Committee of the Board oversees the effectiveness of the risk management process. Every independent business segment has its risk management policy and procedure within the overall Enterprise Risk Management framework of the organisation. The process followed by L&T is in compliance with the International Risk Management Standard ISO 31000:2009. L&T is a member of the Engineering & Construction Risk Institute (ECRI), USA and actively participates in training and knowledge sharing activities. Industry-wide tools like Palisade, @Risk, Primavera Risk Analysis are deployed for cost estimation and schedule risk analysis to enhance quantitative risk management.

Internal Control System

We have established an internal control mechanism commensurate with the size and complexity of our business. A corporate policy on internal control is in place which provides a structured framework for identification, rectification, monitoring and reporting of internal control weaknesses in the organisation.

We regularly issue accounting guidelines to ensure uniformity and reliability of financial statements and financial authorisation guidelines covering purchasing, selling, authorising of expenses, etc. which is followed across the organisation. Our individual businesses have well documented Standard Operating Procedures (SOPs) for various processes which are regularly reviewed to incorporate any changes as per evolving business needs.

Apart from the internal mechanism to review and monitor internal controls, the Company also periodically engages independent professional firms to carry out review of the effectiveness of various control processes in businesses and support functions. All significant observations and corrective actions taken are reviewed by the management and Audit Committee of the Board.

Corruption & Anti-competitive Behaviour

We remain committed to behave in a manner wholly consistent with our principles of ethics and fair practices. We will not be party to any act or measure that compromises or is likely to compromise our values. To deal with all issues involving anti-trust behaviour, we have sound systems in place. The robustness of the system is ensured through periodic reviews held at the corporate level. Our 'Whistle Blower' policy covers the entire organisation including Group Companies.

No incident of corruption was reported during FY 2012-13. We also comply with relevant statutory requirements including anti-competitive behaviour. No legal actions in this regard were initiated against us in FY 2012-13.

Public Policy Advocacy

The government is an important stakeholder in our organisation. We engage with the government through multiple business forums and trade organisations. Our senior executives are active members of industry bodies that participate in the development of public policy that addresses issues affecting industry, business, products and customers.

Compliance

Our compliance system covers a multitude of statutory obligations which ensures that all applicable laws and regulations are observed and complied with. We also have a designated Compliance Officer.

In addition to this, we published our Annual Business Responsibility Report (ABRR) conforming to the Securities and Exchange Board of India (SEBI) listing requirement. It covers the National Voluntary Guidelines (NVG) as released by the Ministry of Corporate Affairs, India, and takes into account the social, environmental and economic responsibilities of the business.

In the reporting year, the World Bank imposed a sanction on the Company for a limited period owing to the misconduct of an ex-employee of a business from which the Company subsequently exited. Controls have been tightened across the L&T Group to prevent recurrence of such incidences.

Precautionary Approach

Economic, environment and social risk are inherent to our businesses. Turbulent times have a severe impact on both the industry and the economy, in turn amplifying these risks.

With a view to mitigate major risks, we undertake a thorough review before entering into any business

commitment. We also conduct risk review for major projects under execution. A structured Risk Management Information System helps early detection and efficient mitigation.

For more information, please refer page 143 of L&T's Annual Report 2012-13.

Commitment to External Initiatives

We follow the Global Reporting Initiative (GRI) framework and the National Voluntary Guidelines (NVG) to report on our economic, environmental and social performances. Additionally, we comply with applicable International Labour Organisation (ILO) conventions and United Nations (UN) directives that cover:

Statutory and regulatory compliance

Business ethics

Fair and equal opportunity to all employees

Employee development through training

Labour camps at construction sites

Medical facilities at units, offices and project sites

Steps to measure, monitor and conserve materials & energy

Memberships

We are active contributors in the policy-making process through memberships of associations and institutes.*

Confederation of Indian Industry (CII)

Federation of Indian Chambers of Commerce and Industry (FICCI)

Associated Chambers of Commerce and Industry of India (ASSOCHAM)

Bombay Chamber of Commerce & Industry (BCCI)

Bureau of Indian Standards

Construction Industry Development Council (CIDC)

Indian Electrical and Electronics Manufacturers Association

National Safety Council

Indian Institute of Chemical Engineers (IChE)

National Fire Protection Association

British Safety Council

Association of Business Communicators of India

National Academy of Engineering

Department of Science & Technology, Govt. of India

**The list is only indicative.*

Disclosures on Management Approach



ECONOMIC

A nation's progress and a company's success are interwoven in the fabric of development.

As one of the largest companies in India and a leader in most of its businesses, L&T is conscious of the economic and social impact of its operations. In addition to generating economic wealth, our businesses fuel the engines of economic growth, impacting the lives of millions.

In FY 2012-13, India's investment climate was adversely impacted due to delayed policy measures, slow-down in industrial production, persistently high interest rates and liquidity concerns. These economic challenges notwithstanding, we managed to sustain our growth momentum through our strategic initiatives, consistent execution performance and forays in select international markets.

We exercise prudent management of risks and costs to ensure sustainable wealth generation. We continue to augment our manufacturing capacities strategically in low-cost regions and also continue to lay greater emphasis on increasing execution and operational efficiency. Multiple initiatives for cost optimisation and productivity enhancement have been taken up by our businesses.

On the international front, we have extended our focus on geographies to include Australia and select CIS and African countries.

We continuously endeavour to adapt to the changing environment and improve efficiencies. We are conscious that economic progress is sustainable only if accompanied by sound social development. We have therefore adopted the philosophy of contributing to social good in a significant measure.



Elevated road corridor at Nashik, near Mumbai



ENVIRONMENTAL

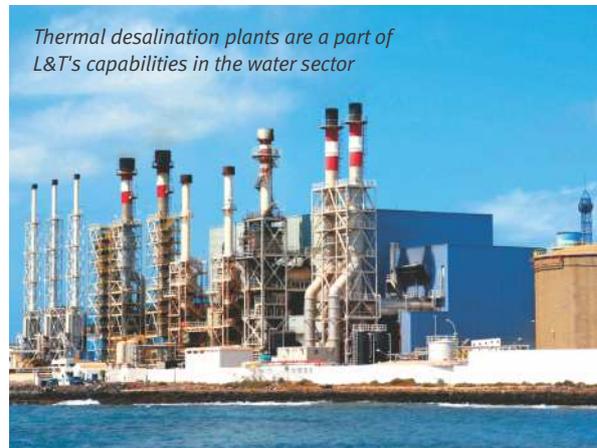
We have always viewed environmental challenges as opportunities. We believe that larger the organisation, bigger the responsibility to set the right example. For us, reducing our environmental footprint is more than just end-of-pipe management. Our perspective is holistic, with responsibilities that begin at the design stage and extend to the entire life cycle.

To foster environmental awareness and responsibility among our large workforce and embed environmental stewardship in our business culture, we conduct periodic EHS training and workshops.

Each business has comprehensive policies on quality, environment, health and safety. The management is accountable for the environmental impact of the business. Managers of our project sites and offices are responsible for ensuring optimal consumption of material and energy.

To maximise our environmental efforts and widen our sphere of impact, we work closely with our clients, suppliers, and various stakeholders.

Thermal desalination plants are a part of L&T's capabilities in the water sector



Cognizant's green campus at Seruseri, Chennai constructed by L&T



S O C I A L

We value relationships with stakeholders, and strive to nurture them. We consider it our responsibility to provide opportunities to all strata of society and equip them with the necessary skills and resources for inclusive growth.

Labour Practices and Human Rights

We realise that jobs are not just means to earn a living, but a pursuit of individual passions and aspirations. Development and implementation of good HR practices are essential to attract and retain the finest talent. Our policies and practices enhance job satisfaction and provide accelerated growth to meritorious professionals.

We provide our employees with a safe, secure and vibrant environment that enables them to unlock their hidden potential

We comply with ethical and human rights standards and follow the applicable local laws and regulatory requirements such as conventions of the International Labour Organisation (ILO), the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998 and Industrial Disputes Act 1947.

Implementation of policies is ensured by committed IR, HR and EHS managers. Our 'Policy for Protection of Women's Rights at Workplace' sets out objectives, applicability, structure of committees and processes to redress complaints. We have constituted apex and regional complaints committees to address cases of sexual harassment at the workplace, if any.

Our Safety Management Committee meetings regularly review issues related to safety of workmen at manufacturing units and project locations. Our 'Working on Wellness' initiative enhances employee well-being with a focus on stress management and essential healthcare.

Societal Commitment

Our social interventions foster self-reliance among communities and address their needs on a long-term basis. L&T collaborates with employees and their families, community, NGOs, government agencies, chambers of commerce and academic institutes to bring about a holistic solution to pressing social challenges. The outreach of our social initiatives has grown significantly and we are committed to strengthening interventions in areas of education, health and skill building.



P R O D U C T R E S P O N S I B I L I T Y

Ideas fuel the engine of innovation which in turn produces products that propel progress. To ensure that sustainability is embedded in all our operations, we endeavour to make our products and processes environmentally friendly and socially responsible across their entire life cycle.

We focus on training our workforce on the significance of extended product responsibility and emerging sustainable technologies. We also lay emphasis on stakeholder engagement & feedback. This forms the basis for improvement in our products and services. Research & Development is actively encouraged, with our Business Heads being responsible for ensuring that our products and services meet global standards.

We are conscious of the sensitive and strategic nature of many of our projects and products, and therefore maintain customer confidentiality. We provide detailed user manuals and impart training to customers and their employees in plant operation as well as product usage.



Ammonia plant of National Fertilizers Ltd., Panipat



Power Plant at Dhuvaran, Gujarat

Corporate Social Responsibility Policy



We are committed to fulfilling our Social, Environmental and Economic responsibilities for Sustainable Development.

Towards this, we shall:

- Continue to ensure ethics and transparency in our engagements with stakeholders, and advocate responsible business practices
- Incorporate social and environmental considerations in our business operations
- Foster a culture of trust and caring to enhance the well-being of employees and communities
- Promote social equity and partner with communities in healthcare, education and skill building
- Conserve natural resources, reduce the adverse impact of climate change and enhance energy efficiency
- Adopt sustainable and resource efficient processes and provide value added products and services

Corporate Environment, Health & Safety (EHS) Policy



As an integral part of our business philosophy, we are committed to conserving the environment and providing a safe and healthy workplace to our employees and stakeholders.

To achieve this, we shall:

- Incorporate EHS considerations in all business processes
- Ensure compliance with statutory and other applicable requirements
- Prevent adverse environmental impacts and occupational health and safety risks
- Conserve natural resources, minimise waste generation and environmental emissions
- Impart structured training and augment resources for effective EHS performance
- Encourage communication, consultation and collaboration with all stakeholders

Corporate Human Resource Policy



We believe that people are our most valuable resource, and play a pivotal role in helping us realise our vision.

We are committed to:

- Acquiring, developing and retaining a pool of high-calibre talent
- Enabling and empowering our employees to be creative and innovative
- Establishing systems and practices for maintaining transparency, fairness and equity
- Creating a culture of continuous learning, competitiveness and excellence through change management, respecting ethics, values and good governance
- We will protect our environment and uphold in letter and spirit the United Nations' Universal Declaration of Human Rights and the fundamental Human Rights Conventions of the International Labour Organisation.

Our Sustainability Approach

At L&T, we follow a systems approach to sustainability. Our goal is to achieve a well-calibrated balance between natural, human and manufactured capital by integrating economic, social, cultural, political, and ecological factors. This approach offers a perspective more useful than other analytical approaches and is preferred because it is a way of thinking in terms of connectedness, relationships, and context.

Our study of macro and micro trends helps us undertake scenario planning accurately. We then draw up strategies with an aim to ensure that our sustainability goals are achieved. These strategies articulate both, top-down approaches and on-ground initiatives so that each member of the organisation is aware of his/her role.

Today, sustainability is embedded in all our businesses. We successfully achieved our first three-year sustainability targets (2009-12) and charted a further roadmap up to 2015.

Our efforts and the results have been widely recognised. L&T features among the 'Top 10 in Carbon Disclosure Leadership

Index' in India; is ranked the World's 4th Greenest Company in the industrial sector by Newsweek; and has received the prestigious 'Caring Company Award' from the World CSR Congress.

This report is our 6th consecutive annual sustainability report that conforms to GRI G3 guidelines and carries an A+ application level. We continue to align our sustainability strategies to key principles enunciated in the Business Responsibility Reporting framework recommended by the Securities and Exchange Board of India (SEBI).

For us, sustainability is a journey and not a destination.

The aim is to make tomorrow better than today, every day.

The Administrative Block at the Shipbuilding Campus Kattupalli - a platinum LEED certified building.



In Harmony with NAPCC

Our business vision remains aligned with the national mission. We remain committed to the eight missions of the National Action Plan on Climate Change (NAPCC) instituted by the Government of India.

Mission 1 Solar



L&T is amongst the leading solar EPC companies in the world, as per a report published by IMS Research

300 MW of solar projects executed/under-execution till date

Key Milestones:

- 125 MW concentrated solar power project based on CLFR technology, the largest of its kind in Asia, currently under construction
- Solar energy is used at L&T's units in Chennai, Hazira, Talegaon, Mahape, Vadodara, Ahmednagar, Mysore, Coimbatore, Powai and Sohar - Oman
- 40 KWp Solar PV power plant made operational at L&T- Hazira

Mission 2 Enhanced Energy Efficiency



Energy savings of 161,467 GJ over last six years - indirectly avoiding over 35,000 tons of CO₂ emissions

Renewable energy constitutes 11.09% of L&T's indirect energy mix

Energy auditor training for employees. Currently, we have 16 certified energy auditors

Industrial Drive Systems of E&A business saves over 30% energy

E&A offers energy-efficiency services including -

- BEE accredited energy audit services
- i-Visionmax solar package, a plant monitoring and control system resulting in lower downtime of solar plant

Mission 3 Sustainable Habitat



Construction of 25.4 million sq. ft. certified green building space for clients till date. 7.6 million sq. ft. of Green Building space is under various stages of certification

Twelve buildings (including the Green Factory) measuring 1.96 million sq. ft. within L&T campuses are certified Green Buildings:

Platinum - 4 | Gold - 4 | Silver - 3 | Certified - 1

L&T's E&A factory at Vadodara is IGBC certified silver rated 'Green Factory'

Mission 4 Water



Completed water footprint mapping at seven campuses, more of such projects are underway

19 L&T campuses across India have adopted zero wastewater discharge approach

Water consumption reduced over 20% w.r.t. 2008-09 scope

Check dams increased from 50 to 100 in 2012-13 with a collective water storage capacity of over 380 million litres benefiting tribal communities in Thane district, Maharashtra

Proven capabilities to execute large water infrastructure projects including water supply & distribution, desalination plants, wastewater networks, water & wastewater treatment plants, industrial water systems, unaccounted-for-water and lift irrigation systems.

From enhancing energy security to developing low-carbon technologies for building infrastructure, from spreading sustainability knowledge to greening the nation's landscape - we have been increasingly investing in products and processes that assist sustainable economic growth.

Mission 5 Sustaining the Himalayan Ecosystem



Reusing tunnel muck (waste) to produce aggregates & sand for concrete making in Uttarakhand project site, thus avoiding use of river bed material

Providing local employment and enhancing employability through skill development programmes within the Himalayan region

Tree plantation near projects sites in the Himalayan region

Continual community engagement programmes such as medical camps, health camps at project sites in Himachal Pradesh, Uttarakhand and Arunachal Pradesh

Mission 6 Green India



L&T published 'Enlarging Green Cover' - a manual guiding units and project sites on scientific methods of tree plantation

Around 35% of the available open land at manufacturing locations has a green cover

- Over 257,000 saplings planted across campuses and project sites
- L&T campuses have more than 150,000 fully grown trees

Carbon sequestration studies are carried out at six major campuses

Mission 7 Sustainable Agriculture



E&A Business manufactures motor starters and pump controllers which are widely used in farms across the country, contributing to higher productivity. E&A also conducts training programmes for farmers

Heavy Engineering and Hydrocarbon Businesses are preferred suppliers to major fertilizer plants in India

Check dams constructed by L&T Public Charitable Trust are helping to recharge groundwater, many farmers now cultivate two crops in a year

Mission 8 Strategic Knowledge for Climate Change



In-house capacity building by deputing -

- Energy auditors and energy managers at various units certified by Bureau of Energy Efficiency (BEE)
- Certified 'sustainability assurance practitioners'

Introducing subjects of Climate Change and Sustainable Development to new joinees

Regular participation in forums, seminars and symposiums related to sustainability and climate change

Publication of annual sustainability reports since 2008

Organising factory visits for colleges, institutes and industry forums to share various green programmes

Future Ready

CONSTRUCTION

| Risks & Opportunities | Strategic & Operational Initiatives |
|---|---|
| Sustainability related focus areas for businesses | Green construction, Smart grids and Renewable energy. Mass rapid transit systems, energy efficient material conveyor and wastewater treatment systems for customers |
| Energy conservation | Energy efficient plant and machinery at campuses and project sites, implementation of Energy Management System |
| Safety of workmen | Continuous training in safety & operating procedures, increased PPE usage, implementation of Project 'Suraksha Jeet', enhanced mechanisation |
| Conservation of natural resources | Recycle and reuse of waste, adopt new technologies and alternate materials to conserve resources |
| Lack of skilled workmen & productivity | Impart training through CSTI & on-job training at construction sites |
| Compliance to environmental regulations | Meet and go beyond contractual and statutory requirements at project sites. Employing advanced technology to minimise air, water and noise pollution |
| Water scarcity | Use alternate technologies & materials that reduce water consumption. Recycle & reuse water at our campuses. Promote rainwater harvesting - from design to execution |
| Health & hygiene of workmen | Periodic health check-ups, provision of potable water and sanitary facilities at labour colonies |
| Challenges in community engagements | 'Need Assessment' surveys to align initiatives with community needs, implement programmes in line with thrust areas - Education, Mother & Child Healthcare and Skill Building |

HYDROCARBON

| Risks | Strategic & Operational Initiatives |
|---|---|
| Diminishing opportunities in India due to slowdown in economy and intense competition | Aggressively pursuing international opportunities with thrust on the Middle East, exploring business opportunities in South East Asia, select African and CIS countries |
| Increased complexity and scale of business opportunities | Robust risk management process and risk sharing through strategic alliances with global players possessing complementary strengths |
| Fluctuations in foreign exchange rates and commodity prices | Mitigating risk by hedging or by taking suitable covers based on foreign exchange inflow and outflow |
| Skilled manpower to meet domestic and international needs | Engage specialised talent, provide better exposure for job enrichment, in-house capability building, grooming high potential employees through leadership programmes |
| Opportunities | Strategic & Operational Initiatives |
| Safe and healthy work environment | Continued thrust on safety and wellness initiatives, extending safety culture to supply chain partners and innovative safety training techniques |
| Leveraging product adjacencies | Addressing emerging business opportunities in the areas of Modular Process Plants, Jack-up Rigs, FPSO Topsides and Deepwater Subsea Systems |

HEAVY ENGINEERING

| Risks & Opportunities | Strategic & Operational Initiatives |
|--|--|
| Ensuring workmen safety | Interactive programmes for cascading safety awareness among shop floor workforce, institutionalised 'Near Miss' reporting system, inculcating the concept of 'Behaviour Based Safety' |
| Product reliability and delivery performance | Formation of Material Planning Competency Centre, Theory of Constraints based 'Critical Chain Project Management', On Time Delivery Index monitoring, Product Lifecycle Management, Cycle time reduction using product specialisation matrix |
| Energy and water conservation and carbon footprint reduction | Periodic energy audits, dedicated energy conservation cell with BEE certified energy auditors, implementation of ISO 50001, focus on zero wastewater discharge, rainwater harvesting, greater use of renewable energy |
| Sustainability in supply chain | Training and capacity building, indigenisation, conducting periodic quality and EHS audits, unit specific supplier meets |
| Exploring new geographies | Strategic initiatives for tapping opportunities in new geographies viz., Russia, select CIS and African countries |
| Talent retention | Strengthening ECAS (Enterprise wide Collaboration in Alignment with Strategy) and other Employee Engagement initiatives |

ELECTRICAL & AUTOMATION

| Risks | Strategic & Operational Initiatives |
|--|---|
| Increase in input costs | Continued emphasis on procurement optimisation, value engineering and lean manufacturing. Regular product design improvement to optimise material consumption |
| Inadequacy of sustainability practices in supply chain | Building awareness and establishing a process for assessing risks in the supply chain. |
| Technology obsolescence | Focus on R&D to identify and develop potential new technologies |
| Inadequate speed in introducing products in the market | Restructuring and improving processes to improve the speed of introduction of new products |
| Significant skill and experience gaps | Leadership and skill development programmes, innovation programmes to tap entrepreneurial spirit, leveraging experience for skill and knowledge building |
| Opportunities | Strategic & Operational Initiatives |
| Increasing awareness for energy efficient equipment | Provide products and solutions that help customers reduce their carbon footprint |
| Growing generation capacity and rural electrification | Building capabilities in MV switchgear. Increasing marketing efforts and sales reach to augment market share |
| Growth potential in emerging economies | Business plans made to increase sales in international markets |

MACHINERY & INDUSTRIAL PRODUCTS

| Risks & Opportunities | Strategic & Operational Initiatives |
|-----------------------|---|
| Product liability | Application based selling, warranty management systems, customer complaint reviews and product liability cover |
| Intense competition | Broadening of product offerings, after sales support and service, strengthening dealership network and financing tie-ups |
| Product offering | Acquiring greater management control over erstwhile Joint Ventures. Strengthening international footprint and in-house product development centre |
| Commodity risk | Long-term rate contracts with vendors, price variation clause, Forex hedging |

L&T INFOTECH

| Risk & Opportunities | Strategic & Operational Initiatives |
|--|--|
| Slowdown in developed economies and growth opportunities in emerging geographies | Establishing partnerships in key geographies to augment business opportunities and focussing on South Africa |
| Growing demand for Monitoring & Reporting Systems for green initiatives | Developing systems for: <ul style="list-style-type: none"> Regulatory compliance, energy consumption and safety procedures Renewable Fuel Management: Renewable Identification Number (RIN) for credit accounting |
| Energy conservation for IT operations | Virtualisation of servers, increasing use of energy efficient lighting and reducing air-conditioning load |
| Evolving business model | Early mover advantage in cloud, mobility, big data and enterprise - social collaboration |
| Technology challenges | Investment in building proprietary touch-based and mobile enabled banking solutions <ul style="list-style-type: none"> Smart Retail 2.0 in the manufacturing business space Frameworks for warranty, rights and service management |
| Increasing awareness about CSR amongst employees | Encouraging employee volunteering at all our locations in the focus areas of education, health and environment |

Materiality

For us to know where, when and how we can make a meaningful, positive difference across the Triple Bottom Lines, we must know the answers to three important questions.

| | |
|---|---|
| ? | Who are our stakeholders |
| | What are the issues that concern and impact them |
| | Why are these concerns material to them |

Materiality analysis helps us answer these questions and thus prioritise our initiatives, plans and operations. This exercise also helps us identify and capitalise on opportunities. An analysis of the findings of two successive materiality studies gives us insights on the impact of our performance and helps us recalibrate our processes, if necessary.

Two years ago, we conducted a comprehensive internal study to identify key issues for our various businesses. Last year, we delved deeper into the identified issues and prioritised them using a materiality test comprising six parameters.

THE SIX PARAMETERS OF THE MATERIALITY TEST

| | | |
|--|--|---|
| Economic impacts - issues that may pose a financial, social and environmental risk to the Company | Legal / Regulatory drivers - issues emerging out of government policy on environmental and social front | Internal policy drivers - issues that are critical to the internal working of the organisation |
| Industry / Sector based indicators - issues unique to an industry or sector | Stakeholder concerns - issues that are of high importance to the stakeholders | Opportunity for innovation - issues with potential for innovative solutions |

The key material issues that emerged are:

| Key Material Issues | Initiatives to address the Materiality Issues |
|---|---|
| Focus on EHS: Employee Health & Safety, product design & execution, water conservation, waste management and carbon footprint | <ul style="list-style-type: none"> Improve safety performance and wellness of employees across businesses Give prime importance to safety during design and execution of projects Identify operational risks and develop a framework to manage the same before cascading to the entire value chain Consider safety performance as an important parameter during supplier selection Evaluate water, waste and carbon footprint and map performance to an established baseline Offer training on water, waste and carbon footprint mapping to suppliers Include aspects of environment in business management: use of eco-friendly equipment and engage in eco-friendly / green construction |
| Business Responsibility Reporting as part of Annual Report | As per SEBI mandate for top 100 companies (by market cap) we have started publishing Annual Business Responsibility Report (ABRR) as part of Annual Report 2012-13 |
| Review of sustainability agenda in structured manner by top management: sustainability strategy implementation, dashboard and roadmap | <ul style="list-style-type: none"> Benchmark sustainability performance vis-à-vis global standards and subsequently adopt global best practices Create a sustainability dashboard at business level, to be monitored by the leadership team Use sustainability as a complementing tool to business performance |
| Create awareness and communicate effectively on L&T's sustainability initiatives | <ul style="list-style-type: none"> Create awareness of L&T's sustainability performance and propagate the same through communication modes and events Engage proactively with stakeholders and improvise the engagement framework to better understand stakeholder concerns Bring all businesses on a common platform to have uniform understanding of sustainability aspects of L&T's businesses |
| Increase consumption of renewable energy and concentrate on energy efficiency | <ul style="list-style-type: none"> Assess and improve levels of energy efficiency and focus on energy conservation across all businesses Focus on harnessing and increasing consumption (at existing locations) of renewable energy |

Reporting Scope

We publish our Corporate Sustainability Report annually. Our sixth report covers environment, economic and social performance between April 1, 2012 and March 31, 2013. The reporting framework is in accordance with the Global Reporting Initiative (GRI)-G3 2006 guidelines and the applicable GRI indicator protocols have been followed for reporting on core and additional indicators. The data management techniques used in the report comprised actual computations and estimations. Wherever estimates are made, the assumptions are specified. There is no restatement of information provided in earlier reports.

Report Boundary

This report covers our ten businesses, L&T Infotech, L&T Komatsu (LTK), TAMCO Malaysia and L&T Power Limited. Other subsidiaries and associates are excluded. The reporting boundary covers all major manufacturing locations, project sites and offices across India, as well as overseas projects managed from India.

| | |
|---|--|
| <p>Corporate Locations</p> <p>L&T House (LTH) and Leadership Development Academy (LDA) at Lonavala near Mumbai.</p> | <p>Electrical & Automation</p> <p>Powai, Mahape, Ahmednagar, Mysore and Coimbatore locations. This year Rabale, Vadodara and TAMCO Malaysia have been included in the scope of reporting.</p> |
| <p>Construction</p> <p>Business operations and India based support processes and project sites including Kansbahal location.</p> | <p>Machinery & Industrial Products</p> <p>Construction Machinery Business, LTM, Audco India Limited (AIL) and L&T Komatsu (LTK).</p> |
| <p>Hydrocarbon</p> <p>Project locations across India and offices within India at Powai, Vadodara, Faridabad, fabrication facility at Hazira and Kattupalli (New location), HCP (Hydrocarbon Construction and Pipeline) division and Upstream (off-shore) projects.</p> | <p>Domestic Marketing Network</p> <p>Offices in India.</p> |
| <p>Heavy Engineering & Shipbuilding</p> <p>Locations at Powai, Ranoli, Talegaon, Coimbatore, Visakhapatnam, Bengaluru, Hazira and Sohar (in Oman). This year, Shipbuilding facility at Kattupalli and Special Steels & Heavy Forgings facility at Hazira have been added to the scope.</p> | <p>L&T Power</p> <p>Project sites at Rajpura, Dhuvaran and Malwa (New locations).</p> |
| | <p>L&T Infotech</p> <p>Offices in India.</p> |
| | <p><i>The data for economic performance has been disclosed as per L&T's financial report of FY 2012-13.</i></p> |

Assurance

The assurance of a corporate sustainability report is an evolving concept, covering several approaches. L&T's approach focusses on continuous assessments through internal and external audits of operations and financial report. The report follows GRI-G3 Guidelines to measure sustainability performance.

The report is assured by Ernst & Young (E&Y), India. The limited assurance was conducted in accordance with both the International Standard on Assurance Engagements (ISAE) 3000 and Type 2 moderate level as set out in the AA1000 Assurance Standard 2008, covering qualitative and quantitative information. Their assurance statement, describing the work undertaken and their conclusions, is included in this report. L&T declares that the report conforms to application GRI level A+.

Questions pertaining to the content of the report may be directed to:

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Executive Vice President,
Corporate Infrastructure & Services

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sustainability-ehs@larsentoubro.com





Longitudinal Mast at the Transmission Line Research & Tower Testing Centre, Kancheepuram

Progress on our Sustainability Roadmap (2012-15)

In the first year of our three-year sustainability roadmap, we performed well on most parameters. In quite a few areas such as increase in energy savings, decrease in scope 2 emissions and reduction in water consumption, we surpassed the final targets.

Our ambit of social interventions grew and so did our commitment to employee wellness. While we have strengthened our focus on EHS, there is more to be done on Severity Rate front and we are committed to achieving our targets in the coming years.

Energy Conservation

| Target | Target |
|--|---|
| <p style="font-size: 2em; font-weight: bold; margin: 0;">15%</p> <p>increase in energy saving by conservation and efficiency improvements (YoY target)</p> | <p style="font-size: 2em; font-weight: bold; margin: 0;">5%</p> <p>reduction in energy consumption intensity (measured per employee)</p> |
| <p style="font-weight: bold; margin: 0;">Status</p> <p>Energy-efficient processes/retrofits increasingly used at all facilities</p> <p>48.44% increase in the energy conservation w.r.t. 2011-12</p> <p>More than 44.8 million units energy conserved so far avoiding around 39,000 tons of CO₂</p> | <p style="font-weight: bold; margin: 0;">Status</p> <p>Periodic energy audits at all facilities</p> <p>3.3% reduction in total energy consumption while 2.5% reduction in energy consumption intensity (measured per employee) w.r.t. 2011-12</p> |

Climate Change

| Target | Target |
|--|--|
| <p style="font-size: 2em; font-weight: bold; margin: 0;">5%</p> <p>reduction in Scope 1 (Direct) GHG emissions intensity (measured per employee)</p> | <p style="font-size: 2em; font-weight: bold; margin: 0;">3%</p> <p>reduction in Scope 2 (Indirect) GHG emissions intensity (measured per employee)</p> |
| <p style="font-weight: bold; margin: 0;">Status</p> <p>Use of clean fuels for processes at various manufacturing locations</p> <p>1% reduction in total Scope 1 (Direct) GHG emissions and 0.26% reduction in Scope 1 GHG emissions intensity (measured per employee) w.r.t. 2011-12</p> | <p style="font-weight: bold; margin: 0;">Status</p> <p>Chennai HQ, Powai and Hazira campuses use renewable energy by wind farms.</p> <p>8.7 MW wind farm in Tamil Nadu catering to local establishments</p> <p>25% reduction in total Scope 2 (Indirect) GHG emissions and 23% reduction in Scope 2 GHG emissions intensity (measured per employee) w.r.t. 2011-12</p> |

Water Conservation

| Target |
|---|
| <p style="font-size: 2em; font-weight: bold; margin: 0;">5%</p> <p>reduction in water consumption intensity (measured per employee)</p> |
| <p style="font-weight: bold; margin: 0;">Status</p> <p>19 campuses are zero wastewater discharge.</p> <p>More than one billion litres of water reused within campuses</p> <p>14.6% reduction in total water consumption while 15.4% reduction in water consumption intensity (measured per employee) w.r.t. 2011-12</p> |

Material Management

| Target |
|---|
| <p style="font-size: 2em; font-weight: bold; margin: 0;">5%</p> <p>reduction in direct material consumption and/or increase the share of recycled input materials</p> |
| <p style="font-weight: bold; margin: 0;">Status</p> <p>Increase in share of recycled input material (Zinc & Steel) from 206 tons in 2011-12 to 2,666 tons in 2012-13</p> |

Safety 

| | |
|--|---|
| <p>Target</p> <p>Working towards Zero accident goal</p> | <p>Target</p> <p>30% reduction in Severity Rate (SR)</p> |
| <p>Status</p> <p>14 L&T campuses, 6 L&T Infotech offices, 19 DMN offices, L&T House & LDA Lonavala achieved zero reportable accident status</p> | <p>Status</p> <p>Frequency Rate reduction of 6.7% w.r.t 2011-12 Severity Rate increased by 1% w.r.t 2011-12</p> |

Health 

| |
|--|
| <p>Target</p> <p>10% improvement in employee health index through 'Working on Wellness' (WoW)</p> |
| <p>Status</p> <p>Based on the 2010 Health Index, L&T has identified the six risk areas among employees - cancer, diabetes, cardiac diseases, obesity, poor posture and stress. To prevent and combat these issues, the Medical and Welfare Service facilitates counselling, awareness sessions, diagnostic camps and workshops across locations.</p> |

Ongoing Corporate Social Initiatives 

| | | |
|---|--|---|
| <p>Target</p> <p>Scaling up of community development interventions in education, health & skill building</p> | <p>Target</p> <p>Enhancing employability of urban and rural youth & women through capacity building initiatives</p> | <p>Target</p> <p>Widening the reach of employee volunteering for community welfare</p> |
| <p>Status</p> <p>10 locations now covered under 'Science on Wheels' project 7 health centers reaching out to over 200,000 people 8 Construction Skills Training Institutes empowering more than 20,000 people through vocational trainings Total beneficiaries count increased by 30% to over 700,000 w.r.t 2011-12</p> | <p>Status</p> <p>MoU signed with Jindal Community College, Power Finance Corporation and also with Govt. of J&K, Chhattisgarh and Gujarat State Disaster Management (GSDMA) to train BPL candidates Computer Skill Training programme for the community youth was initiated at 8 locations</p> | <p>Status</p> <p>1,042 L&Teers registered on CSI website Key L&Teering areas include: Teaching in schools, visiting geriatric homes, orphanages and the terminally-ill, mobilising funds, making blood donations, rallying support during natural calamities, imparting training to youth and assisting in medical camps More than 250,000 trees planted inside and outside L&T establishments Donated over 15,000 units of blood</p> |

Evolving Expectations **FUTURE**

India is a young country, and in demographic terms, growing younger. Today we know that we must listen to these new voices, understand their feelings, and empathise with their aspirations so that we can together step forward on the journey of growth.

STAKEHOLDER
ENGAGEMENT

now

In-depth Insights

- Customers
- Suppliers
- Investors



We continue to use multiple communication platforms in our dialogue with stakeholders. Our diverse pool of engagement channels helps us gain deeper insights into their expectations. This in turn contributes to superior strategy formulation, decision-making and accountability.

Engagement Framework

Our engagement framework is based on objectives like proactive response, transparency, inclusiveness and trust. The framework has been continually refined since the detailed stakeholder engagement exercise carried out two years back.

The framework enables us to customise our communication and undertake elaborate engagement initiatives.

Existing communication channels include:



Modes of Engagement



Diverse platforms have been made available for our suppliers, vendors and contractors. In addition to the L&T Infodesk introduced last year, we have taken following initiatives this year:

- E&A business introduced an Environmental & Social Risk Assessment framework for suppliers. An annual supplier meet was conducted in May 2012
- More than 150 suppliers signed the Environmental & Social Code of Conduct
- A partners' meet on sustainability for contractors, sub-contractors and suppliers was conducted by Heavy Engineering business. Also, a vendor meet was organised to raise awareness levels about business value chain, vendor recognition system, payment processing procedure and quality documentation, etc.



Good internal communication is transparency in action. It enables individual employees to identify with corporate goals and create the prized sense of ownership. Numerous modes of interaction and communication have been institutionalised over the years to enrich engagement with our employees.

Nakshatra - a bi-monthly group-wide newsletter, updates L&T-ites on leadership programmes. The newsletter includes columns from stakeholders of the Leadership Development Programme such as the 'Talent Manager's Column' plus an 'Expert Speak' which is managed by a Behavioural Enabler.

Other employee interaction platforms include:

| | | |
|--|------------------------------|-----------|
| In-house Magazines | Internal Spot News | Circulars |
| Intranet module - L&T-scape and various in-house portals | | |
| Welfare initiatives for employees and their families | | |
| Social Initiatives | Employee Satisfaction Survey | |

Shareholders

Shareholders are a vital stakeholder constituency, and business sustainability is directly linked to how well we manage their expectations. We regularly engage with them through diverse media like Group Company websites, brochures, bulletins, press releases, speeches and conference presentations.

Our interactions with investors involve periodical meetings, video and audio conferences, e-mailers for announcements and response to queries through e-mails and phones.

A dedicated e-mail id

igrc@larsentoubro.com to address investor grievances. This single-window touch-point improves response time and accessibility.



L&T's Annual Report provides shareholders with comprehensive information about the Company's performance and capabilities. Quarterly financial reports are published in local and mainstream newspapers and are also posted on the corporate website - www.larsentoubro.com.

Announcements and invitations for the Annual General Meetings are published in accordance with the statutory requirements. We have a Shareholders'/ Investors' Grievance Committee comprising two Non-Executive Directors and an Executive Director.

L&T also makes presentations to Institutional Investors and Equity Analysts on its quarterly performance. Information to Stock Exchanges is now being filed through Corp-filing and can be viewed on the website - www.corpfiling.co.in.

As a part of our effort to protect the environment and in accordance with the circular issued by the Ministry of Corporate Affairs, Government of India, shareholders have been given the option of receiving documents related to general meetings (including AGM), Audited Financial Statements, etc., through e-mail.



Shareholders visit Powai Campus

Customers

The nature of our major businesses involves long-term engagement with our customers. Our strong service capability extends from pre-sales assistance and continues across product cycle. The client base for projects as well as products includes multiple repeat customers. Customer engagements are characterised by transparency, clarity and continuity.

Engagement mechanisms include

| | | |
|---|---------------------------|----------|
| Brand-building and product advertising campaigns | | |
| Online Media | Print and TV media | Websites |
| Customer Meets | Workshops and Conferences | |
| Periodic review meetings across all levels | | |
| Exhibitions and Trade fairs | Leaflets | |
| Bulletins, Newsletters and Brochures | | |
| The Annual Review - a synopsis of our businesses and the organisation | | |

Additionally, we periodically track customer satisfaction through surveys and focus groups conducted by independent agencies.

The Power Transmission & Distribution (PT&D) Business participated in the 4th General Conference of Arab Union of Electricity and Exhibition held at Doha, Qatar in January 2013 and exhibited its comprehensive PT&D EPC capabilities. This exhibition acted as an ideal forum for PT&D to interact with the key clients in the Gulf region.



This year we went a step ahead in our interactions with customers, by opening a new training centre in our Vadodra campus.



L&T won a total of ten awards at the Association of Business Communicators of India (ABCI) 53rd Annual Awards in various categories and was voted 'Champion of Champions' across all participating companies.

For information on how we engage with our suppliers and communities around our areas of operation, please refer the Economic and Social performance sections respectively.



UK trade delegation visits Powai Campus

Talent Crunch **FUTURE**

India's talent mix is uneven. There is talent aplenty to ply the information superhighway, but not many takers for infrastructure - the task of constructing real highways. We are responding to this imbalance by enthusing young minds to address the great and fulfilling challenge of building a new country, a new world.

PEOPLE
PERFORMANCE

now

- Focus on Leadership Development
- Inducting Global Talent





“ Machinery must be there, buildings must be there...
but without people, it's all nothing.
People are our only real asset ”

Henning Holck-Larsen
Co-Founder

At L&T, bright minds meet exciting opportunities, enterprise meets empowerment, talent meets teamwork and responsibility meets ownership.

We provide our employees the environment to nurture their potential and the canvas to perform. We propagate a culture where ideas flourish and boundaries disappear.

Most important of all, a culture where employees want to stay, say and strive beyond the normal call of duty.

In the reporting year, we strengthened our 5R approach:



Recruitment

Intensified recruitment of lateral hires at the management level in key markets beyond India



Remuneration

Competitive remuneration policy to attract, motivate and retain the industry's best talent



Recognition

Idea-generation reward programmes like 'Navneet' to encourage engagement, innovation and ownership



Retention

A balance of opportunity, responsibility, growth, purpose and engagement to ensure long-term employee retention



Recreation

Setting up facilities and organising cultural programmes to achieve work-life balance. Collaborated with the Shankar Mahadevan Academy, to launch e-Swara online music academy for L&T-ites

Talent Management

Talent management at L&T is closely aligned with the company's strategic plan and overall business needs. It synergises organisational and individual goals. It ensures a stimulating work environment where structured learning leads to continuous improvement and where healthy competition among team members accelerates productivity. It addresses not just the professional ambitions but also the personal passion of our workforce.

Team L&T comprises 50,000+ multi-cultural professionals bound together by a shared purpose - collaboration, innovation and competitive differentiation

Our 360° Talent Management Approach addresses the entire employment life cycle in a holistic manner.



The goal is to enhance the overall capability of the Company and boost our ability to adapt to changes in the business environment.

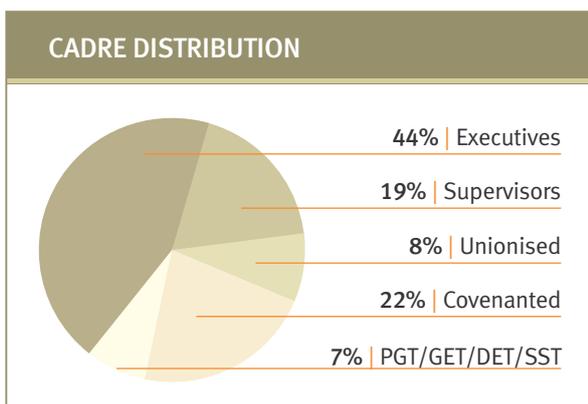
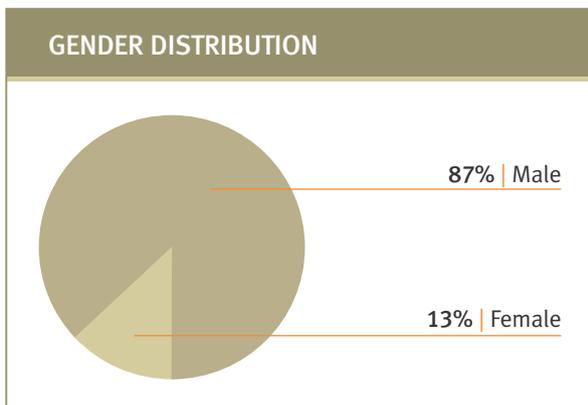
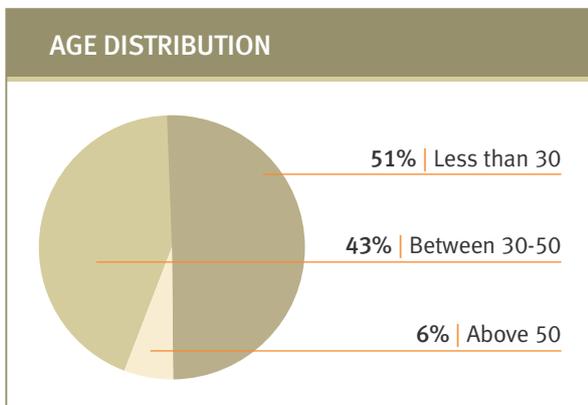
Workforce Dashboard

| Total Workforce | Numbers |
|---|----------------|
| L&T* | 40,257 |
| L&T Infotech* | 16,508 |
| Sub Total** | 56,765 |
| Full Term Contract Workers | 384,763 |
| Total Including Contract Workers | 441,528 |



* Full time employees ** Number of employees as per 2013 report scope and boundary, refer page no. 31

Workforce Composition



Talent Acquisition & Retention

We are committed to diversification of talent and developing a multi-cultural workforce that can answer challenges posed by global markets. We actively focus on hiring local talent and, during the reporting year, have recruited a significant number of lateral hires at the management level, particularly in the Gulf countries.



"We recognise that the process of internationalisation involves adopting and embracing a multi-cultural work ethos - while retaining our core national identity."

A.M. Naik

Group Executive Chairman, Larsen & Toubro

When it comes to new talent, we follow an 'equal opportunities' policy. Our recruitment decisions are governed by meritocracy, offering an equal opportunity without any discrimination on the basis of gender, religion, caste or place of birth.



Preferred Employer

L&T has received many awards and accolades and some of them are:

**ONE OF INDIA'S
TOP 5 MOST
RESPECTED
COMPANIES**
Business World

**ONE OF INDIA'S
MOST ATTRACTIVE
EMPLOYERS**
Randstad Survey

**AMONG TOP 5
'INDIA'S BEST
COMPANIES
TO WORK FOR'**
Business Today

**L&T INFOTECH :
6TH BEST LEARNING
& DEVELOPMENT
COMPANY**
World HRD &
Education Congress

Towards our commitment to boost young talent, L&T has dedicated hostels for Graduate Engineer Trainees (GETs) to accommodate both male and female candidates at Mumbai and Hazira.

Employee Turnover

| Employee Turnover | Including Infotech | Excluding Infotech |
|--|--------------------|--------------------|
| Total number of employees leaving employment in the reporting year | 5,349 | 3,334 |
| Male | 4,454 | 3,046 |
| Less than 30 | 2,440 | 1,666 |
| Between 30 to 50 | 1,709 | 1,086 |
| More than 50 | 305 | 294 |
| Female | 895 | 288 |
| Less than 30 | 667 | 209 |
| Between 30 to 50 | 225 | 76 |
| More than 50 | 3 | 3 |

Training is a key tool that we utilise to succeed in these endeavours. Every year, we introduce new training modules and upgrade existing ones to keep the workforce in step with global advances and evolving market needs.

We match competencies required for business success with existing skills of an individual to identify their training needs and then administer programmes across the following areas:

| | | |
|--------------------------------|-----------------------------|-----------------------------|
| Skill Set Enhancement | Functional Expertise | Behavioural Approach |
| Managerial Competencies | | Safety Quotient |



Training

Meeting customer needs on time, every time, is a route towards achieving and sustaining competitive advantage. Spotting an opportunity early and being ready with people, processes and products to harness it as the first mover is vital to achieve accelerated growth.

AVERAGE TRAINING HOURS



Key Training Institutes

L&T has instituted world-class training centres which provide a robust platform for continuous learning. These include:



Leadership Development Academy
at Lonavala, near Mumbai



Project Management Institutes
at Vadodara and Chennai



Switchgear Training Centres (STCs)
at Pune, Lucknow, Vadodara
and Coonoor

Leveraging our information technology prowess, we continue to deploy various training methodologies. They enable employees to interact with the domain experts and training faculty from around the world. The facilities include virtual classrooms, high-end work stations and a digital library.

This year, we instituted a new Switchgear Training Centre at Vadodara, Gujarat. This state-of-the-art training facility conducts workshops for Switchgear, Building Automation and Industrial Automation

Training Highlights

- Infrastructure business hosted a 3-day residential programme for holistic development of employees
- Heavy Engineering business launched a behaviour-based quality module to encourage people to highlight Conditions Adverse to Quality (CAQ)
- PT&D business conducted an innovative training workshop for workmen wherein animation was used to share good practices of tower erection

L&T in collaboration with Ministry of Manpower, Oman plans to provide welder training at Sohar to young people on a continuing basis.

Leadership Development

We conduct a host of leadership development programmes to coach, mentor and motivate our employees and equip them with the skills and confidence to assume leadership roles.

L&T has put in place a very robust 6-Step Leadership Pipeline Development process which is closely monitored by a robust Talent Management platform.

A vast majority of L&T's senior management, including Mr. A.M. Naik and Mr. K. Venkataramanan, joined the company as engineers gradually climbing the leadership ladder and taking the Company to newer heights



Leadership Development Academy (LDA) is one of the 22 centres recognised by Symbiosis International University as a Research Centre. In FY 2012-13, 5 students initiated their PhD programme with LDA.

'Harvard Manage Mentor' is a 12-month programme that consists of 42 e-learning management modules with post-module assessments

Employee Benefits

Collective Bargaining

All unionised employees are covered under collective bargaining. In the reporting year, no operations were identified in which the right to exercise freedom of association and collective bargaining may be at significant risk.

Minimum Wages to Workmen

L&T practises a fair pay philosophy and complies with all applicable statutory and regulatory norms for disbursement of wages & benefits. The minimum wages compliance is 100%. Statutory benefits like PF and medical facilities are also provided.

Organisation's Defined Benefit Plan Obligations

In addition to remuneration, all full-time employees at L&T are entitled to various perks and allowances. These include life insurance, healthcare, maternity leave, disability/invalidity coverage and retirement provision. In addition, L&T also provides gratuity, post-retirement medical benefits, pension and provident fund as per norms.

Minimum Notice Period for Operational Changes

As specified in the Industrial Disputes Act, notice period provided at L&T regarding any operational changes is 21 days.

Occupational Health & Safety

This year, L&T sharpened its focus on safety. The endeavour was to ingrain safety as a way of life. Multiple new interventions were introduced and several on-going interventions were strengthened.

Significant Safety Interventions - 2013

- 1 July 4 - The birth anniversary of co-founder Henning Holck-Larsen is designated as L&T 'Safety Day'
- 2 Inaugurated Safety Innovation School at Hazira - India's 1st experiential safety training centre
- 3 Development of Safety and Technical Competency Assurance Framework at L&T Power
- 4 Online safety management system at PT&D
- 5 Introduction of CAPA (IT enabled) at MMH to avoid potential hazards
- 6 Embedding behaviour-based safety culture via a stream of initiatives
- 7 L&T is first Corporate in India to receive NEBOSH accreditation
- 8 Introducing weekly EHS quiz for employees of L&T Power



Through CSTIs, we strive to instill a culture of safety

Significant Safety Achievements - 2013

- 1 Hydrocarbon successfully commissioned 8 projects without any reportable accident
- 2 L&T Infotech reported zero accidents
- 3 Hydrocarbon received the Golden Peacock Award in Occupational Health & Safety
- 4 PT&D received 27 awards from RoSPA (24 in domestic and 3 in international SBG)
- 5 3 Infrastructure projects received 'Certificate of Appreciation' from National Safety Council
- 6 Infrastructure business bagged 4 Gold and 2 Silver Awards from RoSPA, UK
- 7 Infrastructure business received 3 International Safety Awards from British Safety Council (BSC)
- 8 3 locations of L&T Power and Talegaon Campus of Heavy Engineering received Sword of Honour Award from British Safety Council



Mr. S.N. Roy with the 'Sword of Honour' received from BSC

Specific initiatives taken by L&T Infotech for safety of female employees required to work during night hours include:

- 1 If needed for operational requirements, at least two female employees to be present on the same floor
- 2 Pickup and drop facility provided to all female employees through L&T authorised transport vendors
- 3 Appropriate scheduling of transport pick up and drop
- 4 Increased security checks on all floors
- 5 Mandatory communication to security regarding presence of female employees



Safety Intervention in Action

HSE - a productivity tool

Safety, environment and health are directly proportional to the productivity of a workplace.

Towards providing a better work experience, L&T Special Steels & Heavy Forgings - Hazira has constructed a shockproof, heat-resistant and soundproof control room with unobstructed visibility to the shop floor.



This isolates and houses the control consoles of the hydraulic press, EOT cranes and related electrical equipment.

This has resulted in a safe and conducive work environment and an overall increase in health and productivity of the employees.

De-stressing heat stress

At our project sites, heat stress poses a major health risk for our construction workforce. Its effect can range from minor rash, exhaustion and cramps, to a heat stroke. Working at all EPC sites of our Power business is now safer and more comfortable, thanks to a number of things that are minor in nature but have a major impact. They include:

Drinking water stations with weather protection and insulation

Hydration and energy drinks like glucose, ORS and butter milk

Heat Stress Awareness Program



| | |
|---|---|
| Scarves, lightweight, light coloured and loose-fitting work clothes | First-aid training for addressing heat stroke |
| Heat stress awareness programmes | Covered rest shelters |

Apart from these measures, 'Tool-box talks' and safety meetings are regularly held to create awareness on heat stress.

A New Measure of EHS Performance

EHS Capability Centre - Vadodara, has developed an EHS calculator which has become a unified platform for L&T Power to enhance the safety quotient of all operations - by setting common EHS goals across project sites, monitoring and achieving them.



This calculator, in contrast to the conventional method of EHS monitoring, focusses not only on the lagging indicators (first aid cases, medical treatment cases, dangerous occurrences, lost time incidents, etc.) but also monitors the leading indicators (hazards, near-miss reporting, site audit by management, etc.), which are proactive parameters to enhance safety.

Another advantage over conventional monitoring is the facility to assign a score to each site for their EHS performance; this helps create healthy competition and motivation amongst employees at sites.

A comprehensive audit mechanism has been institutionalised wherein every site is audited twice in a year and given a score based on their comprehensive safety performance.

Post implementation of this system, the EHS statistics at the sites of L&T Power have been very encouraging. Quite a few sites have achieved 8 million safe man-hours.

Handling Safety at MMH



The Metallurgical & Material Handling (MMH) Business is committed to creating a culture of safety. Major safety initiatives introduced by MMH include:

- 1 Creation of an Online EHS Observation Module to monitor the performance of project teams in creating a hazard-free working environment at project sites
- 2 Incentivising Safety: Safety conscious workers are awarded a 'Green Card'. Workers who win five such cards are entitled to a gift of appreciation
- 3 Replacement of old Hydra cranes with new-generation cranes that improve overall stability and field visibility
- 4 'Workmen Habitat' guidelines booklet on safety is widely distributed
- 5 Regular project site visits by senior executives to evaluate EHS implementation status

Safety Dashboard

| Accident Statistics with 2007-08 scope (for L&T) | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|--|------------|------------|------------|------------|------------|------------|
| FR | 0.40 | 0.23 | 0.16 | 0.16 | 0.15 | 0.14 |
| SR | 518 | 422 | 286 | 282 | 295 | 298 |
| Fatality Rate | 22.10 | 17.20 | 11.69 | 11.55 | 12.07 | 12.17 |

Due to increased scope this year, the above table has been derived as per the scope of FY 2007-08 report.

- **Frequency Rate (FR):** Number of reportable accidents per million man-hours worked
- **Severity Rate (SR):** Number of man-days lost per million man-hours worked.
- **Fatality Rate:** Number of fatalities per lac workforce

Accident statistics with current scope for FY 2012-13

| | | | |
|----|------|----|-----|
| FR | 0.18 | SR | 272 |
|----|------|----|-----|

No. of Fatalities

| | | | | | |
|------------|----|------------|----|------------|----|
| FY 2007-08 | 40 | FY 2008-09 | 39 | FY 2009-10 | 29 |
| FY 2010-11 | 37 | FY 2011-12 | 47 | FY 2012-13 | 49 |

Safety Framework

We have well spelt out policies and systems that guide our employees on how to remain safe and ensure safe workplace. Key elements of the framework include:

Environment, Health & Safety Policy

A well-defined Environment, Health & Safety Policy ensures compliance to all statutory safety standards and encourages adherence to best practices. It articulates our commitment towards environment conservation, building a safe and healthy workplace that is conducive to the mental and physical well-being of employees.

Safety Committees

To enhance safety ownership among the workforce, dedicated safety committees have been formed at our manufacturing locations. These committees encourage employee participation in building a safety culture.

Safety Review Committees, which also comprise union office bearers, oversee safety at manufacturing facilities and project sites.



Environmental and Safety Management System

The Environmental and Safety Management System helps translate our EHS policy into practice. The elements of the management system comprises:

- Leadership & Commitment
- Policy and Strategic Objectives
- Organisation, Resources and Competence
- Risk Evaluation & Management
- Planning, Standards & Procedures
- Implementation and Performance Monitoring
- Compliance Assurance
- Management Review
- Contractor Safety Management



Formal Agreements with Trade Unions

Formal agreements with trade unions include aspects on Occupational Health & Safety like audits and accident investigations, training and education, complaints mechanism, right to refuse unsafe work, and periodic inspections. Such agreements also cover aspects related to compliance with global agreement such as International Labour Organization (ILO) Conventions and Codes of Practice, and arrangements or structures for resolving problems.

Golden Safety Rules

This year, L&T reinforced safety cardinals by deployment of 'Golden Safety Rules'. These rules are to manage the hazard in high risk areas. Strict compliance with these rules is enforced not just for the employees but also for the contract workforce.

Training

A self-conscious and alert workforce is essential for creating a safe environment. Our employees are trained on the following safety requisites on a regular basis:

- Importance of EHS
- Defensive Driving
- Construction Hazards and Preventive Measures
- Precautionary measures during Radiography
- Safety while working at height
- Legal requirements
- Safety during material handling
- Confined space entry requirements

This year, we initiated the following new training programmes:

- Enhancing competencies of employees through international accreditation programme
- EHS training imparted on design safety
- EHS leadership programme
- Vocational training module (in Hindi) for workmen for 3 days every month
- Safety motivation and training programmes along with office and home safety





Safety Innovation School

Teaching Safety - The Experiential Way

Safety Innovation School

L&T Hydrocarbon set up a unique Safety Innovation School at Hazira, near Surat. Spread over 10,000 sq. mt., it is one of its kind facility in the country that imparts safety training through experimental learning.

Along with a host of latest safety related equipment, the School also has 3D simulation and training for medical emergencies through an automated CPR process.



Since L&T believes that safety is everybody's responsibility, the School draws students from all hierarchies - senior management personnel, construction managers, engineers, supervisors as well as supervisors / safety marshals of sub-contractors.



The syllabus is wide and covers electrical, chemical & fire safety, working at heights and first-aid procedures. Each course consists of practical sessions backed by theoretical inputs. Depending on subject and trainees, the courses extend from four hours to three days.

I M P A C T

The School offers practical experience of safety training. It is a key element in the Company's strategy to create a safety culture and achieve global standards in operational safety and health. It has contributed to:

| Increase in ↑ | Reduction in ↓ |
|---|---|
| <p>Safety quotient</p> <hr style="border: 0.5px solid black;"/> <p>Project execution efficiencies</p> <hr style="border: 0.5px solid black;"/> <p>Employee motivation and job satisfaction</p> <hr style="border: 0.5px solid black;"/> <p>Capacity to adopt new technologies and methods</p> <hr style="border: 0.5px solid black;"/> <p>Strategic innovations</p> | <p>The need for employee supervision</p> <hr style="border: 0.5px solid black;"/> <p>Employee turnover</p> |
|  | |

Heavy Engineering business seeks to embed behaviour-based safety culture at work. Its interventions include reinforcing the safety commitment 'top-down', undertaking interactive programmes for contractors to change their perceptions of safety and encouraging six sigma projects on safety and near-miss reporting. The aim was to enhance safety awareness among employees at all levels and the community.

L&T Power Savers - More Power to Life Savers

As a part of the Fatal Risk Control Programme, L&T Power has introduced 'Life Savers' - a programme to embed safety practices among the workforce.

Team members and their counterparts from respective sub-contractors are trained by the EHS team and Package Managers to ensure maximum compliance. Weekly feedbacks and regular reviews aid speedy corrective measures and public recognition of high compliance keeps the motivation high.



Life Savers initiative focusses on 10 critical risk areas

- FALL PROTECTION | HOISTING & RIGGING | VEHICLES & EQUIPMENT |
- ELECTRICAL SYSTEM SAFETY | WELDING & CUTTING | SCAFFOLDS | EXCAVATION |
- HOUSEKEEPING, STORAGE & FIRE SAFETY | POWER TOOLS | CONFINED SPACE ENTRY

Booklets on safety best practices were distributed in English and Hindi among the workforce and posters were displayed at strategic locations at the site. These life savers booklets serve as a ready reckoner for people at site which is easy to comprehend and monitor safety. 'Life Savers' has also been included in the induction programme and has been made an essential part of all EHS training programmes.

Diversity and Equal Opportunity

Diversity in the workplace is essential to both creativity and productivity. It helps bring together ideas from different cultures, plus new approach and perspectives. It is a multiplier of ideas and a hotbed of innovative solutions, which are vital for maintaining our global competitiveness. Thus, diversity is celebrated and sought after in L&T. 'Project Neev' provides career opportunities to the specially-abled through direct and indirect employment.

Our ethos is perfectly in sync with the laws of the land, enabling an egalitarian work culture that fosters diversity and equal opportunity. We do not discriminate on the basis of caste, religious or political affiliation, gender, nationality, age, sexual orientation or handicap.

Human Rights

L&T believes in the fundamental rights of all human beings and is committed to uphold human dignity.

We condemn child or forced labour and ensure that human rights clauses are included in our contract documents with sub-contractors and are strictly adhered to within our premises and sites.

We comply with all applicable legal requirements and contractual agreements. This approach cascades down to each business.



We are enhancing safety ownership among our workforce via multiple awareness programmes and implementing best safety practices

Challenging Economy **FUTURE**

Fair weather sailors don't make great mariners. We believe the true measure of ability is the way in which one reacts when buffeted by challenge. The current economic uncertainties have led us to re-think strategies, explore new geographies, accelerate responses and re-boot processes.

ECONOMIC
PERFORMANCE

now

- Geographical De-risking
- Increasing focus on green products and processes



The year 2012-13 was marked by a continued macroeconomic slowdown across various indicators in the Indian economy and recession in various developed economies. The domestic economic slowdown was worsened due to the slow pace of reforms and decision-making. This impacted the pace of capital expenditure in the infrastructure, power and industrial sectors.

In the current uncertain environment, we have taken various steps to insulate ourselves against the slowdown and achieve growth through de-risking our markets and leveraging the diversified business portfolio. Our foresight in identifying business areas that can provide growth and compensate for slowdown in other sectors has helped us post healthy financial results and grow our order book.

We have also established manufacturing capabilities in promising areas requiring a high level of technical expertise. Further, we have consolidated our position in some segments by acquiring stakes of our joint venture

partners, while exiting some businesses. These initiatives have shown promising results.

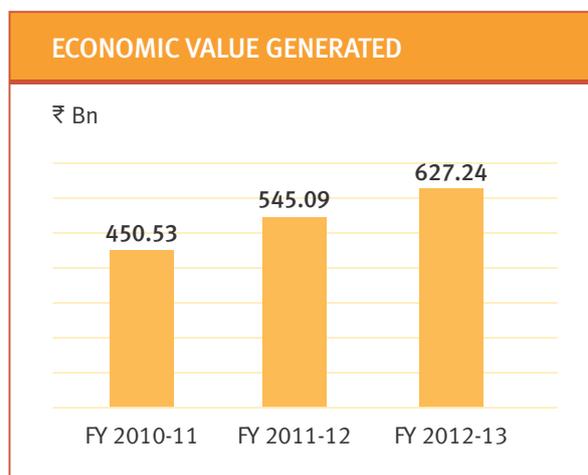
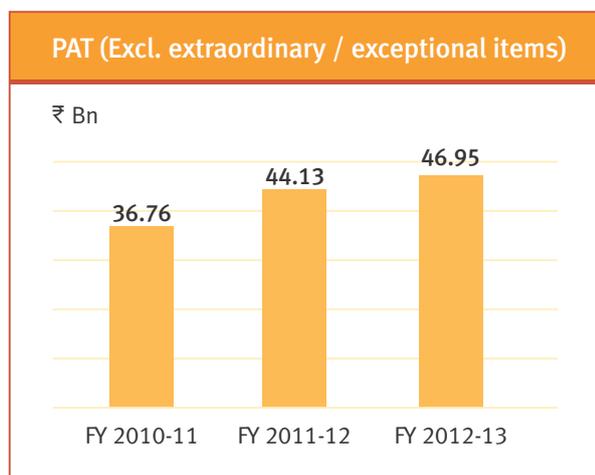
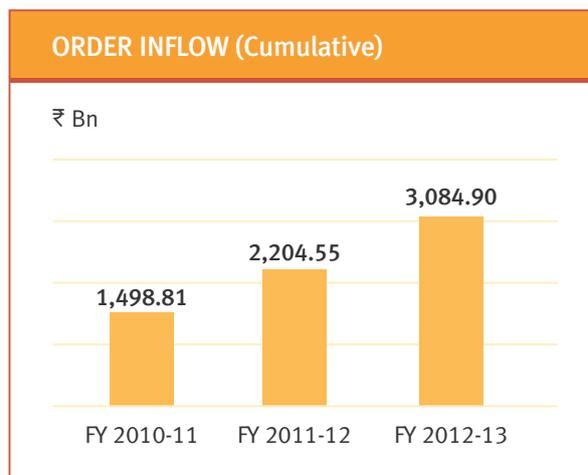
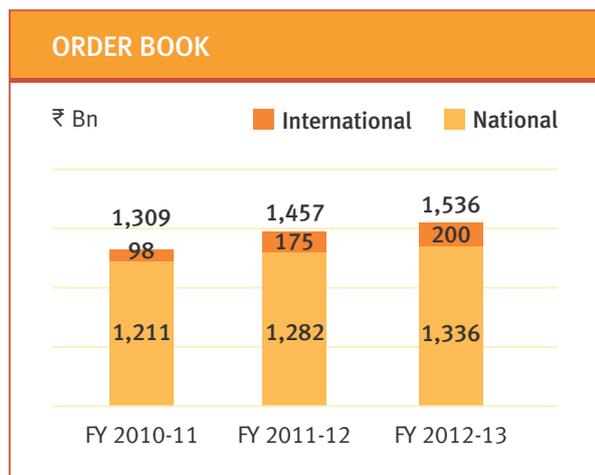
At Company level, the gross revenues recorded a growth of 14.4% and stood at INR 614.71 bn in FY 2012-13. Profit After Tax (PAT), at INR 49.11 bn represents a growth of 10.2% over the previous year

In our internationalisation efforts, we consciously scout for local partnerships and induction of talent from within the community. Towards this goal, we have enriched the L&T talent pool with senior business development executives of different nationalities having rich domain experience and deep customer insights.

Economic Value Generated

We are expanding our footprint and intensifying our operations in geographies with promising business potential like the Gulf Cooperation Council and South East Asia. Additionally, we have established ourselves as a contractor of choice in the urban infrastructure space within India.

Order inflows clocked in at INR 880.35 billion representing an impressive 24.7% growth over the previous year. International order inflows represented 17% of the total inflows during the reporting year.



| Particulars | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|-------------|------------|------------|------------|
| EPS* (₹ Bn) | 65.33 | 72.92 | 79.99 |
| ROCE (%) | 15.03 | 15.09 | 14.60 |
| EVA (₹ Bn) | 5.03 | 4.30 | 2.19 |

L&T's market capitalisation
as on March 31, 2013 was
INR 839.96 bn

*Including extraordinary and exceptional items

The trend of EVA during the past three years reflects the continuance of our investment phase.

Liquidity and Capital Resources

(in ₹ Bn)

| | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|--|------------|------------|------------|
| Cash and cash equivalents at the beginning of the period | 14.32 | 17.30 | 19.05 |
| Add: Net cash provided/(used) by: | | | |
| • Operating Activities | 38.33 | 10.82 | 21.15 |
| • Investing Activities | (28.86) | (20.49) | 0.77 |
| • Divestment Proceeds | 4.76 | 1.26 | 3.88 |
| • Financing Activities | (11.25) | 10.16 | (29.90) |
| Cash and cash equivalents at the end of the period | 17.30 | 19.05 | 14.95 |

We did not receive any significant financial assistance from the Government in 2012-13





An Offshore Saga of Unmatched Scale & Speed

MHN is one of the world's biggest offshore structures. This \$1.1 billion project, located 100 nautical miles off India's west coast, dwarfs most other platform complexes in Indian waters for its scale and complexity. It was here that L&T set a number of engineering benchmarks in offshore execution.

The Mumbai High field is the most significant oil field in the country, contributing majority of India's indigenous crude oil production, owned and operated by the state-run ONGC

ONE PROJECT, MANY BENCHMARKS

Largest offshore process platform (26,520 tons top side) and largest living quarters (150 men) in Indian waters

Largest jacket in Mumbai offshore (13,500 MT)

Heaviest load-out - MNP South East Deck (4,521 MT)

One of the heaviest lifts at offshore - MLQ LQ Module (4,000 MT)

Longest bridge installation at offshore - MNP-MNF2 bridge (137m)

Approximately 450,000 engineering man-hours went into the project. It involved a total 80,000 MT of fabrication.

H I G H L I G H T S

1

Special team-building sessions and workshops were conducted at the L&T Leadership Development Academy, Lonavala, in the initial stages of the MHN project to achieve cross-disciplinary coordination.

4

L&T's Oman yard successfully delivered the large MNP and MLQ jackets within the stipulated time, clocking roughly 3.5 million man-hours. L&T's Hazira facility clocked 10 million man-hours in the course of this project.

2

300 equipment, 70,000 MT of structural steel, 250,000 inches of piping, over 10,000 valves and pipe fittings and 650 km of cables - our procurement team ensured that every item was delivered as per project requirement.

5

To eliminate the risk of radiation hazard and improve productivity, the Quality Assurance & Inspection teams obtained approval for Phased Array Ultrasonic Testing in lieu of Radiographic Testing for structural and piping joints.

3

The 4,000 MT MLQ living quarter module was engineered in a single piece by L&T-Valdel. This was the first time L&T engineered a large living quarter module of this size.

6

A special software 'Centenary' was developed to track, execute and ensure a smooth commissioning process.

Outcome



In October 2012, L&T successfully commissioned the MHN Process Platform.

Economic Value Distributed

The quantum of Economic Value Distributed has increased across the entire spectrum of stakeholders.



This year, to celebrate our 75th anniversary, we recommended bonus shares in the ratio of 1:2. Thus, shareholders received one bonus equity share of INR 2 for every two equity shares of INR 2 held.

(in ₹ Bn)

| Economic Value Distributed | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|--|------------|------------|------------|
| Manufacturing, construction and operating expenses | 334.68 | 410.22 | 479.52 |
| Employee wages and benefits | 28.30 | 36.66 | 44.36 |
| Payments to providers of capital | | | |
| • Interest | 6.19 | 6.66 | 9.82 |
| • Dividend | 8.83 | 10.10 | 11.38 |
| Payments to Government | 44.64 | 60.74 | 63.39 |
| Community investments | 0.68 | 0.70 | 0.73 |

Enriching Stakeholders

Nation building continues to be the underlying theme of all our endeavours. We continue to improve the value proposition for our customers, shareholders, employees, suppliers and other stakeholders and develop the communities around us.

Customers

We enhance value for our customers by offering cost-effective and high-quality solutions catering to their needs, with on-time delivery.

Our Engineering and Construction Business accounts for 88% of our sales and 83% of profits.

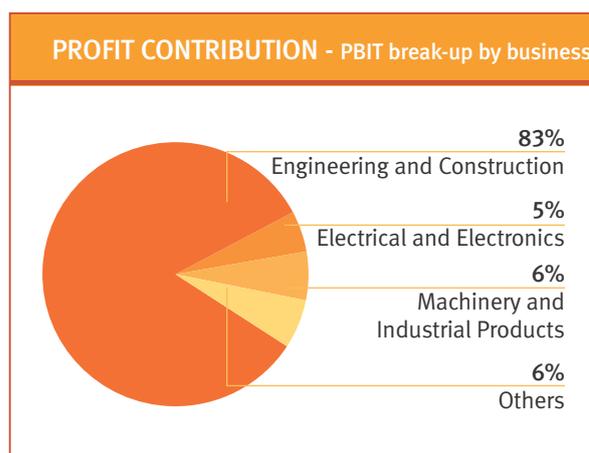
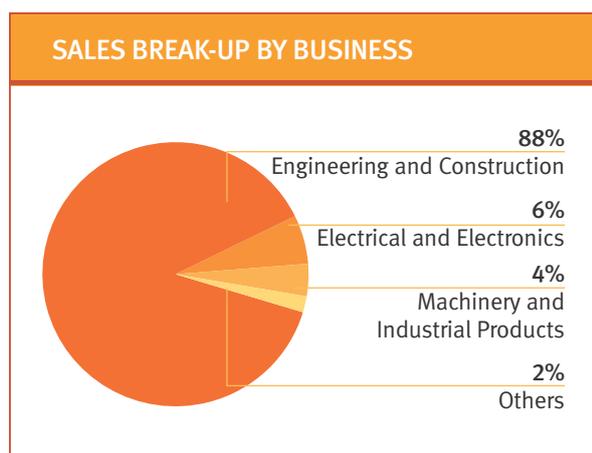
In the reporting year, we completed and commissioned the MHN Process Complex at Mumbai High for Oil & Natural Gas Corporation Ltd. This project, valued at USD 1.2 billion, is one of the largest orders given by ONGC.

L&T Hydrocarbon achieved record commissioning of seven projects: MRPL (DHDT), MRPL (HGU), NFL - Panipat, NFL - Bhatinda, ONGC - Hazira, CPCL (HGU), Chennai and GNFC - Bharuch during the year. Of these, NFL Panipat and Bhatinda were commissioned ahead of time.

Key projects commissioned by L&T Construction include Elante mall in Chandigarh, ATC Tower and a single span hangar for Mumbai International Airport, and IT Parks in Chennai and Gandhinagar.



Sales Composition



Employees

The nature of our business makes it imperative for us to have an employee force that carries our growth momentum forward with its skill, intellect and dedication. As on March 31, 2013, L&T's manpower strength stood at 54,092 - an increase of 5,338 employees.

The staff expenses for FY 2012-13 at INR 44.36 billion, representing 7.28% of the net revenue, increased by 21% as compared to the previous year. This was mainly on account of compensation restructuring and manpower build-up.

Apart from all statutory benefits like provident fund, family pension, medical, gratuity and leave encashment, we provide our employees additional benefits such as medical insurance, holiday homes, etc. in accordance with company norms.



As on March 31, 2013, L&T's manpower strength stood at 54,092

(in ₹ Bn)

| Employee Costs | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|---|------------|------------|------------|
| Cost towards wages/salaries (a) | 21.22 | 28.63 | 36.02 |
| Other benefit costs (b) | 7.08 | 8.03 | 8.34 |
| Total personnel cost = a+b | 28.30 | 36.66 | 44.36 |
| Average pay out per employee (in million) | 0.63 | 0.75 | 0.82 |

Indirect Economic Impacts

Our contractors, distributors, SME vendors, capital contributors and communities are vital to our sustainable progress. We invest our time, resources and knowledge to help them achieve success and growth.



Vendors and Local Sourcing

We conduct capacity building programmes for our vendors and sub-contractors, and provide training and technical expertise in areas such as value engineering, six sigma, lean manufacturing, etc. This is in line with our policy on sourcing locally.

Hydrocarbon Business has set up an in-house training center at the Sohar Yard, Oman for training local people in skill areas like welding, crane operation, rigging, electrical and safety management. Since inception, 450 locals have been trained

The short-term and long-term benefits of local sourcing include better response time, faster turnaround, efficient and cost-effective logistics, and development of the local economy.

In FY 2012-13, 80% of L&T's requirements were fulfilled through local suppliers and vendors.

L&T Special Steels and Heavy Forgings, a joint venture of L&T and Nuclear Power Corporation of India Limited (NPCIL), is a major strategic step that is envisaged to reduce dependence on imports for heavy forgings



Our Heavy Engineering business has set up a new supply chain office in Europe for handling timely delivery of import material in a faster and more efficient manner.

For the purpose of this report, vendors and suppliers within India are considered as local sources.

Climate Change

L&T is responding to the growing threat of climate change by taking steps for reduction in carbon intensity in its operations. We have also increased the usage of clean and renewable energy sources, and construct green buildings and solar projects. Further, we are also helping our clients to adopt a low carbon growth model.

In continuation of our periodic reporting of sustainability performance, we have published Annual Business Responsibility Report (ABRR) as part of our Annual Report 2012-13.





Power Management Saves Millions

CHALLENGE

Power is a key input in plant operations and its efficient management can significantly lower production costs, reduce air emissions, maintain continuous and reliable plant operation, and increase profitability.

L&T Special Steels and Heavy Forgings, Hazira is a state-of-the-art facility that manufactures 100,000 MT of special steel and 40,000 MT of finished forgings per year. Thirty per cent of its power requirement comes from the utility, and the remaining was sourced through open access via power trading. Effective energy management was the key to cost-efficiency as well as eco-efficiency.

INTERVENTION

The Company put in place an internally developed power management system iVisionmax-PMS. The aim was to bring down the energy intensity of the operations and improve profitability of the business by making projections, fixing accountability and creating awareness about saving energy.

In addition to Data Monitoring, Electrical Control and Load Management, iVisionmax introduced advanced features to optimise energy utilisation and facilitate cost-effective plant operation.

Energy Accounting Module

It enables the formation of groups such as machine workshop, forging area, etc. Each group was given a yearly energy budget and savings target, which was monitored and managed every day.

Economic Sourcing Module

A module to obtain an optimised power mix from various sources at a minimum cost of energy. The contracted demand was set at 30 MVA and the balance 30 MVA was purchased through the power trading exchange, based on the projections given by the iVisionmax-PMS system.

Production based Load Forecasting Module

To estimate the power requirement for next 24 hours based on production plan and historical data.

Load Profiling Module

To facilitate rescheduling of production, whenever power requirement transcends the contractual demand.

Outcome

Five months after the implementation of **iVision_{max} – PMS™** The Company saved INR 45.2 million by virtue of reduced contracted demand and INR 4.5 million by procuring cheaper electricity via power trading exchange.

Green Portfolio

Our green products and services portfolio contributed INR 83.62 billion to our revenue, an increase of 21% over the previous year. The percentage contribution of green products and service portfolio to overall sales grew to 13.6% in the reporting year.

| | Sales (FY 2011-12) | Sales (FY 2012-13) |
|--------------------------------------|-----------------------|-----------------------|
| Revenue from Green Product Portfolio | 68.55 | 83.62 |
| Total Sales | 545.09 | 614.71 |
| Percentage of Total Sales | 12.57 | 13.60 |

L&T has identified a number of green business opportunities which make good economic sense and promise a water-positive, energy-secure and green future.



CONSTRUCTION

Green Buildings

We have retained our leadership position in the green building construction segment in India. Our Buildings & Factories (B&F) Business has constructed more than 25.4 million sq. ft. of certified green building space cumulatively. An additional 7.6 million sq. ft. of green space is under various stages of certification. We currently have four Platinum, four Gold, three Silver and one certified Green Building within L&T campuses. In addition, one manufacturing unit (factory) has also been certified under the silver category as 'Green Factory'.

Solar EPC

L&T's solar power business provides comprehensive EPC solutions that encompass the entire value chain (concept to commissioning). It collaborates with core solar technology providers to offer best-in-class photovoltaic (PV) and concentrated solar thermal power plants.

Cumulatively, we have installed and commissioned over 155 MW of solar power plants. In the reporting year, we commissioned two major solar PV power plants, viz., 20 MW solar plant at Phalodi, Rajasthan and 17 MW solar plant at Pokhran, Rajasthan.

We are constructing a Compact Linear Fresnel Reflector technology-based 125 MW Solar Thermal Power Project, the largest of its kind in Asia.

Mass Rapid Transit

Metro and Mono rail are widely acknowledged as eco-friendly mass transit systems that reduce per capita fuel consumption and carbon emissions in urban areas. L&T is executing one of the world's largest public-private projects in the metro rail sector in Hyderabad. It will cover a total distance of approximately 72 km.

L&T is also in the process of developing 23 million sq. ft. of Transit-Oriented Development (TOD) which is anticipated to trigger robust economic activity in and around Hyderabad and Mumbai and generate substantial employment.

Hydropower Projects

L&T has proven EPC capabilities to execute hydropower projects. We offer a wide range of services for engineering, procurement and construction of Hydropower Projects on turnkey / BOT (Built Operate & Transfer) basis.

Wastewater Treatment Plants

L&T provides total EPC solutions from design to commissioning for water and wastewater treatment plants by incorporating advanced treatment technologies.



HYDROCARBON

Fuel Switch Projects

L&T's Hydrocarbon business helps fertilizer manufacturers switch feedstock from Naphtha to Natural Gas, enabling them to achieve better energy efficiency.

L&T also provides complete EPC solutions for refineries and is an industry leader in executing fuel upgradation projects in India.

L&T Hydrocarbon is the industry leader in executing energy conservation and fuel switch projects for fertilizer manufacturers and refineries. It also provides knowledge-based water solutions

POWER

Efficient Transmission and Distribution System

The Power Transmission & Distribution (PT&D) business is a leading EPC player and offers end-to-end, integrated solutions and services for transmission lines, substations, distribution networks, electrical and instrumentation works.

It also provides services in power quality improvement under urban and rural electrification projects like R-APDRP (Restructured Accelerated Power Development & Reform Programmes) and RGGVY (Rajiv Gandhi Gramin Vidyutikaran Yojana) with the objective of reducing Aggregated Technical & Commercial (AT&C) losses.

Supercritical Thermal Power Plant Equipment

Supercritical technology uses steam at high pressure to significantly improve the turbine cycle heat rate, which in turn reduces fuel consumption and results in lower CO₂ emissions. Supercritical technology offers additional benefits such as lesser water & land requirements and lower expenses over the project life cycle.

L&T's joint venture with Mitsubishi Heavy Industries manufactures supercritical boilers & steam turbine generators and other critical equipment including Electro Static Precipitator (ESP), pressure piping, pre-heaters and axial fans. L&T Power provides total solutions for all requirements related to supercritical thermal power plants and equipment.



HEAVY ENGINEERING

Coal Gasifiers

Synthesis Gas (syn-gas) is an economical alternative to natural gas feedstock for fertilizer, coal liquification, chemical and power plants. Syn-gas based power plants are being considered as a superior alternative to conventional power plants in both economic and ecological terms.

L&T manufactures and supplies coal gasifiers and syn-gas coolers under technical collaboration with Shell Global Solutions. Coal gasifiers also find application in process plants such as ammonia, methanol and wherever syn-gas is required.

L&T Heavy Engineering is at the forefront of executing fuel conversion projects which significantly help clients reduce sulphur emissions and improve product quality

ELECTRICAL & AUTOMATION

Energy Efficient Equipment

L&T offers a wide range of energy-efficient electrical and automation products for industrial, commercial and residential applications and services such as energy audits.

The product range includes low-watt loss fuses, power management systems, AC drives, soft starters, power factor improvement capacitors and smart metering systems, etc. The Control & Automation business unit introduced new solutions such as i-Visionmax control and monitoring system for solar plants.

E&A also provides energy audit services and is accredited by the Bureau of Energy Efficiency (BEE)

Energy Security **FUTURE**

A world of shrinking natural resources and depleting energy reserves is also the world which sees eco-friendly processes, not as an 'option' but as an imperative. For us, the risk of climate change has brought in greater urgency in charting the green way to growth.

ENVIRONMENT
PERFORMANCE



now

- Promoting Renewable Energy
- Enhancing Energy Efficiency



Green is not just a colour but reflects a way of life at L&T. Environmental considerations are integral to all our decisions. Over the years, we have formulated and executed green strategies which yield both environmental benefits and business growth. The underlying philosophy is to continuously enhance the efficiency of processes and augment our green portfolio.

We have progressed on our sustainability roadmap and are on track to achieve the stated environmental goals.

| | | |
|--|--|--|
| <p>Renewable Energy</p> <p>Renewable power now contributes 11.09% of our indirect energy mix</p>  | <p>Energy Conservation</p> <p>48.44% increase in energy conservation</p>  | <p>GHG Emissions</p> <p>Reduction in direct GHG emission intensity by 28.7% w.r.t. 2007-08</p>  |
| <p>Green Buildings</p> <p>L&T's 1st and India's 13th green factory</p> <p>Four new green buildings within L&T</p>  | <p>Waste Management</p> <p>Recycling of steel and zinc by our construction business</p>  | <p>Water Efficiency</p> <p>4 campuses have become water positive</p> <p>'Zero Wastewater Discharge' status for 19 out of 22 locations</p>  |

Energy

Energy management has always received management attention. Initiatives in this area include:



- Making manufacturing leaner and our processes greener
- Enhancing the share of renewables in our energy usage
- Ensuring that energy efficiency is built in for all our new premises, at the design stage itself
- Retrofitting old premises to leverage power saving

In the past six years of our sustainability journey, we have proactively reduced our specific energy consumption (direct & indirect) by 33.26%.

Direct Energy

With each passing year, we have been reducing our specific direct energy consumption. This year too, it reduced by 1% as compared to last year.

This year, owing to the addition of project sites of Power and Hydrocarbon Businesses at various locations in the reporting scope, our absolute direct energy consumption increased to 5,410,460 GJ vis-à-vis 5,023,249 GJ in the previous year.



Indirect Energy

Our specific indirect energy consumption declined by a significant 17.93% compared to the previous year.

However, owing to an increase in the reporting scope this year, the consolidated absolute indirect energy consumption increased by a marginal 1.41% to 1,078,736 GJ in FY 2012-13 as compared to 1,063,779 GJ in FY 2011-12.



Renewable Energy

L&T views renewable energy investments as a responsibility and as an opportunity. This year, even as our absolute indirect energy consumption increased due to addition in the scope of reporting, we enhanced the share of renewable energy to 11.09% in our indirect energy mix, compared to 10.48% last year.

Wind



Usage of wind energy helped cut GHG emissions to the tune of 25,700 tons CO₂/annum (includes IDPL, Powai and Hazira wind energy)

Solar



Solar power is being used at various campuses and, for the staff and labour colony at construction sites

Solar lights installed at Heavy Engineering's new facility at Hazira and L&T Power, Vadodara

Biogas



Biogas plant installed at Hazira

Biogas generated from kitchen waste at Chennai campus is used for generating electricity

Energy Conservation

At L&T, energy conservation is a key performance indicator. Energy conservation cells are active across locations to identify and harness every possible opportunity.

Thanks to the continuous efforts of our employees, the cumulative energy conserved showed an inspiring rise of 31%

| Initiatives / Intervention | Total Energy Conserved during FY 2012-13 (GJ) |
|--|---|
| Process redesign | 3,793 |
| Optimisation/operational control and efficiency | 965 |
| Conversion and retrofitting of equipment | 31,600 |
| Change to CFL lamps | 1,449 |
| Changes in personnel behaviour and auto shutting of lights when not in use | 243 |
| Total | 38,050 |



Our energy conservation efforts are focussed on three broad areas:

- Fuel conservation
- Energy conservation in equipment and systems
- Energy efficiency in manufacturing processes

KEY CONSERVATION INITIATIVES

Energy-efficient Lighting

CFL lamps and T5 fittings replaced metal halide lamps

Energy saver panel for street lighting

Sodium vapour lamps for street lighting

Replacement of incandescent lamps with LED lamps in office and shop floor

Substituting mercury vapour lamps with induction lamp fittings in factories

Introduction of double circuit in high mast light towers to reduce power consumption during non-working hours

Installation of transparent sheets and sky-light panels in workshop

Controlling all exhaust fans at Pithampur factory through timer, thus reducing their operation by 50% and resulting in energy saving of 936 kW per annum



LED lighting at L&T's Campuses have helped reduce energy consumption

Efficiency in Processes

Use of VSD based compressor at formwork factory in Puducherry resulted in savings of 120%

Oxsilan process pre-treatment plant (cold phosphating process) in paint shop

Installation of solar pipes and solar water heaters to reduce use of conventional energy

Switching from HSD and FO to LPG in furnace

Implementation of ISO 50001 - Energy Management Systems in MFF

Use of 62.5 KVA DG set for continuous operation in ESS Test facility instead of 400 KVA DG set

Conversions of DC drive to AC drive in Asquith machine

Energy Efficient Machinery

Special purpose machine for composite canister machining to achieve 75% energy saving

Magnetic resonators for improving fuel efficiency of vapour absorption machine

Smart energy saver in CNC machine

Re-engineering

Change in design of BEMCO bending machines resulting in power saving by 20%

L&T, in association with BEE (Bureau of Energy Efficiency) and NPC (National Productivity Council), conducted a preparatory training programme on Energy Management and Audit wherein 28 engineers of L&T attained know-how on energy management, financing and implementation of energy efficiency projects, as well as policy analysis.

Note: Examples given in the section are illustrative and not exhaustive

CDM status for L&T IDPL Project

L&T Infrastructure Development Projects Ltd. (IDPL) successfully registered its Wind Energy Project at Tamil Nadu as a Clean Development Mechanism (CDM) project with the United Nations Framework Convention on Climate Change (UNFCCC), Germany. L&T IDPL will be receiving Certified Emission Reduction (CER) certificates every year up to 2022. The National CDM Authority (Ministry of Environment & Forests) has approved this project as 'contributing to sustainable development in India' and has conferred 'host country approval' to it.

Green Premises

| | | | |
|--------------------|----------------------|-----------------|----------------------------|
| Focus Areas | Energy efficiency | Waste reduction | Healthy indoor environment |
| Emission reduction | Rainwater harvesting | 3R approach | Material management |

The total green built-up area within our campuses has increased from 1.62 mn sq. ft. in FY 2012 to 1.96 mn sq. ft. in FY 2013

PLATINUM (LEED)



Technology Block, Hazira



Office Complex, Talegaon



SBU Block (2nd floor), Hazira

GOLD (LEED)



Office Complex, Ahmednagar



Knowledge City, Vadodara



Learning Centre, LDA Lonavala

SILVER (LEED)



Green Factory, Vadodara



Administrative Building, Vadodara

SILVER (LEED)



EDRC, Chennai



L&T TC III, Chennai

CERTIFIED (LEED)



L&T TC II, Chennai

This year, we added four green buildings within our campuses and inaugurated L&T's 1st green factory



Administrative Building, Kattupalli

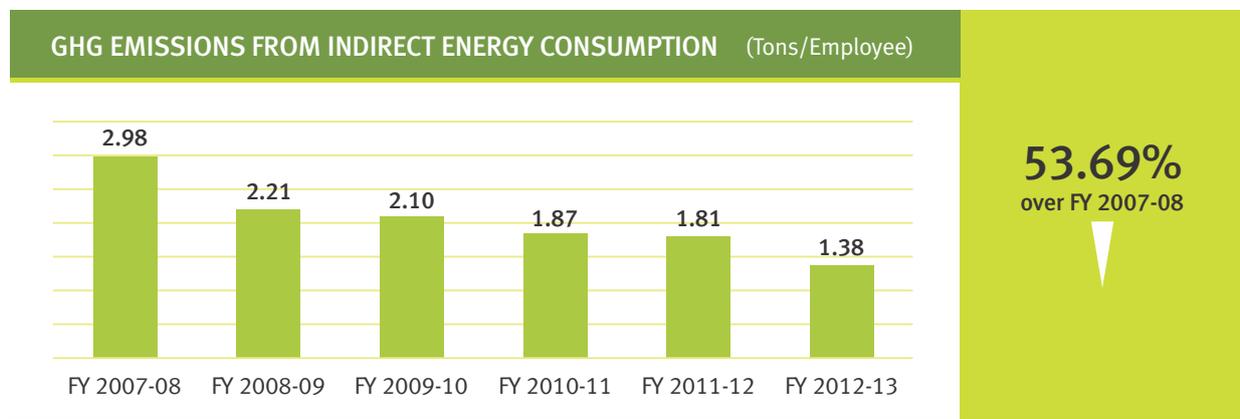
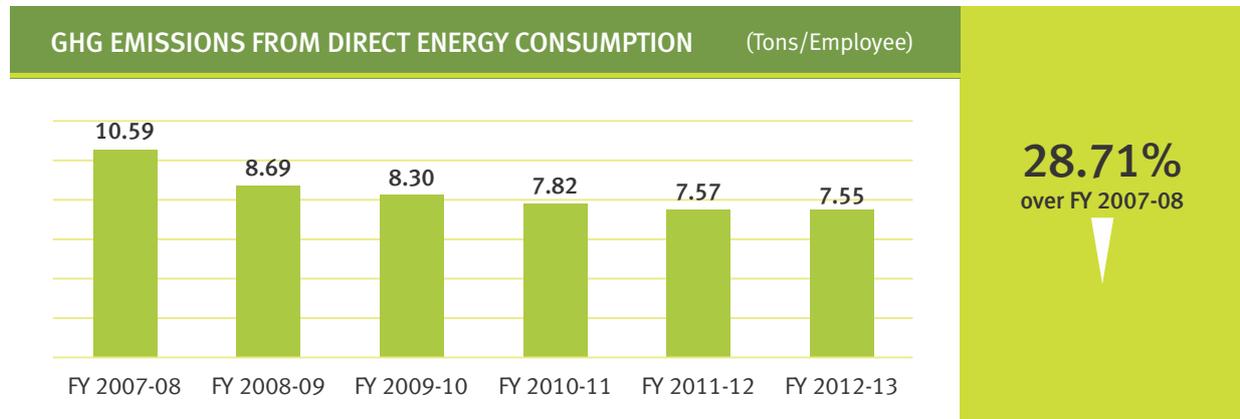


North Block II, Mumbai

To view L&T's green building portfolio and details on total green built-up area constructed for clients, refer to the NAPCC section.

Emissions

Right from the planning to execution stage, we integrate sustainable practices that help us lower our carbon footprint. While our absolute direct emission intensity increased marginally by 1.9% this year, our absolute indirect emissions decreased significantly by 14.30%. Our per employee emission intensity continued to demonstrate a downward trend.



GHG Emissions as per current scope

SCOPE 1 

Direct emissions
(from combustion of fuel)

389,576 tons CO₂e

SCOPE 2 

Indirect emissions
(from electricity consumption)

212,657 tons CO₂e

SCOPE 3 

GHG emissions (from travel, commuting of employees)

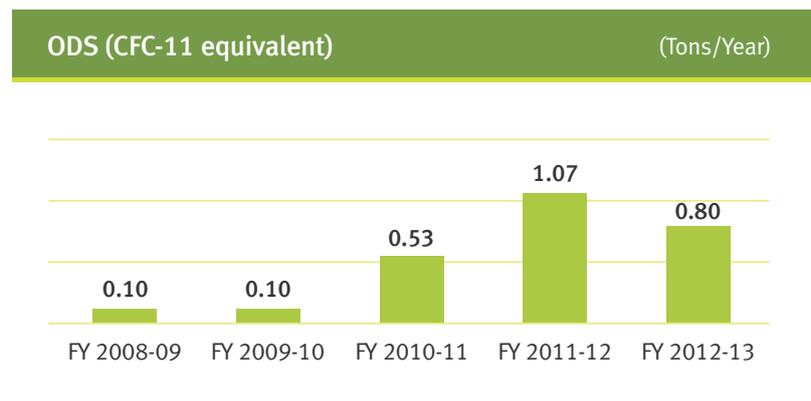
31,466 tons CO₂e

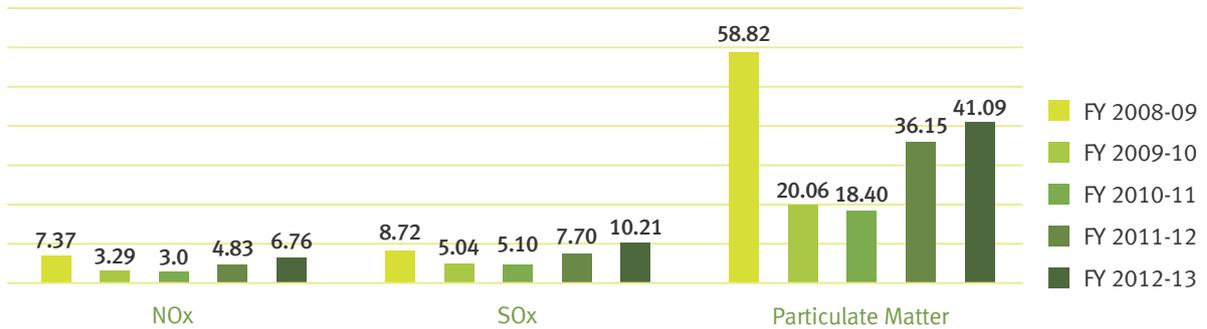
Ozone Depleting Substance (ODS) and NOx, SOx emissions

We are committed to curb the use of chemicals that damage the ozone layer.

We adhere to all air quality standards set by the regulatory bodies like state pollution control boards and strive to lower the levels of ODS and NOx, SOx emissions, year on year.

This year, ODS emissions declined to 0.80 tons in FY 2012-13 from 1.07 tons in FY 2011-12. However, NOx, SOx and particulate matter increased due to larger number of project sites.





Water

Water and its availability have a direct bearing on economic opportunities, ecological balance as well as the quality of life. Prudent water management therefore remains a key priority at L&T.

Across the year and around L&T locations, water conservation measures include:

- Water recycling
- Rainwater harvesting
- Water footprint mapping
- Construction of check dams

In 2012-13, Heavy Engineering and two units at MMH achieved zero wastewater discharge status. In all, 19 out of 22 locations have now achieved 'zero wastewater discharge' status

Key Highlights | FY 2013

- Infotech, Mahape upgraded STP from 20 m³/day to 50 m³/day; reducing water use by 10%
- Kansbahal campus conducted a detailed water audit
- MIP installed rainwater harvesting system at Bengaluru campus conserving 119,000 litres of water
- Four of the campuses - Powai (West), Talegaon, Ahmednagar and E&A, Mahape became water positive

L&T's water consumption and wastewater discharge have declined steadily over the years. In comparison to last year, water consumption and wastewater discharge (industrial and domestic) dropped by 14.69% and 12.35% respectively.

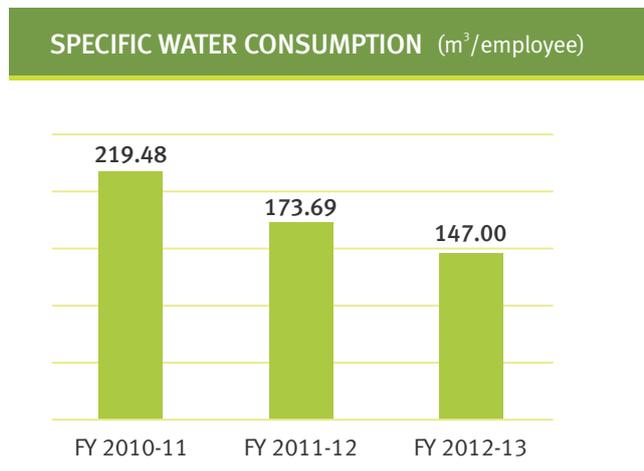
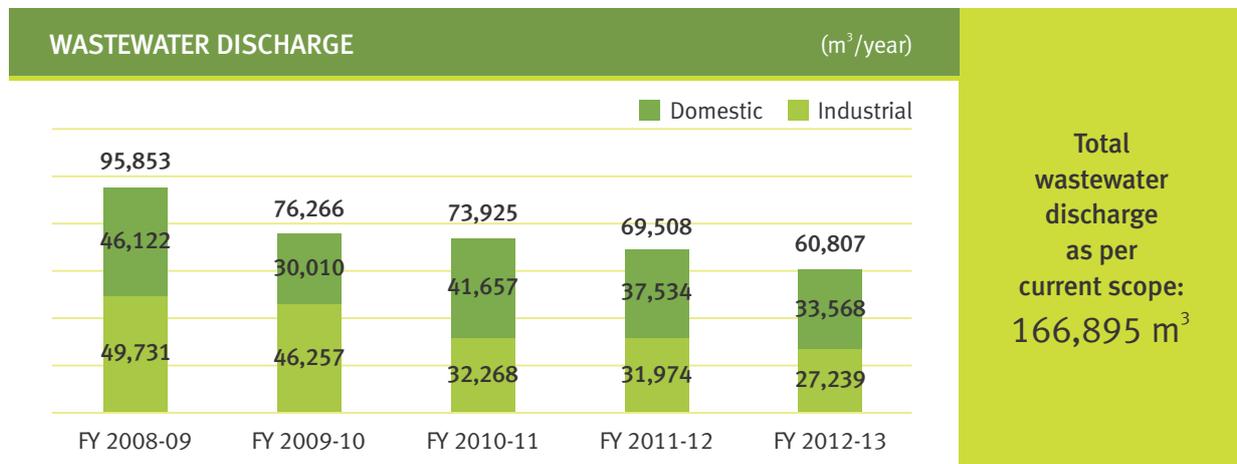
Water consumption per employee also reduced by 15% to 147 m³/employee



Water Consumption by Source

(m³/year)

| Source of Water | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| River / lake | 1,846,737 | 1,791,335 | 1,656,009 | 1,624,545 | 1,387,196 |
| Groundwater | 205,075 | 198,923 | 129,561 | 127,229 | 142,445 |
| Rainwater | 1,900 | 6,900 | 6,900 | 22,894 | 7,380 |
| Municipal supply | 433,902 | 420,885 | 542,642 | 532,874 | 458,054 |
| Other | 27,978 | 27,139 | 49,569 | 48,677 | 15,060 |
| Total | 2,515,592 | 2,445,181 | 2,384,681 | 2,356,219 | 2,010,135 |





STPs in the Right Direction

Sewage Treatment Plants (STPs) are part of the large portfolio of L&T Construction. At the construction site of the medical college of Employee State Insurance Corporation in Kollam, Kerala, an environmentally-friendly facility was needed for sewage disposal at the workmen's colonies.

The mobile STPs use Moving Bed Biofilm Reactor (MBBR) processes to treat domestic wastewater. MBBR processes improve reliability, simplify operations and require less space compared to traditional wastewater treatment systems. The treated water is then reused for non-potable applications on site.

L&T installed two 75 m³/day portable, state-of-the-art STPs at the project site.

Impact

ENVIRONMENTAL IMPACT

Each STP treats approximately 67,500 litres of water per day

The treatment of wastewater has enhanced hygiene on site

ECONOMIC IMPACT

It is estimated that the STPs will save INR 9.5 million in sewage disposal costs

Being H₂O +ve

In 2012, Maharashtra witnessed its worst drought in 40 years. It led to failed crops and affected millions. In response, L&T stepped up its water conservation efforts, focussing on water management projects in tribal areas. Internally, L&T's campuses within Maharashtra viz. Powai (West), Talegaon, Ahmednagar and Mahape continue to be zero wastewater discharge facilities. This was achieved through a mix of initiatives including wastewater treatment and reuse/recycling, rainwater harvesting, optimisation in use etc.

This year, we commissioned Det Norske Veritas (DNV), an independent assurance provider, to carry out assessment of water balance index for the period April 2012 - March 2013 at 4 L&T campuses - Powai (West), Talegaon, Ahmednagar and Mahape.



The water balance sheet of these locations is:

Total water debit
561.1 million litres

Total water credit
687.2 million litres

These campuses have become 'Water Positive' as they are conserving more water than they consume.

Till March 2013, 100 check dams have been constructed in Dahanu and Talasari blocks (tribal areas) of Maharashtra by Larsen & Toubro Public Charitable Trust, in collaboration with Rotary Club.

Materials Management

Responsible material utilisation is the key to economic as well as ecological sustainability.

'Reduce, Recycle and Recover' - our three-point approach towards materials management helps us produce more with less.

From optimising the use of raw materials to exploring sustainable substitutes, from extending the usable life of resources to ensuring responsible disposal - we infuse efficiency across all stages of our product life cycle

| MATERIALS (partially reported) | Tons |
|--------------------------------|-----------|
| Metals | 1,044,807 |
| Non-metals | 10,405 |
| Hazardous chemicals | 73,719 |
| Oils & lubricants | 2,148 |
| Hazardous gases | 13,846 |
| Packaging materials | 3,423 |

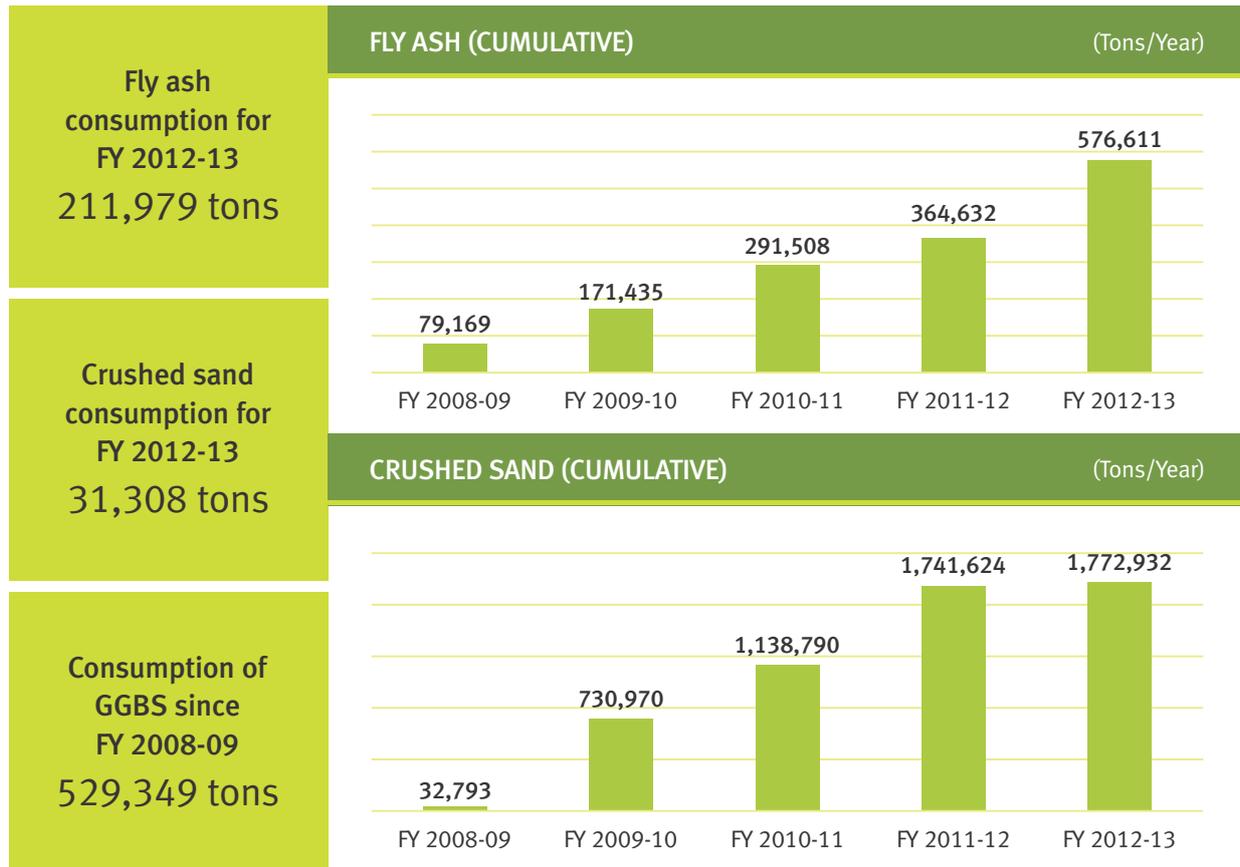
Buildings & Factories business constructed a labour colony with reusable material which has a 20-year life span, is fire proof and can be redeployed 6-7 times



Construction business reuses L&T DOKA formwork at project sites to accelerate construction and save timber (formwork)

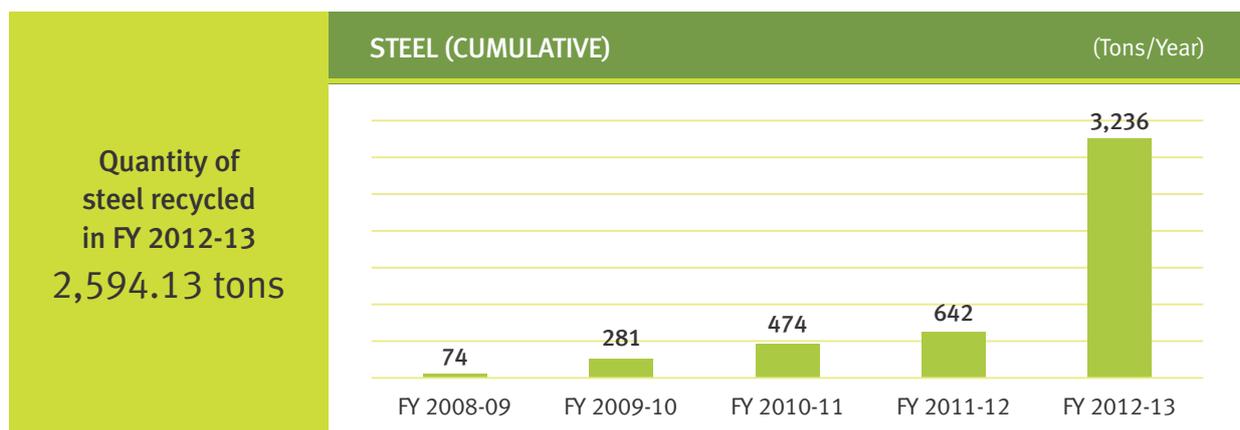
Alternative Material

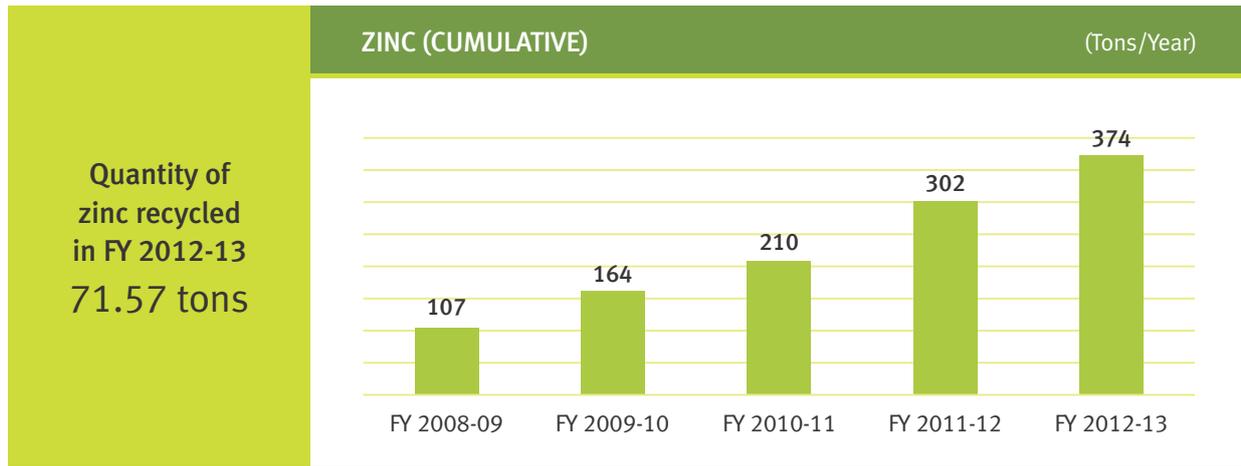
Over the years, L&T has steadily increased the use of alternative materials such as fly ash, crushed sand and Ground Granulated Blast Furnace Slag (GGBS) in its construction business. Fly ash usage cumulatively increased by 60% while crushed sand usage saw a marginal increase of around 2% this year.



Recycling

Owing to the fact that our products are largely Engineered To Order (ETO) and have to adhere to customer specification, the opportunity to use recycled material is limited. We however, continue to recycle steel and zinc at our construction business.





Waste and Spills

Right from complying with regulatory norms to proactively arresting waste at source - we practice a comprehensive waste management philosophy across all our manufacturing facilities, project sites and office buildings.

Our waste minimisation interventions encompass three key areas:

1 Engineering waste reduction

Around 700 projects were registered under ELITE (E&A's Lean Initiative Towards Excellence) initiative in FY 2012-13 to arrest waste in the course of movements, inventory and reduction in lead times

We do not import, export, transport or treat any hazardous waste covered under the Basel Convention

2 Regulatory Compliance

Regular checks are conducted by internal and independent auditors, to ensure compliance with relevant pollution control regulations

Scrap generated at project sites is disposed as per regulations

We regularly report waste and spills as part of ISO 14001 and OHSAS 18001 compliance



3 Reuse, Recycle & Reprocess

Hazardous waste generated in various production processes like used oil, non-ferrous metals etc. is disposed through MoEF / CPCB registered recyclers / re-refiners / re-processors and is transported as per the statutory requirements

Authorised vendors for e-waste management

Responsible disposal of bio-medical waste at L&T healthcare centres and other community hospitals supported by L&T

Installation of secondary containers at 13 sites to store diesel and contain spill out

Biogas plant / vermicomposting units at our Powai, Hazira, Bengaluru, Mysore, Ahmednagar and Mahape facilities recycle canteen waste to produce energy and compost for landscaping and green belt development

Organic waste converter at L&T Infotech and Knowledge City converts bio-degradable food waste into manure

Waste Disposed

| | FY 2012-13 |
|--------------------------------------|------------|
| Hazardous Waste and Waste Oil [tons] | 15,150 |
| Non Hazardous Waste [tons] | 49,125 |





Putting Waste to Work

Tunnels are all about finding a way through obstacles and speeding up progress. But what about a way of dealing with the material thrown up when tunnels are excavated? Its called 'muck' by tunnelling engineers and is produced in large volumes.

Conventionally, one simply disposes of the muck as waste. Our engineers sought and found a way of dealing with muck that is greener and saves money.

Aggregates are the largest component of concrete and are in high demand during tunnel construction. At our Singoli Bhatwari HEP project, we developed a method to crush muck and, use it as an effective substitute for the aggregates and sand that go into the making of concrete. We also used the muck as a filler in gabions.



The benefits are many:

By reducing the demand for aggregates, we cut down on the need for land and mining

Less tunnel muck means lower environmental impact. No need for large-scale transportation to dispose off muck

| Quantity of Muck Excavated (in Tons) | | Tunnel Muck Utilisation (in Tons) | |
|--|----------------|-----------------------------------|----------------|
| Total Excavation from Tunnel (Riverbed Material) (A) | 11,050 | Sent to Crusher | 191,441 |
| Qty. of Muck per Ton of Riverbed Material (B) | 49.5 | Used in Gabions | 82,046 |
| Total Muck Excavated (AxB) | 546,975 | Used in Land Fills | 273,488 |
| | | Total Muck Utilised | 546,975 |

Outcome

Over 546,975 tons of muck was put to productive use.



'Out-of-the-Bucket' Thinking

Crusher Bucket

Think of a construction project, and people think of all the transportation of raw materials that it would involve, recycling and handling waste. All this was thought to be inevitable - until our engineers came up with an 'out-of-the-bucket' solution.

The 'Crusher Buckets' that we use at select project sites incorporate innovative technology to process extracted material. This yields significant savings in cost and time. Additionally, they need much less manpower.

| | STRUCTURAL DESIGN | CRUSHABILITY | EXTENSIVE APPLICATIONS |
|-----------------------------|--|--|---|
| FEATURES OF BUCKET CRUSHING | <ul style="list-style-type: none"> Sturdy structure Soundproof design Long-lasting jaws Carrier compatibility with a range of excavators and backhoe loaders Less maintenance due to lesser number of parts | <ul style="list-style-type: none"> High reduction ratio Shortest cycle time High crushability index Unlimited length handling Customised output (20 - 120 mm) | <ul style="list-style-type: none"> On-site re-utilisation Aggregates production Demolition of wastes Rough terrain regions Environmental reclamation High quality material with vibration dampening |

Outcome

With up to 50% savings in quarry application and 60% during the process of demolition, the bucket crusher is designed to give more with less.

COST SAVINGS

- Uses lesser energy and manpower
- Easy disposal and transportation

TIME SAVINGS

- Quick installation and instant use of the machine
- Faster operations. Crushed material can be reused immediately
- On-site usage even at small sites

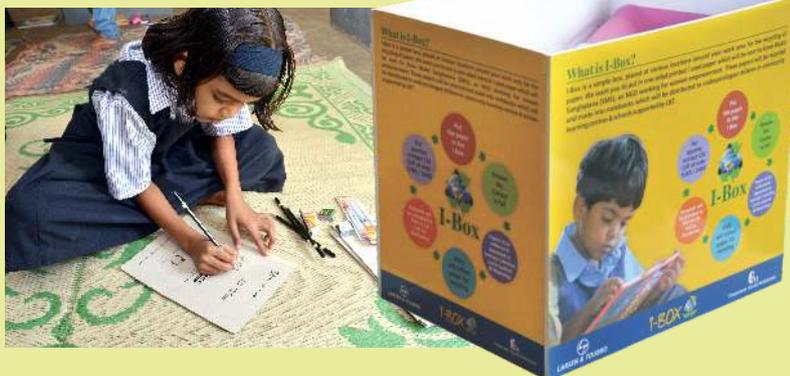
Recycling Paper

Here is a plan that remains on paper and has still achieved a lot!

Project Sankalp at Powai Campus recycles paper through a simple, easy-to-implement method.

Large boxes were placed at locations within the campus and employees were encouraged to deposit used papers in them. It does not matter if the papers are printed on one side or both, they still serve the purpose.

45 L&Teers spearheaded the project which generated 15,880 kg of used paper. These were recycled into 2,027 notebooks and distributed to underprivileged students in schools supported by L&T.



Packaging Material

Our products do not require extensive packaging. However, the green packaging drive at our Heavy Engineering and E&A businesses continues to progress at a steady pace.

Heavy Engineering and Shipbuilding introduced eco-friendly 'tri-wall' corrugated packaging in place of wood packaging saving approximately 300 trees per annum.

E&A spearheaded a value engineering project on the packaging of C-Power air circuit breakers. The change of packaging material from wood to cardboard is estimated to prevent, cutting of approximately 85 trees for every frame. This project will soon be extended to circuit breakers with higher ratings and also for other products.

Owing to our global customer base and nature of our products, reclaiming packaging material is not feasible.

Biodiversity

Our facilities are located in notified industrial areas and do not fall under biodiversity-rich or protected habitats. At every infrastructure project, we comply with all applicable statutory requirements.

We are committed to the Government of India's 'Green India Mission' which aims at adding 10 million hectares of forest cover to the existing 40 million hectares.

This year, over 257,000 saplings have been planted across locations and over 150,000 fully grown trees are being nurtured across L&T campuses.

Around 35% of the available open land at manufacturing locations has a green cover

In the Chennai Metro Project, we have planted 10 saplings for each tree that needed to be cut. We plan to embed the same model in our hydel projects as well.

Chennai Campus maintains a 40,645 sq. mt. green cover comprising 62 different plant species

To prevent soil erosion, we constructed a revetment wall and chain-link fencing along the watercourse in April 2012 and February 2013.

During the excavation phase of power projects in Rajpura and Koradi, the fertile top soil was given to farmers and also utilised within our campus for green belt development.



Environment Conservation in Action

A host of environment initiatives are undertaken throughout the year across all our facilities, campuses and project sites. Key highlights are detailed below.

L&T Special Steels & Heavy Forgings, Hazira

What gets monitored, gets managed

A state-of-the-art 'environmental lab' with three-tier environmental monitoring has been set up.

Equipped with best-in-class testing instruments and qualified chemists - this lab monitors more than 30 physico-chemical water parameters for verifying the efficient and safe operation of various utilities like water treatment plant, effluent treatment plant, sewage treatment plant, boiler and cooling tower.

| | |
|-----------------|--|
| 1 st | In-house monitoring |
| 2 nd | Monthly monitoring through MoEF approved laboratory |
| 3 rd | Schedule I Environmental Auditor's periodic monitoring |



Emission to omission



A life cycle assessment study was conducted with a focus on measuring and reducing carbon footprint. The study identified steps to curb emissions and establish an energy management system in accordance with ISO 50001.

Sewage to horticulture



150 m³/day 'Sequential Batch Reactor' based advanced sewage treatment plant was installed to treat domestic and canteen sewage. The treated water is used for horticulture development.

B E N E F I T S

Reusing approx. 80 m³/day of treated wastewater

Average Biochemical Oxygen Demand (BOD) achieved: < 15 ppm (against requirement of 20 ppm)

146 kg/day BOD load reduction achieved as compared to conventional system

Waste to manure



A 300 kg organic waste converter was set up to treat canteen waste, paper and sludge generated from STP, and algae from the raw water reservoir.

Around 60 kg organic manure is produced per day, sufficient to nurture 30 acres of green belt within the plant.

Factory in Bengaluru



Over the last year, L&T Komatsu undertook numerous energy conservation interventions.

A total of INR 3,143,366 was saved through these measures.

| Initiatives | Savings |
|--------------------------------|-------------|
| Substituted lighting | 250,999 kWh |
| Automised fans and blowers | 63,764 kWh |
| Automised pumps and motors | 22,674 kWh |
| Optimised heating | 6,000 kWh |
| Power factor improvement | 12,600 kWh |
| Production processes optimised | 124,600 kWh |

A rainwater harvesting pit of ~400 m³ capacity was built using boulders available within the campus. It helped retain rainwater by recharging groundwater.

Vehicle emission test camps were organised at the campus to enable employees to test their vehicles for compliance with the pollution norms.

In October 2012, a 100 LPD solar water heater was installed at the Campus Wellness Centre.

Project Sites

Interventions to reduce our environmental footprint at a typical project - HCL project, Sholinganallur, Tamil Nadu, include:

Coimbatore Campus



The Coimbatore Campus of Heavy Engineering took several steps to protect the environment and spread awareness among the workforce.

KEY INITIATIVES

82 Metal Halide lights replaced with LED lights of which 22 are solar powered. This envisaged reduction in energy consumption to the tune of 80,000 units per annum and resultant savings of INR 0.56 million.

1,268 saplings were planted and a 9,500 sq. ft. lawn was created. 50 saplings were planted at Malumichampatti higher secondary school premises on World Environment Day to create awareness on environment conservation. These efforts to increase green coverage received recognition from the State Minister of Environment.

An 850 m long retaining wall was constructed along the watercourse to prevent soil erosion

Maintaining Air Quality



- Dust control net on silos
- Conveyor enclosure for dust control
- Dust control nets tied around the campus near batching plant
- Air quality monitoring
- Stack monitoring of DG sets
- Dusting unit at batching plant

Conserving Natural Resources:

Usage of crushed sand instead of river sand which yield a dual benefit

- More sustainable and eco-friendly
- More economical



Green Signal

L&T Construction is a Corporate Partner of Project GreenHands. The project, launched as part of the World Environment Day (WED) celebrations, promises to plant four million trees across Tamil Nadu and Pondicherry.

Also as part of our 75th year celebration, a major initiative was undertaken across the Company with a target to plant 2.5 lac saplings in the year. The target was exceeded with the final figure of 2.57 lac saplings being planted across various locations, units and project sites.

Replacing Paper Cups with Porcelain Mugs

A data analysis for the usage of paper cups at L&T Powai Campus and Knowledge City, Vadodara revealed that the yearly usage of paper cups amounted to a staggering 7.31 million numbers. Their production and disposal has substantial environmental drawbacks as well as monetary implications:

More than 550 trees cut down

7.31 million litres of water consumed

24 tons of waste disposed

More than 800 tons of CO₂ emissions

Total cost per year - INR 3.3 million

To change this into a sustainable option, the employees at the campuses were provided with porcelain cups.

This led to the following advantages:

- No trees felled for production
- Multi-usage as compared to single-usage of the paper cups
- No health hazard
- Cost recovery within one year
- Substantial reduction in carbon footprint



Compliance

All necessary approvals are obtained from statutory authorities for our units and project sites. 'System Compliance Report' is generated for all units and regional offices.

During the reporting period, no incident of significant non-compliance was reported and no fines were imposed.

Inclusive Growth **FUTURE**

Participatory and inclusive development is imperative to achieve and sustain long-term growth. Through the tools of education and skill building, we at L&T are empowering individuals and providing them the means to harness the benefits of India's growth story.

SOCIAL
PERFORMANCE

Social disparities can lead to an uncomfortable paradox. A nation regarded as a growing economic power, still grapples with a very low human development index. As India's largest engineering and construction company, we contribute towards inclusive growth through empowering communities and accelerating development.

Thrust Areas

The thrust areas of our social initiatives have been strategically selected with an objective to empower communities to be self-sufficient. The reporting year witnessed a significant rise in the number of beneficiaries across each thrust area.

| Thrust Areas | No. of Beneficiaries (2012-13) | % Change over Last Year |
|-------------------------------|--------------------------------|-------------------------|
| Education | 221,700 | 72.71 |
| Skill Building | 52,207 | 28.00 |
| Healthcare - Mother and Child | 427,626 | 14.22 |
| Total | 701,533 | 29.06 |



Education

Education is the most effective tool for empowerment.

From facilitating learning to career guidance and from enhancing school infrastructure to encouraging science education - the reach of our educational initiatives has increased with each passing year.

EDUCATION HIGHLIGHTS | FY 2013

71% rise in the number of beneficiaries

147 schools assessed for water, hygiene and sanitation facilities

Infrastructure created/ upgraded in 22 schools

Reinforcing Infrastructure

Poor sanitation is one of the major contributors towards the high dropout rates in Indian schools. We conducted an infrastructural need assessment and mapping exercise in the 147 schools being supported by L&T. Based on the findings, some of our interventions were:



The Powai campus, in collaboration with the NGO 'Save the Children India', created five Model Balwadis (Pre-schools) for community children in Mumbai

Toilet block was constructed for the government higher secondary school at Vanur, Villupuram District, Tamil Nadu

Girls' toilets were constructed at Panposh Nodal School near Kansbahal, Odisha

Infrastructure support was provided in following locations:

- Remodelling and renovation of Saraswati Vidya Mandir primary school in Ahmedabad, Gujarat
- Construction of three classrooms in Visakha Seva Sadan in Visakhapatnam, Andhra Pradesh
- Painting and paving of classrooms at Ankhool school in Vadodara, Gujarat
- Desktop computers were donated to schools in Mumbai, Kolkata and Coimbatore

Project Neev: Sensitivity towards the differently abled

Under Project Neev, we work with not-for-profit organisations to create livelihood opportunities for the differently abled.

It is an endeavour to creatively engage them in activities that recognise and utilise their potential to the best possible extent.



In 2012-13, we reached out to 14,222 differently abled people across L&T locations compared to 5,070 in the previous year.

Major initiatives include:

NGO EXPOSITIONS

The project brought together NGOs and promoted products made by the differently abled

PROVIDING SUPPORT

L&T locations at Bengaluru, Mysore, Hazira, Vizag, Jamshedpur, Coimbatore, Nagpur, Kochi, Delhi, Vadodara and Kansbahal provided financial support and resources to NGOs/schools working for the differently abled

CREATING LIVELIHOOD OPPORTUNITIES

L&T locations in Chennai, Mumbai, Faridabad, Ahmednagar, Hazira, Vizag, Kolkata, Jaipur and Vadodara worked towards enhancing engagements with Self Help Groups and creating indirect employment opportunities

Beyond Books

L&T facilitates a number of special educational programmes and workshops that make children truly future-ready.

- 'Science on wheels' mobile vans that reach out to rural schools and inculcate scientific curiosity, increased from 2 to 8 and impacted 100,000+ students
- Emergency Preparedness Programme was conducted for the students of government school at Guindy, Tamil Nadu
- Special first aid training sessions were organised for the students of Adi Dravidar Government High School near Chennai
- Career counselling workshops were held at various schools in Sarai Khwaja in Faridabad and, Hinkal, Belevadi and Mughanahundi in Mysore

Holistic Development

Drawing and painting competitions, craft workshops and science exhibitions fuel creativity and innovation in children.

- Science exhibitions were organised for 152 schools in Vadodara district
- Painting competitions were held at Baldwin Methodist School (Bengaluru), Santosh Nagar Primary School (Faridabad) and at various schools in Mysore

Skill Building

India has a large untapped youth potential. It is estimated that more than 300 million young people will enter the workforce over the next two decades. Unless educated and equipped with right skills, our biggest asset could turn into our largest liability.

Construction Skills Training Institute (CSTI)

L&T's innovative CSTI model synergises business requirements with social needs at a local level. These institutes not only impart specialised skills but also provide employment opportunities at L&T project sites. There are eight CSTIs located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Cuttack. They provide free training to marginalised youth in basic construction trades like masonry, bar bending, carpentry as well as in other vocations like electrical, plumbing, welding and form work.

Since inception in 1995, the CSTIs, along with our institutionalised site-based training programmes, have empowered 200,000+ youth out of which 20,602 youth were trained during the reporting year



The new railway construction training facility at CSTI, Kancheepuram



HIGHLIGHTS OF CSTI

To enable mass training, e-learning programmes were developed in eight languages for 35 modules in civil trades. Twelve modules of 'Construction Electrician Trade' were made available in English and Tamil languages

MoUs were signed with the Governments of J&K and Chhattisgarh, Jindal Community College, Power Finance Corporation and Gujarat State Disaster Management Authority (GSDMA) to train BPL (Below Poverty Line) candidates

Skill building programmes such as tailoring, computer skills, beautician and care giving are also taken up around L&T locations for women and youth

e-literacy

L&T provides skill-based computer training to youth. The programme is currently operational at 8 locations viz. Mumbai, Ahmednagar, Hazira, Vadodara, Kansbahal, Visakhapatnam, Kancheepuram and Bengaluru

- A three-month certificate course covering basics of internet, MS Office and D.T.P.
- ITI sponsorship schemes were made available for poor students
- In collaboration with Dalmia Institute of Technical Centre, a special training scheme was implemented in and around Kansbahal, Odisha

computer knowledge, food processing, tailoring and beauty techniques which enhance their employability and also provide them the opportunity to be self-employed.

Some of the initiatives undertaken during the reporting year include:

- Tailoring classes for underprivileged women at Ankhol, Vadodara. Fashion designing, beautician programmes and fabric painting at Mysore. Embroidery classes for tribal women at Kansbahal, Odisha
- Vocational Training Centres set up for women at Ahmednagar and Coimbatore
- Prayas Trust-Unnati ladies club at Bengaluru conducted computer training and beauty courses for destitute women
- In Talegaon Campus, a women Self Help Group has been commissioned to supply tea to employees

Women Empowerment

Empowered women are the nucleus of an empowered society. L&T helps them gain vocational skills like basic



True Progress is Progress for All

No man is an island and neither are organisations. We understand that if our progress is to be sustainable over a period of time, it has to be collective. To ensure this collective development, Project Sarvodaya was initiated in the year 2012-13 at Filterpada, a community of 12,500 people in the vicinity of Powai Campus.

As the first step, an implementation team consisting of five local community health workers established rapport with the community.

After a need assessment survey, it was decided to focus on the health and livelihood needs of Filterpada, with a special focus on the needs of the women. Towards this, the Sarvodaya Community Centre was established by Larsen & Toubro Public Charitable Trust (LTPCT) in partnership with Community Aid & Sponsorship Programme (CASP), an NGO.

Project Sarvodaya is an easily replicable model for bringing about social harmony and enhancing well-being of families.

Impact

In the reporting year, over 450 women benefited through the training courses.

VOCATIONAL TRAINING

It was found that the women in this community rarely got an opportunity to financially support their families. Vocational training courses like beautician and tailoring were offered to the interested trainees.

HEALTH INITIATIVES

Health awareness programmes on water-borne and contagious diseases were interwoven with initiatives like clean house & clean society competition as well as healthy baby competition.

A weekly gynaecology clinic is run and cases, if observed, are referred to L&T's Andheri Health Centre (AHC) for further treatment.

Health check-up is also conducted on a regular basis by L&T's Mobile Health Van.

A special campaign on awareness regarding curative and preventive health measures was organised for a community comprising predominantly tribal population.

Mother and Child Health

Only a healthy society can be a productive society. Despite being the focal point of the family, women get the least attention and resources when it comes to their health. They are most vulnerable during pregnancy and child birth. Negligence, ignorance and lack of access to healthcare during this critical period have far reaching impact on the present and future generations.



Our health interventions have benefited 427,626 people

Some of our initiatives focus on:

- Reducing child mortality rate through immunisation drive, enhancing accessibility to paediatric care, encouraging breast feeding and conducting regular health check-up camps in pre-schools and schools.
- Improving maternal health, health awareness drives, promoting family planning measures and anaemia control.
 - Awareness through a documentary film about lactation, pre- & post-natal and early childhood healthcare for community women at Vadodara
 - A gynaecological camp at Dyavarahalli village in Karnataka
- Combating HIV/AIDS, malaria and other diseases through integration with national health programmes. Awareness, medical support, counselling, testing & ART (Anti-Retroviral Therapy) for HIV/AIDS
 - Over 10,000 persons were screened at a health check-up camp and around 1000 persons attended the HIV awareness camp at Visakhapatnam

Note: Examples given are illustrative and not exhaustive

L&T Health Centres

Mental and physical well-being is the cornerstone of a healthy community. Since its inception in 1963, L&T health centres have been instrumental in enhancing community health.

Seven full-fledged centres are operational across India and together they provide healthcare services to over 200,000 people

- **Kansbahal, Odisha** - inaugurated in 1963
- **Mumbai, Maharashtra** - inaugurated in 1968
- **Surat, Gujarat** - inaugurated in 2006
- **Ahmednagar, Maharashtra** - inaugurated in 2008
- **Thane, Maharashtra** - inaugurated in 2009
- **Chennai, Tamil Nadu** - inaugurated in 2011
- **Coimbatore, Tamil Nadu** - inaugurated in 2012



The centres offer consultation and facilities for obstetrics, gynaecology, ophthalmology, orthopaedic, ENT, general medicine and surgery.

The Coimbatore health centre, inaugurated in January 2012, offers out-patient care through a General Medical Practitioner & four honorary specialists in gynaecology, paediatrics and ophthalmology. Dermatology and physiotherapy services were added in FY 2012-13. During the reporting year, the centre treated 22,161 patients.

Six dialysis machines and a diagnostic laboratory were added to the existing infrastructure of the well-equipped Prayas Medical Centre in Chennai.

L&Teering

L&T-ites are committed to nation building. Many of them go beyond the call of duty and volunteer their skills and time to make a difference to the community. We provide a platform for their passion. Over the years, we have seen L&Teering take roots across locations and have witnessed an exponential surge in participation.

Given below is a snapshot of L&Teering initiatives:

M U M B A I

- Engaging with Balwadi (pre-school) children
- Career guidance workshops for students
- Computer skills training
- Joy of Giving Week
- Project Sankalp - Waste paper recycling
- Coaching students from class 9 and 10 for Mathematics and Science

H A Z I R A

- Blood donation and health camps
- Tree plantation drive
- Festive celebrations with underprivileged children
- Providing school kits

V A D O D A R A

- Health and hygiene camps in slums
- Toy collection drive
- Educational kits for underprivileged kids
- Child-friendly infrastructure for Anganwadis (pre-schools)

A H M E D N A G A R

- Coaching students in Mathematics, English and Science
- Computer training programmes
- Science fair in communities



C H E N N A I

- Environmental awareness programmes in schools
- Summer camps
- Special evening classes for students of class 10

G U W A H A T I

- Health and nutritional counselling for community women
- Personality development workshop for college students
- Talent competition for school students

M Y S O R E

- Nutrition awareness programme for villagers
- Providing teaching aids to students
- Women empowerment programmes

D E L H I

- Talent competitions for school students

K A N C H E E P U R A M

- Eye screening camps
- Computer training classes for students

B E N G A L U R U

- Health and dental camp at school
- Painting competition in school

V I S A K H A P A T N A M

- HIV/AIDS awareness camp
- Teaching Science and Mathematics to school children

While blood donation has been a regular activity under L&Teering, this year to mark the 75th anniversary of L&T's incorporation, a concentrated mobilisation effort was undertaken with a goal of collecting 15,000 units of blood. L&T-ites across the country participated whole-heartedly and exceeded the target, collecting 15,583 units

Note: Examples given are illustrative and not exhaustive

Corporate Social Initiatives (CSI)

L&T has a dedicated and centralised CSI Department based in Mumbai. The Department holds apex level responsibility for the facilitation of the initiatives across locations and project sites. At the Corporate level, CSI strategy is led by a member of the Executive Management Committee. The translation of the Corporate Vision to unit level action is facilitated by the CSI Department at the apex level, supported by over 40+ designated individuals across locations, along with the respective Unit Heads. Employee volunteers chip in by contributing their time to local initiatives.

The roles and responsibilities of the CSI Department include:



Annual CSI conference held at Powai Campus

Implementation Structure

The social interventions are executed through two key drivers of positive change.

Corporate Social Initiatives (CSI)

L&T CSI Department partners with local communities, NGOs and the government agencies, to foster and strategise impact-oriented interventions in the community. The CSI Department also facilitates activities of the L&T Ladies Clubs under the aegis of Prayas Trust.



Employee volunteering - a passionate organisation-wide movement

L&T Public Charitable Trust

The focus areas of the Trust include healthcare, education, vocational training and water management.

Projects and initiatives are implemented in collaboration with NGO partners.



Mr. K. Venkataramanan handing over the key of the Science Van - as part of the Science education programme for the community



The Millennium Development Goals (MDGs) incorporate global time-bound targets. These goals address poverty in its multiple dimensions encompassing income, hunger, disease, gender inequality, education and environmental sustainability. They also incorporate basic human rights like access to health, education and security. L&T undertakes a host of initiatives in alignment with the MDGs.




1

ERADICATE
EXTREME POVERTY
AND HUNGER

- Nutritional support in pre-schools
- Vocational and life skills training
- Income generation for underprivileged youth, the differently abled and migrants


2

ACHIEVE UNIVERSAL
PRIMARY EDUCATION

- Improve quality of education
- Promoting girl child education
- Creating sanitation & drinking water facilities
- Nurturing talent
- Providing early childhood education
- Promoting education in communities
- School infrastructure development & learning aids, enhancing curriculum and impacting classroom learning


3

PROMOTE GENDER
EQUALITY AND
EMPOWER WOMEN

- Skill development & vocational training programmes
- Empowering women in communities
- Livelihood opportunities for women


4

REDUCE
CHILD MORTALITY

- Immunisation
- Providing access to maternal, paediatric & general healthcare
- Regular health check-up in schools & pre-schools


5

IMPROVE
MATERNAL HEALTH

- Pre- and post-natal care
- Health education
- Access to family planning methods
- Anaemia control

Aligned with
MDGs


6

COMBAT HIV/AIDS,
MALARIA AND OTHER
DISEASES

- Integration with national health programmes
- Awareness drives and medical care for malaria and other diseases
- Counselling, testing & Anti-Retroviral Therapy (ART) for HIV/AIDS


7

ENSURE
ENVIRONMENTAL
SUSTAINABILITY

- Developing and enlarging L&T's green products & services portfolio
- Watershed development in rural areas
- Large scale tree plantation drive


8

GLOBAL
PARTNERSHIP FOR
DEVELOPMENT

- Collaboration & partnership with state governments, NGOs and ITIs
- Skill building programmes in the Middle East
- Sharing best practices with stakeholders

New Needs **FUTURE**

History tells us that every age derives its own answers. In the industrial age, supply created its own demand. Today, and increasingly in the future, the demands of stakeholders will determine supply specifications. We see this as an opportunity to return to the drawing board and come up with more sustainable answers.

PRODUCT
STEWARDSHIP

now

- Inspiring Innovation
- Strategic Diversification



Industries worldwide are progressively becoming sensitive to the long-term sustainability of projects, products and services. L&T is well positioned to meet these expectations, through continued focus on productivity, delivery and innovation.

The carbon footprint is now an integral measure of quality and is reflected in our raw material selection and intense focus on energy-efficient processes. We maintain a competitive advantage by constantly offering product solutions that efficiently address emerging environmental needs and challenges.

Innovation and New Product Development

Our continued investment in R&D provides us a head-start in meeting changing consumer needs. We have a robust culture that blends collaborative engineering with creative thinking to drive improvements in design, manufacturing and execution.

Various collaborative platforms and knowledge-sharing at national and international forums help us implement best practices.

Our keen focus on R&D has enabled our Electrical Standard Products (ESP) business to have a healthy New Product Intensity index, greater than 30%. The index measures the sales of products introduced in the market in last five years to the total sales in the financial year.

We practise greener ways of construction and manufacturing covering 3 R's (Reduce, Recycle & Reuse) principle in material management, material optimisation, use of environmentally-friendly raw materials, waste minimisation and adoption of energy-efficient processes.



Innovative technique of optimising silver consumption in the production of one of Electrical & Automation's products



The product prototype gallery at Heavy Engineering, Hazira Campus



World's largest Vacuum Distillation Column weighing 975 metric tons - fabricated by L&T for Paradip refinery, Odisha



Sunlight at Night

The Company that is India's largest EPC solution provider of large scale solar power plants, also leads the way in putting solar energy to work in much smaller sizes through solar lanterns. D.VA, the solar lantern by L&T's E&A business, is virtually unbreakable, energy-efficient and easy-to-handle.

D.VA offers several advantages over conventional solar lamps:

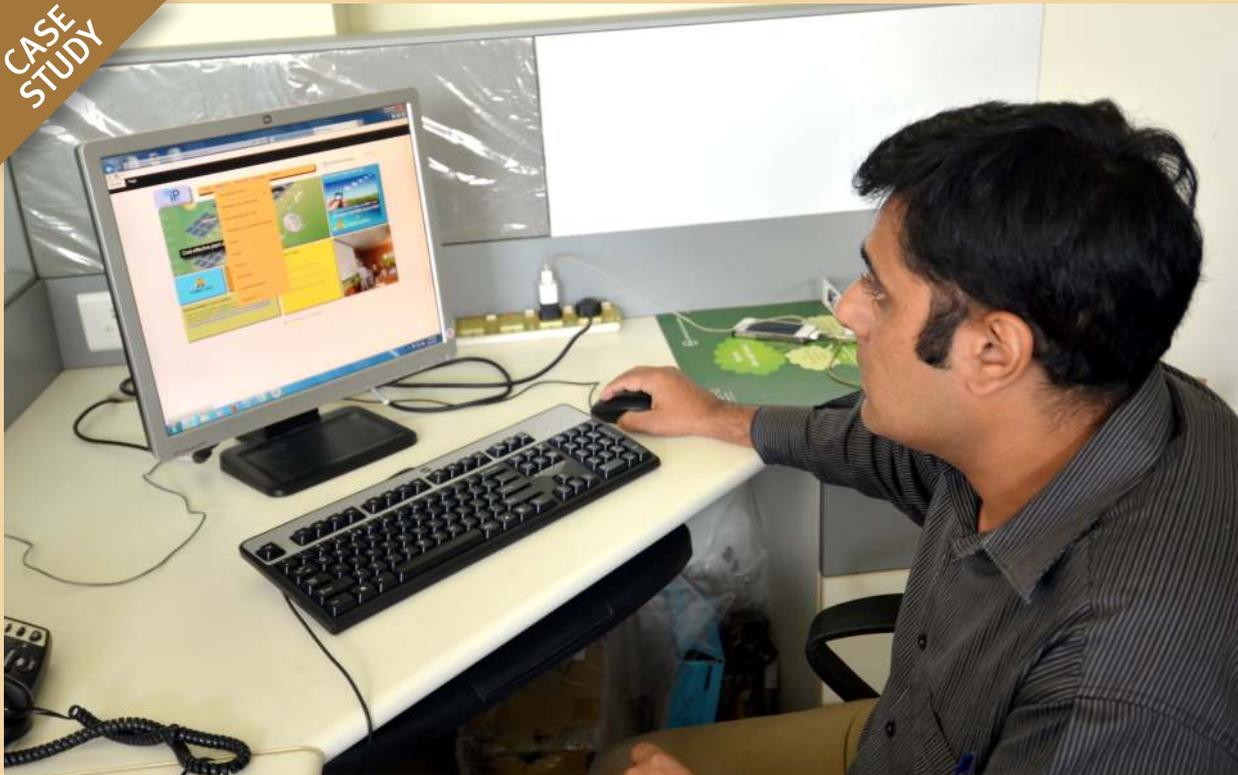
| | | | |
|---|---|--|---|
| <p>1</p> <p>Three brightness modes - full, economy and night. Equipped with an in-built dimming feature, it provides a range of light outputs to suit various ambient conditions at different times of the day</p> | <p>2</p> <p>The life span of the solar panels range between 20 and 25 years. Its bright LEDs have a rated life of up to 50,000 hours</p> | <p>3</p> <p>D.VA can be charged through solar panels of 5W rating, or regular mains (AC supply) charging adaptor in low or no sunlight conditions</p> | <p>4</p> <p>When fully charged, D.VA works for up to 10 hours at maximum brightness and 40 hours in 'night' mode</p> |
|---|---|--|---|



Outcome

D.VA virtually extends sunlight into the night. It allows children to study longer, extends shop hours, and provides ease of doing household chores after sundown. Other benefits include a lower electricity bill and reduced use of kerosene.

D.VA won the India Design Council's India Design Mark Award (IMark) for good design. Over 3,000 D.VA solar lanterns are in service.



The Power of 'I' - Innovation

In an intensely competitive world, what is it that winners do differently? They re-think paradigms, re-visit certainties and put in that extra effort. In a nutshell - they innovate, constantly. At L&T, we foster a work culture where the impulse to innovate is sustained.

For the last six years, our E&A business has registered over 100 patents every year.



The 'Innovation Charter'

The 'Innovation Charter' reaffirms E&A's commitment to a culture of innovation through a strategy for alignment of people, process and technology to inculcate innovation in every facet of business. It ensures that we capitalise on business opportunities, gain competitive advantage, create value and achieve sustainable growth.

The focus is on three areas:

- 1 Maintaining profits through continuous improvement
- 2 Enhancing profits through incremental growth
- 3 New profits through breakthrough growth



INNOVATION CHARTER

L&T E&A is committed to facilitate the culture of innovation by unleashing the creative potential of its stakeholders to add value. We shall achieve this by:

- **INSTITUTIONALISING** an innovation process driven by the stakeholders and the business needs.
- **INCULCATING A CULTURE SHIFT** that enables people to challenge the status quo, supports risk taking and encourages entrepreneurship.
- **EMPOWERING** individuals and teams to find, experiment, and implement new small/incremental / breakthrough ideas.
- **NURTURING CREATIVE THINKING** of our people, customers, suppliers and partners through various platforms to build new organisational knowledge and capabilities.
- **PROVIDING RESOURCES** as well as recognition needed to support innovation.
- **REVIEWING AND MEASURING** the impact of innovation in the areas of products, services, processes, systems, technology, external partnerships and business models.

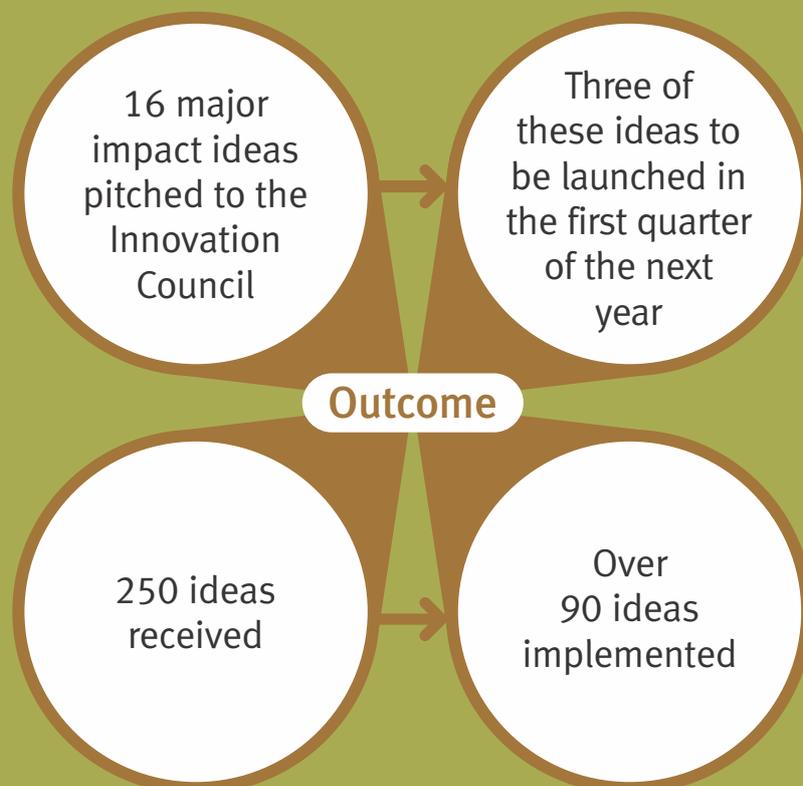
Innovation will be a fundamental process across E&A and will help to capitalise on business opportunities, gain competitive advantage, create value, and achieve sustainable growth.

iP3 - The Innovation Process

You don't need to be an R&D engineer to innovate. Everyone can innovate, indeed everyone must. All employees are best placed to understand their area of work. Given the right atmosphere - they can be brimming with ideas that can benefit the business. Our E&A business devised a structured programme called iP3 - Innovation to achieve higher 'productivity, performance and profitability'.

It institutionalises innovation across all Business Units and operations, and provides an easily accessible platform for employees to contribute an idea.

An Innovation Council has been constituted comprising business unit heads, department heads as well as external reputed experts from IITs, 3M etc., to gain an external perspective. They provide guidance to the teams who present their ideas.





Lost in Transmission? L&T offers a solution.

In India, bulk power is transmitted from generating stations to the end users through a heavy transmission line infrastructure that is made up of steel. By designing and testing optimised steel structures, we not only save on steel, we also reduce the carbon emissions associated with its production. Our transmission tower test bed helps in testing and validation of compact tower designs that have lesser footprint but transmit bulk power. This helps reduce the land required to build the otherwise large infrastructure that pass through forests and agricultural farms. Key challenges like right of way, deforestation etc also get eliminated through compact towers.

L&T's Transmission Line Testing & Research Station (TLTRS) at Kancheepuram, Tamil Nadu is one of the largest tower testing stations in India. It is also India's first private testing station to be accredited by National Accreditation Board for Testing & Calibration Laboratories (NABL).

It conforms to international design specifications and can test the adequacy of all components of the transmission line structures, and their connections to withstand the design loads. It is equipped with facilities to carry out tests on square or rectangular base lattice tower, monopole, tubular structure and guyed tower for capacities up to 1,200 kV.

The TLTRS has spread its wings overseas. It is enhancing performance levels of towers in Spain, Egypt, Oman and Abu Dhabi.



H I G H L I G H T S

The percentage contribution of our green portfolio to overall sales increased from 12.57% last year to 13.6% in the reporting year.

The Mumbai High North Complex, worth USD 1.2 billion was successfully commissioned in October 2012 with many firsts for Indian offshore - such as the heaviest load-out, heaviest offshore lift, largest offshore living quarters module, largest process platform and the largest jacket.

Development of Ultra-High Performance Concrete above M100.

During the year, the E&A business filed 159 patent applications, 29 trademark applications, 36 design registrations and 2 copyrights as well as 10 international patent applications including 6 Patent Cooperation Treaties (PCTs) and 4 Gulf Cooperation Council (GCC) patent applications. This was the 6th consecutive year when over a 100 patent applications were filed.

Two units of MIP won Silver at Frost & Sullivan Green Manufacturing Excellence Awards. These awards evaluate the progress made by an organisation towards identifying and implementing sustainable manufacturing practices in its operations and supply chain.

CONSTRUCTION

- Commissioned 20 MW and 17 MW solar power plants in Rajasthan in FY 12-13.
- The Water & Renewable Energy Business is executing a 125 MW Solar Thermal Power Project, the largest of its kind in Asia. The project will be based on Compact Linear Fresnel technology
- Over 300 MW of solar projects executed / under-execution till date, makes us the first and only Indian

- company to enter the list of leading international Solar EPC players as per a report published by IMS Research
- The EPC contract of Jahloot Grid Station earned L&T (Oman) LLC, the 'Infrastructure Project of the Year' award at the Construction Week Awards, Oman
- A consortium led by L&T along with Scomi Engineering Bhd, Malaysia is executing India's first straddle type monorail system in Mumbai. The trial runs for monorail were conducted in FY 2013



TCS, Seruseri Campus constructed by L&T

HYDROCARBON

- Hydrocarbon achieved record commissioning of seven projects: MRPL (DHDT), MRPL (HGU), NFL - Panipat, NFL - Bhatinda, ONGC - Hazira, CPCL (HGU), Chennai, GNFC - Bharuch. NFL Panipat and Bhatinda were commissioned ahead of time



POWER

- Our state-of-the-art 'Project Monitoring System' which allows real-time single-touch monitoring of all project sites, won the NASSCOM Innovation 3.0 Award for best IT driven innovation in the manufacturing vertical



HEAVY ENGINEERING

- Initiated the carbon footprint and life cycle assessment study for HE products
- Won a prestigious order for manufacture and installation of ITER's Cryostat for the world's largest experimental thermonuclear fusion reactor, coming up in Cadarache, South of France
- The Precision Machining Centre (PMC) of Engineered Tooling Solutions was awarded the 'Gold Certificate of Merit - 2012' in India Manufacturing Excellence Awards (IMEA) instituted by Economic Times in association with Frost & Sullivan



ELECTRICAL & AUTOMATION

- Launched MCOMP, India's first indigenously designed and manufactured comprehensive motor protection relay that combines metering, protections, control and communication for the motor in a single device - GSM based starters. Two new products were enabled with Wi-Fi to enhance the process of Energy Metering. The new mi-Energy is a convenient DIN rail mounted energy meter which enables easier monitoring of energy through smart metering
- Launched a new series of modular devices - the EXORA range, designed to meet the demand created by the growing commercial and residential building segment
- E&A became the first organisation in India to implement the SAP 7.01 Product Life Cycle Management System. The system provides an integrated solution from design to engineering to enable faster introduction of new products and maintain conceptual level design data in SAP
- Introduced MO-C contactors to specifically meet the requirements of switching capacitor banks, which are widely used to improve power factor. Specifications of these contactors surpass the required standards - especially in the areas of reliability, life and safety

M I P

- RPM successfully implemented Operational Excellence (OPEX) initiatives in the area of supply chain management resulting in appreciable reductions in material cost as well as inventory levels apart from creating capacities for critical processes
- Foundry Business Unit (FBU) established itself as the most preferred source to its key customers and was awarded Tamil Nadu Government's 'Green Award' for environment-friendly processes



L & T I N F O T E C H

- L&T Infotech's 'Sapphire', a social analytics solution, won the CSI Award for Excellence in IT from The Computer Society of India



Intellectual Property Rights

Patents, trademarks and copyrights protect our intellectual property and create lasting value for our organisation and stakeholders.

E&A's continued focus on IP creation and its rigorous management processes led to the highest awards in patents filing and design registration, instituted by the Indian Patents Office, viz. 'The Top Indian Private Company (Large Scale) in Patents 2012' and 'The Top Indian Organisation in Designs 2012'.

| Nature | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|----------------------|------------|------------|------------|------------|------------|------------|
| No. of patents filed | 101 | 108 | 128 | 151 | 162 | 159 |

Customer Delight

For a company, satisfied customers hold the key to long-term prosperity.

We endeavour to constantly create customer delight by delivering world-class products and services, within schedule and competitive pricing with top notch quality. Our excellent track record in projects continues to enjoy customer preference in the country.

Our well-established customer feedback mechanism enables us to be in regular contact with our clients.

We obtain and gauge customer satisfaction via personal interactions, customer meets and satisfaction surveys. Based on the complaint / feedback, we conduct analysis and implement the necessary corrective measures.



L&T enjoys a 'partner-relationship' with its major customers

L&T instituted 'Srishti', a virtual reality 3D studio. This state-of-the-art facility offers the customer a unique three-level experience of stereoscopic visualisation, immersion and interaction wherein the project gets created as virtual environment.

Features like virtual prototyping, walk-through and analysis by controlling virtual model including design reviews give the customer a feel of the actual project before execution.



L&T Power's Quality Management Capability Centre bagged the 'Golden Peacock National Quality Award' for excellence in implementing quality initiatives and improving business practices



Mr. S. Raghavan receives the Golden Peacock National Quality Award on behalf of the Company

Customer Health and Safety



Health and safety of our customers is a non-negotiable aspect of all our products and services. From development and manufacturing to usage and disposal, the health and safety impact of our products are important criteria.

To consistently attain a high quotient on Indian and international standards, we integrate safety of the product at the design stage itself. We deploy the best manufacturing practices to ensure highest possible health and safety standards and undertake a comprehensive review of health and safety impact of products, projects and services. All our products and projects come with adequate labelling and signage systems, operation & maintenance manuals, and training to customer personnel is provided as well.

We also have developed in-house expertise in Fitness For Service (FFS) Level 1 & 2 assessment for in-service equipment and structures.

There were no incidents of non-compliance regarding regulatory and voluntary codes concerning the health and safety aspects of any of our products in the reporting period.

Marketing Communication

The impact of marketing is not limited to the sale of products and services, but also influences customer perceptions of the entire organisation. Thus, clarity in communication is our constant endeavour. We abide by all norms, standards and voluntary codes with respect to marketing communications, including advertising, promotion, and sponsorship. No false claims and/or unfair means are used while promoting a product or a service. During the reporting period, there were no complaints with regards to incorrect or misleading marketing communications.

Product Labelling

The product labelling process is implemented in accordance with relevant codes and requisite specifications. The BIS label is marked on all our electrical & automation products and industrial machinery. Most of these products are internationally certified and are verified and tested at third party laboratories. We provide the product specific documents to customers. During the reporting year, there were no incidences of non-compliance pertaining to product labelling and information regulations.

Compliance

At L&T, all statutory regulations and voluntary codes concerning our products and services are adhered to with absolute diligence. Across all our units we implement a structured system to monitor, track, report and ensure compliance to the regulatory norms. We also have adequate software and systems to monitor compliance. During the reporting period, there were no incidents of non-compliance and no monetary fines were imposed.

Awards & Recognition

AWARDS FOR TOP MANAGEMENT

Mr. A.M. Naik, Group Executive Chairman, continued to get awards and accolades in recognition for his leadership and values

- Inducted to the Hall of Fame in Manufacturing Today's 2012 Power List of India's Top 50 industry leaders
- Ranked as Asia's Top CEO in Infrastructure Sector for 2012 by 'Institutional Investor', a prestigious Hong Kong based magazine
- Ranked among India's Top Ten 'Most Powerful CEOs' in Economic Times' corporate India's definitive power listing
- Ranked 4th Best Performing CEO in the world in the industrial sector and stood 32nd overall in Harvard Business Review's January-February 2013 edition
- Awarded doctorate from Gujarat Technological University. This is the second doctorate for Mr. Naik following the Honoris Causa from Sardar Patel University in 2011
- Honoured with Indian Chemical Council's D.M. Trivedi Lifetime Achievement Award for his contribution to chemical industry
- Honoured with CNBC-TV18's 'Infrastructure Leader of the Year' Award

Awards for Mr. R. Shankar Raman, Chief Financial Officer

- 'CFO of the Year' Award by the leading business channel CNBC-TV18. He was also awarded the 'Best Performing CFO in the Infrastructure & Power Sector'



AWARDS FOR THE COMPANY

- 'Caring Company Award' for L&T**
The World CSR Congress presented L&T with the 'Caring Company Award' for its sustained initiatives in reaching out to the underprivileged.
- L&T's Solar Lantern bags National 'Good Design' Award**
D.VA, the solar lantern conceived by L&T won the India Design Mark Award (IMark) by the India Design Council.
- CII-ITC Corporate Governance and Sustainability Award for Heavy Engineering**
L&T Heavy Engineering was conferred with the prestigious CII-ITC Sustainability Award for its sustainability policies and processes at its Hazira Manufacturing Complex.
- British Safety Council Award for L&T Power**
L&T Power's Rajpura project, Dhuvaran project and L&T MHI Turbine Generators factory got the British Safety Council's Sword of Honour which is one of the most coveted awards in health and safety field worldwide.
- L&T 4th Greenest Industrial Companies globally**
Newsweek, a global magazine ranked L&T 4th on the list of 500 Greenest Industrial Companies across the globe for its green initiatives and eco-consciousness.
- L&T wins Sustainability Vision Award 2013**
The Indian Chamber of Commerce (ICC) awarded L&T with the Corporate Governance and Sustainability Vision Award 2013 in the 'Water Stewardship' category.
- L&T scored a 'Perfect 10' at the ABCI Annual Awards**
At the 53rd Annual ABCI Awards, L&T emerged with a triumphant tally of 10 awards. It was also voted 'The Champion of Champions'. Over 129 organisations representing private sector companies, PSUs and communication agencies had submitted a total of 1,126 entries.
- L&T among Top 10 global innovative companies**
The leading Forbes magazine ranked L&T as the 9th most innovative company in a global study - ahead of companies like Google. L&T is the only Indian company to feature in the top ten list.
- Two intellectual property awards for L&T**
L&T Electrical & Automation (E&A) bagged two intellectual property awards at the 4th National IP Awards 2012 organised by the Controller General of Patents, Designs and Trademarks in collaboration with the Confederation of Indian Industry (CII).
- L&T in Top 5 'Best Companies to Work For'**
The annual Business Today-PeopleStrong Survey ranked L&T among the Top 5 Companies to Work For, and the first in the Engineering & Automotive sector. It was also ranked among India's Top 10 Most Attractive Employers in a survey conducted by Randstad, the leading career advisory services firm.
- L&T ranks high in international emission disclosure rankings**
L&T has been ranked first in the industrial category in India and second in the same category among BRICS (Brazil, Russia, India, China and South Africa) countries in a study conducted by Environment Investment Organization (EIO), a UK-based organisation.
- L&T ranks among Top 10 in Carbon Disclosure Leadership Index**
Carbon Disclosure Project (CDP) ranked L&T among the Top 10 companies in its annual assessment of Greenhouse Gas (GHG) emissions and climate change strategies of Indian companies.
- L&T Heavy Engineering bags Safety Innovation Award**
The Delhi State Centre of the Institution of Engineers (India) conferred the prestigious Safety Innovation Award - 2012 on L&T Heavy Engineering in recognition for its high Occupational Health, Safety & Environment standards.
- L&T bags NDTV Profit Business Leadership Award**
Yet again, L&T won the prestigious NDTV Profit Business Leadership Award in the Infrastructure category. The awards recognise business leaders whose relentless pursuit of excellence has fuelled India's journey to the forefront of the world economy.

Mapping of Annual Business Responsibility Report (ABRR)

| Question | Reference - AR; BRR (Section) |
|---|---|
| Section A : General Information about the Company | |
| 1. Corporate Identity Number (CIN) of the Company | AR (BRR Section) |
| 2. Name of the Company | |
| 3. Registered Address | |
| 4. Website | |
| 5. Email id | |
| 6. Financial Year Reported | |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise) | |
| 8. List three key products/services that the Company manufactures/provides (as in balance sheet) | AR (BRR Section) |
| 9. Total number of locations where business activity is undertaken by the Company | AR (L&T Nationwide Network & Global Presence) |
| i. Number of International Locations (Provide details of major 5) | |
| ii. Number of National Locations | |
| 10. Markets served by the Company – Local/State/National/International | AR (L&T Nationwide Network & Global Presence) |
| Section B: Financial Details of the Company | |
| 1. Paid up Capital (INR) | AR (BRR Section) |
| 2. Total Turnover (INR) | AR (Standalone Financials - 10 Year Highlights Section) |
| 3. Total profit after taxes (INR) | |
| 4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | AR (BRR Section) |
| 5. List of activities in which expenditure in 4 above has been incurred: | AR (BRR Section) |
| Section C: Other Details | |
| 1. Does the Company have any Subsidiary Company/Companies? | AR (Management Discussion & Analysis Section) |
| 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | AR (BRR Section) |
| 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | AR (BRR Section) |
| Section D: BR Information | |
| 1. Details of Director/Directors responsible for BR | AR (BRR Section) |
| a) Details of the Director/Director the BR policy/policies • DIN Number • Name • Designation | |
| b) Details of the BR head • DIN Number (if applicable) • Name • Designation • Telephone number • e-mail ID | |
| 3. Governance Related to BR Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | AR (BRR Section) |
| Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | AR (BRR Section) |

AR - Annual Report | BRR - Business Responsibility Report

| Question | Reference - AR; BRR (Section) |
|---|---|
| Section E: Principle-wise Performance | |
| Principle 1: Ethics, Transparency and Accountability | |
| Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others? | AR (BRR Section) |
| How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? | AR (Directors Report, Annexure C, Section F: Board Committees) |
| Principle 2: Sustainable Products and Services | |
| List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. | AR (BRR Section) |
| For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): | AR (BRR Section) |
| Does the company have procedures in place for sustainable sourcing (including transportation)? | AR (BRR Section) |
| Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? | AR (BRR Section) |
| If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | AR (BRR Section) |
| Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. | AR (BRR Section) |
| Principle 3: Employee Well Being | |
| Total number of employees. Total number of employees hired on temporary/contractual/casual basis. Number of permanent women employees. Number of permanent employees with disabilities Do you have an employee association that is recognised by management? What percentage of your permanent employees is members of this recognized employee association? | AR (Standalone Financials - 10 Year Highlights) AR (BRR Section) |
| Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | AR (BRR Section) |
| What percentage of your under mentioned employees were given safety and skill up gradation training in the last year? | AR (BRR Section) |
| Principle 4: Valuing Marginalised Stakeholders | |
| Has the company mapped its internal and external stakeholders? | AR (BRR Section) |
| Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. | AR (BRR Section) |
| Principle 5: Human Rights | |
| Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? | AR (BRR Section) |
| How many stakeholder complaints have been received in the past financial year and what percent were satisfactorily resolved by the management? | AR (BRR Section) |
| Principle 6: Environment | |
| Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others. | AR (BRR Section) |

| Question | Reference - AR; BRR (Section) |
|---|---|
| Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? | AR (BRR Section) |
| Does the company identify and assess potential environmental risks? | AR (BRR Section) |
| Does the company have any project related to Clean Development Mechanism? | AR (BRR Section) |
| Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. | AR (BRR Section) |
| Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? | AR (BRR Section) |
| Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. | |
| Principle 7: Policy Advocacy | |
| Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: | AR (BRR Section) |
| Have you advocated/lobbied through above associations for the advancement or improvement of public good? | |
| Principle 8: Inclusive Growth | |
| Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? | AR (BRR Section) |
| Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation? | AR (BRR Section) |
| Have you done any impact assessment of your initiative? | AR (BRR Section) |
| What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken. | AR (BRR Section) |
| Have you taken steps to ensure that this community development initiative is successfully adopted by the community? | AR (BRR Section) |
| Principle 9: Value to Customers in responsible manner | |
| What percentage of customer complaints/consumer cases are pending as on the end of financial year. | AR (BRR Section) |
| Does the company display product information on the product label, over and above what is mandated as per local laws? | AR (BRR Section) |
| Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as of end of financial year ? | AR (Directors Report, Annexure C, Section F: Board Committees & BRR Section) |
| Did your company carry out any consumer survey/consumer satisfaction trends? | |

For the detailed Annual Business Responsibility Report, please refer page 22 of L&T Annual Report 2012-13

AR - Annual Report | BRR - Business Responsibility Report



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INDEPENDENT ASSURANCE STATEMENT

The Board of Directors and Management

Larsen & Toubro Limited
Mumbai, India

Ernst & Young LLP (EY) has been commissioned by Larsen & Toubro Limited (“the Company”) to provide independent assurance to Larsen & Toubro Limited’s Sustainability Report (“the Report”) for the financial year 2012 - 13.

The Company’s Management is responsible for the content of the Report, identification of the key issues, engagement with stakeholders and its presentation. EY’s responsibility, in accordance with the Company’s Management’s instructions, is to provide independent assurance on the Report content as described in the scope of assurance. The assurance statement should not be taken as a basis for interpreting the Company’s overall performance, except for the aspects mentioned in the scope below.

Our responsibility in performing our assurance activities is to the Management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization.

Scope of Assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company’s sustainability performance for the period 1st April 2012 to 31st March 2013
- The Company’s internal protocols, processes, and controls related to the collection and collation of sustainability performance data

Limitations of our review

The assurance scope excludes:

- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1st April 2012 to 31st March 2013;
- The Company’s statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Review of the economic performance indicators included in the Report which, we are informed by the Management of the Company, are derived from the Company’s audited financial report

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants’ International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) and the second edition of AccountAbility’s AA1000 Assurance Standard 2008 (AA1000AS). Our evidence-gathering procedures were designed to obtain a ‘Limited’ level of assurance (as set out in ISAE 3000) on reporting principles and a ‘Type 2 Moderate’ level of assurance (as per AA1000AS), as well as conformance of sustainability performance as per GRI G3 (2006) Guidelines.

What we did to form our conclusions

In order to form our conclusions we undertook the following key steps:

- 1 Interviewed select key senior personnel of the Company to understand the current processes in place for capturing sustainability performance data, the Company’s sustainability goals and the progress made during the reporting period;
- 2 Reviewed the Company’s approach to stakeholder engagement and processes for determining material issues through interviews and review of associated documents;

- 3 Reviewed information on GRI G3 (2006) core indicators covering the Company's Corporate Office at Mumbai and at the following sites of operations, against evidences, on a sample basis: Mumbai (Powai), Chennai, Bengaluru, Hazira, Vadodara, Mysore and Training centre at Lonavala, as well as one of its subsidiaries, L&T Infotech's Corporate office at Mumbai (Powai);
- 4 Reviewed relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period

Observations and opportunities for improvement

- The Company continues to demonstrate its commitment to disclosure on sustainability performance, policies and management approach to its stakeholders using a report based on internationally accepted Global Reporting Initiative (GRI) G3 (2006) Guidelines at the reporting Application Level 'A';
- The Company has identified responsibility of people, both at the Corporate and business level, for sustainability management and reporting;
- The Corporate Social Initiatives (CSI) team has several programs in place and engagements with communities around the company's sites were evidenced;
- Few data deviations (e.g. EN3, EN4, EN8, LA1 and LA10) were observed during our review, which were subsequently corrected in the final Report. Going forward, the Company may further strengthen its data management systems and internal controls, especially with respect to the indicators mentioned above, to ensure greater accuracy and uniformity in data being reported across locations

Our Conclusions

On the basis of our review scope and methodology, our conclusions are as follows:

- **Inclusiveness:**

We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with key stakeholder groups. The Company transparently discloses its stakeholder engagement approach and activities in the Sustainability Report.

- **Materiality:**

The Company has mapped its material issues which are disclosed in the Sustainability Report. Nothing has come to our attention that causes us to believe that a key material issue has been excluded from sustainability reporting by the Company.

- **Responsiveness:**

We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle in dealing with stakeholders on material aspects covering its sustainability performance.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young LLP

Sudipta Das
Partner

26th November 2013
Kolkata



AA1000
Licensed Assurance Provider
000-43

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.



Statement GRI Application Level Check

GRI hereby states that **Larsen & Toubro** has presented its report "Corporate Sustainability Report 2013 - Future Now" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 18 October 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **Larsen & Toubro** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 14 October 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

GRI Index

| STANDARD DISCLOSURES PART I: Profile Disclosures | | | | | | |
|--|---|----------|--|---|---------------------------|---|
| Profile Disclosure | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation |
| 1. Strategy and Analysis | | | | | | |
| 1.1 | Statement from the most senior decision-maker of the organisation. | Fully | 1 | | | |
| 1.2 | Description of key impacts, risks, and opportunities. | Fully | 27-29 | | | |
| 2. Organisational Profile | | | | | | |
| 2.1 | Name of the organisation. | Fully | Cover page | | | |
| 2.2 | Primary brands, products, and/or services. | Fully | 9 | | | |
| 2.3 | Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures. | Fully | 7 | | | |
| 2.4 | Location of organisation's headquarters. | Fully | 11 | | | |
| 2.5 | Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Fully | 12 | | | |
| 2.6 | Nature of ownership and legal form. | Fully | 1, 15 | | | |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | Fully | 11, 12 | | | |
| 2.8 | Scale of the reporting organisation. | Fully | 7-12, 44, 47-48 51-52, 59-60, 63-64 Larsen & Toubro - Annual Financial Report 2012-13, Page 38 | | | |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | Fully | 31 | | | Increased the reporting boundary |
| 2.10 | Awards received in the reporting period. | Fully | 115-116 | | | |
| 3. Report Parameters | | | | | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | Fully | 31 | | | 1 st April 2012 and 31 st March 2013 |
| 3.2 | Date of most recent previous report (if any). | Fully | 31 | | | 30 th November 2012 |
| 3.3 | Reporting cycle (annual, biennial, etc.) | Fully | 31 | | | Annual |
| 3.4 | Contact point for questions regarding the report or its contents. | Fully | 31 | | | |
| 3.5 | Process for defining report content. | Fully | 29-31 | | | |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | Fully | 31 | | | |
| 3.7 | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | Fully | 31 | | | For project sites, material, energy, safety, manpower and training is reported. At DMN, material, manpower, energy & training are reported. Material transportation is not reported |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations. | Fully | 31 | | | |
| 3.9 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Fully | 31 | | | |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. Mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | Fully | 31 | | | |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | Fully | 31 | | | Increased the reporting boundary |

| Profile Disclosure | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation |
|---|---|----------|---|---|---------------------|--|
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | Fully | 123-130 | | | |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | Fully | 31 | | | |
| 4. Governance, Commitments, and Engagement | | | | | | |
| 4.1 | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. | Fully | 15 | | | |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | Fully | 15, 16 | | | |
| 4.3 | For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | Fully | 15, 16 | | | |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Fully | 15, 37-39 | | | The shareholders can put their grievance through shareholder grievance committees as a part of governance structure. More details about the governance structure are available at www.larsentoubro.com |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance). | Fully | 16 | | | |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | Fully | 16-17 | | | |
| 4.7 | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics. | Fully | 16 | | | |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Fully | 17-23 | | | |
| 4.9 | Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | Fully | 21-22 | | | |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | Fully | 16 | | | |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organisation. | Fully | 19-20 | | | |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. | Fully | 19-20 | | | |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. | Fully | 20 | | | |
| 4.14 | List of stakeholder groups engaged by the organisation. | Fully | 37-38 | | | |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | Fully | 37-38 | | | |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Fully | 37 | | | |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. | Fully | 37-39 | | | |

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

| G3 DMA | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|---------------|--|-----------|---|--|---------------------------|--|-------------------------|
| DMA EC | Disclosure on Management Approach EC | | 21 | | | | |
| Aspects | Economic performance | Fully | 21, 59-60, 63-64 | | | | |
| | Market presence | Fully | 11, 12, 21 | | | | |
| | Indirect economic impacts | Fully | 21, 24-26 | | | | |
| DMA EN | Disclosure on Management Approach EN | | 21, 24-26 | | | | |
| Aspects | Materials | Partially | 83 | Material procured in meter, sq.m. and units are not reported | Not available | We are developing a system in place to cover the material procured in m, sq.m. and units into Tons | 2015 |
| | Energy | Partially | 73 | Electricity supplied by customers at their project sites is not reported | Not available | We are developing a system in place to monitor the energy supplied by clients | 2015 |
| | Water | Partially | 80 | Water supplied by customer at project sites is not reported | Not available | We are developing a system in place to monitor the water supplied by clients | 2015 |
| | Biodiversity | Fully | 88 | | | | |
| | Emissions, effluents and waste | Fully | 79-81, 83-85, 88 | | | | |
| | Products and services | Fully | 21, 110 | | | | |
| | Compliance | Fully | 92 | | | | |
| | Transport | Partially | 21, 79, 85 | Material transportation is not covered under Scope 3 emissions | Not available | We are developing a system in place to capture the Scope 3 emission from the transportation (by clients) | 2015 |
| | Overall | Partially | L&T Annual Report 2012-13, page 23 | | Not available | We are developing a system to capture environmental expenses from project sites (As currently the expenses are integrated into the total project cost) | 2015 |
| DMA LA | Disclosure on Management Approach LA | | 22 | | | | |
| Aspects | Employment | Fully | 43 | | | | |
| | Labour/management relations | Fully | 44, 45-46 | | | | |
| | Occupational health and safety | Fully | 48 | | | | |
| | Training and education | Fully | 45-47 | | | | |
| | Diversity and equal opportunity | Fully | 55 | | | | |
| DMA HR | Disclosure on Management Approach HR | | 22 | | | | |
| Aspects | Investment and procurement practices | Fully | 55, 64 | | | | |
| | Non-discrimination | Fully | 55 | | | | |
| | Freedom of association and collective bargaining | Fully | 47 | | | | |
| | Child labour | Fully | 23, 55 | | | | |
| | Forced and compulsory labour | Fully | 23, 55 | | | | |
| | Security practices | Fully | 19, 20 | | | | |
| | Indigenous rights | Fully | 22, 23 | | | | |
| DMA SO | Disclosure on Management Approach SO | | 22 | | | | |
| Aspects | Community | Fully | 34, 63, 95, 99 | | | | |
| | Corruption | Fully | 20 | | | | |
| | Public policy | Fully | 20 | | | | |
| | Anti-competitive behaviour | Fully | 20 | | | | |
| | Compliance | Fully | 20 | | | | |

| G3 DMA | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|--|---|-----------|---|---|---------------------------|---|-------------------------|
| DMA PR | Disclosure on Management Approach PR | | 22 | | | | |
| Aspects | Customer health and safety | Partially | 39, 114 | Life Cycle impact assessment is done for selected stages of product | Not available | Life cycle impact assessment is done for selected stages of products | 2015 |
| | Product and service labelling | Fully | 114 | | | | |
| | Marketing communications | Fully | 114 | | | | |
| | Customer privacy | Fully | 112-114 | | | | |
| | Compliance | Fully | 114 | | | | |
| STANDARD DISCLOSURES PART III: Performance Indicators | | | | | | | |
| Economic | | | | | | | |
| Performance Indicator | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
| Economic Performance | | | | | | | |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Fully | 59-65 | | | | |
| EC2 | Financial implications and other risks and opportunities for the organisation's activities due to climate change. | Fully | 65-70 | | | | |
| EC3 | Coverage of the organisation's defined benefit plan obligations. | Fully | 47 | | | | |
| EC4 | Significant financial assistance received from government. | Fully | 60 | | | | |
| Market Presence | | | | | | | |
| EC5 | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. | Fully | 47 | | | | |
| EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | Fully | 65 | | | | |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | Fully | 64 | | | 100% of the senior management is from India | |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Fully | 63, 68 | | | | |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | Fully | 64 | | | | |
| Environmental | | | | | | | |
| Materials | | | | | | | |
| EN1 | Materials used by weight or volume. | Partially | 83, 84 | The procurement of material in meters, sq.mt and nos. is not reported | Not available | We are developing a system to convert the material consumed in sq.mt and nos. into Tons | 2015 |
| EN2 | Percentage of materials used that are recycled input materials. | Fully | 84, 85 | | | | |
| Energy | | | | | | | |
| EN3 | Direct energy consumption by primary energy source. | Partially | 74 | Electricity supplied by customer at project site is not reported | Not available | We are developing a system to record electricity consumption at project site (provided by customer) | 2015 |
| EN4 | Indirect energy consumption by primary source. | Fully | 74 | | | | |
| EN5 | Energy saved due to conservation and efficiency improvements. | Partially | 75 | Energy conserved from project sites are not monitored and reported | Not available | We are in process of developing system to calculate energy conserved at project sites | 2015 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | Partially | 68-70, 75-76, 106 | Reductions in energy requirements from clients premises is not monitored and reported | Not available | We are in process of developing system to calculate energy conserved at clients premises | 2016 |

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|---------------------------------------|---|-----------|---|---|---------------------------|--|-------------------------|
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | Fully | 76 | | | | |
| Water | | | | | | | |
| EN8 | Total water withdrawal by source. | Partially | 81 | Project locations where the water provided by customer is not reported | Not available | We are developing a system to record water consumption at project site (provided by customer) | 2015 |
| EN9 | Water sources significantly affected by withdrawal of water. | Not | - | | | | |
| EN10 | Percentage and total volume of water recycled and reused. | Not | - | | | | |
| Biodiversity | | | | | | | |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Fully | 88 | | | | |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Fully | 88 | | | | |
| EN13 | Habitats protected or restored. | Fully | 88 | | | | |
| EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity. | Fully | 88 | | | | |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | Not | - | | | | |
| Emissions, Effluents and Waste | | | | | | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | Fully | 79 | | | | |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | Fully | 79-80 | | | | |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Not | - | | | | |
| EN19 | Emissions of ozone-depleting substances by weight. | Fully | 79 | | | | |
| EN20 | NOx, SOx, and other significant air emissions by type and weight. | Partially | 79-80 | Emissions from customer owned DG sets is not reported completely | Not available | We have started reporting DG set emissions from project sites (partially) and are in process of establishing system to capture all DG set emissions from project sites | 2015 |
| EN21 | Total water discharge by quality and destination. | Partially | 80, 81 | At project sites where client is responsible for wastewater treatment and disposal wastewater discharge is not reported | Not available | We are establishing system to record water consumption and wastewater generation data, where customers provides these utility services | 2015 |
| EN22 | Total weight of waste by type and disposal method. | Fully | 85 | | | | |
| EN23 | Total number and volume of significant spills. | Fully | 85 | | | | |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | Not | - | | | | |
| EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff. | Not | - | | | | |
| Products and Services | | | | | | | |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Fully | 67-70 | | | | |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | Fully | 88 | | | | |

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|---|---|-----------|---|--|---------------------------|---|-------------------------|
| Compliance | | | | | | | |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | Fully | 92 | | | | |
| Transport | | | | | | | |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce. | Not | - | | | | |
| Overall | | | | | | | |
| EN30 | Total environmental protection expenditures and investments by type. | Not | - | | | | |
| Social: Labour Practices and Decent Work | | | | | | | |
| Employment | | | | | | | |
| LA1 | Total workforce by employment type, employment contract, and region. | Fully | 44-45 | | | | |
| LA2 | Total number and rate of employee turnover by age group, gender, and region. | Fully | 45 | | | India is considered as a region | |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | Fully | 47 | | | | |
| Labour/Management Relations | | | | | | | |
| LA4 | Percentage of employees covered by collective bargaining agreements. | Fully | 44 | | | | |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | Fully | 47 | | | | |
| Occupational Health and Safety | | | | | | | |
| LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes. | Fully | 51 | More than 50% of representation of workers in health and safety programmes | | | |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | Partially | 51 | Reported Frequency rate, Severity Rate, Fatalities and Fatalities Rate. Did not report loss days due to occupational diseases | Not available | We are establishing system to report on loss days due to occupational diseases | 2015 |
| LA8 | Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases. | Fully | 52-55 | | | | |
| LA9 | Health and safety topics covered in formal agreements with trade unions. | Fully | 52 | | | | |
| Training and Education | | | | | | | |
| LA10 | Average hours of training per year per employee by employee category. | Partially | 46 | Training programmes conducted by clients in their premises is not reported. We are developing a system in place to record the training details | Not available | We are developing a system to record the training programme details conducted by client | 2015 |
| LA11 | Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | Fully | 45-47 | | | | |
| LA12 | Percentage of employees receiving regular performance and career development reviews. | Fully | 46 | | | 100% of our employees receive periodical performance and career development review | |

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|---|--|----------|---|---|---------------------------|---|-------------------------|
| Diversity and Equal Opportunity | | | | | | | |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | Fully | 44, 55 | | | | |
| LA14 | Ratio of basic salary of men to women by employee category. | Fully | 55 | | | L&T is a merit based organisation | |
| Social: Human Rights | | | | | | | |
| Investment and Procurement Practices | | | | | | | |
| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | Fully | 55 | | | | |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | Fully | 55 | | | | |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | Not | - | | | | |
| Non-discrimination | | | | | | | |
| HR4 | Total number of incidents of discrimination and actions taken. | Fully | 55 | | | | |
| Freedom of Association and Collective Bargaining | | | | | | | |
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | Fully | 55 | | | | |
| Child Labour | | | | | | | |
| HR6 | Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour. | Fully | 55 | | | | |
| Forced and Compulsory Labour | | | | | | | |
| HR7 | Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour. | Fully | 22, 23, 52, 55 | | | | |
| Security Practices | | | | | | | |
| HR8 | Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations. | Fully | 22, 55 | | | Human rights training is a part of induction training programme | |
| Indigenous Rights | | | | | | | |
| HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken. | Fully | - | | | No incidence of violation | |
| Social: Society | | | | | | | |
| Community | | | | | | | |
| SO1 | Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. | Fully | 95 | | | | |
| Corruption | | | | | | | |
| SO2 | Percentage and total number of business units analysed for risks related to corruption. | Fully | 18 | | | | |
| SO3 | Percentage of employees trained in organisation's anti-corruption policies and procedures. | Fully | 20 | | | | |
| SO4 | Actions taken in response to incidents of corruption. | Fully | 20 | | | | |

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer (ref. page nos.) | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|---------------------------------------|--|-----------|---|--|---------------------------|--|-------------------------|
| Public Policy | | | | | | | |
| S05 | Public policy positions and participation in public policy development and lobbying. | Partially | 20 | All public policy positions occupied by L&T are not reported | Not available | Due to diverse nature of our businesses there are many issues pertaining to L&T businesses. In addition we occupy various positions in the same forums hence it is difficult to give a single specific response to public policy positions occupied by L&T | 2015 |
| S06 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | Not | - | | | | |
| Anti-competitive Behaviour | | | | | | | |
| S07 | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes. | Fully | 20 | | | | |
| Compliance | | | | | | | |
| S08 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | Fully | 20 | | | | |
| Social: Product Responsibility | | | | | | | |
| Customer Health and Safety | | | | | | | |
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | Fully | 114 | | | | |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | Fully | 114 | | | | |
| Product and Service Labelling | | | | | | | |
| PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | Fully | 22, 114 | | | | |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. | Fully | 114 | | | No incidents of non-compliance | |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | Fully | 39, 110, 112 | | | | |
| Marketing Communications | | | | | | | |
| PR6 | Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | Fully | 114 | | | | |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | Fully | 114 | | | | |
| Customer Privacy | | | | | | | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | Fully | 114 | | | No such complaints were reported | |
| Compliance | | | | | | | |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | Fully | 114 | | | No such complaints were reported | |

Acronyms

| | |
|-----------------------|---|
| AGM | Annual General Meeting |
| AHC | Andheri Health Centre |
| B&F | Building & Factories |
| BCCI | Bombay Chamber of Commerce and Industry |
| BEE | Bureau of Energy Efficiency |
| BIS | Bureau of Indian Standards |
| Bn | Billion |
| BRR | Business Responsibility Report |
| BU | Business Unit |
| C | Celsius |
| CEO | Chief Executive Officer |
| CFC | Chloro - Floro Carbon |
| CFL | Compact Florescent Light |
| CIDC | Construction Industry Development Council |
| CII | Confederation of Indian Industry |
| CIS | Commonwealth of Independent States |
| CO₂ | Carbon Dioxide |
| CPCB | Central Pollution Control Board |
| CSI | Corporate Social Initiatives |
| CSR | Corporate Social Responsibility |
| CSTI | Construction Skill Training Institute |
| DMN | Domestic Marketing Network |
| E&A | Electrical and Automation |
| ECAS | Enterprise wide Collaboration for Alignment with Strategy |
| EHS | Environment, Health and Safety |
| EMC | Executive Management Committee |
| EOT | Electric Overhead Travelling |
| EPC | Engineering, Procurement and Construction |
| EPS | Earnings Per Share |
| ESG | Environment Social Governance |
| EVA | Economic Value Added |
| FICCI | Federation of Indian Chambers of Commerce and Industry |
| FPSO | Floating Production Storage & Off loading |
| FR | Fatality Rate |
| FY | Financial Year |
| GCC | Gulf Cooperation Council |
| GETs | Graduate Engineer Trainees |
| GHG | Green House Gas |
| GJ | Giga Joules |
| GRI | Global Reporting Initiative |
| HE | Heavy Engineering |
| HQ | Headquarter |
| HR | Human Resources |

| | |
|----------------|---|
| IC | Independent Company |
| IGBC | Indian Green Building Council |
| IIChE | Indian Institute of Chemical Engineers |
| IIM | Indian Institute of Management |
| ILO | International Labour Organization |
| IP | Intellectual Property |
| IR | Industrial Relations |
| IS | Indian Standard |
| ISO | International Organization for Standardization |
| IT | Information Technology |
| ITI | Industrial Training Institute |
| kWh | Kilo Watt Hour |
| LDA | Leadership Development Academy |
| LED | Light-emitting Diode |
| LEED | Leadership in Energy and Environmental Design |
| LPG | Liquefied Petroleum Gas |
| MDG | Millennium Development Goals |
| MIP | Machinery & Industrial Products Business |
| MoEF | Ministry of Environment & Forest |
| MT | Metric Ton |
| MV | Medium Voltage |
| MW | Mega Watt |
| MWp | Mega Watt peak |
| NAPCC | National Action Plan on Climate Change |
| NGO | Non-Governmental Organisation |
| NOx | Oxides of Nitrogen |
| NVG | National Voluntary Guidelines |
| ODS | Ozone Depleting Substances |
| OHSAS | Occupational Health and Safety Assessment Series |
| PAT | Profit After Tax |
| PV | Photovoltaic |
| R&D | Research and Development |
| ROCE | Return on Capital Employed |
| SBG | Strategic Business Group |
| SOx | Oxides of Sulphur |
| SR | Severity Rate |
| STP | Sewage Treatment Plant |
| UN | United Nations |
| UNFCCC | United Nations Framework Convention on Climate Change |
| USD | United States Dollar |
| VSD | Variable Speed Drive |
| WoW | Working on Wellness |

Standard Disclosures

| Report Application Level | C | C+ | B | B+ | A | A+  |
|---|---|---------------------------|--|---------------------------|---|--|
| Profile Disclosures  OUTPUT | Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15 | Report Externally Assured | Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17 | Report Externally Assured | Same as requirement for Level B | Report Externally Assured |
| Disclosures on Management Approach  OUTPUT | Not Required | | Management Approach Disclosures for each Indicator Category | | Management Approach disclosed for each Indicator Category | |
| Performance Indicators & Sector Supplement Performance Indicators  OUTPUT | Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.** | | Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.*** | | Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission. | |

* Sector supplement in final version

** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

The L&T Sustainability Report 2013, 'Future - Now',
is a **'GRI Checked' Application Level A+** report.



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