



LARSEN & TOUBRO

It's all about Imagineering

Colours portray reality.

It takes a swirling, swiftly changing palette to reflect the multi-hued nature of our times, depict the ebb and flow of thought and action, and paint a picture as vivid, as true as life itself.

Our fifth Sustainability Report depicts performance across the traditional three 'P's - planet, people and profit, within their specific contexts. It reveals the tough economic questions we found answers to, the environmental challenges we successfully turned into valuable opportunities and the community interventions that are impacting so many lives. Each aspect was distinct, and yet all of them were connected. And what held them together were the constants - the ethos and principles that form the bedrock of our business.

Together, they make a vast and varied canvas - a polychromatic panorama - best presented as the

colours of
CHANGE



IN BLACK AND WHITE



A Rainbow of Relationships



Grey Matters



PURPLE PATCH



THE BLUEPRINT



Pink of Health



green thumb



SUSTAINABILITY REPORT 2012

GRI CHECKED

A+

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Dear Reader,

I am happy to present the fifth Sustainability Report of Larsen & Toubro. The Report reflects the significance we attach to sustainable growth amidst a changing business environment and evolving stakeholder expectations. Enhancing shareholders value through the optimised use of resources and actively pursuing our social responsibilities has remained the cornerstone of the company. Voluntary reporting on Triple Bottomline performance highlights our continuing commitment to good corporate citizenship.

RISING AGAINST THE TIDE

India's economic growth in 2011-12 slipped to 6.5 per cent, down from 8.4 per cent two years ago. The rate of investment in the economy too registered a significant decline during the current year. In the backdrop of this environment, we maintained good all-round financial growth and a healthy order book. While lacklustre growth momentum in the domestic sector continued, L&T's Order Book position increased by 11% at the year-end. L&T recorded a significant increase in international order inflows.

The Gross Revenue from Operations registered a growth of 21% and PAT (excluding extraordinary income) grew by 20%, proving yet again that our emphasis on effective execution is yielding results.

GREEN ENGINES OF GROWTH

L&T commissioned India's largest solar photovoltaic based power plant (40 MWp) for a developer at Dhursar village in Jaisalmer district of Rajasthan. Executed from concept to commissioning in just 129 days, the project reaffirmed L&T's position as the country's largest EPC player in solar power. With the commissioning of this plant, L&T has installed an aggregate of 114 MW of utility-scale solar PV power plants over the last fiscal - a benchmark in India's solar EPC industry.

This year, we initiated carbon sequestration, environment assessment and water footprint mapping at our key campuses. This is in line with our larger goal of mitigating the impact of climate change and conserving natural resources. The number of check dams constructed by us aggregated to 50; these dams recharge groundwater, make water available for irrigation and benefit tribal communities in Maharashtra.

Our on-going energy conservation drive has led to cumulative savings of 123,417 GJ over five years and contributed to avoiding emission of more than 27,000 tons of CO₂.



Message from the Executive Chairman

PEOPLE POWER

Performance at L&T stems from the belief that devotion with passion and conviction can make an ordinary person achieve extraordinary results. L&T's true power is the ability to empower, which creates a culture wherein every employee feels a sense of ownership and performs to their best ability.

We continue to invest in multiple interventions, which ensure that People - our prime movers, retain their competitive edge and expand their intellectual footprint. L&T's 'Leadership Development Academy', an elaborate state-of-the-art management development centre at Lonavla offers world-class facilities to deliver learning & development programmes to employees throughout the year.

MAINSTREAMING THE COMMUNITY

To transform lives and integrate different strands of society in the mainstream, L&T focusses on two core building blocks - Education and Skill Building.

Our initiatives in education benefitted over 128,000 people, a 44% growth over last year.

L&T's Construction Skills Training Institutes and vocational training endeavours continue to provide the youth of disadvantaged sections of society with livelihood opportunities, and the construction industry with skilled labour.

We view health as another pillar of a productive society and invest in wellness for communities with special emphasis on 'mother & child' care. L&T touched around 374,000 lives through its several community health centres and host of health interventions.

We reached out to over half a million beneficiaries across India through our focused social initiatives.

GREEN LAURELS

Our performance in the areas of carbon management, green manufacturing processes and energy conservation has received significant international and national recognition.

I take this opportunity to thank all stakeholders for continued engagement in our sustainability journey. We remain committed to continue our efforts and strive to raise the bar.

A.M. Naik
Executive Chairman



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

H O N O U R S



Mr. A.M. Naik honoured with CNBC TV18
'Infrastructure Leader of the Year' Award

Message from the Leadership Team

K. Venkataraman

CEO Perspective &
Hydrocarbon Business



Our goal is to be a technology-driven organisation by moving up the value chain and by growing in business on a sustainable basis. L&T believes profitability and sustainability go hand in hand, and recognises the importance of bringing about an equitable future which is in greater harmony with the environment. We have identified several initiatives which include accelerating internationalisation, enhancing operational excellence & cost competitiveness as well as talent management.

In the Hydrocarbon business, we continue to seek, develop, and acquire new technologies that bolster our commitment to sustainable development. We are actively enlarging our geographical footprint to grow the contribution of overseas projects. The nature of our business calls for priority in Occupational Health & Safety. To elevate the Company's HSE standards to international levels and to demonstrate its high level of commitment, we have initiated a comprehensive process of safety improvement through cultural transformation.

V.K. Magapu

IT, Engineering Services &
Corporate Initiatives



The year saw a lot of concrete action at L&T Infotech to enhance our sustainability status and achieve the desired green goals. One major success was on the energy front. We could bring down the per sq. feet consumption of energy across our centers in India by 22%. Our channel relationship will help us in accelerating adoption of cloud computing for our clients. Next year, we plan to conduct water audits and progressively move towards the goal of zero water discharge across all locations.

M.V. Kotwal

Heavy Engineering



Sustainability is an important parameter in our growth journey. The heavy forging facility at Hazira and the shipyard at Kattupalli are two of our major capability building initiatives. Both are essential for long term business sustainability although the investments may need to be nursed in the immediate term.

Initiatives across the organisation cover energy efficiency, resource management, water conservation, waste minimisation and carbon footprint reduction. Programmes like ECAS (Enterprise-wide Collaboration for Alignment with Strategy) and Employee Engagement are helping enhance cross-functional collaboration, improve processes, strengthen customer intimacy and aid our journey towards organisational excellence.

S.N. Subrahmanyan

Infrastructure & Construction



As the leader in the Indian construction industry, we consider it our responsibility to be trend-setters in sustainability practices. Water conservation, waste minimisation and enhancement of green features in all our constructed facilities remain our key focus areas.

To reduce our carbon footprint, we are switching to energy efficient lights, variable frequency drives, fuel efficient DG sets and portable welding sets. Our Construction Skills Training Institutes continue to reach out and train a large number of school dropouts and rural youth for employment.

R. Shankar Raman

Chief Financial Officer



Stakeholder value maximisation & strong business outcomes are only possible by embracing both risks & opportunities from economic, environmental and social perspectives.

At L&T, a structured framework is put in place for systematically identifying, assessing & managing the environmental & social risks in various areas of operation. We have demonstrated world-class operating and financial discipline, and built an integrated and balanced portfolio of businesses.



Mr. K. Venkataramanan,
CEO & Managing Director, L&T
conferred the
'Chemtech Hall of Fame Award'
during Pharma Bio World Expo 2011

S.N. Roy

Corporate Affairs & Power



Significant power capacity addition is a prerequisite for sustained economic growth. The challenge is to balance this growth with environment, health, safety and social commitment.

At L&T, we focus on technologies and business practices which are in consonance with sustainable development. Our emphasis is towards adopting supercritical & ultra-supercritical technology for coal-based power plants. We are also developing hydropower projects that help reduce carbon footprint.

S. Raghavan

Machinery & Industrial Products



We sustained our performance across the Triple Bottomline in spite of external challenges like below forecast industry growth and declining value of the Rupee. We managed this through our continued commitment to sustainability and an unwavering focus on talent management, operational excellence and collaboration with business partners.

Our business has achieved significant success in energy conservation practices and is actively working towards resource optimisation as well as waste reduction.

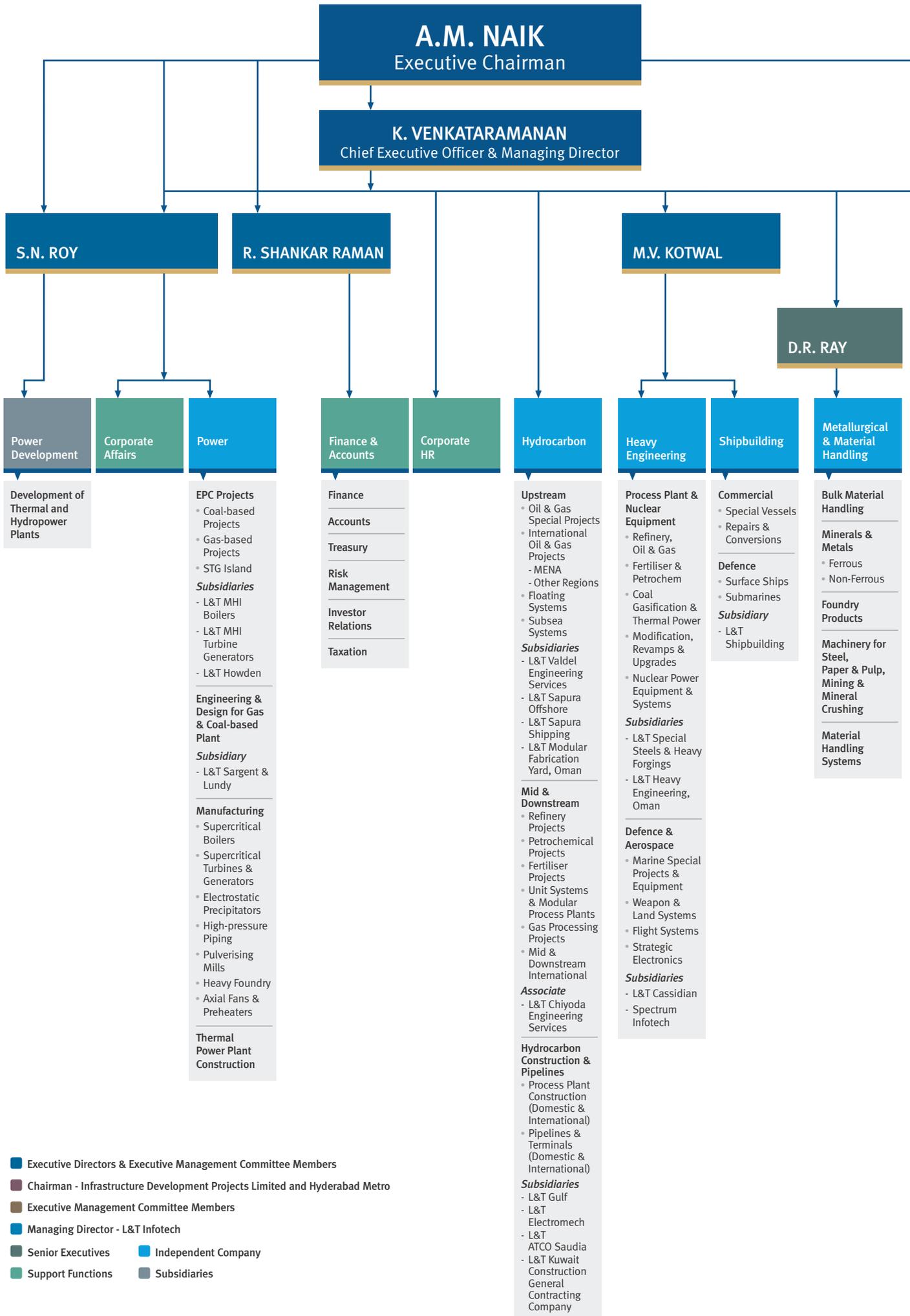
S.C. Bhargava

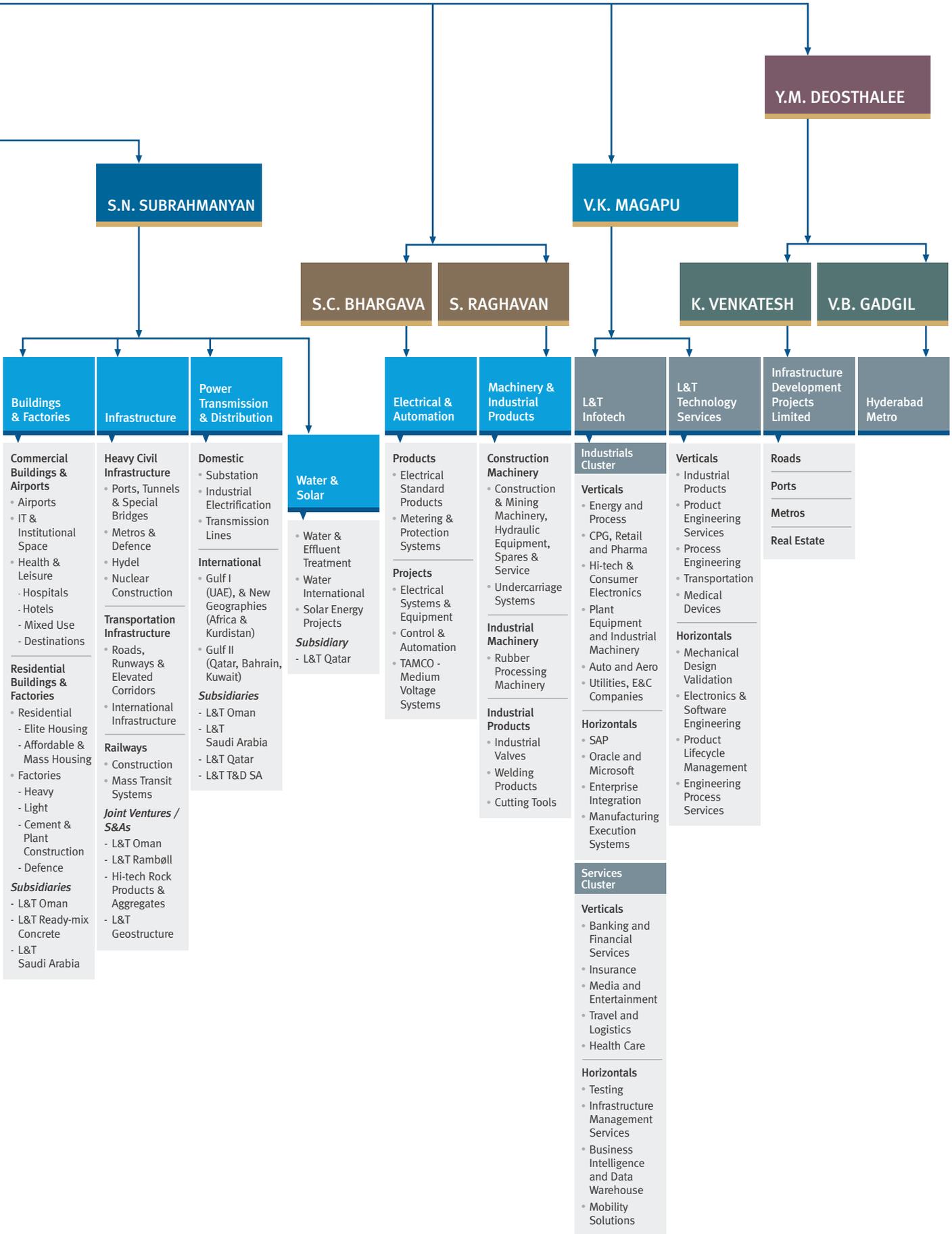
Electrical & Automation



Our sustainability strategy comprises short term goals like enhancing eco-efficiency and a long term view of adopting new technologies and introducing new products for the emerging green economy.

The year under review saw capacity augmentation in two units and construction of a state-of-the-art circuit breaker unit. Our focus on innovation and protection of intellectual wealth continued with 162 patent applications, making it the fifth consecutive year that we filed over 100 patent applications.





Business Portfolio

CONSTRUCTION



Buildings & Factories: L&T has established itself as the leader in the field of buildings and factories, in terms of quality, technology and business volume.

Infrastructure: L&T constructs a full range of infrastructure projects including roads, runways, bridges, metros and railroads, ports, hydel projects, nuclear facilities and defence projects, water supply and treatment plants.

Metallurgical & Material-handling: L&T is a leader in turnkey construction projects in the ferrous and non-ferrous segments as well as bulk material and ash-handling systems in power, port, railway, steel and mining sectors.

Power Transmission & Distribution: It undertakes power evacuation, transmission and distribution projects on EPC basis in India and the Middle East.

HYDROCARBON

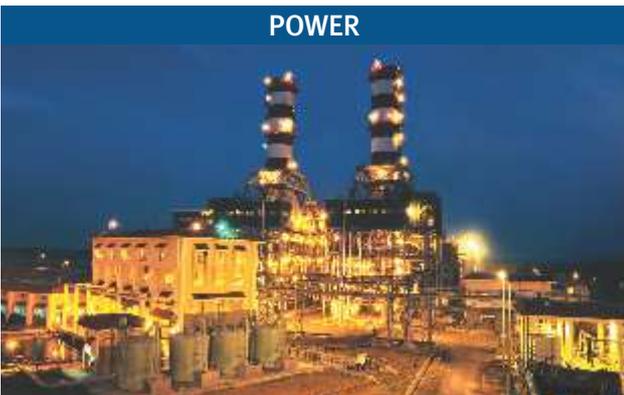


L&T Hydrocarbon delivers world-class design-to-build engineering and construction solutions on a turnkey basis for oil & gas, petroleum refining, chemicals, petrochemicals and fertilizer industries. In-house expertise and experience, synergised with strategic partnerships, enable it to deliver single-point solutions for every project phase - from front-end design through engineering, fabrication, project management, construction, installation and commissioning.

L&T's Hydrocarbon business is structured into the following Strategic Business Groups:

- Hydrocarbon - Upstream
- Hydrocarbon - Mid & Downstream
- Hydrocarbon Plant Construction & Pipelines

POWER



L&T is uniquely positioned as a private sector company in India with all-encompassing capabilities in the power sector. It delivers complete EPC solutions for coal-based supercritical and gas-based thermal power plants. In-house capabilities account for 85 per cent of the total power generation value chain. Customised offerings include: • **Complete EPC** • **BTG Island** • **Boiler Island** • **Turbine Island** • **Complete Balance of Plant**

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 & systems for core sector industries, operating through the following Strategic Business Groups:

Process Plant Equipment: • Fertiliser • Petrochemical
• Reactor • Cracker Plant and Oil & Gas • Coal Gasification
• Thermal Power plant

Defence, Nuclear and Aerospace: • Weapon Systems
• Defence Marine • Aerospace • Nuclear Power Plant Equipment

SHIPBUILDING



L&T builds specialised commercial ships (multi-purpose 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 Coast Guard (warships, submarines and auxiliary vessels).

Marine systems and equipment offered 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 west coast of India.

MACHINERY & INDUSTRIAL PRODUCTS



Construction Machinery, Industrial Machinery, Industrial Products

L&T manufactures, markets and provides service support for a wide range of critical construction and mining machinery, and aggregate crushers. It also manufactures and supplies a wide range of rubber processing machinery, industrial valves and allied products, and castings for wind power and other engineering sectors.

L&T offers a range of sophisticated application-engineered welding consumables and equipment, and offers cutting tool solutions to various industries.

ELECTRICAL & AUTOMATION



Products, Projects and Solutions

L&T is a major international manufacturer of electrical and electronic products and systems. In the electrical segment, L&T holds leadership position in low-tension switchgear in India, and is rapidly establishing itself in international markets.

L&T manufactures custom-engineered LV and MV switchboards. In the electronics segment, L&T offers electricity meters and protective relays, energy management, building and home automation products. L&T also provides complete control and automation solutions for industries and utilities.

INFORMATION TECHNOLOGY



L&T Infotech offers comprehensive, end-to-end technology solutions and services in banking & financial services, energy & petrochemicals, insurance, manufacturing (automotive, consumer packaged goods/retail, industrial products) and product engineering services (telecom).

L&T Infotech's unique brand differentiation is 'Business-to-IT Connect' which enables the Company to convert the business knowledge acquired, into a winning edge for clients, leading to faster time-to-market.

National Network



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

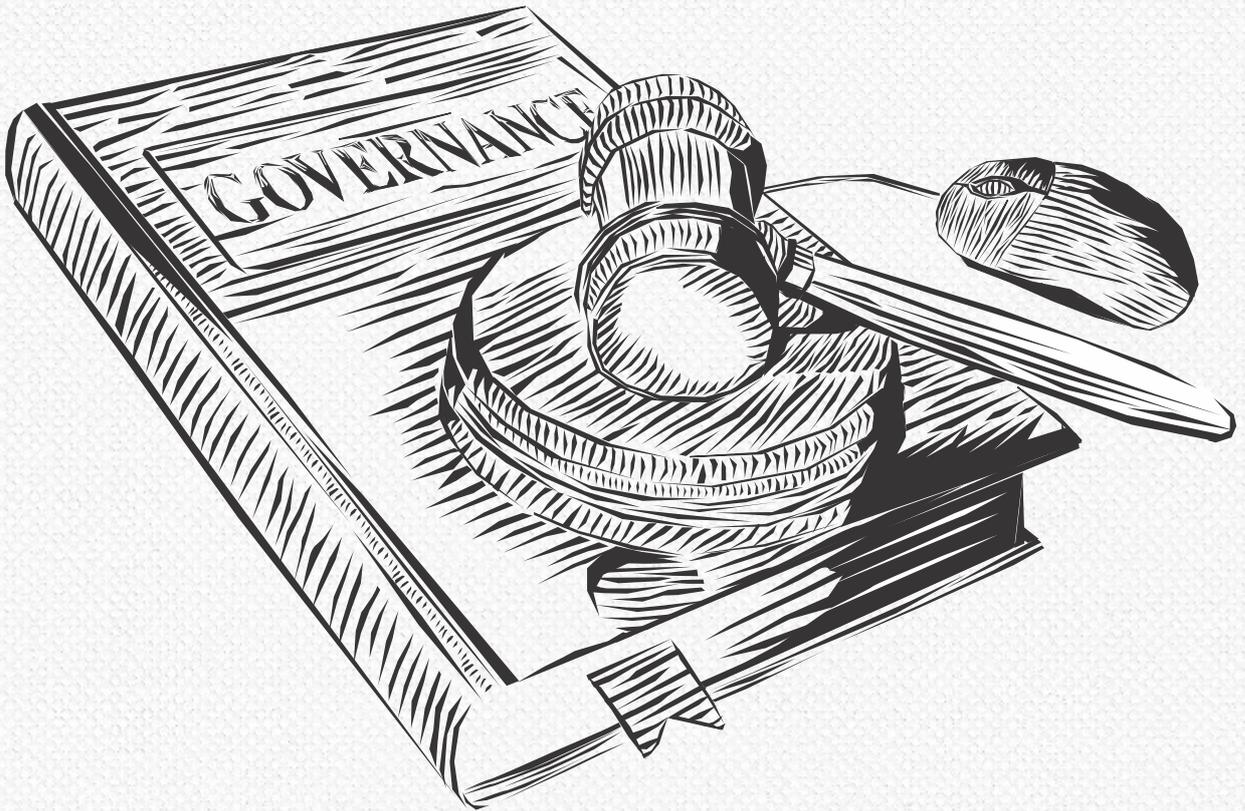
- ★ Registered Office
- Campus - covering facilities for manufacturing, modular fabrication, shipbuilding and centres for design engineering, software development and technology
- 🏠 Management Development Centre
- Offices
- ◆ Knowledge City
- ▲ Construction Skills Training Institutes*

*Part of L&T's Corporate Social Initiatives



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

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



IN BLACK AND WHITE

When it comes to ethics and governance, we believe there can be no grey areas. It is either right and fair, or it is simply unacceptable. We believe shortcuts do not get anyone ahead, and we will never succumb to the lure of expediency. Our actions and decisions are based on the clear knowledge that sustainable success is a result of protecting the interests of diverse stakeholders.

Corporate Governance

CHANGE

IN PROGRESS

**THE INCLUSION OF NVG GUIDELINES
IN SUSTAINABILITY REPORTING**

**ALIGNING L&T'S ACTIONS
WITH NATION'S PROGRESS**

**MID-TERM REVIEW OF THE
STRATEGY PLAN - 'LAKSHYA 2016'**

**ADDRESS UNFORESEEN CHALLENGES
AND ACHIEVE SET GOALS**

Corporate governance refers to a set of laws, regulations and good practices that enable an organisation to perform efficiently, ethically generate long term wealth and create value for all its stakeholders. A sound and unambiguous system of Corporate Governance is critical for enhancing and retaining investor trust in a context where ethics and values are under siege.

Strong corporate governance has been the hallmark of L&T. Our governance and disclosure practices are proactive and demonstrably ahead of the curve.

**Our new business model
based on LAKSHYA
2016 seeks to achieve
greater transparency and
accountability in every
aspect of operations.**

Governance Structure

Post the formation of Independent Companies (ICs), L&T has a multi-tiered Corporate Governance structure:

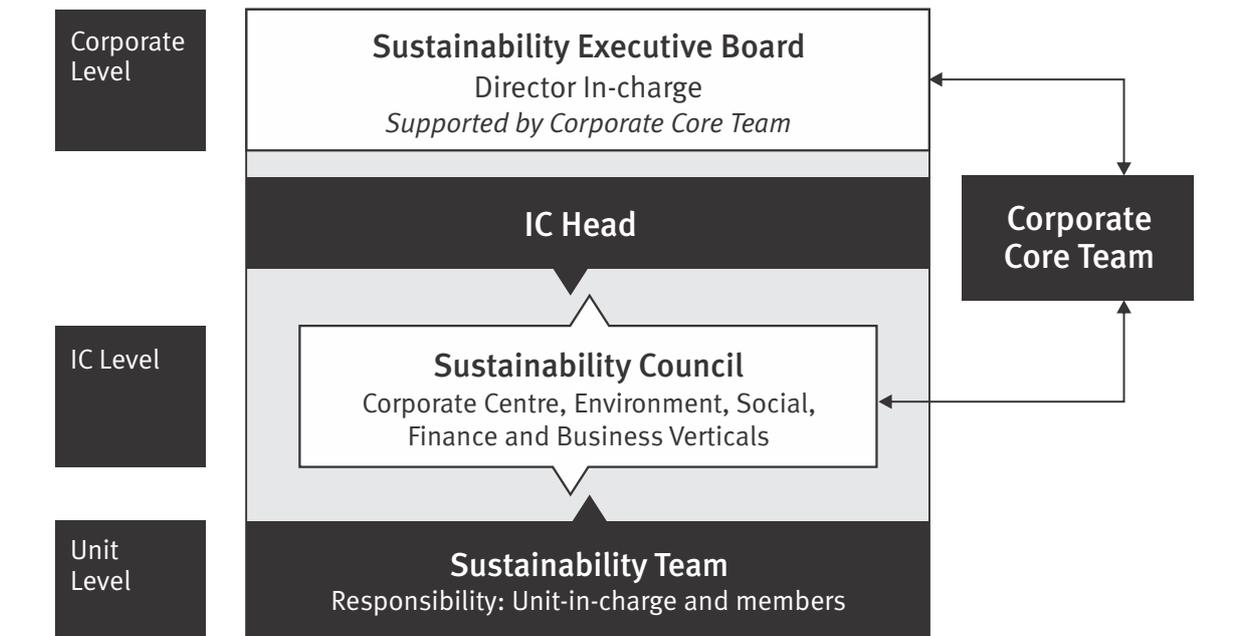


This structure, apart from ensuring greater management accountability and credibility, facilitates increased autonomy of businesses, performance discipline and development of business leaders.

For more information on the governance structure, refer L&T's Annual Report 2011-12 at www.larsentoubro.com

Sustainability Structure

The precept and practice of sustainability at L&T is strengthened through commitment from top management. The company embraces a top down approach that optimises these efforts. Our Sustainability Executive Board (SEB), steered by a member of the Executive Management Committee (EMC), ensures effective formulation and implementation of our sustainability strategy. The Board decides on policies to be implemented across the company and reviews the sustainability performance. A well-defined framework of IC heads, Sustainability Councils and Unit Level Sustainability Teams cascade the initiatives across hierarchies.



Remuneration Policy

The ability to attract, develop and retain talent has become the core differentiator in today's corporate world. We strongly encourage and propagate a culture of empowerment, professionalism and creative freedom. Our remuneration policies and practices are in line with current market dynamics and remain commensurate with industry norms.

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 Company pays remuneration to Executive Directors by way of salary, perquisites & retirement benefits (fixed components) & commission (variable component), based on recommendation of the Nomination & Remuneration 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.



Process Excellence

Process management is key to performance management. At L&T we consistently review the efficiency and effectiveness of our processes and refine them to achieve higher precision, consistency, repetition and innovation.

Project LAKSHYA

Launched in 2005, 'Project LAKSHYA 2010', helped us identify and implement various strategic initiatives encompassing development of product / technology capabilities, risk management, M&A and HR functions of the Independent Companies (ICs). Various operational excellence initiatives undertaken by our businesses streamlined processes, improved market reach and reduced cost of operation.



Launched MARS (Market Analysis & Repository System) - an enhanced CRM (Customer Relation Management) system that combines SAP CRM and a front-end portal for L&T Hydrocarbon to achieve goals delineated in LAKSHYA 2016.

The success of LAKSHYA 2010, and the changing opportunity landscape, motivated us to flag-off Project LAKSHYA 2010-16 with the aim to progressively upgrade our capabilities, systems, processes and service. In addition, LAKSHYA intends to align our investments - capital and manpower to the long-term global economic trends, to harness emerging opportunities and address unforeseen challenges.

As a part of Project LAKSHYA 2016, L&T was restructured into 10 Independent Companies (not legal entities). Each IC has its own internal Board,

comprising senior Company executives, L&T Directors (Whole time as well as Independent) and industry experts.

Recent developments in domestic and international environment have impacted the performance and future expectations of many of our existing businesses compared to the original targets in 'LAKSHYA 2016'. We have now undertaken a mid-term review of the Strategy Plan - 'LAKSHYA 2016' to initiate various strategic actions to achieve the goals set earlier with minimum deviations.

Sustainability Genesis

L&T's sustainability initiatives have a long history. In 2007 the Company set up a task force to report on the environmental and social performance, and to implement sustainability initiatives. It continues to drive sustainability practices across the organisation and helps streamline the process of measuring, monitoring, documenting and reporting our triple bottomline performance as per Global Reporting Initiatives (GRI) guidelines.

L&T's sustainability initiatives are also helping businesses drive innovation, improve internal processes and build

accountability and transparency. Projects and practices instituted for internal measurement and enhanced environmental performance have been turned into emerging businesses with significant revenue potential.

Along with 'LAKSHYA 2016', this year we have also charted a sustainability roadmap for the next three years.

Certifications

Every year an increasing number of our businesses get ISO 9001, ISO 14001, and OHSAS 18001 accreditation. All units are ISO 9001 certified, whereas 19 locations are ISO 14001 certified and 18 locations are OHSAS 18001 certified.

Performance Measurement and Review Mechanisms

We have a corporate audit department consisting of chartered accountants, engineers & system experts. The department has in-depth knowledge about our businesses, systems & procedures. The Company's Internal Audit function is ISO 9001:2008 certified. The Head of Corporate Audit Services reports jointly to the Executive Chairman and the Chief Executive Officer & Managing Director. The staff of Corporate Audit Services is rotated periodically.

Best-in-class information technology has been deployed to enhance our compliance with organisational systems, eliminate redundant processing, 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
- Innovations and R&D reports
- Information from global sources, partners and collaborators
- Regulatory agencies, professional associations

Code of Conduct and Risk Management Framework

Values and principles are central to our functioning. Our principles are enshrined in a 'Code of Conduct' for all our Board members and Senior Management personnel* of the Company and are adhered to; in letter and spirit. This Code ensures compliance with the provisions of the revised Clause 49 of the Listing Agreement with Stock Exchanges.

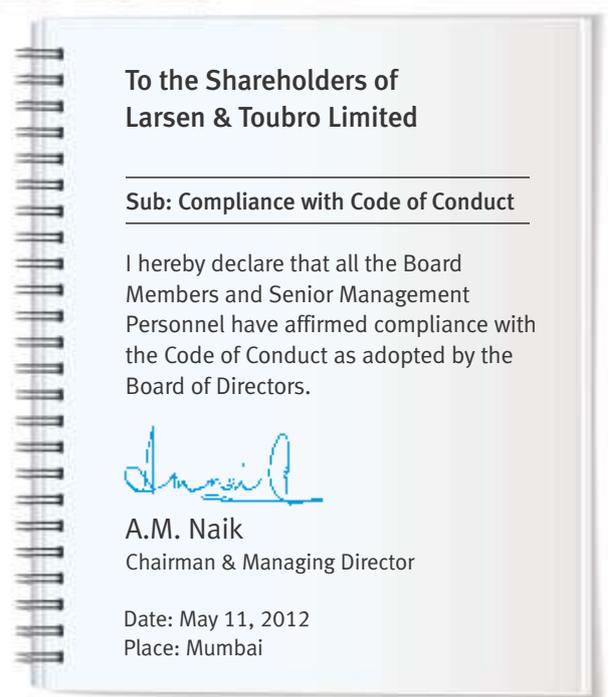
Policies, procedures and guidelines have been formulated to clearly lay down norms on action and conduct of our employees.

* Senior Management personnel is one level below the Executive Directors including functional heads.

These cover:

- Guidelines on Corporate Communication
- Securities Dealing Code
- Protection of Women's Rights in the Workplace
- Corporate IT Policies
- Security Manual and Procedures
- Whistleblower Policy

The code of conduct is available on the Company's website, www.larsentoubro.com. The annual declaration about its compliance by the Company is also given by the CMD.



We are committed to seeding sustainability across our value chains, right from subsidiaries to suppliers to dealers. A dedicated environment & social 'code of conduct' has been developed for the value chain and key suppliers have signed it and are committed to practice it. The code propagates key environment-friendly and socially-responsible business practices which include prevention of corruption, respect for human rights, water conservation, waste reduction and OHS.

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 body corporate 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 body corporate or firm.

Any change in directorship is immediately reported to Board. This information is shared with the accountants of all the ICs 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.

Internal Control System

Objective
To establish a comprehensive internal control mechanism.
Mechanism
Documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses.
Implementation
Significant observations made in internal audit reports on business processes, systems, procedures and internal control, and the implementation status of recommended remedial measures are regularly presented to and reviewed by the Audit Committee of the Board, by our Corporate Audit Services Department and by external auditors.

Corruption & Anti-competitive Behaviour

We are committed to a pattern of behaviour that is 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. Robust systems are in place to address all issues involving anti-trust behaviour and these systems are reviewed periodically at the corporate level.

Guidelines for financial transactions and non-financial documents set by top management are communicated to employees along with the Code of Conduct. No incident of corruption was reported during the year 2011-12. We also comply with relevant statutory requirements including anti-

competitive behaviour. No legal actions in this regard were initiated against us in FY 2011-12.

Public Policy Advocacy

The government is an important stakeholder in our business and we therefore engage with it 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. In the reporting year, no financial or non-monetary sanctions were imposed upon us.

Precautionary Approach

The organisation operates in conditions where economic, environment and social risk is inherent to its businesses. With industry and the economy going through prolonged bouts of turbulence, these risks have been more pronounced in recent times. We have taken comprehensive measures to mitigate important risks. These measures include a thorough review of all major risks before entering into business commitments, ongoing review of risks for major projects under execution and a structured Risk Management Information System.

Commitment to External Initiatives

We follow the Global Reporting Initiative (GRI) framework to report on our economic, environmental and social performances. In addition, we comply with applicable International Labour Organisation (ILO) conventions and United Nations (UN) directives covering the following:

- 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
- Measuring, monitoring and conserving materials & energy sources

Memberships

We contribute to the policy-making process through memberships of associations and institutes

- | | |
|--|--|
| <ul style="list-style-type: none"> • Confederation of Indian Industry (CII) | <ul style="list-style-type: none"> • National Safety Council |
| <ul style="list-style-type: none"> • Federation of Indian Chambers of Commerce and Industry (FICCI) | <ul style="list-style-type: none"> • Process Plant and Machinery Association of India |
| <ul style="list-style-type: none"> • Bombay Chamber of Commerce & Industry (BCCI) | <ul style="list-style-type: none"> • American Society of Mechanical Engineers (ASME) |
| <ul style="list-style-type: none"> • The Associated Chambers of Commerce and Industry of India (ASSOCHAM) | <ul style="list-style-type: none"> • Heat Transfer and Fluid Flow Simulation Software (HTFS) associations |
| <ul style="list-style-type: none"> • Bureau of Indian Standards | <ul style="list-style-type: none"> • Indian Institute of Chemical Engineers (IIChE) |
| <ul style="list-style-type: none"> • Construction Industry Development Council (CIDC) | <ul style="list-style-type: none"> • Chemtech Foundation |
| <ul style="list-style-type: none"> • Confederation of Indian Industries - Infrastructure Panel, Southern Region | <ul style="list-style-type: none"> • Association of Business Communicators of India |
| <ul style="list-style-type: none"> • Indian Electrical and Electronics Manufacturers Association | <ul style="list-style-type: none"> • National Fire Protection Association |
| | <ul style="list-style-type: none"> • British Safety Council |
| | <ul style="list-style-type: none"> • Engineering & Construction Risk Institute (ECRI) |

Disclosures on Management Approach



ECONOMIC

We believe that a corporate is an integral part of society. Corporates carry the duty of generating economic value in a responsible manner and ensuring its equitable and wide distribution. We recognise this is especially true for an organisation of our stature, size and geographical footprint.

L&T is one of the largest and most respected companies in India with business interests in technology, engineering, construction and manufacturing and has a dominant presence in infrastructure, power, hydrocarbon, machinery, railway projects, roads and highways. Our business not only generates economic wealth, it actually creates engines of economic growth that impact lives of millions.

We prudently manage risk and costs to ensure sustainable wealth generation. We are also augmenting our manufacturing capacities in strategically low-cost regions and enhancing our presence in existing international markets such as Middle East and South East Asia. Our footprint now extends to Australia, CIS and select African countries.

L&T continues to adapt and refine its operations to generate more from less. We are sensitive to the fact that the economic progress of our organisation and the well-being of society are interlinked. The philosophy of giving back to society is ingrained in our corporate psyche and this objective is woven into our operations.



Iconic venue of exciting cricket matches, Mumbai's Wankhede Stadium was refurbished by L&T



Complete Industrial Electrification solutions by L&T at Hindustan Zinc Ltd., Chanderiya, Rajasthan



ENVIRONMENTAL

The interrelation of business with the natural environment is widely recognised. At L&T we are pursuing environmental goals with the passion of an entrepreneur who sees them as an opportunity instead of a challenge that needs to be addressed.

This approach dovetails well with our belief that the larger the organisation, larger the responsibility to set the right example. From developing and leveraging design expertise to pursuing resource efficiency, we are therefore strategically committed to greener technologies and reducing the environmental footprint of our operations and that of our clients.

We conduct periodic EHS training for our workforce to foster environmental awareness and responsibility and thereby embed environmental stewardship within our business culture. We reinforce the behaviour by setting and regularly reviewing our environmental objectives and targets.

Under our new structure, the management of each IC with its comprehensive policies on quality, environment, health and safety, is accountable for its environmental impact. At L&T project sites and offices, the respective managers are responsible for ensuring optimal consumption of material and energy. We also work closely with our clients, suppliers, and various external stakeholders to improve environmental performance.



Electrical & Automation campus at Ahmednagar



SOCIAL

The human resource is the most critical of all. Constant and consistent nurturing of relationships within and outside an organisation is essential to build a sustainable business. We are conscious that technological developments, globalisation, and competitive demands have influenced the relationship paradigms between the organisation and its human resources.

Happy, well-knit societies provide a conducive environment for growth. We work in a structured manner towards promoting inclusiveness and enhance social well-being.

Labour Practices and Human Rights

We promote the development, implementation and sharing of good HR practices to attract, retain and nurture the finest talent. Our policies are geared to enhance job satisfaction and provide accelerated growth to meritorious professionals. The underlying objective is to provide individuals the platform to perform at peak potential, a safe and secure workplace and a stimulating environment to innovate and experience the pride of a job well-done.

Compliance with ethical and human rights standards and 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, are considered as minimum essential requirement.

Dedicated IR, HR and EHS managers ensure effective implementation of policies. Regional complaints committees exist to deal with cases of sexual harassment at the workplace, if any. Workmen and safety-related issues are reviewed at manufacturing units and project locations in Safety Management Committee meetings.

Societal Commitment

We leverage our resources and competencies to address pressing societal needs. Our operating philosophy is to develop interventions that foster self-reliance among communities and address their needs on a long term basis. We also work to build a collaborative eco-system comprising L&T, the community, our employees, their families, NGOs, government agencies, chambers of commerce and academic institutes to fulfil a larger social commitment.



PRODUCT RESPONSIBILITY

We aim to progressively embed sustainability into all aspects of our business. It is our constant effort to make our products and processes environmentally friendly and socially responsible through their life cycle.

We continually invest in training our workforce on the importance of extended product responsibility and the emerging sustainable technologies. Stakeholder feedback helps us to enhance our deliverables. Research is encouraged and business heads are entrusted with the responsibility of building their products and services on sound globally-benchmarked practices.

Given the sensitivity and strategic nature of many of our projects and products, it is imperative to maintain customer confidentiality at all times. To ensure that our products are optimally used, we design and provide detailed user manuals, impart training to customers and their employees in plant operation as well as product usage.



L&T constructed key sections of the prestigious Delhi Metro

Sustainability Policy

We are committed to fulfilling our economic, environmental and social responsibilities while conducting business.

We will conserve natural resources, build social equity and achieve sustainable growth, through a culture of trust and caring, to serve all our stakeholders.

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. Towards this, we shall:

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

We shall strive for continual improvement in our EHS performance

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-caliber 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 International Labour Organisation.

Sustainability Approach

At L&T, we are change positive. We view sustainability as an ongoing journey that enables wholesome continuity and growth of organisations in harmony with environment and society.

Sustainability principles have been embedded in decision making and are helping create value for internal and external stakeholders. Today, sustainability encompasses all our businesses and is the prime mover for competitive and equitable growth.

Our approach focusses on sustainability 360° - right from wealth generation to wealth distribution, from product life cycle development to employment life cycle management, from greening the planet to greening the portfolio.

In line with our commitment to transparency, we pioneered triple bottomline reporting in the Indian engineering & construction segment and for the fifth year in a row - we continue to publish our annual sustainability report that conforms to GRI guidelines and carries an A+ application level. This year, we have also referenced our performance on key principles enunciated in the 'National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs, Govt. of India.

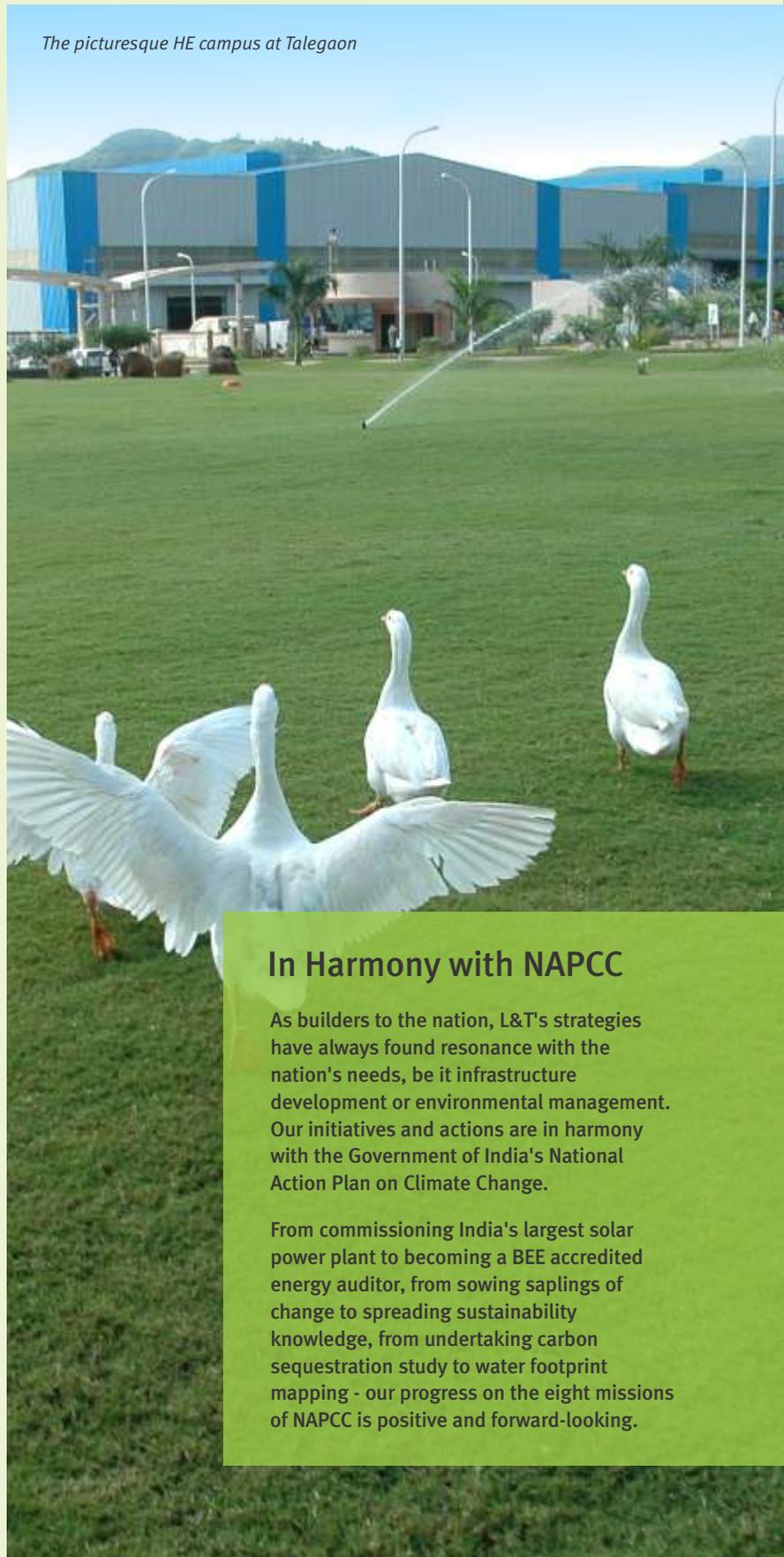
We have come a long way in this journey of transparency, responsibility and thriving.

The first wave of structured initiatives has yielded meaningful gains and the practice has reached a certain maturity. We are now entering a new, accelerated phase of progress. The brush strokes are converging and a holistic picture is emerging across the organisational canvas.

This year was a milestone year in our journey of sustainability as we accomplished our 3-year sustainability roadmap. Going forward, we have charted a more ambitious sustainability roadmap for L&T.

While new goals and new targets will drive innovation and change, what continues to remain constant is the alignment of sustainability objectives with national as well as international sustainability goals.

The picturesque HE campus at Talegaon



In Harmony with NAPCC

As builders to the nation, L&T's strategies have always found resonance with the nation's needs, be it infrastructure development or environmental management. Our initiatives and actions are in harmony with the Government of India's National Action Plan on Climate Change.

From commissioning India's largest solar power plant to becoming a BEE accredited energy auditor, from sowing saplings of change to spreading sustainability knowledge, from undertaking carbon sequestration study to water footprint mapping - our progress on the eight missions of NAPCC is positive and forward-looking.

NAPCC MISSION | 1

Solar



- Leadership in providing EPC solutions for Solar PV power plants
- Commissioned India's largest solar power plant of 40 MWp
- Executed 6 MWp Solar PV power plant in less than three months
- L&T units in Chennai, Hazira, Talegaon, Mahape, Vadodara, Ahmednagar, Mysore, Coimbatore and Sohar - Oman continue to harness the power of the sun
- 114 MWp Solar EPC power projects executed

NAPCC MISSION | 3

Sustainable Habitat



- Strategic focus and enhanced competencies in green construction space
- Expanded our sustainable habitat spread by constructing over 14.4 million sq. ft. of green buildings for clients in the reporting year which marks a total of 25.2 million sq. ft. green buildings developed till date
- Seven buildings measuring 1.6 million sq.ft. within L&T premises are certified green buildings with a score card as follows:
Platinum: 2 NOS. | Gold: 2 NOS. | Silver: 2 NOS. Certified: 1 NOS.

NAPCC MISSION | 2

Enhanced Energy Efficiency



- Introduction of energy-efficient products, processes and people saw L&T save 123,417 GJ of energy which has helped in indirectly reducing more than 27,000 tons of CO₂ emission
- Renewable energy constitutes 10.48% of L&T's energy mix
- Products and solutions from E&A help customers to reduce their energy consumption
- E&A business has developed capability to provide energy audit services and has been accredited by the Bureau of Energy Efficiency (BEE)

NAPCC MISSION | 4

Water



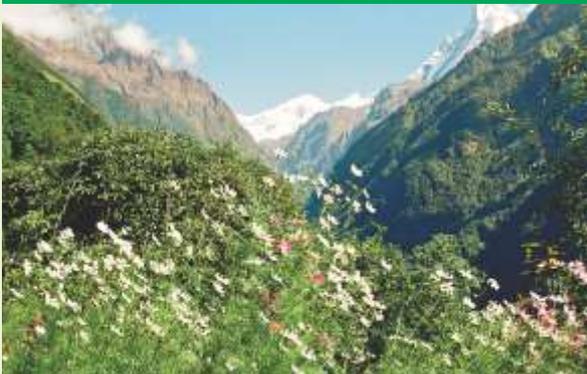
- Water footprint mapping accomplished at six campuses identifying water efficiency opportunities
- 16 out of 22 locations have adopted zero wastewater discharge approach
- Total water consumption reduction by 6.3% w.r.t. 2008-09 scope
- Check dams increased to 50 in 2011-12 with a collective water storage capacity of approximately 191 million litres benefiting tribals in Thane district
- Proven capabilities to execute large water management projects in the areas of distribution, water treatment and wastewater solutions

Green India



- Completed carbon sequestration study at six campuses. These campuses have sequestered 16,309 tons of CO₂ till date
- Around 35% of the available open land at our manufacturing locations has been converted into green cover
- Planted over 265,000 tree saplings across campuses and project sites
- More than 150,000 fully grown trees are being nurtured across L&T campuses

Sustaining the Himalayan Ecosystem



- Strengthened focus on employment opportunities and infrastructure development around project sites
- Continuing community engagement programmes such as medical camps, tree plantation at project sites in Uttarakhand, Arunachal Pradesh and Himachal Pradesh
- Reinforced 'skill building' programmes at project sites in the Himalayan region

Sustainable Agriculture



- Executed eco-friendly projects in fertiliser sector specifically to reduce energy consumption in Urea plants
- Reduced SO_x emissions and ammonia discharge into wastewater via 'fuel switch' projects for fertiliser plants
- Heavy Engineering is the preferred supplier of critical equipment to majority of the fertiliser plants in India
- E&A business provides products which help farmers to irrigate their crops. It also conducts farmer meets, rural electrician training camps and dealers training programmes to promote use of energy-efficient electrical devices

Strategic Knowledge for Climate Change



- Launched Corporate Sustainability website www.lntsustainability.com helping stakeholders get access to company's best practices
- Regular participation in various forums, seminars, symposiums related to sustainability and climate change
- Organising factory visits for colleges, institutes and industry forums to share various green initiatives
- The induction module, 'Prayag' for all new joinees extensively covers Climate Change, Sustainable Development and EHS topics
- Development of a pool of certified 'sustainability assurance practitioners' at L&T
- In-house capacity building training programmes for employees, related to energy auditors / energy managers certified by Bureau of Energy Efficiency (BEE)

Future Ready

CONSTRUCTION	
Risks & Opportunities	Strategic & Operational Initiatives
Sustainability related focus areas for businesses	Green buildings, Green construction, Smart grids and Solar / Wind energy. Energy efficient material conveyor systems and steel plant systems for customers
Energy conservation	Energy efficient plant and machinery at offices and project sites
Safety of workmen	Continuous training on safety and work methods. Enhance mechanisation in construction. Focus on increased PPE usage
Conservation of natural resources	Adopt new technologies and alternate products to deliver more value with less: Recycle and reuse waste
Lack of skilled workmen and productivity	Impart training through CSTI and on job training at construction sites
Compliance to environmental regulations	Meet and go beyond contract requirements at project sites. Upgrade plant and machinery to reduce air and noise pollution
Water scarcity	Use alternate technologies and materials that reduce water consumption. Recycle and reuse water at permanent establishments. Promote rainwater harvesting at the design stage
Health and Hygiene of workmen	Periodic health check-ups. Improve health and hygiene at project sites
Challenges in community engagements	Need assessment surveys and implementation of initiatives in line with thrust areas - Education, Mother & Child Healthcare and Skill Building, and align them with community needs

HYDROCARBON	
Risks & Opportunities	Strategic & Operational Initiatives
Slowdown in Indian economy and intense competition	Aggressively pursuing international opportunities with a particular thrust in the Middle East. Exploring new geographies in select Asia, Africa & CIS countries
Risk sharing and taking advantage of complementary strengths of alliance partners	Robust risk management process and pursuing targeted partnership with global EPC players to focus on large order prospects
Fluctuations in foreign exchange rates and commodity prices	Foreign exchange risk mitigated early by taking hedge or by taking suitable covers considering the overall foreign exchange inflows and outflows
Meeting requirements of skilled manpower	Enhanced employee engagement and review of roles and responsibilities for job enrichment and compensation
Ensuring human rights and good health & safety practices for workforce	Ensuring continued thrust on safety culture, human rights & wellness initiatives and good practices in supply chain management

HEAVY ENGINEERING

Risks & Opportunities	Strategic & Operational Initiatives
Constantly strive to improve reliability and delivery performance	A wide range of programmes have been designed and implemented to gain customer insight and enhance reliability of offerings
Challenges in water and energy conservation	<ul style="list-style-type: none"> • Implementing zero wastewater discharge approach at all our manufacturing facilities • We have dedicated energy conservation cells at all our major manufacturing locations to identify energy conservation processes
Reducing carbon footprint at operations	We have built LPG / natural gas terminals and are continuously reducing the usage of high speed diesel by replacing it with LPG / natural gas for the heating operations
Ensuring workmen safety at all locations	Safety training and awareness campaigns have resulted in lower accident rates and increased productivity
Import substitution	We are committed to develop key domestic suppliers and reduce cost and delivery cycle time
Enhancing social well-being of surrounding communities	Number of initiatives have been undertaken such as supporting local schools, vocational training institutes and conducting skill development programmes
Reduce attrition and improve employee well-being	ECAS & Employee Engagement initiatives have been further cascaded down to enhance better communication across all levels of management. This is termed as 'People Initiative' under 'Udaan'

ELECTRICAL & AUTOMATION

Risks	Strategic & Operational Initiatives
Increase in input costs affecting profitability	Continued emphasis on procurement optimisation, value engineering and lean manufacturing. Product design initiatives to optimise material consumption
Inadequacy of sustainability practices in supply chain	Build awareness and establish a process for assessing risks in the supply chain
Technology obsolescence	Resources deployed to identify and develop potential new technologies for the future
Inadequate speed in introducing products in the market	Restructuring and improving processes to improve the speed of introduction of new products
Opportunities	Strategic & Operational Initiatives
Enhanced awareness on the need for improving energy efficiency	Provide products and solutions that help customers reduce their carbon footprint
Increase in installed electricity generation capacity and rural electrification	Continuing efforts to build capabilities in MV switchgear. Enhancing marketing efforts and sales reach to increase market share
Growing potential in emerging economies	Business plans made to increase sales in international markets

MACHINERY & INDUSTRIAL PRODUCTS

Risks & Opportunities	Strategic & Operational Initiatives
Currency Risk	Suitable hedging strategies adopted in consultation with treasuries. Ongoing efforts for import substitutions
Globalisation and competition from international players	Through operational excellence initiatives, reduce cost, improve quality and provide value added products and services
Improving supply chain performance on sustainability parameters	<ul style="list-style-type: none"> Capacity building programmes for supply chain and develop an environmental and social code of conduct
	<ul style="list-style-type: none"> Support vendors for process improvements
	<ul style="list-style-type: none"> Localised vendors for efficient supply chain
	<ul style="list-style-type: none"> Long term partnerships to optimise supply chain capacity and capability. Encourage vendors for aligning with EHS initiatives

INFOTECH

Risks & Opportunities	Strategic & Operational Initiatives
Slowdown in global economies and growth in emerging geographies	<ul style="list-style-type: none"> Establishing partnerships in key areas
	<ul style="list-style-type: none"> Set up operations in South Africa through a joint venture
	<ul style="list-style-type: none"> Increasing operational efficiencies
Changing business model	Potential early mover advantage in cloud, mobility, big data and enterprise social collaboration
Technology challenges	<ul style="list-style-type: none"> Launched Smart Retail 2.0 in the manufacturing business space
	<ul style="list-style-type: none"> Developed frameworks for warranty, rights and service management Investment in building proprietary touch-based and mobile-enabled banking solutions
Enriched focus on CSR	<ul style="list-style-type: none"> Unified various centre-wise CSR initiatives (such as Sparsh, ACE, Samvedna, Care 2 Connect and Vidiyal)
	<ul style="list-style-type: none"> Initiative to tie up with NGOs and involvement of employees for CSR activities

Materiality

Materiality analysis helps L&T not only identify, prioritise and address risks, but also identify and capitalise opportunities. It helps us to not just chart sustainability strategies that are significant for the stakeholders but also drive long-term business value for investors. Lastly, it benefits us to measure our performance over time and manage change accordingly.

Considering the sheer diversity in the nature of our businesses, material issues for each business are different. Hence, we conduct a structured stakeholder

engagement process whereby we identify a canvas of materiality issues and further filter it through a fine sieve of organisation-wide priorities.

We regularly engage with our stakeholders to conduct a materiality analysis, be it in collaboration with professional consultants or via in-house engagement sessions. Based on our internal detailed study, wherein we first created a universe of all relevant issues for each business and analysed it through a materiality test consisting of six parameters, in order to identify the issues that should be material to the whole of L&T.

The six parameters of the materiality test:

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

The key material issues that emerged:

Key Material Issues	Initiatives to address the Materiality Issues
Focus on EHS: Employee health & safety, product design & execution, water conservation, waste management, carbon footprint	Improve safety performance and wellness of employees across ICs
	Give prime importance to safety during design and execution of projects
	Identify own operation risks and develop a framework to manage the same before scaling up to the entire value chain
	Consider safety performance as an important parameter during supplier rating and selection
	Evaluate water, waste and carbon footprint and map performance to an established baseline
	Address suppliers' request to provide them training on water, waste and carbon footprint mapping
	Include aspects of environment in business management: Use of eco-friendly equipment and engage in eco-friendly / green construction
Review sustainability agenda in structured manner by top management: Sustainability strategy implementation, dashboard, roadmap	Benchmark sustainability performance vis-à-vis global standards and subsequently adopt global best practices
	Create a sustainability dashboard at IC 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	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 ICs 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	Assess levels of energy efficiency and focus on energy conservation and improving energy efficiency across ICs
	Focus on harnessing and increasing consumption (at existing locations) of renewable energy
	Create a robust business model spanning across ICs to address the energy challenge
	Initiate product labelling with a focus on energy efficiency of product vis-à-vis global competitors
	Provide technical expertise and training to suppliers to enable them to reduce their energy footprint

Reporting Scope

L&T publishes Corporate Sustainability Report annually. Our fifth report covers environment, economic and social performance between April 1, 2011 and March 31, 2012. 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 nine businesses and L&T Infotech Limited. All other subsidiaries and associates are excluded. The reporting boundary has been increased to cover all major manufacturing locations, projects sites and offices across India, as well as overseas projects managed from India:

Corporate Locations
L&T House (LTH) and Leadership Development Academy (MDC -Management Development Centre) at Lonavala near Mumbai
Construction
Business operations and India based support processes and project sites
Hydrocarbon
Project locations across India and offices within India at Powai, Vadodara, Faridabad, fabrication facility at Hazira and HCP (Hydrocarbon Construction & Pipeline) division
Heavy Engineering (HE)
Locations at Powai, Hazira, Ranoli, Talegaon, Coimbatore and Visakhapatnam as well as Sohar in Oman. This year, Bangalore location has been added to the scope.
Electrical and Automation (E&A)
Locations at Powai, Mahape, Ahmednagar, Mysore and Coimbatore.

Machinery and Industrial Products (MIP)
Construction Machinery Business, LTM, Kansbahal, Audco India limited (AIL) and L&T Komatsu (LTK)
Domestic Marketing Network (DMN)
Offices in India
L&T Infotech
Offices in India

The data for economic performance has been disclosed as per L&T's financial report of FY 2011-12.

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 DET NORSKE VERITAS AS (DNV), India and the assurance engagement is of Type 2 and 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 level A+ and DNV has confirmed the application level.

FEEDBACK

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

Mr. Ajit Singh

*Executive Vice President,
Corporate Infrastructure & Services*

Larsen & Toubro Limited

Saki Vihar Road, Powai Campus,
Mumbai 400 072, India.

sustainability-ehs@larsentoubro.com

L&T has been associated with the ongoing programme of the Indian Space Research Organisation (ISRO)



(Photo: Courtesy ISRO)

THE SUSTAINABILITY JOURNEY

SUSTAINABILITY TARGETS 2009 - 12

LOOKING BACK

In 2009, the second year of our sustainability reporting journey, we challenged our commitment to the triple bottomline performance by setting for ourselves a wide spectrum of sustainability targets.

At this point in our journey, we are happy to report that satisfactory progress has been achieved in most of the goals that we set for ourselves - from initiating carbon footprint mapping to conducting energy audits across locations, from adopting a zero wastewater discharge approach to, most importantly, integrating sustainability into our businesses.

Climate Change 	Water Conservation 	
Conducting carbon footprint mapping of L&T operations	Adopting zero-discharge approach	Reducing per capita water consumption by 10%
Status Carbon footprint mapping of L&T manufacturing locations and project site completed for third consecutive year	Status 16 campuses are zero wastewater discharge locations More than 261 million litres of water reused at campuses	Status Overall 6.3% reduction in water consumption achieved w.r.t 2008-09 Usage of harvested rainwater increased to 23 million litres

Management System 		Health 
Implementing ISO 14001:2004 and OHSAS 18001:2007 at manufacturing locations and major design offices	Implementing ISO 14001:2004 and OHSAS 18001:2007 at project sites above ₹ 7.5 Billion	Developing organisation wide health index by implementing WoW (Working on Wellness) programme
Status 19 locations are ISO 14001 and 18 locations are OHSAS 18001 certified	Status All 4 ICs of construction business are ISO 14001 and OHSAS 18001 certified	Status Completed Phase I and II of WoW comprising awareness programme, diagnostic camps and workshops at campuses and offices

THE SUSTAINABILITY ROADMAP

SUSTAINABILITY TARGETS 2012 - 15

LOOKING AHEAD

Energy Conservation 		Climate Change 		Safety 	
15%	5%	5%	3%	Zero	30%
increase in energy saving by conservation and efficiency improvements (YoY target)	reduction in energy consumption intensity (measured per employee)	reduction in Scope 1 (Direct) GHG emissions intensity (measured per employee)	reduction in Scope 2 (Indirect) GHG emissions intensity (measured per employee)	Working towards Zero accident goal	reduction in Severity Rate (SR)

Energy Conservation 			Safety 	
To conduct energy audits at all manufacturing locations	Improve energy conservation metric by 10%	Developing location-wise roadmap for increasing use of renewable energy	Achieving zero accident status at manufacturing locations	Reducing FR and SR at project location by 50%
Status Energy audits are periodically undertaken and all locations have been audited. Energy conserved: 34,282,500 units (more than 27,000 tons of emissions avoided since 2008)	Status Energy conservation doubled w.r.t 2010-11 in Heavy Engineering, Electrical and MIP businesses. Overall more than 15% year-on-year since 2009	Status Wind farm of 8.7 MW made operational in South India. Overall green energy usage is above 10%	Status 9 L&T campuses, 6 L&T Infotech locations and 19 DMN offices achieved zero reportable accident status	Status Frequency Rate reduction of 63% w.r.t 2007-08 Severity Rate reduction of 43% w.r.t 2007-08

Community Development 			
Continuing interventions in CSI thrust Areas	Increasing training and employability of underprivileged youth through Construction Skills Training Institute and L&T Charitable Trust activities	Promoting employee volunteering	Including EHS parameters in social engagements
Status Ongoing	Status Ongoing	Status Ongoing	Status Ongoing

Going forward, team L&T will continue to raise the bar. Building on past performance, we have charted our sustainability roadmap for next three years (2012-2015). The targets are more ambitious and will cover a larger swathe of L&T's businesses.

Water Conservation 	Material Management 	Health 	Ongoing Corporate Social Initiatives 	
5% reduction in water consumption intensity (measured per employee)	5% reduction in direct material consumption and/or increase the share of recycled input materials	10% improvement in employee health index through 'Working on Wellness' (WoW)	Scaling up of community development interventions in education, health & skill building	Enhancing employability of urban and rural youth & women through capacity building initiatives
				Widening the reach of employee volunteering for community welfare



A Rainbow of Relationships

Customer, collaborator, shareholder and neighbour. Our universe holds them all. Each of them has a distinct perspective and set of priorities. We believe that sustainable success will only be possible if we engage with them all. The proverbial pot of gold lies in the insights we gain and the opportunities we derive through continual interaction.

Stakeholder Engagement

CHANGE

IN PROGRESS

INCREASE EMPHASIS ON DIGITAL MODES OF COMMUNICATION PROCESSES

- L&T-SCAPE
- L&T INFODESK

SYNTHESIS OF IDEAS THAT CAN **TRIGGER INNOVATION**

ENHANCING **RESPONSIVENESS** ACROSS STAKEHOLDERS

At L&T, we are committed to be accountable and responsible for our actions in terms of environmental and social equity, and it is our strong belief that these goals cannot be achieved by acting in isolation.

Along with customers, supply chain partners and employees, we recognise that engagements with regulatory bodies, capital providers, NGOs and communities are vital to attain our goals.

Engagement Framework

The framework represents L&T's ongoing commitment to work collaboratively and form and maintain inclusive relationships with our internal and external stakeholders. It has been developed over the years and was refined through a detailed stakeholder engagement exercise carried out with KPMG Advisory Services.

The underlying principles of the stakeholder engagement framework are responsiveness, inclusiveness, openness, transparency and trust. The core objective is to ensure consistent, customised and strategic engagement across stakeholders in a collaborative space characterised by mutual respect.

Insights culled from the engagements help us identify material issues and address them appropriately.

Modes of Engagement

The diversity of our stakeholders is well-represented in the diversity of channels that we deploy to engage with them.

FOR EXTERNAL STAKEHOLDERS



L&T INFODESK

Introduced this year, it provides a single point contact for information on the entire range of L&T products and services and other particulars related to the Company.

We continued to deploy our regular communication channels such as:

- Stakeholder Engagement Sessions
- Client Satisfaction Surveys
- Regular Business Interaction
- Quarterly Feedback System
- Investors' Meet
- Press Releases
- Marketing Collaterals
- Annual General Meeting
- Supplier, Dealer And Stockist Meets

FOR INTERNAL STAKEHOLDERS



L&T-scape
A collaborative, enterprise-wide portal for all L&T-ites was launched this year, to communicate, collaborate and facilitate knowledge sharing.

The well-established engagement platforms which we continue to leverage include:

- Employee Satisfaction Survey
- Gallup Engagement Survey for further improvement in employee engagement process
- Welfare Initiatives for Employees and their Families
- Circulars
- In-house Magazines
- Social Initiatives
- Internal Spot News

Shareholders

We use different modes and media like press releases, website, brochures, bulletins, speeches and conference presentations to engage with our shareholders. The views that flow in from the shareholders are inputs for the decision-making process.

Regular one-on-one meetings with key investors, video and audio conferences, e-mailers and response to the queries through phones and e-mails are some of the institutionalised engagement apparatus to cater to the needs of the investors.

Snapshots of Shareholders' Visit to Powai Campus



The Company's Annual Financial Report is mailed to shareholders and the quarterly financial reports are published in local and mainstream newspapers. Announcements inviting shareholders to the Annual General Meetings are published in accordance with regulations.

In our constant endeavour to enhance the sustainability of the environment and in accordance with the circular issued by the Ministry of Corporate Affairs, Govt. of India, we have proposed an option to our shareholders to receive all documents like General Meeting Notices (including AGM), Audited Financial Statements, etc. at their e-mail addresses registered with their respective Depository Participant (DP) accounts.

Customers

Customer engagement is at the heart of our business model. Feedback obtained during these engagements contribute towards business improvement in its entirety. We thus proactively establish and sustain a rich and meaningful dialogue with our customers.

To augment customer engagement, create awareness and retain brand preference, we deploy multi-disciplinary media tools including:

Brand building and product advertising campaigns

Online media | Customer meets

Exhibitions and trade fairs | Leaflets | Website

Bulletins, newsletters and brochures

Print and TV media | Workshops and conferences

The Annual Review - a synopsis of our businesses and the organisation

We track customer satisfaction through periodic surveys and focus groups conducted by independent agencies.



Mr. K. Venkataramanan receives the 'Global Business Communicator Award' at the 51st Annual ABCI Awards

L&T's communications bagged a total of 11 awards at Association of Business Communicators of India (ABCI) Awards. The tally includes awards secured across the spectrum of in-house magazines, brochures, calendars, photographs and sustainability report. The number of awards was the highest secured by any company, qualifying L&T for the coveted 'Champion of Champions Award'.



L&T brand identity manual launched by Mr. A.M. Naik & Mr. K Venkataramanan

Engagement Outcomes

Our engagements have given us unique insights and fresh perspectives that enable us to enhance relationships and identify potential areas for improvement. Some of the feedback points are enumerated below:

Suppliers and Clients

- Majority of suppliers and clients continue to rate L&T as the best EPC company
- Suppliers rate their experience in dealing with L&T personnel as excellent and most suppliers rate experience of resolving issues with L&T as satisfactory
- Clients rated L&T very high on the performance parameters such as product responsibility, efficiency, reliability, consistency and quality
- Suppliers feel L&T needs to improve communication and reduce the lead time in response

NGOs

- Responded that L&T regularly engaged with them for feedback on performance and for initiating new projects
- Reported that projects were selected to meet the needs of the community
- Suggested that impact assessment studies be conducted

Investors

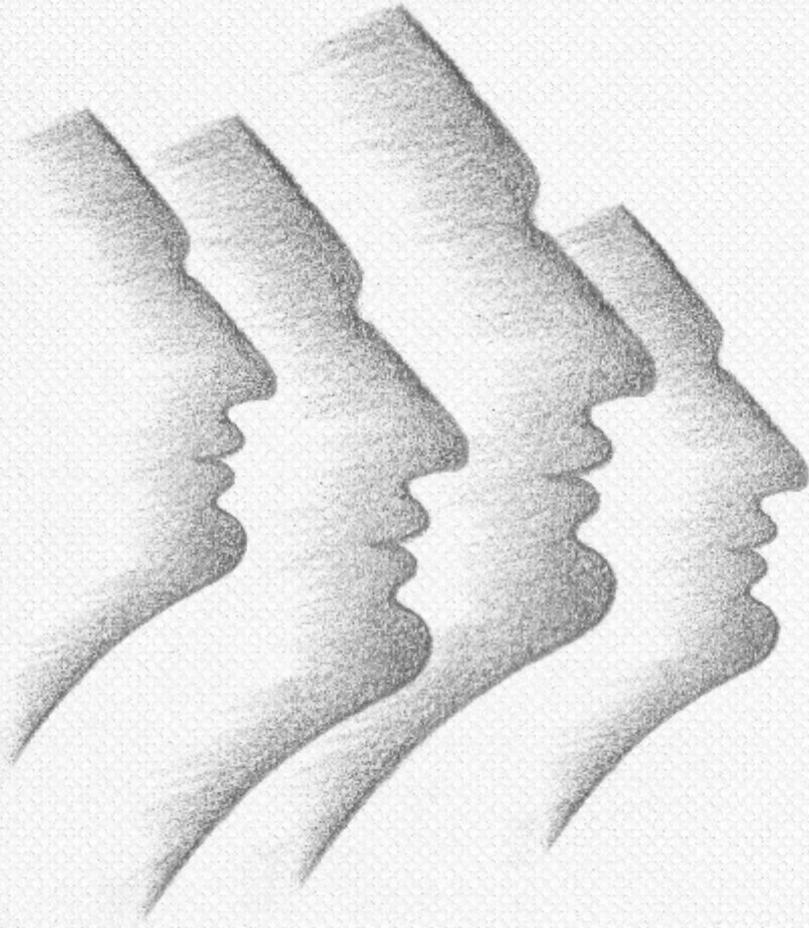
- **Our investors have applauded our advancement in:**
 - Reconfiguring our business into leaner Independent Companies
 - Talent management
 - Investment in R&D
 - Global competitiveness
 - Sustainability initiatives
- **Main reasons why investors select L&T**
 - Robust business model
 - Professional management
 - Technology and engineering strength
 - Strong execution skills
 - Products and services in alignment with infrastructure growth
 - Sound governance
- **Potential areas for improvement**
 - More granularity in segmental reporting

We have professional communication officers in every IC to ensure a continuous dialogue between organisation and its stakeholders. We maintain multiple channels of communication through which any stakeholder can approach the relevant authority for sharing feedback and for redressal of issues, if any.



'Science on Wheels' - L&T joins hands with an NGO to promote science in schools. This is part of L&T's broad spectrum of community initiatives





Grey Matters

Powering the Company's growth engines are the grey cells of over 50,000 L&T-ites. They help us create competitive advantage by transforming pathbreaking innovations into sustained revenue streams. We nurture this rich source of intellectual capital by providing it the platform to perform, and the culture to excel.

People Performance

CHANGE

IN PROGRESS

INCREASE IN TRAINING HOURS BY 23%
LEADERSHIP DEVELOPMENT ACADEMY

INSTITUTIONALISATION OF LEADERSHIP DEVELOPMENT PROGRAMME

GREATER SAFETY QUOTIENT

A ROBUST AND STRESS-FREE WORK CULTURE

It is the creative energy of people that powers L&T. Their synergised strength enable us to develop innovative solutions, find answers to seemingly impossible tasks and add value in each of our offerings. We nurture and channelise this inexhaustible people power by a continuous loop of training, motivation, development and growth.

To empower and enhance this rich resource, we have adopted a 5R approach -

				
Recruitment	Remuneration	Recognition	Retention	Recreation
<p>We attract the brightest minds from country's finest campuses. Our selection criteria also includes, behavioural characteristics like right attitude and spirit</p>	<p>The achievements of the Company are the sigma of achievements of team L&T. We have therefore adopted a competitive remuneration policy that continues to attract and motivate talent</p>	<p>Be it by words, actions, awards or rewards - appreciation boosts employee morale. We recognise the performance of our people and celebrate their achievements</p>	<p>Sustainability is at the heart of our actions. We view ourselves as long term players and motivate employees to ensure long term engagements</p>	<p>We have set up facilities to create an environment where employees can achieve the ideal equilibrium - work-life balance</p>

Talent Management

With over 55% of the workforce below the age of 30, L&T is a young engineering conglomerate. We stimulate and leverage this young intellectual capital by offering a healthy mix of opportunity, responsibility, growth and purpose.

Our integrated talent management framework is established on a robust model, that enhances employee capabilities and nurtures both professional and behavioural competencies. Our work culture empowers individuals with the freedom to think beyond the conventional, innovate out of the box and raise performance levels.

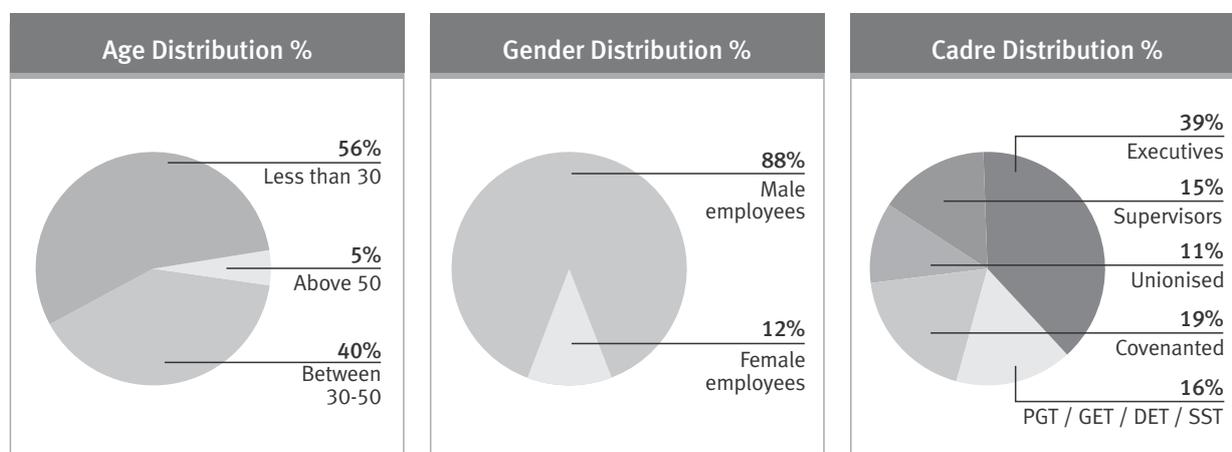
A systematic approach, as detailed below, ensures that each stage of the employment life cycle is well-addressed.

ACQUIRE TOP TALENT
ACCELERATE DEVELOPMENT EFFORTS
DEPLOY TALENT WHERE THE BUSINESS NEEDS IT MOST
RECOGNISE KEY PLAYERS WITH ENGAGING WORK AND COMPETITIVE REWARDS
CHART A LEADERSHIP PIPELINE AND SUCCESSION PLAN

Total Workforce	Nos.
L&T *	40,729
L&T Infotech*	15,591
Sub Total**	56,320
Full Term Contract Workers	333,919
Total including Contract Workers	390,239

* Full time employees ** Number of employees as per 2012 report scope and boundary, refer page no. 29

Workforce Composition



Talent Acquisition & Retention

The ability to attract, develop and retain talent determines the strategic capability of organisations. At L&T, a premium is placed on how talent is sourced, selected, trained, promoted and moved across the organisation. The company HR's approach commences by seeking out high calibre talent and continues through the employment life cycle with strong emphasis on retention. It helps us build a strong foundation based on competitive differentiation, propels performance and creates value.

Talent management, leadership development and succession planning are the major focus areas for the Company. The individual business units have been focusing on acquiring and retaining the talent with requisite competencies.

A.M. Naik

Executive Chairman, Larsen & Toubro Limited

Training programme at Leadership Development Academy, Lonavala



We focus on all facets of our investment in human capital and have institutionalised a plethora of integrated initiatives to achieve employee delight. Competitive pay packages matching the best industry standards accelerate our employees' professional growth, periodic training enhances competencies and healthy & cohesive work environment fosters excellence. Engagement initiatives for employees as well as their families build trust, respect and camaraderie.



Employee engagement programmes include keenly contested competitions and joyous celebrations

Our recruitment decisions are governed by meritocracy, offering an equal opportunity to all. We do not discriminate on the basis of gender, caste or place of birth.

Employee Turnover

Employee Turnover	Including Infotech	Excluding Infotech
Total number of employees leaving employment in the reporting year	5,670	3,511
Male	4,774	3,204
Less than 30	2,737	1,880
Between 30 to 50	1,854	1,150
More than 50	183	174
Female	896	307
Less than 30	707	256
Between 30 to 50	185	48
More than 50	4	3



The minimum notice period is governed by the terms of employment, as stated at the particular level as well as in the collective bargaining agreement.

Wide Recognition of Good HR Practices



- 1 L&T ranked as the top engineering Company in Business Today's listing of 'Best Companies to Work For' and 10th in overall ranking among more than 4,400 companies
- 2 Ranked among the top three as the 'Most Attractive Employers' in an online research carried out by Ma Foi Randstad, an HR services company
- 3 Received National Award for 'Strong Commitment to Employee Relations' from Employers' Federation (EFI) of India

Training

To cater to changing technology landscapes and new business paradigms, we continually customise and revise our training and development modules, adding new, innovative programmes year-on-year. They encompass all key domains:



We have invested in setting up various in-house training and development centres.



The state-of-the-art Leadership Development Academy (erstwhile Management Development Centre) at Lonavala near Mumbai, that serves as a platform for continuous learning



L&T Institute of Project Management, Vadodara accredited by the Project Management Institute of USA

Safety Innovation School is being set up in Hazira, which will enhance safety skill set of L&T's employees and contractor workforce

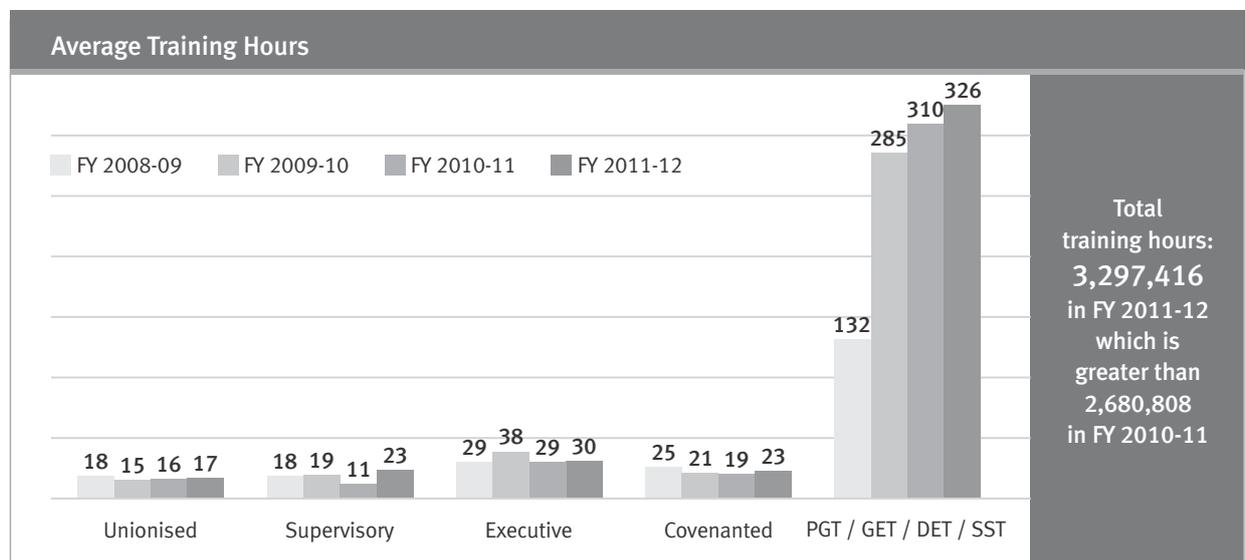
Over and above in-house training programmes, we actively expose our employees to domain experts & training faculty from across the world. The operating philosophy is to learn from the best.

Powered by our strong information technology backbone - we deploy interactive and participatory methodologies

which are in line with the language of the new world.

Our various e-learning tools like virtual classrooms, high-end work stations and digital library enable focused training with lesser resources, diminish geographical barriers and facilitate employees to learn - any time, any place, at their own pace.

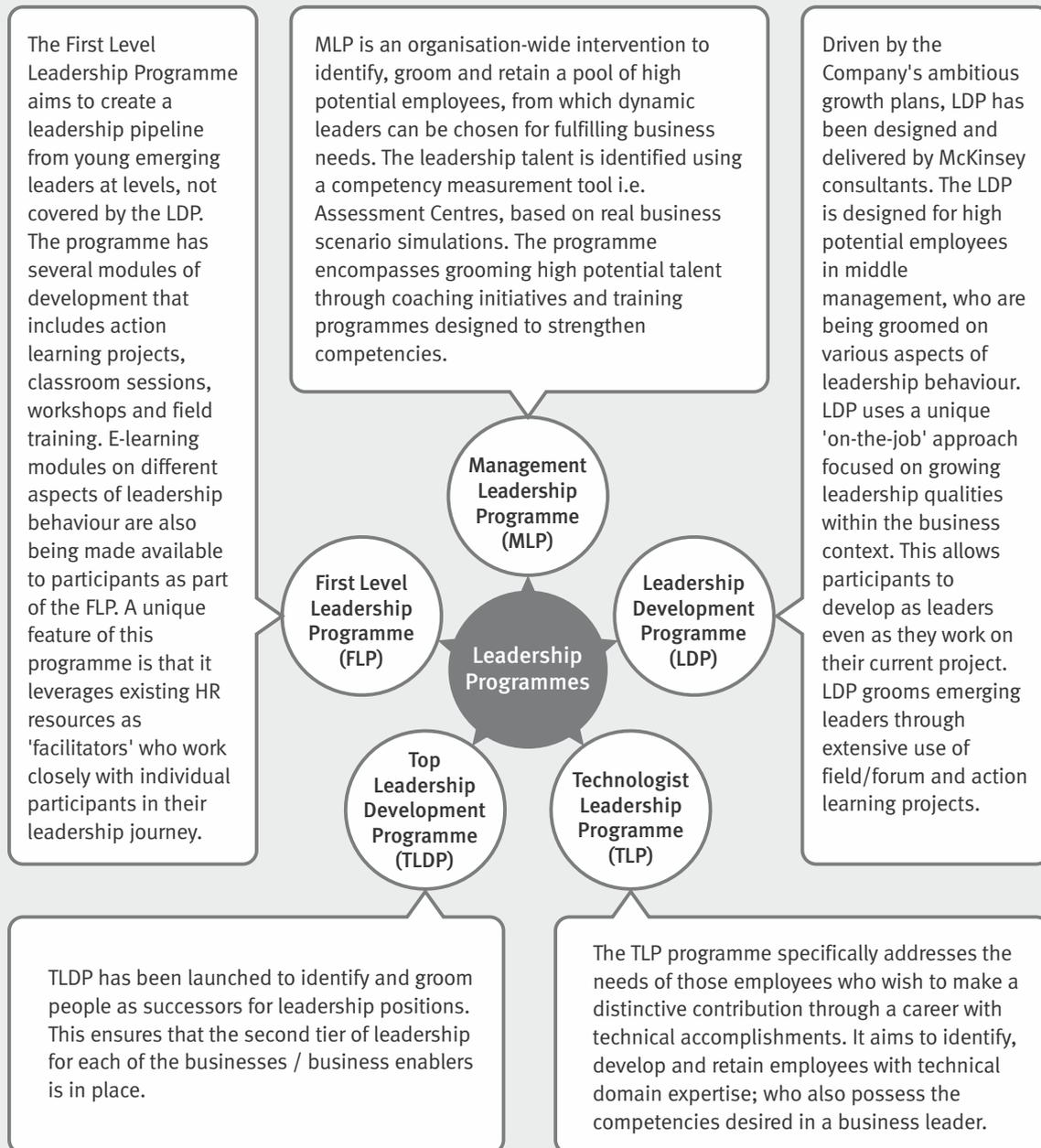
We also conduct specific high-impact programmes dedicated towards leadership development



In the reporting year, the total training hours witnessed a rise of 23% vis-à-vis last year. This growth in quantum of training hours was complemented by a growth in the variety of programmes to ensure holistic all-round development.

Leadership Programmes

Leadership identification and development has been institutionalised in the company through MLP, TLP, TLDP & FLP programmes which have been developed in association with leading HR consultants. Various career growth options are offered to young aspiring professionals for development and for achieving operational excellence.



Other On-going Programmes

L&T - Management Education Programme (MEP)

Management Education Programme is a unique L&T and IIM-A collaborative programme with an objective to equip future leaders and business managers with

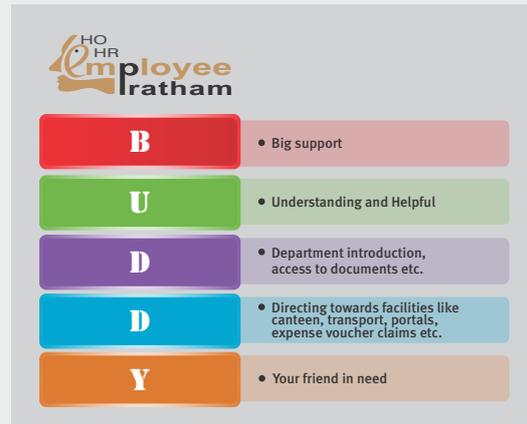
the skills essential for continued success. In the reporting year, the maiden batch comprising 45 L&T-ites, successfully completed a two-year MEP conducted by the Indian Institute of Management.

Mentor Buddy System

A Mentor Buddy System facilitates the induction process of new joinees. Regular induction programmes ensure that new joinees have an overview of the company operations and they also get an opportunity to interact with senior leadership.

Other benefits include

- A strong personal connection between the organisation and the employee
- Enable the new joinee to be smoothly inducted in the Company
- Shorter adjustment time
- Motivate seniors to set examples for the newcomers and support organisational building activity



Employee Benefits

Employee felicitation



Collective Bargaining:

All unionised employees are covered under collective bargaining. There are no identified operations in which the right to exercise freedom of association and collective bargaining may be at significant risk. All possible actions are taken to support these rights.

Minimum Wages to Workmen:

L&T follows a policy of strict adherence to statutory & regulatory norms for payment of wages & benefits. The minimum wages compliance is 100%. Statutory benefits like PF and medical facilities are also provided for their well-being.

Employee appreciation



Organisation's Defined Benefit Plan Obligations:

L&T provides various benefits to full-time employees. 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 of Operational Changes:

For notice period regarding operational changes we follow the procedures mentioned in the Industrial Disputes Act (21 days).

Occupational Health & Safety

Occupational Health and Safety is an integral part of our business philosophy. It is viewed as protecting our most valuable assets. We aim to be a leader in OHS performance through continual measurable improvements.

L&T recorded zero reportable accidents at Powai in HE and EA manufacturing units since 2010-11.

A well-defined Health and Safety Policy is in practice to adhere to all statutory and voluntary safety standards. These policies reinforce our commitment towards building a safe and health-oriented culture that is conducive to the mental and physical well-being of employees.

Our 'Environmental and Safety Management System' encompasses:

1. Detailed environment and safety manuals

2. Workplace safety training programmes that equip employees to mitigate risks and minimise accidents

3. Use of safety protective gear

4. Daily toolbox talks

5. First aid & emergency evacuation processes

6. Preventive practices for specific high-risk activities

7. Insurance schemes and employee safety policies

8. Periodic audits and safety reviews

9. Recognition & reward programmes for safety performance

10. Study of best practices from external agencies such as British Safety Council, National Safety Council, safety consultants and other government agencies

Our businesses also engage with leading safety consultants to strengthen the safety culture. We continue to initiate safety awareness programs like celebration of National Safety Day at our locations to reinforce the spirit of safety among L&T employees.

Monitoring

Identifying hazards and shortcomings at every step is crucial at L&T. Our dedicated team of safety personnel monitor, record and investigate activities on a daily basis. The information thus collected is analysed at various levels, remedial steps recommended and implemented. Monthly sector management committee meetings and site management committee meetings review all issues pertaining to monitoring.



Toolbox Talk at one of our project sites



Health check up at one of our project sites

Manufacturing Units & Project Site Practices

We go beyond compliance by implementing practices that improve our work environment and embed health and safety consciousness among all team members. Safety committees with more than 50% participation of the workers are operational at our manufacturing locations. Safety Review Committees, which also comprise union office bearers, oversee safety at manufacturing facilities and project sites.

Workforce is trained in various safety programmes such as:

- Importance of EHS

- Defensive driving

- Legal requirements

- Construction hazards and preventive measures

- Precautionary measures during radiography

- Safety while working at height

- Safety during material handling

- Confined space entry requirements

Formal agreements with trade unions include aspects on Occupational Health and 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.

Safety Performance

Accident Statistics as per FY 2007-08 Scope	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
FR	0.40	0.23	0.16	0.16	0.15
SR	518.00	422.00	286.00	282.00	295.00
Fatality Rate	22.10	17.20	11.69	11.55	12.07

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

Current Year's Scope	FY 2011-12
FR	0.20
SR	287.47

No. of Fatalities

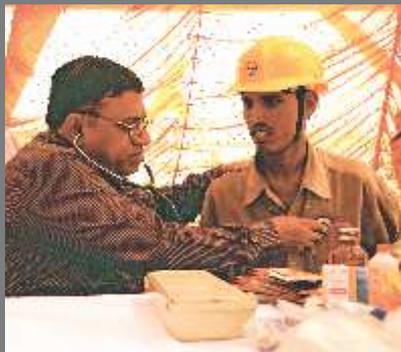
FY 2007-08	40	FY 2008-09	39	FY 2009-10	29
FY 2010-11	37	FY 2011-12	47		

Action taken to improve the safety performance at L&T

- Project 'Suraksha Jeet' has been launched with the aim of safety culture transformation at project sites
- Impetus to behaviour based safety programmes at project sites and manufacturing locations
- Improved induction training process for contract workmen
- Regular safety audits at project sites and manufacturing sites
- Capacity building workshop to enhance the safety skill set of EHS professionals and line managers
- Strengthening the standard operating procedures to reinforce safe working in critical operations e.g. working at height, protection of floor opening, electrical safety etc.
- Encouraging proactive safety culture by promoting 'Spot the Hazard' and 'Near Miss Incident' reporting at units and project sites



EHS - THE THREE PILLARS OF EMPLOYEE WELL-BEING



At L&T, safety is non-negotiable. We take utmost care to ensure a secure working environment. A snapshot of initiatives undertaken at the Metallurgical & Material Handling Business Unit (MMHBU) of L&T Construction IC is illustrative of how each of our units monitor probable risks, formulate a mitigation plan and execute focused initiatives to enhance health and safety of our employees.

The nature of work at MMHBU involves extensive physical activity, bulk handling and exposure to various substances and effluents. Key initiatives undertaken in the reporting period include:

Construction of secondary containments in 13 project sites to arrest diesel spills

Occupational health check-ups were conducted periodically at job sites

Ambient air quality monitoring was undertaken in nine project sites to ensure that Particulate Matter (PM) 2.5 concentration is maintained within the statutory limits

45 training programmes (two days each) on safety practices in construction industry were conducted with an aim to reduce FR and AR rates by a minimum of 10% over FY 2009-10

To increase the green cover, 186,400 saplings were planted.

Diversity and Equal Opportunity

At L&T, diversity is an essential element of sustainability. Hence, we practice only one measure of discrimination - meritocracy. In synergy with all labour legislations, we practice and propagate equal opportunity in employment and do not differentiate on the basis of caste, religious / political affiliation, gender, nationality, age, sexual orientation or handicap.

We truly believe, that diversity strengthens us and makes us more versatile. It is our aim to foster an egalitarian work culture, where every employee has the right to question and collectively we learn, grow and thrive.

Encouraging employability of people with disabilities

L&T's 'Project Neev' provides career opportunities to the specially-abled through direct and indirect employment.

L&T employed 83 differently-abled people and generated indirect employment for another 80 such individuals.



L&T released a policy for the protection of women's rights at the workplace

Human Rights

Human rights are valued and respected at L&T. We are committed to conduct business in a manner which is ethical and upholds the fundamental rights of a person.

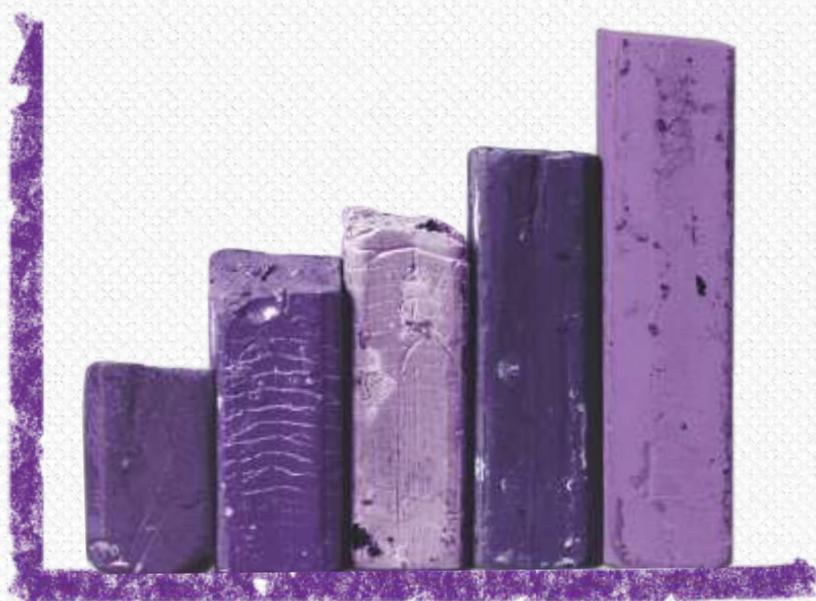
None of our units permit child labour or forced labour. We ensure that human rights clauses are included in our

contract document 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.

Differently-abled people employed in L&T's supply chain





PURPLE PATCH

The macro business environment in the past few years has been characterised by uncertainty. Across these volatile times, L&T's strategic vision and ability to harness sectorial opportunities has paid rich dividends. In the past five years, the order book has grown at a CAGR of 28% and the recurring PAT has posted an impressive 20% CAGR.

Economic Performance

CHANGE

IN PROGRESS

EXPANSION IN CAPACITIES AND GEOGRAPHIES

BUILDING NEW BENCHMARKS AS INDIA'S LARGEST SOLAR EPC ORGANISATION

DIVERSE AVENUES GREATER REVENUES

FUTURE READY PRODUCT PORTFOLIO & CONTINUED LEADERSHIP

If 2010-11 saw troubled economies, debt crisis and political unrest at a global level, 2011-12 was marked by sovereign default in Europe, deterioration in macroeconomic indicators and a marked deceleration in the investment momentum at home. Even against this backdrop, L&T, due to its foresight, diversified portfolio and geographical derisking, continued to post healthy financial results.

In the reporting year, we recorded robust revenues of ₹ 531.71 bn, an increase of 21% over FY 2011. Continued order inflows enhanced the order book by 11%.

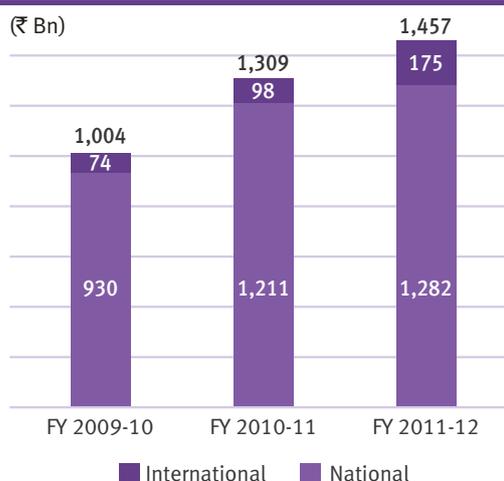
Along with strengthening our present foundations, we continue to scale new technology terrains, restructure our organisation and reconfigure our product mix to build a better future. Strategic investments in capacity build-out, both brownfield and greenfield, are aimed at preparing us for a better tomorrow.

Economic Value Generated

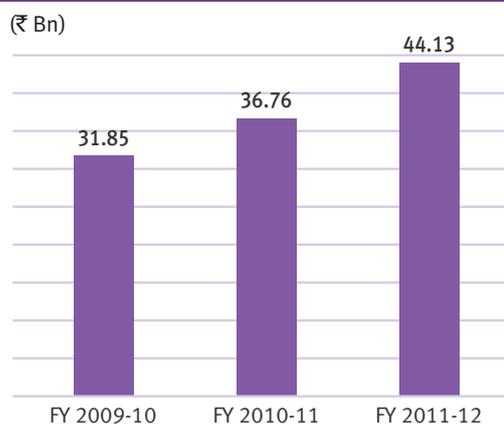
The slowdown in orders from the domestic market was partially compensated by growth in international orders, mainly from the Middle East region. International orders accounted for 18% of the total annual order inflow.

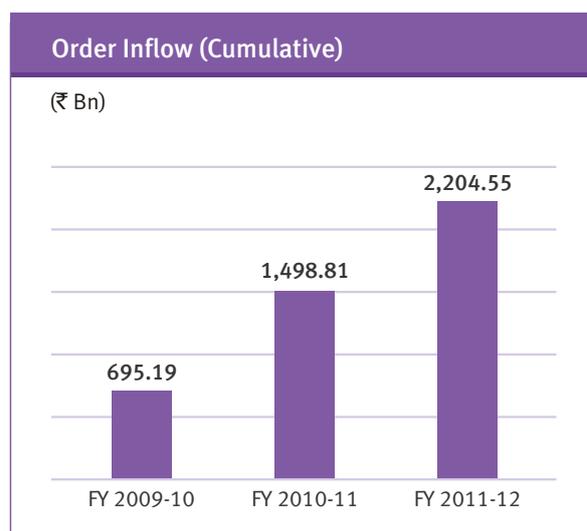
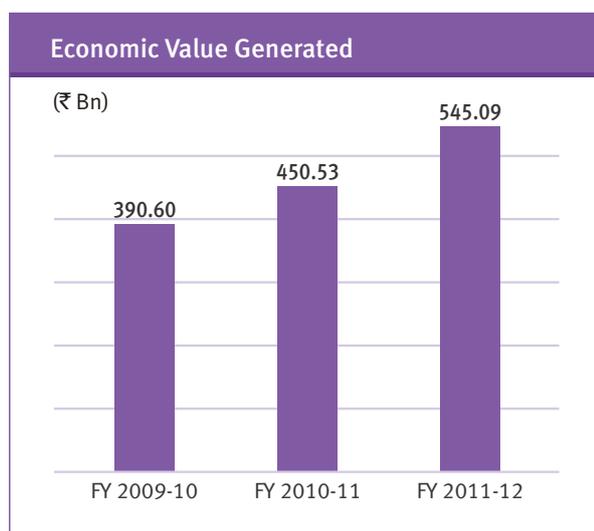
Our focus on optimal sourcing, sustainable manufacturing, and timely and cost effective execution of orders helped us grow our PAT, excluding exceptional and extraordinary items, by 20% to INR 44.13 bn during FY 2012.

Order Book



PAT (Excl. extraordinary / exceptional items)





The Balance Sheet and the Statement of Profit and Loss for the year ended March 31, 2012 are drawn and presented as per the new format prescribed under Schedule VI of the Companies Act, 1956 applicable for the financial year commencing from April 1, 2011. The amounts pertaining to the previous year have been recast to conform to the new format.

L&T's market capitalisation as on 31st March, 2012 was **₹ 800.31 bn**

Particulars	FY 2009-10	FY 2010-11	FY 2011-12
EPS* (₹ Bn)	73.77	65.33	72.92
ROCE (%)	15.90	15.00	15.1
EVA (₹ Bn)	5.90	4.85	4.3

*Including extra ordinary and exceptional items

The trend of EVA during the past three years reflects the investment phase for the company.

Liquidity and Capital Resources

(₹ Bn)

	FY 2009-10	FY 2010-11	FY 2011-12
Cash and cash equivalents at the beginning of the period	7.75	14.32	17.3
Add: Net cash provided / (used) by:			
• Operating activities	54.85	38.33	10.82
• Investing activities	(77.13)	(28.86)	(20.49)
• Divestment proceeds	16.41	4.76	1.26
• Financing activities	12.44	(11.25)	10.16
Cash and cash equivalents at the end of the period	14.32	17.30	19.05

We did not receive significant financial assistance from the government in 2011-12.

L&T is changing the skylines of urban spaces in India and abroad. The Dubai Marina showcases L&T's capability in executing office, commercial and residential projects, globally



Economic Value Distributed

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

(₹ Bn)

	FY 2009-10	FY 2010-11	FY 2011-12
Manufacturing, construction and operating expenses	285.37	334.68	410.2
Employee wages and benefits	23.79	28.3	36.63
Payments to providers of capital			
• Interest	5.05	6.19	6.66
• Dividend	7.53	8.83	10.1
Payments to Government	34.08	44.64	60.74
Community investments	0.64	0.68	0.70*

* Note: L&T Spent ₹ 0.615 Bn during 2011-12 on Leadership Development Academy (Training Facility up-gradation). This is in addition to 0.70 Bn community investments in FY 2011-12 as shown above.

Enriching Stakeholders

Our customers, shareholders, employees, suppliers and other stakeholders have been the guidepost at the core of our decision-making processes. We continue to focus on adding value to all our stakeholders.

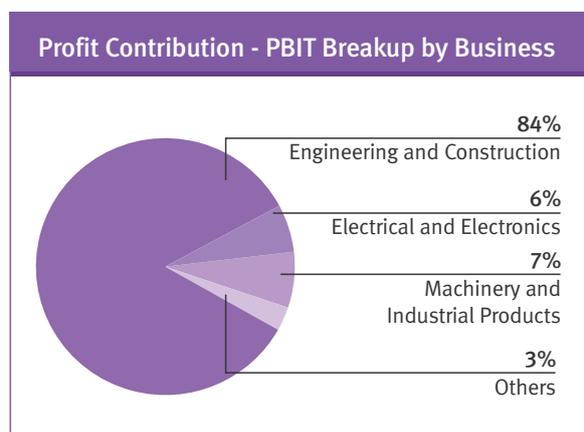
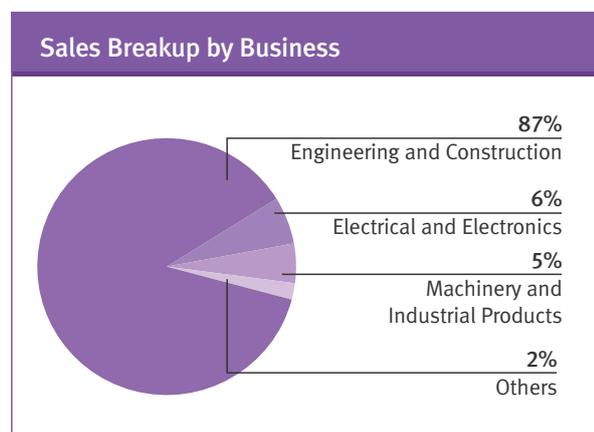
Customers

We proactively keep raising the bar on customer engagement. Technology differentiation, value engineering, responsive turnaround time, reduction in logistics cost, expansion of product range and continuous product improvement contribute to enhanced value.

Our sharp focus on customer needs has seen our order book swell and helped us bag many prestigious orders from marquee customers such as Power Grid Corporation of India, Tata Steel, Delhi Metro, ADMA-OPCO (Abu Dhabi) and Sadara (Saudi Aramco Group Company, Saudi Arabia).



Sales Composition



Employees

Employees are the bedrock on which Engineering & Construction majors like L&T build their successes. It is their skill, intellect and dedication that translate into growth momentum for the company. An expanding business demands an enhanced talent pool and, to this end, a net addition of 3,637 employees were inducted during the year.

The Company's manpower strength stood at 48,754 as on March 31, 2012.

The staff expenses for FY 2011-12 at ₹ 36.63 bn, representing 6.9% of the net revenue, increased by 29.4% as compared to the previous year. This was mainly on account of compensation restructuring and manpower build-up.

The range of benefits includes provident fund, family pension, medical, gratuity and leave encashment in accordance with company norms.

Employee Costs (₹ Bn)	FY 2009-10	FY 2010-11	FY 2011-12
Cost towards wages/salaries (a)	19.23	21.22	28.62
Other benefit costs (b)	4.57	7.08	8.02
Total personnel cost = a+b	23.80	28.30	36.64
Average pay out per employee (in ₹ million)	0.61	0.63	0.75

Indirect Economic Impacts

Contractors, distributors, SME vendors, capital contributors and communities, are vital to our progress and meeting our business goals. We invest in their success and systematically help them develop and grow.

We invest time and effort to create mutually beneficial relationships with our vendors - we work closely with large suppliers for resource & cost optimisation and establish best practices. We hand-hold SME vendors and help them enhance processes, systems and with better technical know-how. Encouragement of local sourcing has helped us gain advantages such as

Vendors and Local Sourcing

L&T views and treats its supply chain partners as a crucial contributor to its business success. The large volume and variety of materials required for our varied projects and businesses necessitates that we maintain and develop a diverse set of vendors across different business segments and geographies. As we enlarge our presence internationally, we have also scaled up our procurement arms across the globe.

BETTER RESPONSE TIME
EFFICIENT AND COST EFFECTIVE LOGISTICS
DEVELOPMENT OF THE LOCAL ECONOMY

The key intent is to leverage the procurement prowess and technical know-how of local suppliers and vendors. Across our businesses, the majority of supplies are from local vendors. The percentage of L&T's requirements being fulfilled through local suppliers and vendors is around 80%.

Our customers too are encouraged to purchase from local vendors approved by us. Our approval criteria include, past experiences with the vendors, their ability to meet technical requirements, material availability, costs and economics. We insist that all of the vendors and suppliers conform to the stringent quality norms such as those of ISO: 9001.

	% of Supplies Locally Sourced
Heavy Engineering	67%
Electrical and Automation	95%
Hydrocarbons	80%
MIP	84%

Climate Change

From decision-making to innovation and product portfolio to process adoption, with every passing year climate change finds deeper resonance in L&T. Considerable reduction in carbon intensity, utilisation of clean and renewable energy sources and engineering of green buildings are some of the many initiatives that have created a strong alignment between L&T and the National Action Plan on Climate Change (NAPCC).

GREEN PORTFOLIO

Over the last few years our green product portfolio has steadily increased. The percentage contribution of green products to our overall sales has grown from 9.72% last year to 12.57% in the reporting year. Environmental considerations influence and impact each of our businesses.



L&T has constructed ITC's 600-room five-star hotel – the world's largest LEED-certified green hotel

CONSTRUCTION

Green Buildings

We continue to leverage our expertise and experience in maintaining a leadership position in the construction of green buildings. Our B&F business (Buildings & Factories) IC has constructed more than 25.2 million sq. ft. of certified green building space cumulatively, the largest by any engineering & construction company in India. In the reporting period, we received 2 Platinum, 1 Gold and 4 Silver certifications for various buildings constructed for our customers.

Metro Rail

L&T is constructing the Hyderabad Metro Rail Project, one of the largest mass transit systems of its kind in India. This is expected to de-congest urban traffic, save fuel and arrest GHG emissions. The company will also develop 18.5 million sq. ft. of Transit Oriented Development (TOD) which is anticipated to trigger robust economic activity in and around the city and generate substantial employment.

Solar EPC

L&T is partnering with core solar technology providers and drawing on its own Engineering, Procurement and Construction (EPC) prowess to develop economically viable and technically superior solar PV based energy projects. This year we commissioned India's largest solar PV power plant at Rajasthan. Our solar EPC operations achieved a total of 114 MW of solar installations in a single year.

Hydropower Projects

Hydroelectric projects are a greener and cleaner way of energy generation. We have developed EPC capabilities to execute hydropower projects for customers in India and neighbouring countries.

REVENUE FROM GREEN PRODUCT PORTFOLIO	TOTAL SALES	PERCENTAGE OF TOTAL SALES
68.55	545.09	12.57



Water treatment plant executed by L&T at Okhla near Delhi

HYDROCARBON

Fuel Switch Projects and Dehydrogenation & Desulphurisation (DHDS) Projects

L&T Hydrocarbon is the industry leader in executing energy conservation and fuel switch projects for fertiliser manufacturers and refineries. The production of fertilisers is a highly energy-intensive process. A combination of policy regulations and economic sense is persuading fertiliser industry to switch from fuel oil and Low Sulphur Heavy Stock (LSHS) based ammonia plants to natural gas and Re-gasified Liquefied Natural Gas (R-LNG) based plants. L&T has been at the forefront of executing these conversion projects.

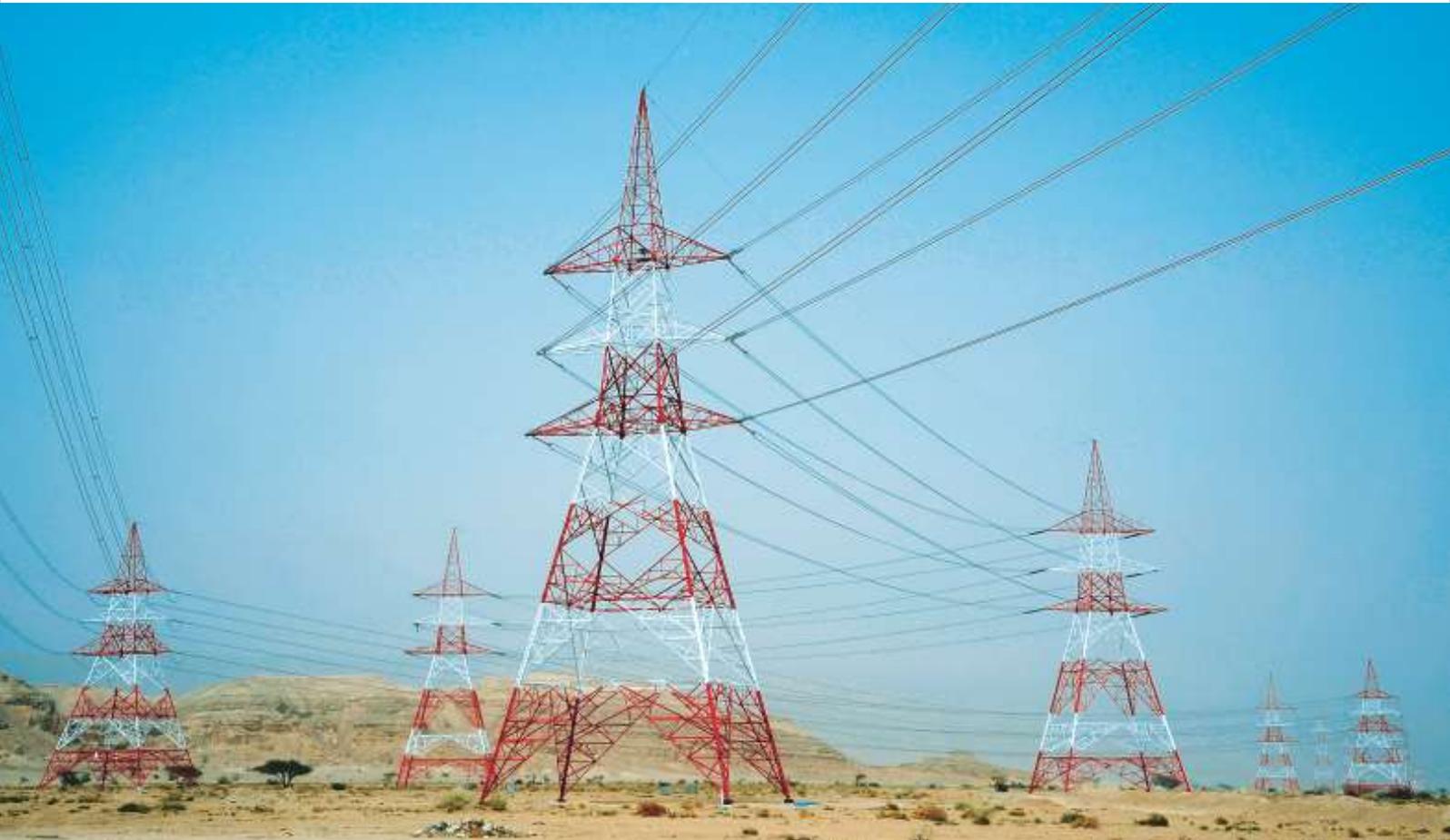
L&T has proven capabilities in reducing NO_x / SO_x levels during the refining of crude oil as well achieving energy efficiency. DHDS projects like the one executed for IOCL in Mathura reduce the sulphur content to less than 0.25% by weight.

Wastewater Treatment Plants

L&T has been a leading player in the water sector. The company is focused on conventional water and wastewater treatment technologies and systems like municipal water supply, effluent treatment, sewage treatment and pre-treatment of water for industries.

The thrust is on providing knowledge-based water solutions, such as desalination of water, wastewater recycling and re-use, ultra pure water for specific industries, advanced technologies for physical, chemical and biological treatment, and zero discharge technologies.

Transmission line towers designed and installed by L&T traverse the deserts of the Gulf



POWER

Efficient Transmission and Distribution System

Power Transmission & Distribution business with its footprint in India and GCC Countries, is one of the major players in EPC space for High Voltage Substations, Industrial Electrification and Power Transmission Lines.

Power shortage scenario in India has intensified the focus by the Government for improving power transmission & distribution. L&T has been working with various central and state utilities to efficiently augment and expand the T&D grid, resulting in lower Aggregated Technical & Commercial (AT&C) Losses.

Supercritical Thermal Power Plant Equipment

Supercritical technology uses steam in conditions that significantly improve the turbine cycle heat rate over conventional (subcritical) technology. Improved heat rate results in meaningful reduction in fuel consumption and hence corresponding reduction in CO₂ emissions. This also reduces other life cycle costs such as land and water.

L&T has entered into joint ventures with Mitsubishi Heavy Industries to manufacture supercritical boilers and steam turbine generators. It has also set up manufacturing facilities at Hazira for other critical equipment including pressure piping, electro static precipitators, axial fans and preheaters. This streamlines the availability of sub-assemblies and components, and increases overall plant reliability.

Coal Gasifier being transported from Heavy Engineering, Hazira Campus



HEAVY ENGINEERING

Coal Gasifiers

With the rising cost of oil and natural gas, synthesis gas (Syn-gas) from coal gasification is becoming a cost-effective alternative feedstock for fertilisers, chemicals, power, and coal liquefaction plants. Developed economies like USA, Europe and Australia are considering power plants based on coal gasification instead of conventional power plants.

L&T manufactures and supplies key coal gasification equipment like coal gasifiers and syn-gas coolers, under a technical tie-up with Shell Global Solutions. These find application in power plants and a wide variety of process plants such as ammonia, methanol and wherever synthesis gas is required.

ELECTRICAL & AUTOMATION

Energy Efficient Equipment

L&T offers a complete range of industrial and building / home automation products to derive energy efficiency. It offers end-to-end solutions right from energy audit to product to installation and commissioning.

Its range of AC drives, soft starters, power factor improvement capacitors and metering systems are reliable, flexible and help in saving energy, thereby improving operational efficiency.

ALTERNATIVE ENERGY - INNOVATIVE ANSWERS



L&T is strategically investing in the future - in more ways than one. While we are leveraging on our EPC prowess to develop economically viable and technically superior solar energy projects, we are also reaching beyond to engineer critical tools required to fuel solar thermal power plants.

This year, L&T Hydrocarbon supplied the Steam Generator for the 1 MWe prototype Solar Thermal Power Plant being set up at Solar Energy Centre, Gurgaon, Haryana. This is one of L&T's pride-of-place projects as it's an initiative by Government of India and aims to revolutionise the role of solar power in a big way.

The key contribution came from our R&D Team as it actively supported HE in formulation of the blowdown philosophy and automation of control systems.

Key Interventions

- Calculation of Intermittent Blowdown duration based on mass balance and limiting conductivity / TDS value (1400-1500 ppm) as specified in IS 10392
- Automation of control systems for intermittent blowdown was done in association with reputed vendors, with R&D providing the methodology for operation

Outcomes

The inputs successfully led to optimisation of water utilisation, employing intermittent blowdown while maintaining the required water quality for generation of energy. This avoided the need for continuous blowdown.

- Water loss reduced by 75% - which is 161 litres/hr
- Enhanced thermal efficiency of the boiler
- Automated water quality management with negligible human intervention

HARVESTING THE SUN



By leveraging our vast engineering expertise and passion for sustainability, we are leading from the front and creating new benchmarks even in our green portfolio. We have been ensuring more financial viability for green projects through faster concept-to-commissioning cycles.

In the reporting year, L&T Construction commissioned a 40 MW solar power plant - India's largest. The plant comprises more than 500,000 thin film technology based solar PV modules and thirteen 3.5 MVA power transformers spread across 350 acres in Rajasthan. The entire process, right from the detailed design to procurement & construction to its commissioning, was executed within an unprecedented duration of 129 days.

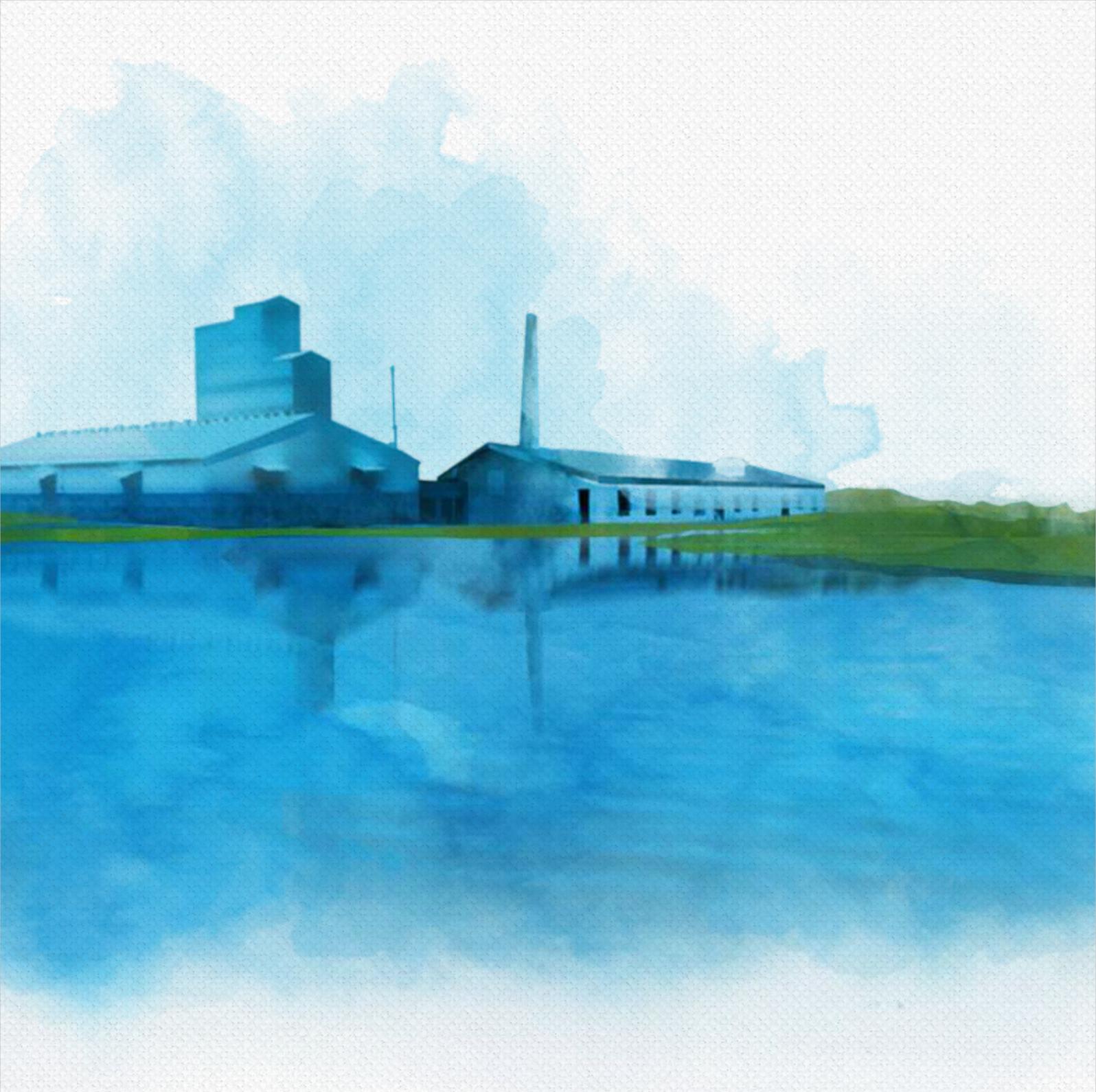
Project Highlights

Installing 13,000 modules/day	Laying more than 1,400 km of cables
Constructing a 5 km 33 kV double circuit transmission line	Adopting mechanised construction including sophisticated ramming machines

Outcomes

- Provision of 70 million units of clean and green energy to 75,000 households
- Avoiding nearly 70,000 MT of CO₂ annually
- Achievement of 737,409 safe man-hours during the execution

With the commissioning of this plant, L&T Construction has installed an overall 114 MW of utility scale solar PV power plants in the reporting year - a touchstone in India's solar EPC industry space.



THE BLUEPRINT

Going green in a meaningful, measurable and durable way, calls for a blueprint. The roadmap that we have drawn up for environmental initiatives covers the full gamut: from managing our CO₂ footprint to measuring our H₂O footprint; from reducing our dependence on pumping oil to discouraging the dumping of waste; from building energy-efficient buildings to constructing check dams for villages.

Environment Performance

CHANGE

IN PROGRESS

FORMATION OF
SUSTAINABILITY ROADMAP 2015

POWAI (WEST) CAMPUS
TURNS **WATER NEUTRAL**

25 MILLION SQ. FT. OF
GREEN BUILDINGS BUILT

EXPANDING THE BREADTH
OF SUSTAINABILITY INITIATIVES

RISK MITIGATION
SCARCE RESOURCE OPTIMISATION

NEW OPPORTUNITIES FOR
ENERGY EFFICIENCY

Clean air, pure water, green trees... what do all of them have to do with a healthy bottomline? At L&T we believe they are all part of the same picture. Our plans to enhance our ecological performance are backed by rigorous implementation that leads to economic value addition and competitive advantages.

Our five focus areas are



This year marked the first milestone on our sustainability roadmap. With the series of green initiatives implemented over the years, we have recorded positive progress across all environmental parameters.

Energy

India's aspiration for 'superpower' status is clouded over by chronic 'power-deficit'. In the last six decades alone, the country's energy use has increased 16 times. Unfortunately supply is unable to keep pace.

At L&T - we are focussed on maximising energy efficiency. Our pursuit of renewable energy solutions and initiatives in lean manufacturing has helped us to conserve energy across businesses. Over the years we have managed to reduce our specific energy consumption (direct & indirect), by a substantial 30.7%.



Shroud machining of HIP rotor at MHI-Nagasaki for 800 MW turbine for Andhra Pradesh Power Development Company

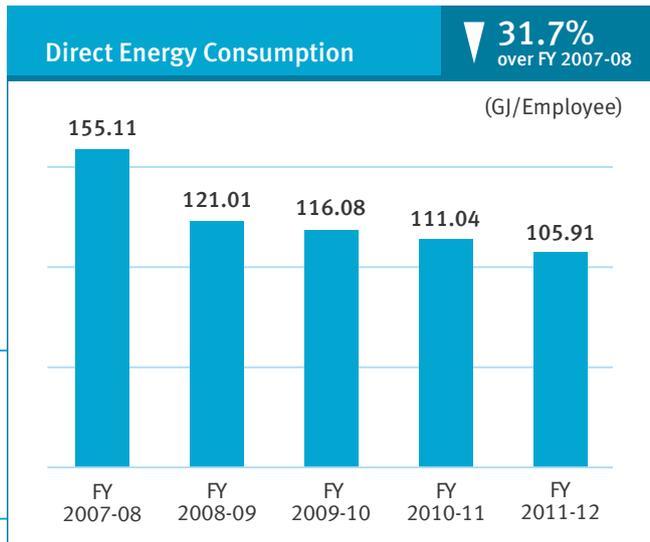
Note: Due to the increased scope this year, the trends of all the environmental parameters have been derived as per the scope of FY 2007-08. % change with respect to FY 2007-08.

Direct Energy

Our performance on specific direct energy consumption improved year on year. This year too it showed a drop of 4.6% compared to previous year.

Though on account of addition of project sites at various locations, the absolute direct energy consumption witnessed a rise from 4,892,362 GJ in 2010-2011 to 5,023,249 GJ during the reporting period.

**Total Direct Energy Consumption
as per current scope
5,023,249 GJ**

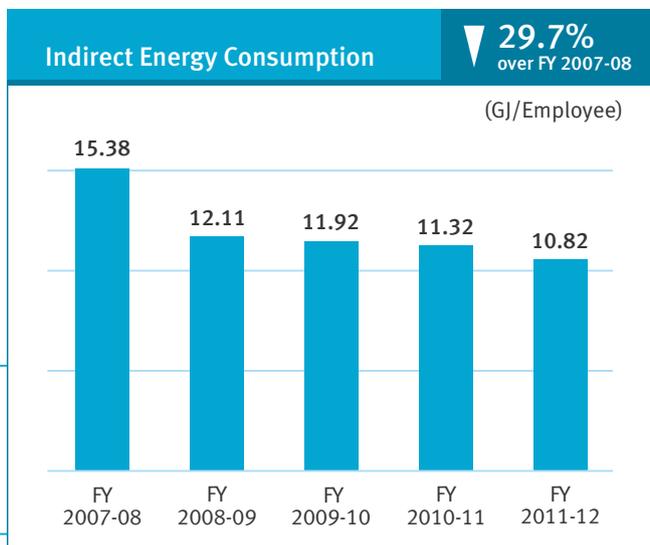


Indirect Energy

Similar to previous years, our specific indirect energy consumption continued to decline and was 4.4% lower compared to the previous year.

The absolute indirect energy consumption increased from 944,585 GJ in 2010-2011 to 1,063,779 GJ in 2011-12 owing to addition of project sites in different ICs. The share of renewable energy in our mix of indirect energy consumption comprised 111,484 GJ.

**Total Indirect Energy Consumption
as per current scope
1,063,779 GJ**



Renewable Energy

L&T views energy challenge as an opportunity to vigorously explore alternative energy options and thereby reduce GHG emissions. In the reporting year, renewable power contributed 10.48% of our indirect energy mix.



Wind Electric Generator installed by L&T near Coimbatore

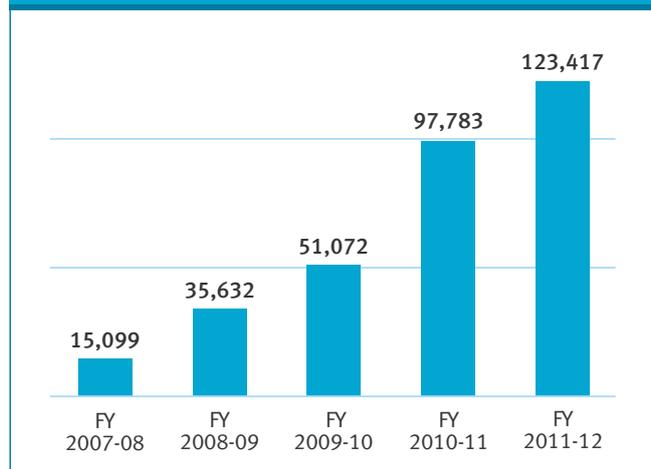
Energy Conservation

When it comes to energy conservation, the attitude of L&T-ites has transitioned from 'can do' to 'must do'. Every L&T-ite seizes opportunities to cut energy consumption.

The energy conservation cells operational at various L&T manufacturing locations encourage and accelerate energy-friendly initiatives. Now every business has taken up energy conservation as a part of its key performance indicators.

From enhancing energy consciousness among employees to conducting energy audits, from introducing energy-friendly technologies to re-engineering processes - throughout the year, a plethora of initiatives were undertaken. Thanks to these and the initiatives implemented in previous years, energy savings continued to grow.

Energy Conservation (GJ)



Cumulative energy conserved (calculated)

Energy Conservation Initiatives

Initiatives / Intervention	Total Energy Conserved during FY 2011-12 (GJ)
Process redesign	6,158.4
Optimisation / operational control & efficiency	1,348.2
Conversion and retrofitting of equipment	13,779.2
Change to CFL (Compact Fluorescent Lamp)	579.9
Change in personal behaviour	761.1
Switch off lights when not in use / remove excess lights	3,007.2
Total	25,634



Total energy conserved over last five years
123,417 GJ

Our energy conservation opportunities can be broadly classified into three broad categories - fuel conservation, energy conservation in equipment and systems; and energy efficiency in manufacturing processes.



Solar PV panels installed at Powai campus

Some of the key energy conservation initiatives undertaken include:

Energy conservation in equipment and systems

- Conversion of all contractor welding rectifiers to inverter based units
- Replacement of crawler cranes by Goliath bays for improved working efficiency and reduced fuel consumption
- Installation of smart energy saving devices to regulate feeding voltage
- Conducting independent energy audit at MFF, Hazira
- Installation of bio-gas plant for solid waste management at Powai & Mysore
- Use of electronic drive for blower motors to improve the motor efficiency and enhance energy savings
- Installation of transparent roofing in workshops
- Installation of standby mode for cranes
- Installations of sky light panels on workshop roof & sides
- Replacement of MH (Metal Halide) / HPSV (High Pressure Sodium Vapour) with CFL
- Installation of PLC based air monitoring system in compressor operations
- Installation of no-loss drain valve near compressed air pressure vessel
- Introduction of double circuit in high mast light towers to reduce illumination and power consumption during non-working hours
- Effective load monitoring and rationalisation of operational timings of air conditioning chillers, air handling units and elevators
- Installation of 125 kW rooftop solar PV system in Construction business campus resulting in annual power generation of around 197,000 kWh
- Retrofitting on 3 MT EOT crane with installation of VFD



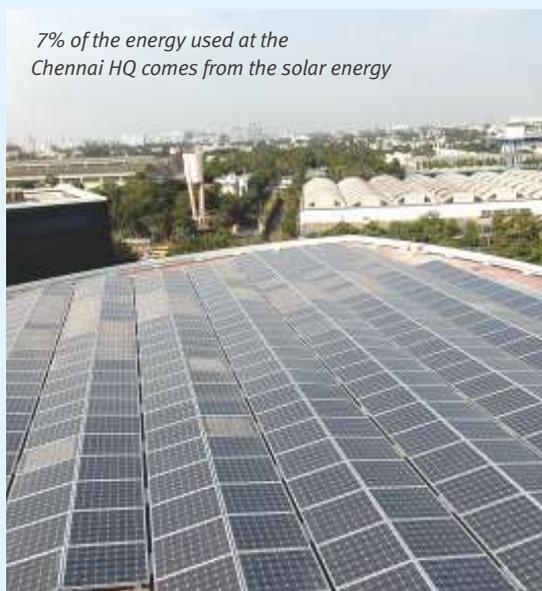
Energy efficiency in manufacturing processes

- Design new low voltage heating pads for coke drum to reduce power consumption
- Modified PLC programme of Toshiba 1 & 2, KOLB & Homma machines to avoid idle running of coolant motors
- Installation of AC Spindle motors & drives (2 nos.) for KOLB machines
- Installation of modified deep hole drilling tool holder resulting in 20% cycle time reduction & energy saving at Coimbatore
- Implementation of new cutting plan for raw material have resulted in 25% saving of raw material and energy at Coimbatore
- Astronomical Timers for better control on outdoor lighting system
- Changing the brick furnace controls from cycle to firing angle
- Changing heat treatment control panel from conventional contactors to Solid State Relay (SSR) based panel

Fuel conservation initiatives

- Installation of magnetic resonators for improving the efficiency in fuel consumption (both liquid & gas) in furnaces at both pre-heating and post heating stages

7% of the energy used at the Chennai HQ comes from the solar energy



SMARTER WAYS OF STAYING COOL



Air conditioning accounts for almost 60% of total energy consumption.

In a water-cooled air conditioning system, the heat exchange efficiency dips over time because the impurities in water results in scale formation on the inner walls of the water pipes which acts as an insulation. Apart from higher energy consumption, this also dampens productivity as the water pipes need to be replaced annually resulting in a downtime of 60 hrs in an 24*7 operation.

To reduce such economic and environmental losses, we introduced online filtration and corrosion inhibiting chemicals in the closed loop recirculating chilled water system at L&T Infotech, Powai. This keeps the pipes scale-free and has improved the heat exchange efficiency.



Outcomes

- Annual power consumed for air conditioning has come down from 1,302,206 to 1,069,649 units. An energy savings of 17.86% per year ₹ 15.12 lac per year
- Better ROI
- Productivity has increased as maintenance shut-downs have been arrested completely

The successful implementation at Powai campus has encouraged us to incorporate this process at our Mahape and Bangalore locations.

WHERE THERE IS A WILL, THERE ARE MANY WAYS

Energy Efficiency across L&T operations

At L&T, our commitment to energy conservation is steadfast and our actions across locations continue to progress towards this goal. Every year we bring in new interventions, big and small, alter our products and processes to make them resource efficient at every step. Some of the initiatives undertaken this year include:

Coimbatore Campus, Heavy Engineering

- Installed 25 energy savers in air conditioners which resulted in an annual energy saving of 78,000 units (33%)
- Invested ₹ 165,000 to install energy savers in the compressor unit resulting in annual energy saving of 22,100 units (20%)
- Installed lighting transformers which helped step down the incoming voltage to luminaries and reduced the power consumption by 17,300 units annually (16%)



Machinery & Industrial Products Units

- Digitalised the conventional air line control system resulting in 12% savings per month and 48,000 units annually
- Installed a solar water heating system in the canteen rooftop which helped save 5,700 kg of LPG
- 300 watt HPMV fittings in the shop floor were replaced with 30 modules of T5 Light fittings improving the light quality by two fold, reducing energy consumption by 56,050 units



L&T Komatsu

An investment of ₹ 1,778,000 in a series of structured energy conservation initiatives like use of solar lighting, PLC controlled screw compressors, VFDs, digital air controller, LEDs, T5 lights, split AC in place of centralised AC etc. accounted in an annual energy savings of 305,328 units and cost savings of ₹ 2,040,789.



Powai Campus, Heavy Engineering

An energy audit revealed that the efficiency of our main furnace was as low as 7-10% vis à vis the expected 35%. To address this, a complete refurbishing was done. Our interventions successfully improved the heating rate and hence increased furnace efficiency to 15-20% when PNG is used and to 30% when LPG is used as a fuel.

Other benefits were reduced job treatment cycle time - 95 hours as against 168 hours in case of waste heat boiler.



A Green Premise

Alongside natural ecosystems, our efforts are also focussed on greening man-made ecosystems. Lead by our sustainability commitment and complemented with our construction capabilities - our green buildings are 'built to sustain'.



The following concepts are embedded in all our facilities

- ➡ Natural resource efficiency
- ➡ Waste reduction
- ➡ Rainwater harvesting
- ➡ Healthy indoor environment
- ➡ 3R approach (reduce, reuse, recycle)

This year we expanded our green footprint by 150%.

The certified green building space constructed for clients till date surpassed the 25 million sq. ft. mark.

Within L&T too, we have developed a total of seven green buildings aggregating to around 1.6 million sq. ft.





Green Buildings at L&T locations

To view L&T's green building portfolio refer to the NAPCC section.

Technology Block, Hazira PLATINUM (LEED) 	Office Complex, Talegaon PLATINUM (LEED) 	L&T TC III, Chennai SILVER (LEED) 	
Office Complex, Ahmednagar GOLD (IGBC) 	L&T TC II, Chennai CERTIFIED (LEED) 	EDRC, Chennai SILVER (LEED) 	Knowledge City, Vadodara GOLD (LEED) 

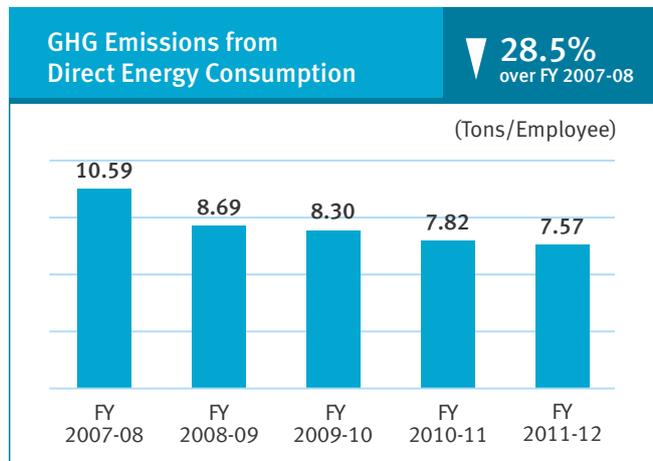
Emissions

We are conscious of the impact that industrial emissions have on the environment. Therefore we are integrating sustainable practices in our projects, products and processes to curb emissions - right from the planning to execution stage.

Our new 3-year sustainability roadmap calls for a tangible reduction in energy consumption intensity.

Even with over 20% revenue growth in the reporting year, absolute emission count increased by a marginal 3.5%. Direct emissions amounted to 294,456 tons while the indirect emissions amounted to 70,540 tons.

The per employee emission count however continued to demonstrate a downward trend.



GHG emissions as per current scope



SCOPE 1

Direct emissions
(From combustion of fuel)

424,351
Tons Co₂e



SCOPE 2

Indirect emissions
(From electricity consumption)

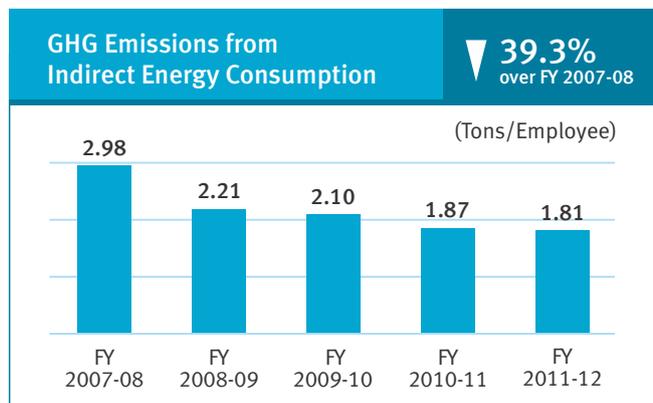
248,130
Tons Co₂e



SCOPE 3

GHG emissions
(From travel, commuting of employees)

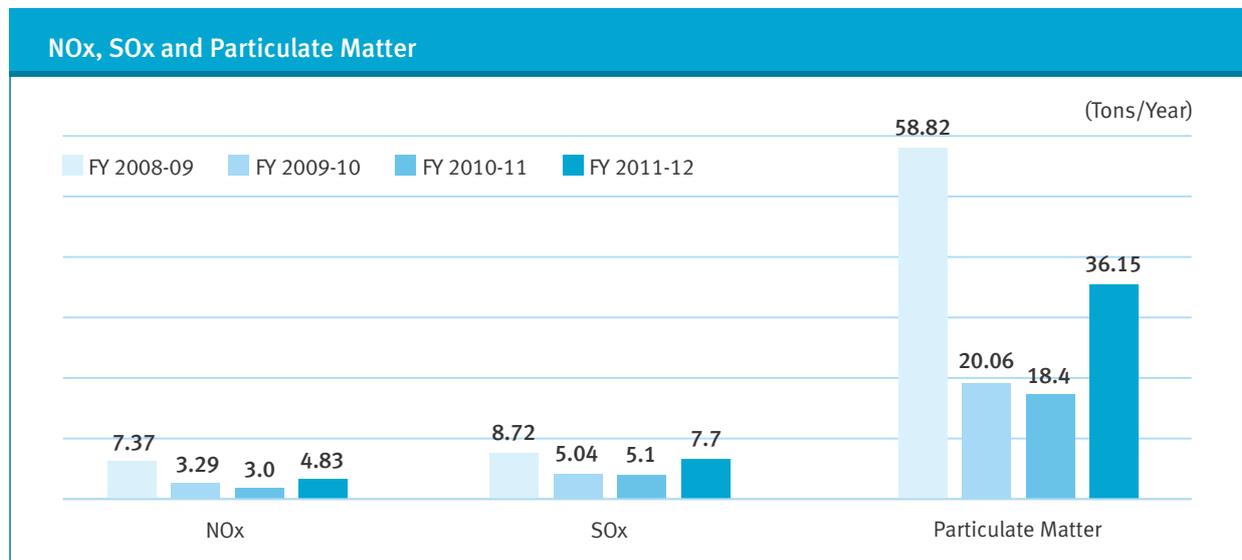
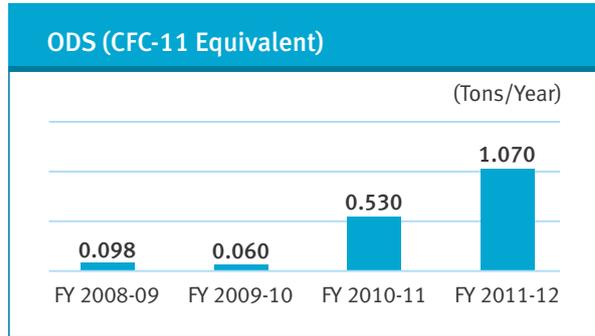
18,966
Tons Co₂e



Ozone Depleting Substances (ODS) and NOx, SOx emissions

L&T remains focussed on phasing out the use of chemicals that damage the ozone layer, across all its operations. We regularly measure the ODS and NOx, SOx emissions and are committed to manage them more and more judiciously with every passing year.

This year, emission of NOx, SOx and particulate matter and the use of Ozone Depleting Substances witnessed an increase - due to larger number of project sites reporting on air emissions, and cyclic maintenance of air conditioning plants which resulted in more ODS usage.



Water

The availability of water is increasingly becoming a threat to business operations. Not only does it impact business well-being, it also impacts human well-being. Water conservation, therefore, has always remained at the heart of L&T's environmental performance.

Some of the key measures deployed to actualise our reduce-reuse-recycle blueprint are:

- 1 Water footprint mapping
- 2 Zero wastewater discharge goal
- 3 Rainwater harvesting
- 4 Sewage & Effluent Treatment Plant

The outcome is positive -

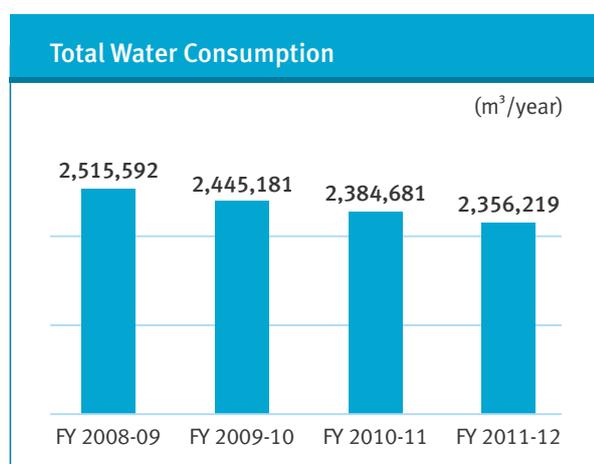
- Water consumption has marked a steady decline - 1.19% as compared to the previous year
- Our wastewater discharge (industrial and domestic) has come down by 5.97%
- 16 out of 22 locations have achieved 'zero wastewater discharge' status

Powai (West) Campus Achieved 'Water Neutral' Status

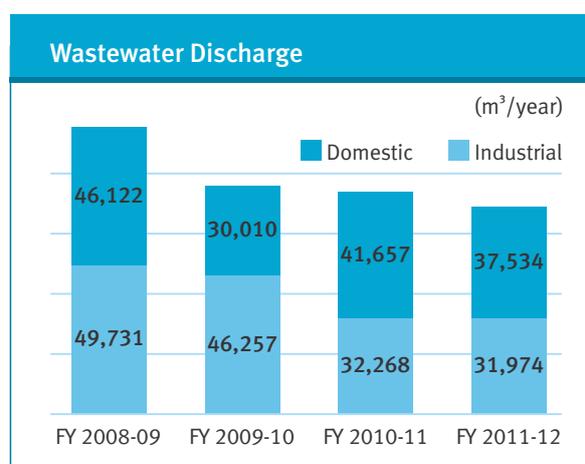
Water Consumption by Source

(m³/year)

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



Total water consumption as per current scope
9,782,169 m³/year



Total wastewater discharge as per current scope
195,643.8 m³/year

Beyond our campuses and project sites, we have created water bodies for many of our neighbouring communities. We construct check dams - an effective way to retain excess water during monsoon, which facilitates agriculture and recharges ground water in water stressed areas. We have now built over 50 check dams.

Giving back to the Reservoirs

As part of our 360° approach to management of the water cycle, team Unnati of Heavy Engineering, Hazira initiated the approach of 'giving back to the reservoirs'.

Implemented in September 2011, the team devised a process whereby the water used in hydrotesting instead of being discharged is pumped into a tanker and returned to a reservoir.

Water savings envisaged						
DM water	Cost of DM water	Raw water	Cost of raw water	Total amount saved by recovery	Total cost of recovery (tanker cost)	Net saving
kl 13,180	₹ per kl 87.63	kl 2,850	₹ per kl 23.75	₹ 1,222,650	₹ 657,230	₹ 565,420

In near future, the tankers will be replaced with a mechanised pipeline system to streamline the water circulation in the plant and achieve a higher degree of conservation.

THE WATER BALANCE SHEET



Responsible companies are beginning to draw up a balance sheet of water saved and water consumed.

In the reporting year 2011-12, Powai (West) campus had a debit of 317.9 million litres. This was neutralised with a water credit of 319.1 million litres.

- Achieving zero wastewater discharge status
- Reducing water consumption through host of initiatives
- Use of recycled wastewater in campus
- Rainwater Harvesting
- Creating water bodies for communities by way of constructing check dams

Outcome

As a part of water conservation roadmap, in the reporting year Powai (West) campus achieved 'Water Neutrality' status.



As a part of creating water bodies, Larsen & Toubro Public Charitable Trust constructed 50 check dams (till March 2012) in the tribal area of Thane district, Maharashtra. Check dam facilitates groundwater recharge and making water available for irrigation during non-monsoon season as well.

The water neutrality and related water accounting has been assured by DNV.

Material Management

The way an organisation utilises materials, impacts its environmental and economic performance. Effective material management extends from optimising use of new material to seeking alternate material substitutes and from procurement to disposal.

The goal is to ensure an extended usable life of resources, enhance reuse of material and eliminate waste.

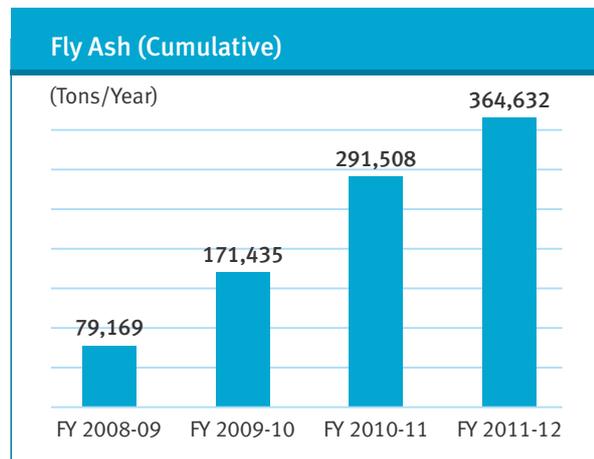
L&T's material management approach continues to be guided by 3Rs 'Reuse, Recycle, and Recover'.

Raw Material Consumption (Tons/Year)

Metal	993,639
Non-metals	5,700
Hazardous chemical	303,867
Oil & lubricant	2,550
Hazardous gas	12,746
Packaging materials	16,479

Alternate Material

Use of alternative material like fly ash, crushed sand and Ground Granulated Blast furnace Slag (GGBS) in our construction business has consistently increased.



Fly Ash consumption
for FY 2011-12
73,124 tons

Crushed Sand consumption
for FY 2011-12
602,834 tons

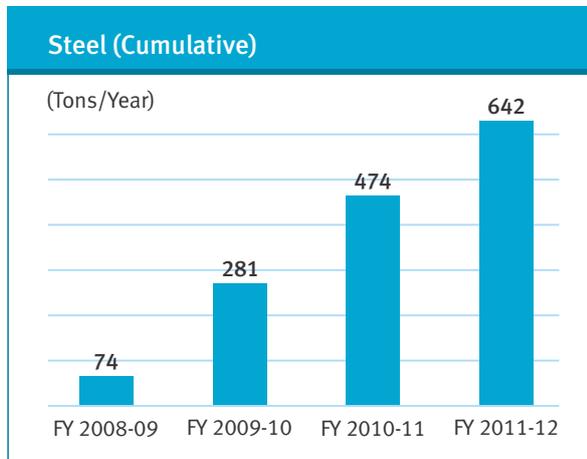
Consumption of
GGBS since 2008-09
505,508 tons



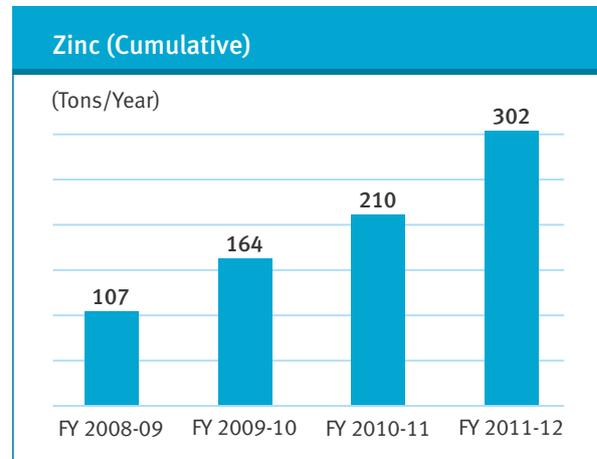
Recycling

Our products are largely Engineered To Order (ETO). Stringent customer demands coupled with international design and manufacturing codes, limit our scope to use recycled material.

We have, however, been recycling steel and zinc on an increasing scale.



Quantity of steel recycled in 2011-12 | **167.8 tons**



Quantity of zinc recycled in 2011-12 | **91.6 tons**

Waste and Spills

We strive to reduce waste across all our operations - from manufacturing facilities to project sites to office buildings.

Our waste management strategy is three-pronged:

Nip waste in the bud

Around 750 lean and value engineering projects were registered for Value Stream Mapping to arrest waste in the context of movements, inventory and reduction in lead times.

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

Scrap generated at project sites is disposed as per regulations.



Abide by the laws of the land

We report waste and spills as part of OHSAS 18001 compliance.

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

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

For responsible e-waste management, we have certified vendors for recycling PCs, laptops and servers.

Change waste to energy

Installation of bio-gas plants at Powai & Mysore has resulted in elimination of approx. 360 tons of biodegradable waste.

Implementation of organic waste converter at L&T Infotech campuses.

Our Powai, Hazira, Bangalore, Mysore, Ahmednagar and Mahape plants have bio-gas plant / vermicomposting units.

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



Waste Disposed
FY 2011-12

Hazardous Waste & Waste Oil
6,892 Tons

Non-hazardous Waste
42,780 Tons

Resource and Cost-efficient Mobile Crushers



L&T has indigenously developed Surface Miners that provide a sturdy, stable and superior option to cut, crush and carry minerals in a single operation. These eco-friendly surface miners are equipped with cutting edge technology and numerous user friendly features to deliver sized minerals without hazardous drilling and blasting.

Surface Miners are also efficient crushing plants on the move suitable for re-cycling waste concrete debris and upcycling waste like weathered soft rock.

Other benefits of this mobile crusher vs. a conventional fix crusher include:

- Environmental friendly operation
- Lesser air and noise pollution
- Effective dust suppression system
- Reduced erection and dismantling time
- Minimal loss of mineral
- Elimination of primary crushing

- Better truck utilisation while carrying crushed minerals
- Reduced cost of transportation
- Selective mining
Reduced manpower and smooth mined surface, which reduce tyre wear, capital and maintenance cost

These 'upcyclers on the move' are empowering L&T with economic and ecological advantages and are operational at many of our project sites viz. BIAL and MIAL.

Location	Construction debris crushed till date (MT)
BIAL	205,000
MIAL	40,000
CTS Pune	32,000

Packaging Material

Our dimensioned products do not require extensive packaging. However, we have introduced green packing materials in E&A business. For instance, thermocol & expanded polystyrene is being replaced by biodegradable materials and E&A business has replaced wooden packing with an eco-friendly carton packaging for switchboards.

Given our global customer base and nature of our products, reclaiming packaging material poses challenges.

MINIMISING WASTE, MAXIMISING PRODUCTIVITY



Centralisation and mechanisation lead to not just maximisation of efficiencies, quality and productivity but also optimisation of natural resources. This approach inspired us to bend the traditional way of manual and on-site cutting and bending of reinforcement steel and introduce Steel Service Centres at four key locations - Hyderabad, Chennai, Mumbai and Delhi.

These centres supply ready-to-use reinforcement steel bars which are cut and bent as per the individual requirements of each project site. In addition to cutting, bending, bundling and tagging, threading is also done with outsourced couplers before dispatch. Approximately 24,000 tons of steel is supplied to each of these locations annually.

Through the Steel Service Centres, we have successfully negated varied limitations of traditionally labour intensive site operations like:

LESS ACCURACY | HIGHER RISK AND MAINTENANCE
INEFFECTIVE TIME MANAGEMENT | SPACE CONSTRAINTS
SKILLED LABOUR SHORTAGE

Outcomes

- Enhanced production - 36,000 tons of steel annually
- Savings of approximately ₹ 120 million in two years at Chennai centre
- Lower cost of maintenance: 5-6% as compared to 15% earlier
- High quality and accuracy due to encoder equipment
- Timely delivery
- Safer and better working condition for the workers
- Considerable reduction in resource wastage: 1.5% as compared to 6-7% prior to the systemisation
- Reduction in electricity consumption: 8 kW per ton as compared to 15 kW

The 3Rs of Material Conservation

We leave no opportunities to reduce, reuse and recycle our packaging gears - wherever and whenever possible. In the reporting year, we continued on our 'use less packaging' journey as two units adopted new approaches to optimise packaging resources.

Upcycling at Coimbatore



Our Coimbatore unit upcycled nine wooden cases received for deep hole drilling machines into 131 storage pallets. Alongside resource optimisation, this effort also helped cut cost. The market cost of making these storage pallets would have been thrice the amount spent on making the pallets from the available wooden cases.

Wood-less Packaging at Hazira



Our HE logistics department at Hazira chose to go green by introducing eco-friendly 'tri-wall' corrugated packaging in place of wood packaging. Among the key benefits of this new packaging material include cost-effectiveness, reusable and recyclable function, no need of fumigation, weather-proof and adherence to ROHS standards. By eliminating the use of wood packaging, we avoided deforestation to the tune of 300 trees per annum.

Biodiversity

Natural ecosystem is part of our most precious heritage. We are conscious of our responsibility towards its preservation and enhancement.

At every infrastructure project, we work closely with the relevant authorities to obtain all statutory compliances.

None of our facilities are identified as within the boundaries of protected or high biodiversity areas.

We are committed to the GOI's 'Green India Mission' which aims at adding 10 million hectares of forest cover to the existing 40 million hectares. In the reporting year, we have planted more than 265,000 trees across L&T campuses, project sites and neighbouring areas. Around 35% of the available open land has been converted into green cover. At our campuses, we nurture over 150,000 fully grown trees.

Our aim is to tread lightly and undertake all possible initiatives to enhance the local ecology. As a part of conserving biodiversity, we have conducted Geographic Information System (GIS) based carbon sequestration study of six key campuses, which have sequestered 16,309 tons of CO₂ till date.

**Chennai campus planted 1 lac+ trees
in 6 months.**

More than 1,200 trees replanted by our Construction Businesses



Compliance

All necessary approvals are taken from the relevant government authorities before commencement of operations at units and project sites. To ensure compliance, a 'system compliance report' is reviewed internally at all units and regional offices.

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

GREEN CONSTRUCTION PAVES THE WAY



Bridging the infrastructural gap of this growing nation is a major challenge especially while maintaining our green goals. Our Building and Factories business has leveraged its EPC expertise and experience to reinvent processes that limit environmental impacts and employ judicious use of resources. A few of the initiatives undertaken in line with our sustainable practices this year are:

RO Plant at CTS Siruseri



CTS Siruseri

- The Reverse Osmosis plant with a capacity of 4,000 litres/hr treats bore-well water and supplies clean drinking water to office premises and to about 2,000 people in the labour colony
- A 3-km long road was developed in the labour colony reusing construction debris, thereby reducing not just the usage of virgin material but also debris disposition cost
- Installation of an organic waste converter with a capacity of 1,000 kg/day enables successful conversion of the food waste into manure

LED Lights at the Orchid Crown site



Project Site - Orchid Crown Mumbai

- Waste concrete and cement were put to productive use. Waste concrete from batching plant was converted into small concrete blocks for reuse in various ways. Pathways were made using waste concrete cubes, thereby reducing the usage of new construction material to a great extent. All fencing walls were also constructed using waste cement
- 100% use of LED lamps for illumination leading to a considerable saving in energy

The initiatives undertaken at Siruseri as well as Orchid sites have jointly resulted in savings of over ₹ 10 lac.

Supercritical boiler manufactured at L&T's state-of-the-art manufacturing facility at Hazira campus





Pink of Health

Providing access to quality healthcare, especially to the underprivileged, is a focus area for L&T. The thrust of our programmes are on enhancing mother and child health. This we believe is the nucleus of a happy and healthy society.

Social Performance

CHANGE

IN PROGRESS

REACHED OUT TO **HALF A MILLION BENEFICIARIES**

7 COMMUNITY HEALTH CENTRES

LIVELIHOOD FOR OVER **5000 UNDERPRIVILEGED WOMEN**

STRENGTHENING **INFRASTRUCTURE IN SCHOOLS**

ENLARGING HEALTHCARE ACCESS FOR COMMUNITIES

FACILITATING **EMPOWERMENT**

Corporate Social Responsibility is a vital part of our nation-building mission. Societal prosperity and economic profit are complementary constructs in our lexicon and responsibility has long been rooted in our business values.

Development of communities around our campuses is an integral component of our business model and we share a symbiotic relationship with these communities. We therefore invest in their growth through various social initiatives.

Thrust Areas

A vibrant society is a progressive one. To ensure that the social canvas in which we operate, continues to be rich and multifaceted, we invest in three primary palettes of change.

We empower via education, harness the nation's untapped youth energy via skill development and nurture mother and children via healthcare programmes.

Over the years our efforts to strengthen the foundation of the social pyramid have only intensified. This year too was no different as the total number of beneficiaries witnessed a rise of 32%.



Thrust Areas	No. of Beneficiaries
Education	128,365
Skill Building	40,788*
Mother and child health	374,398
Total	543,551

**Training imparted to rural youth and school dropouts at CSTI, project sites and vocational training centres to enhance employability of the underprivileged.*

Education

Education is a tool for transforming the future of the nation. From 'ABCs' to career counselling, from facilitating learning basics to building school infrastructure, from igniting a passion for science to encouraging love for art - around the year and across neighbourhoods, we continue to expand the virtuous learning circle.

This year, our efforts to educate the underprivileged increased and so did the number of beneficiaries. Our out-reach to rural kids expanded and so also our engagement with the marginalised urban populace.

Our Literacy Footprint | FY 2012

44% rise
in the number of beneficiaries

Out-reach to
147 schools

Engagement with
50 community learning centres

A snapshot of the initiatives undertaken in various spheres of education:

Learning Edifices

We augmented school infrastructure across rural, semi-urban and urban geographies.

Our initiatives include:

- Recreating a 60-year old school in Chennai and a 128-year old girls school in Sriperumbudur, Tamil Nadu
- Developing infrastructure for schools
 - In rural areas like Mora, Dumas and Vansava near Hazira, Panposh and Chungimati near Kansbahal and Jaulan Kalan near Chandigarh
 - In suburbs and urban areas like Jeedimetla near Hyderabad, Kadma near Jamshedpur, Farakka near Murshidabad, Surat, Chennai, Rourkela as well as Visakhapatnam
- Encouraging the role of recreation in schools by developing a school park at Manapakkam and Mugaliwakkam in Tamil Nadu, and building a multipurpose hall at Ahmednagar, Maharashtra
- Creating a science laboratory at Visakhapatnam, a library for students at Bangalore and renovating a science laboratory at Pune
- Constructing RCC water tanks with a capacity of 5,000 litres at a school in Limdi Taluka, Gujarat to provide basic necessities

Science on Wheels

Imparting Knowledge Beyond Textbooks

'Science on Wheels', is a project that brings hands-on science education to the rural masses and kindles the quest for knowledge among young minds. It is supported by Larsen & Toubro Public Charitable Trust and managed by the Agastya International Foundation.

Under the aegis of this project, a mobile lab visits different schools, and demonstrates scientific experiments to the students helping them gain practical knowledge. In the year under review, this laboratory traversed the state of Gujarat visiting 41 schools and enriching over 13,500 students.



'Science on Wheels' - demonstration of scientific models to school children at Ankhol village near Vadodara

Learning Tools

We continue to equip students with the enabling tools of knowledge.

School kits were distributed to students in

Villages surrounding Hazira - Gujarat, Satna - MP, Hyderabad - AP, Kolkata - WB as well as in slums of Sahar in Mumbai

Orphanages in Surat, Vadodara - Gujarat and in Chennai - TN

Educational resources were provided to underprivileged school children in villages like Ambagadia in Odisha, Bhadal in Uttar Pradesh, Korba in Chattisgarh as well as at places in Delhi, Visakhapatnam, Bangalore, Rourkela, Jamshedpur and Kochi.

Accelerating Learning

Students in municipal and village schools lack the support systems to help them succeed in an intensely competitive environment. We contribute by undertaking initiatives that assist these students.

- As a part of scaling up Project Ujjwal - Mathematics, English and local language supplementary programme, operational in 21 schools in Mumbai, was extended to 3 schools in Hazira, 7 village schools in Vadodara and 2 schools in Bangalore
- Career counselling sessions and study technique workshops were organised for schools in Navi Mumbai, Mysore and Powai
- 'Spoken English' classes for vernacular medium school children were arranged in Kansbahal, Mumbai, Bangalore, Coimbatore and Kolkata
- Mathematics and Science Fairs were hosted at a Municipal School in Mumbai

Little gestures go a long way in improving the quality of life and spreading smiles:

1. Canteen utensils in a school for visually and mentally-challenged children near Nizamabad
2. Sweaters for students in Dyavarahalli village, Bangalore
3. Sanitation facilities for girls' orphanage in Chennai
4. Blankets and travel bags for a tribal residential school in Hazira
5. Sport kits for schools in Nagpur, Mumbai, Lonavala and Kansbahal

E-ducation @ Faridabad

Under the 'Uplift India Movement' (ULIM) being spearheaded by L&T Faridabad, a computer education programme for children of 'SOS-Children's Village', was organised. This 18-session programme witnessed keen participation from community children.

Mathematics Made Easy

As part of our continuing Universal Active Mathematics (UAM) programme, we conducted an activity-based 'do and discover' practical learning session on Mathematics at municipal schools in Mumbai and Balgram at Lonavala.

Project 'Vidyaa'

Larsen & Toubro Public Charitable Trust supported the implementation of Project 'Vidyaa' in the states of Gujarat and Maharashtra. The project focussed on all-round physical and mental development of students and was introduced in 56 schools in the reporting year wherein a total of 36,000 students participated in various competitions, health check-ups, personality development sessions, GK & IQ tests and library development projects.



Skill Building

By 2022, over 700 million Indians of working age will be seeking to earn a livelihood. Of these, only 200 million would be graduates. The relevance of education in securing a livelihood will be tested for the rest. Reaping this demographic dividend will be a challenge for the nation.

On the other hand to fuel the rapid growth in infrastructure, the need for skilled construction employees will also grow exponentially. L&T anticipated the scenario years ago and set up institutes to bridge this gap.

Construction Skills Training Institute (CSTI)

L&T is one of the few construction companies in India with dedicated skills training institutes that provide employment to the trainees at its project sites. There are eight such institutes equipped with skill-building models that train youth free of cost in basic construction trades like masonry, bar bending, carpentry etc.

Since inception in 1995, the CSTIs, along with our institutionalised site based training programmes, have empowered 180,000 youth out of which 17,900 youth were trained in the reporting year itself.



New Construction Skills Training Institute unveiled in Kancheepuram district benefiting 300 trainees



Support to ITI

Industrial Training Institutes (ITIs) are the key agents for enhancing basic technical skills competency in India. These institutes have played a significant role in reducing unemployment among youth as well as providing technical manpower to industries.

At L&T, we support ITIs through multiple means - from upgrading the infrastructure of the institutions to developing curriculum to ensuring training quality. In the reporting year, we supported 27 ITIs across the country.

Vocational Training for Women

Empowerment of women creates positive ripples that cascade across the entire society. L&T in collaboration with various NGOs provided vocational training to 4,470 women across different trades and empowered them not only with income generation ability but also the pride of self-reliance.



EMPOWERMENT - WHERE IT MATTERS MOST



At L&T we believe that by creating employment options for women not only are we creating a domino effect of well-being for the entire society but we are also bridging the increasing skill gap.

We address women empowerment through two prisms:

Generating employment opportunities

Offering tools of employment

Employment Options

In the reporting year, 96 women were provided employment through our Corporate Social Initiatives (CSI), Mumbai and the Ladies Club in Hazira and Coimbatore. The women found economic independence by teaching in community learning centres, working with SWAYAM centre for HIV+ women and Self Help Groups.

They also got the opportunity to nurture their skills. While some of them are simultaneously pursuing graduation, those working as teachers of DAV and Utmal English Primary School were provided with technological support to enhance their teaching practices.

Over 5,200 women are now leading a life of economic independence and self-reliance through our income generating vocational training initiatives.

Employment Training

Skill building, especially for rural women has always enjoyed a prime place in our social bottomline. Our skill building initiatives for women include a host of activities and programmes such as tailoring and designing, computer coaching, beautician courses, fabric painting, handicraft workshops, home nursing, food processing, etc. Additionally, Self Help Groups (SHGs) are also created to encourage participation and positive interdependence.

Some illustrative initiatives:

- 'Uddyam' under the L&T Public Charitable Trust reached out to around 150 underprivileged women out of them 50% have already found employment
- Under Project 'Aadhaar' tailoring training was imparted to 70 women of Damka village, Gujarat
- A handicraft workshop was organised at Kalanji to train women and adolescent girls on making jute doormats, artificial flowers and soft toys
- Women Economic Empowerment Project supported by our Public Charitable Trust and implemented by NGO-GUARD, conducted vocational training programmes for 212 women belonging to the urban slums of Mysore and surrounding villages
- A workshop on safety counselling for women was conducted in villages around our shipyard at Kattupalli

Other Initiatives

- Provided vocational training to local youth at Dhamtari in Chhattisgarh and at Kolkata
 - Basic computer training programmes instituted for community youth in Bangalore, Faridabad, and orphanages in Jaipur and Lucknow
 - Initiated skill-development programmes, such as trade apprentice scheme, advance trainee scheme and multi skill (technical) programme to enhance the employability of tribal youth in and around Kansbahal
-



Mother and Child Health

A woman is the focal point of the family's health. She is therefore, our first stakeholder when it comes to ensuring that society remains in the pink of health. From counselling her on family planning to vaccinating her child we help preserve the health of our present and future.

It is our aim that alongside 'mother and child', every member in the community too has access to quality healthcare

Our Healthcare Report | FY 2012

22% rise in beneficiaries | Treated over **374,000 patients**



Healthcare for Women and Children

- Organised family planning camps benefiting over 50,000 in and around Mumbai, Pune and in multiple villages near Surat
 - Nutritional supplements for over 500 Aanganwadi children in Vadodara and to an orphanage in Nagpur
 - A pulse polio programme and immunisation & health check-ups in Bangalore, Kansbahal and Coimbatore
 - Conducted specialised camps such as bone density check-up, tetanus vaccination, and rubella vaccination for school girls in and around Ahmednagar
 - Gynaecology camp for women near Bangalore and upgradation of gynaecology facility, laboratory, antenatal clinic, and general OPD at Mora near Hazira
-

L&T Health Centres

In 1963, L&T instituted its first health centre in Kansbahal, Odisha for its employees, their families and the community.

From family planning operations and pathology lab services to Antiretroviral therapy - L&T employees and communities alike avail these health services.

Over the years, this initiative has multiplied into seven full-fledged centres across various L&T locations providing specialty consultation for gynaecology and obstetrics, paediatrics, skin and leprosy, ophthalmology, orthopaedic, ENT, general medicine and general surgery.

In the reporting year, L&T added two new health centres in Chennai and Coimbatore to its healthcare services, with an aim to reach out to larger sections of society.



Milestones in Community Care

Setup in	1963	1968	2006	2008
	Kansbahal, Odisha	Andheri, Mumbai, Maharashtra	Surat, Gujarat	Ahmednagar, Maharashtra
Services Offered	<ul style="list-style-type: none"> • Path lab • ECG facility • Outreach programme • Antenatal care • Immunisation clinic • Cataract surgery 	<ul style="list-style-type: none"> • 57 specialist consultants • Antiretroviral therapy • HIV/AIDS support • Provision for general / special investigation • Outreach programmes • Mobile clinic 	<ul style="list-style-type: none"> • Integrated counselling and testing centre • Family planning camps • Cataract operations • Support to HIV/AIDS patients 	<ul style="list-style-type: none"> • 13 specialist consultants • Path lab • X-ray facility • Mobile health van
Setup in	2009	2011	2011	
	Thane, Maharashtra	Chennai, Tamil Nadu	Coimbatore, Tamil Nadu	
Services Offered	<ul style="list-style-type: none"> • 8 specialist consultants • Dialysis facility • Outreach programmes 	<ul style="list-style-type: none"> • Specialist consultations, OT, laparoscopic sterilisation • Awareness camps 	<ul style="list-style-type: none"> • OPD facilities • Gynaecology consultations • Paediatrics • Ophthalmology • Rural health camps & awareness programmes 	



L&Teering

L&T is committed to lead not just by imagineering, but also by L&Teering. Employee volunteering has transformed into a passionate organisation-wide movement with more and more L&T-ites opting to become L&Teers.

In the reporting year, many employees shared the collective responsibility of adding value to society by contributing their time and domain knowledge.

Given below is a snapshot of L&Teering initiatives undertaken at various L&T locations:

Mumbai

- Joy of Giving Week celebrations
- Street play on Right to Education
- Participation in Standard Chartered Mumbai Marathon and fund raising
- Special classes for Maths and English for Std. X and XI students
- Scholarship workshop

Hazira

- Blood donation & health camps
- HIV/AIDS awareness for contract labour
- School kits for underprivileged children
- Independence Day and Navratri celebrations with ashram children
- Providing furniture to village schools

Vadodara

- Tree plantation drives & blood donation camps
- Summer camp for rural students
- Setting-up of a learning resource centre at Ankhoh
- Distribution of educational material for village children

Ahmednagar

- Donation drive for an orphanage
- NGO mela
- Coaching classes for Maths, English and Science

Chennai

- Tree plantation drives & blood donation camps
- Coaching classes for primary school students of Vedal village
- Computer training for students
- Donation of bed sheets for underprivileged children

Kansbahal

- Eye camps
- Health check-ups at an orphanage school
- Coaching underprivileged students

Coimbatore

- Installation of a water tank for an Ashram
- Resource donation for HIV/AIDS affected children
- Gifting resources to a charity home for the destitute

Kattupalli

- Providing stationery items, school bags and uniforms to the school students of Karungali village

Faridabad

- Grocery distribution to an old age home
- Computer training in SOS-Children's village
- Blanket distribution to needy

Visakhapatnam

- Teaching subjects like Maths, Science and Computers to underprivileged children

Mysore

- Blood donation camps
- World Environment Day celebration through skit presentation and quiz competition with the school children



Project Neev

Disability tends to further marginalise the underprivileged. To diminish disability-driven inequalities, L&T initiated 'Project Neev'. It created a platform for NGOs engaged in helping the disabled, to work towards sensitising society to the abilities of the disabled.

The engagement process:

NGO Expositions	Infrastructure Support	Creating Livelihood Opportunities	Disability Sensitisation
Bringing NGOs working with the disabled on a common platform. Expositions at L&T establishments promote products made by the disabled	L&T units provide infrastructure support and resources to NGOs and schools working with the disabled	L&T engages with Self Help Groups to create indirect employment opportunities for mainstreaming the disabled	Increasing awareness and sensitising L&T-ites



Through Project Neev, we could reach out to 5,070 differently-abled across India.

Implementation Structure

At L&T, our social interventions are propelled by three key drivers of change:

Corporate Social Initiative (CSI)

CSI collaborates with local NGOs, communities and government agencies to facilitate strategic interventions in the local community.

Powered by L&T's management experience and expertise, it deploys the most effective levers of change to bring about long-term solutions.



Larsen & Toubro Public Charitable Trust

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

At many locations, the projects are executed in collaboration with reputed NGOs.



Ladies Clubs

The Ladies Clubs comprising spouses of our employees initiate various developmental programmes in nearby communities.

These clubs also foster employee bonding with the organisation.



PRAYAS - A SPECIAL EFFORT FOR SPECIAL PEOPLE



Those who are differently-abled must receive a different kind of education but the same level of dignity.

Prayas, a trust formed by the spouses of L&T-ites, amongst its various initiatives, provides specially-abled children with various empowerment opportunities. This year, Prayas conducted a special summer camp for specially-abled students, wherein they interacted with children of L&T-ites.

The objective was dual:

Develop in the specially-abled kids a sense of belonging to the society

Embed in the L&T-ites' children, the future citizens of India, sensitivity towards the vulnerable



The interface resulted in a win-win situation. While the specially-abled students found a renewed enthusiasm and positivity, the L&T-ites' kids learned at an early age the value of life and knowledge. Other key initiatives undertaken by Prayas affiliates around the year include:

- Adoption of 15 promising children for an entire academic year
- Contribution of furniture such as a specially designed 'Hearing Aid Table' for partially deaf & mute students
- Contribution of learning essentials like books, notebooks and school uniforms
- Facilitating wellness through free eye check-up camps, dental and general fitness camps, HIV awareness camps and distribution of free medicines
- Conducting several 'play and learn' events like - children's day, science exhibitions, quiz and games competitions
- Providing livelihood to the specially-abled by sourcing from them 200 boiler suits and aprons per month

In Step with MDGs

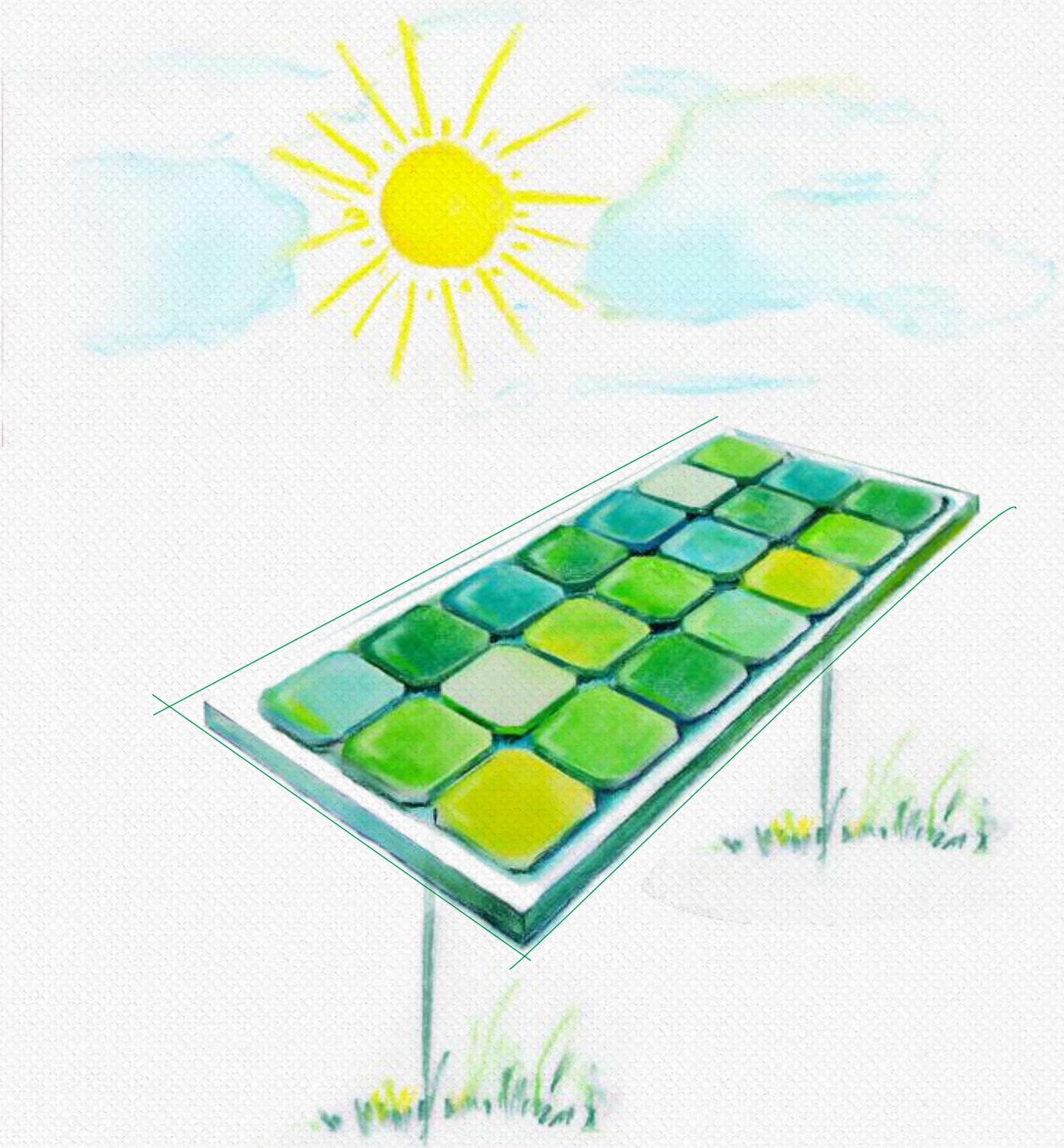


In the reporting year, we continued to harmonise our social interventions with the eight Millennium Development Goals (MDGs). The progress is inspiring and we are committed to contribute even more to this global mission.

Millennium Development Goals	L&T's Alignment	Millennium Development Goals	L&T's Alignment
 <p>1 ERADICATE EXTREME POVERTY AND HUNGER</p>	<ul style="list-style-type: none"> Nutritional support in pre-schools Vocational and life skills training Income generation for underprivileged youth & migrants 	 <p>5 IMPROVE MATERNAL HEALTH</p>	<ul style="list-style-type: none"> Pre & postnatal care Health awareness Family planning measures Anaemia control
 <p>2 ACHIEVE UNIVERSAL PRIMARY EDUCATION</p>	<ul style="list-style-type: none"> Improve quality of education Providing early childhood education Promoting education in community School infrastructure development & learning aids, enhancing curriculum and impacting classroom learning 	 <p>6 COMBAT HIV / AIDS, MALARIA AND OTHER DISEASES</p>	<ul style="list-style-type: none"> Integration with national health programmes Awareness drives and medical care for malaria and other diseases Counselling, testing & Antiretroviral Therapy (ART) for HIV/AIDS
 <p>3 PROMOTE GENDER EQUALITY AND EMPOWER WOMEN</p>	<ul style="list-style-type: none"> Skill development programme Empowering women in communities Livelihood opportunities for women 	 <p>7 ENSURE ENVIRONMENTAL SUSTAINABILITY</p>	<ul style="list-style-type: none"> Developing and enlarging L&T's green product portfolio Implementation of 3R (reduce, recycle, reuse) principles Watershed development in rural areas and large scale tree plantation drives
 <p>4 REDUCE CHILD MORTALITY</p>	<ul style="list-style-type: none"> Immunisation Providing access to paediatric care Regular health check up in schools & pre schools Promotion of breast feeding 	 <p>8 GLOBAL PARTNERSHIP FOR DEVELOPMENT</p>	<ul style="list-style-type: none"> Skill building programmes in Middle East Sharing of best practices with stakeholders Collaboration & partnership with NGOs



L&T provided livelihood to the specially-abled by distributing sewing machines



green thumb

We are developing a bouquet of new products to not only grow our green portfolio but also assist our customers to enhance the green quotient of their business. From solar farms to hydropower plants, from environment-friendly supercritical thermal power plants to efficient wastewater treatment plants, L&T is leaving an indelible imprint of its green thumb.

Product Performance

CHANGE

IN PROGRESS

**MAKING WORLD'S
LARGEST COKE DRUM**

**44 PROJECTS REGISTERED
FOR VALUE STREAM MAPPING**

**REVENUE FROM GREEN
PRODUCT PORTFOLIO
₹ 68.55 BN (12.5% OF SALES)**

**ENHANCE CAPABILITIES
AND HEIGHTEN EFFICIENCY**

**ELIMINATION
OF WASTE**

**CONTINUING
IPR JOURNEY**

At L&T, we have been sensitising our employees to greener ways of manufacturing and superior levels of customer satisfaction. We choose raw material with care and adopt energy efficient processes to ensure quality while minimising carbon footprint. We lay a strong emphasis on greening our portfolio as well as developing new products that meet emerging environmental needs and provide us with a competitive advantage.

Innovation and New Product Development

Innovation is the spring board to new process and product features. We invest substantially in R&D to develop new technologies that will enable us to stay ahead of the curve.

Our culture of collaborative engineering and creative thinking helps us in improving our designing, manufacturing and execution abilities. We focus on resource optimisation, process efficiency and cost

reduction to discover new avenues for higher productivity.

Knowledge sharing through national / international collaborative platforms and global partnerships help us to access and leverage global best practices. We engage continuously with clients and associates to ensure that our offerings have a superior value proposition.

Highlights

The percentage contribution of our green portfolio to our overall sales increased from 9.72% last year to 12.57% in the reporting year.

To read more about our green portfolio, refer our economic performance.

- E&A business filed 162 patent applications, 16 trademark applications, 10 design registrations, 9 copyrights patent applications, and 10 international patent applications
- Heavy Engineering manufactured and shipped world's largest coke drum
- In E&A business, 44 projects were registered for Value Stream Mapping. This drive has led to the elimination of waste on the production line and reduction in lead time



Construction



- Engineering News Record ranked L&T Construction among the top 30 global contractors
- In-house testing facility has accelerated execution cycle and improved delivery times of 125 different construction materials

Heavy Engineering

- 'Critical Chain Project Management' methodology of 'Theory of Constraints' is being applied. Implementation of the Strategy and Tactic (S&T) Tree is underway to achieve operational excellence



L&T Infotech

- L&T Infotech was selected to drive Intel's cloud access security software in the market. This relationship will help L&T Infotech strengthen its position in accelerating cloud computing adoption for its clients across verticals like banking & financial services, insurance, energy & petrochemicals and manufacturing

Hydrocarbon



- In house design, engineering, execution and installation for the prestigious order of USD 1.2 bn, Mumbai High North Complex (oil & gas platform)
- Successful performance simulation / optimisation of process design and engineering for various hydrocarbon projects in refinery, oil & gas, fertiliser and chemical plants
- Formed strategic alliances / collaborations with world-class technology providers to introduce new product lines like Subsea systems, FPSOs and MOPUs

Electrical and Automation

- A new initiative called the Total Productive Maintenance - Jishu Hozen (TPM-JH) was implemented. The techniques and tools used led to reducing machine downtime and thereby minimising waste
- Process Failure Mode Effect Analysis (PFMEA) was implemented for identifying potential defects during the course of manufacturing and addressing them at initial stages of development



L&T's shipyard
at Kattupalli, near Chennai
on India's east coast



SWITCH TO AN ECO-ERA



For over 60 years, L&T E&A's switchboards have proven their performance and reliability for sectors like oil & gas, metals, cement, infrastructure and power in India and across the globe.

To accelerate eco-consciousness and enhance safety, L&T launched the T-Era range of low voltage switchboards.

Safety

The locking device and arc faults in switchboards are major causes of worry. Arc faults are a type of short circuit with energy level of 20 MW per cycle, high temperatures that can reach up to 3000° C and pressure that can rise to 3 atm, thus resulting in extensive damage, monetary loss and high chances of personal injury.

The T-Era is designed to maximise safety in operations and maintenance. The two significant design changes include:

- Interlocks - ensure that all operations occur only when the doors are closed
- Arc resistant design - in the Motor Control Centre, the vertical busbars are enclosed in fire retardant, non-hygroscopic polyester glass supports with high retracting index, this unique arrangement greatly minimises the chances of arc ignition



Eco-Efficiency

The T-Era switchgear is also designed to deliver higher energy efficiency and resource optimisation through usage of reusable and recyclable packaging material.

Energy Efficiency

A unique arrangement of busbars, the double deck arrangement, improves current distribution, which in turn leads to lower electricity consumption and thereby a smaller carbon footprint.

Use of LED lamps for indication consumes less energy compared to conventional lamps

Packaging

Earlier, wood equivalent of two trees was required to pack one panel. The new R-pack packing is wood-free and utilises reusable plastic. It complies with international standards and can be reused as many as 5 times, after which it is sent for recycling.

An innovative flat pack design enables, manufacturing in a base factory and assembly at any other location.

The T-Era switchboard received the Best Product Award at the ELECRAMA in January 2012.



A section of L&T's Coimbatore campus where T-Era switchboards are manufactured. The campus is ISO 9001:2008, ISO 14001: 2007 and OSHAS: 18000 certified and a zero waste water discharge facility.

Outcomes

The double deck arrangement offers energy savings of about **40%** over the conventional system

R-Pack saves approx **55,000** trees and reduces approx **5,000** tons of CO₂*

**the calculation is based on our own consumption of the packing material*

COAT OF LIFE



Enhancing the service life of an asset or equipment is one of the key methods to enhance sustainability. This year, the Hydrocarbon IC developed innovative solutions to combat corrosion which is one of the main causes of deterioration in performance and diminished service life.

L&T Hydrocarbon manufactures Methanol Converter for Yanchang Petroleum Jingbian Energy & Chemical Project, China. The areas to be protected from corrosion Shell outer surface area: 1,935 m² and Tube inside surface area: 1,521 m². The total volume for final chemical cleaning post fabrication was 222 m³. The R&D department suggested application of corrosion protection product on the raw material before fabrication and a relatively less cumbersome

chemical cleaning process on the same product, post fabrication.

L&T Hydrocarbon was entrusted with the preservation of three Offshore Platforms for the ONGC MHN-RD Project (N-17, N-18 & N-20) at the Modular Fabrication Facility (MFF) at Hazira till the month of load-out in November - December 2011. The task began with identification of potential corrosion mechanisms and affected components. Appropriate preservation measures like barrier protection by repair painting, wrapping of stretch films, rust converters, cold zinc spray, peel-able paint were provided by R&D. The corrosion control measures successfully protected the high-value equipment and systems.



Intellectual Property Rights

Intellectual Property Rights (IPR) are instrumental in securing competitive advantages as well as catalysing innovations within the organisation.

The protection of intellectual property through patents, trademarks and copyrights help to create value for the organisation and its stakeholders.

Nature	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Number of Patents filed by E&A	101	108	128	151	162



E&A business bags top two National IPR Awards

Customer Delight

At L&T, translating customer expectations into customer satisfaction is a result of unending efforts to deliver world-class products and services.

Quality processes are derived from a gamut of improvement tools and techniques like Value Stream Mapping, Value Engineering, Kaizen etc., which lead to formulation of operational excellence that at times exceed customer requirements.

We have a well-established customer feedback mechanism which enables us to have regular interactions with our clients. Individual interactions, customer meets and satisfaction surveys are channels to obtain stakeholder response. Prompt analysis is undertaken; corrective measures are implemented and institutionalised for any complaint / feedback received.

Repeat orders are the single most important measure of customer perception. The quantum of repeat orders we receive, demonstrates the high level of customer satisfaction that we are able to maintain.

Customer Health and Safety

At L&T, we attach the utmost importance to the health and safety of our customers. We work to minimise health and safety impact of our products through in-depth R&D and adoption of best practices. Some of the steps we follow to achieve this include;

- Integration of safety at the design stage
- Ensuring conformance to Indian and International Standards
- Comprehensive review of health and safety impact of products, projects and services
- Deploying best manufacturing practices to ensure highest possible health and safety standards
- Institutionalising labeling and signage systems for our products and projects
- Providing elaborate Operation & Maintenance manuals along with necessary training to customers' personnel

No incident of non-compliance was reported with respect to regulatory and voluntary codes concerning the health and safety aspects related to any of our products in the reporting period.

Marketing Communication

Our marketing collateral is designed for clarity in communication and effective enunciation of product features and benefits. Corporate Identity programme ensures consistency of expression across all brand assets. We abide by all rules and regulations related to corporate advertising, promotion and sponsorship.

During the reporting period, there were no complaints received on the subject of misleading marketing communication.



Product Labelling

The process of product labelling is executed as per the relevant codes and necessary specifications. Our electrical & automation products and industrial machinery carry BIS label. Our rubber processing machines exported to EU are marked with the CE label.

In Heavy Engineering business, the product specific documentation is shared with the customer on dispatch of equipment.

The reporting year saw no incidences of non-compliance with regards to product labelling and information regulations.

Compliance

We abide by all statutory regulations and voluntary codes with respect to products and services. All our units have implemented a structured system to monitor and report compliance to regulatory requirements.

During the reporting period, there were no incidents of non-compliance with statutory requirements, and no monetary fines were imposed.

Awards & Recognition

Awards for Top Management

- **The Business Courage Award conferred on Mr. A.M. Naik**
Asia Business Leadership Forum (ABLF) honoured Mr. A.M. Naik with the inaugural Business Courage Award – 2011, an international award affirming his leadership qualities and values
- **Mr. A.M. Naik ranked one of India's top two CEOs from 1995 to 2011**
Mr. A.M. Naik was rated as one of the top two of India's Best CEOs in a study conducted by India's leading business magazine Business Today (part of the India Today Group), leading international business school - INSEAD and the Harvard Business Review
- **Mr. K. Venkataramanan conferred Doctorate in Project Management**
Mr. K. Venkataramanan received an honorary doctorate by the University of Petroleum & Energy Studies (UPES) for his lasting contribution to project management and chemical engineering arena through a unique combination of vision, innovativeness and global thinking
- **Mr. K. Venkataramanan conferred 'Honorary Fellow' of IChemE**
The Institution of Chemical Engineers (IChemE), U.K., the world's most reputed body in the chemical engineering space, has accorded an 'Honorary Fellow' of the institution to Mr. K. Venkataramanan



Awards won by the Company

- **The NDTV Profit Business Leadership Award**
Affirming L&T's stature in building infrastructure, the Company was honoured with NDTV Profit's Business Leadership Award.
- **Ranked 3rd in the Greenex**
L&T was ranked third in Greenex - a first-of-its-kind Green Index constituted by 'Bombay Stock Exchange' that assesses the 'carbon performance' of companies drawn from the top 100 companies listed by BSE.
- **Among the top 5 'Thought Leader Brands' in India**
L&T stood among the top 5 in a 'Thought Leaders in India' index published by a London based communications agency.
- **Among the top 10 in S&P ESG India**
L&T was the only company from the engineering segment to be ranked among the top 10 in Standard & Poor's (S&P) ESG India index of companies in terms of 'Environment, Social and Governance' performance.
- **Among the top 5 in RepuTex ESG ratings**
L&T's sustainability practices and disclosures are ranked amongst the top in Asia in the Environment, Social & Governance (ESG) 2011 ratings by RepuTex, Hong Kong - a leading ESG, carbon advisory and independent research organisation. L&T is also the only Indian company listed among the top 5 in Asia in the 'Industrial' segment rating.
- **Laurels for excellence in quality systems from FICCI**
Platinum Awards for Excellence in Quality Systems from FICCI were won by L&T Heavy Engineering, Powai campus - Mumbai and by L&T Komatsu, Bangalore Works.
- **The international 'Be Inspired Award' for L&T-S&L**
L&T-Sargent & Lundy (L&T-S&L) honoured with the prestigious 'Be Inspired Award' from Bentley Systems Inc. in Amsterdam.
- **CII-EXIM Bank Business Excellence Award conferred on L&T AIL for the third year in a row**
L&T - Audco India Ltd. (AIL) won this award in recognition of business excellence initiatives under the MIP IC operational excellence programme to enhance the competitive edge and the quality of AIL's products and services.
- **Institutional Investor magazine honours team L&T with high rankings**
L&T ranked 'Second' in India and 'Fifth' in Asia in the All Asia (excluding Japan) Investor Relations (IR) Perception Study conducted by the prestigious Institutional Investor magazine.
The Company, its leadership team and senior executives also scored high in other rankings.
- **11 ABCI awards for L&T**
L&T's communications bagged a total of 11 awards at Association of Business Communicators of India (ABCI) Awards. The tally includes awards secured across the spectrum of In-house Magazines, Brochures, Calendars, Photographs and Sustainability Report. The number of awards received was among the highest secured by any company, qualifying L&T for the coveted 'Champion of Champions Award'
- **Among the top 10 'Best Companies to Work For', India**
L&T ranked among the top 10 in a 'Best Companies to Work For' listing published by Business Today, India.
- **The ICC 'Corporate Governance and Sustainability Vision Award 2012'**
The Indian Chamber of Commerce (ICC) awarded L&T with the 'Corporate Governance and Sustainability Vision Award 2012' in the 'Sustainability Reporting' category.
- **The Golden Peacock Global Award**
L&T bagged the Golden Peacock Global Award for 'Excellence in Corporate Governance - 2011', constituted by the Institute of Directors (IoD) and the World Council for Corporate Governance.
- **Heavy Engineering wins the National Award for export excellence**
Heavy Engineering business won the National Award for export excellence, presented by the Engineering Export Promotion Council of India (EEPC).



NVG Disclosures

Proactive Reporting in accordance with the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business

For the future of 'India Inc.' to be bright, the future of 'India Inclusive' too needs to be bright. For the nation to find a pride of place on the global map, corporates must chalk out and implement responsible business strategies. Strategies that foster harmonious growth on all three fronts - economy, equity and ecology.

L&T has always aligned its business plans with the nation's needs. From imagineering cost-competent indigenous technologies to setting up businesses that meet the growing infrastructure demand of a growing nation, from investing in key catalysts of social well-being to fostering a safe and healthy work environment - our belief in responsible business practices is steadfast.

We are the first engineering & construction company in India to report on its corporate sustainability performance and among the prime movers to announce its resonance with the eight missions enshrined by the Prime Minister in the NAPCC. As an organisation committed to the gold standard in governance, we are proud to take a forerunner position and proactively report on our sustainability strategies and actions, in line with the nine principles prescribed by the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business.

Principle 1

Conduct and govern with ethics, transparency and accountability

Refer Corporate Governance section
Pg 9 - 10, 13 - 19

Principle 2

Provide goods and services that are safe and contribute to sustainability throughout their life cycle

Refer Product Stewardship section
Pg 15, 18, 21, 57 - 62, 96 - 103

Principle 3

Promote the well-being of the employees

Refer People Performance section
Pg 21, 39 - 48

Principle 4

Respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Refer Stakeholder Engagement section
Pg 31 - 37

Principle 5

Respect and promote human rights

Refer People Performance section
Pg 21, 45, 49

Principle 6

Respect, protect and make efforts to restore the environment

Refer Environment Performance section
Pg 20, 21, 57 - 62, 63 - 82

Principle 7

Responsible public advocacy

Refer Corporate Governance section
Pg 13 - 14, 18 - 19

Principle 8

Support inclusive growth

Refer Social Performance section
Pg 15 - 16, 83 - 94

Principle 9

Engage with and provide value to customers

Refer Economic & Product Stewardship sections
Pg 10, 16, 21, 23 - 24, 33 - 37, 49, 96 - 103



INDEPENDENT ASSURANCE STATEMENT

INTRODUCTION

Det Norske Veritas AS ('DNV') has been commissioned by the Management of Larsen & Toubro Limited ('L&T' or 'the Company') to carry out an assurance engagement on L&T's Sustainability Report 2012 ('the Report'), against the Global Reporting Initiative 2006 Sustainability Reporting Guidelines Version 3.0 (GRI G3) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS 2008).

DNV is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality towards any people interviewed. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

The intended users of this assurance statement are the readers of L&T's Sustainability Report 2012. The Management of L&T is responsible for all information provided in the Report as well as the processes for collecting, analyzing and reporting the information. DNV's responsibility regarding this verification is to the Company only and in accordance with the agreed scope of work. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

SCOPE OF ASSURANCE

The scope of work agreed upon with the Company includes verification of the following:

- The content of Sustainability Report 2012 i.e. reporting of economic, environmental, and social indicators;
- Review of the policies, initiatives, practices and performance described in the Report as well as references with respect to economic indicators and corporate governance made in the Report to L&T's 67th Annual Report (2011-12);
- Evaluation of the AccountAbility principles and specified performance information, described below, for a Type 2, moderate level of assurance, in accordance with the requirements of AA1000AS (2008):
 - Information relating to L&T's issues, responses, performance data, case studies and underlying systems for the management of such information and data;
 - Information relating to L&T's materiality assessment and stakeholder engagement processes;
- Confirm that the report meets the GRI G3 Application Level A+, as declared by the Company.

The reporting boundary is as set out in the Report and during the assurance process we did not come across, limitations to the scope of the assurance engagement. The verification was conducted during May to October 2012 for the activities covered in the Report for 1st April 2011 to 31st March 2012.

VERIFICATION METHODOLOGY

This assurance engagement was planned and carried out in accordance with the AA1000AS (2008) and the DNV Protocol for Verification of Sustainability Reporting. The report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness as set out in the AA1000AS (2008); the reliability of the specified sustainability performance information, as required for a Type 2, moderate level assurance engagement;
- Adherence to the additional principles of Completeness and Neutrality as set out in DNV's Protocol, and
- The principles and requirements of the GRI G3 for an application level A.
- As part of the engagement, DNV has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In doing so, we have:
 - Challenged the sustainability-related statements and claims made in the report and assessed the robustness of the data management system, information flow and controls;
 - Examined and reviewed documents, data and other information made available by L&T;
 - Visited the corporate office, manufacturing units and project sites of L&T at Powai (Mumbai), Chennai, Hazira (Gujarat), Ahmednagar and Lonavala (Maharashtra) and Bangalore to conduct on-site verification; and also visited one of its subsidiaries, L&T Infotech's office at Powai (Mumbai) and Bangalore;
 - Conducted interviews with top/senior management and key representatives and managers in various offices, manufacturing units, project sites and at head office;
 - Reviewed the Company's approach to stakeholder engagement and its materiality determination process;
 - Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report
 - Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report.

OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and opportunities for improvement reported to the Management of L&T and are considered for drawing our conclusion on the report; however, they are generally consistent with the Management's objectives:

- Materiality determination process may be strengthened across manufacturing plants / project sites to bring out specific key material issues;
- Extend the boundary of the Report to include the entities under its sphere of control and influence i.e. Joint ventures, Company owned & operated service stations and key supply chain partners;
- Augmenting the management process for identification of risks (if any) due to human rights issues especially in supply chain activities and outsourced processes, to stay in line with international best practice;
- Enhancing process for data management and its quality assurance procedure will further help improve the sustainability performance monitoring and reporting process.

CONCLUSIONS

We consider the methodology and process for gathering information developed by the Company for its sustainability performance reporting is appropriate and the qualitative and quantitative data included in the Report, was found to be reliable, identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data. We also assessed the reported progress against the company's commitments as disclosed in its previous Report and observed that the Report presents a fair description of the sustainability activities and the goals achieved. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Inclusivity: The Company engages in dialogue with prioritized stakeholders to identify emerging issues through different channels. The material issues are identified as risk or opportunity and appropriate corporate level strategies are developed to improve the sustainability performance. In our view, the level at which the Report adheres to this principle is 'Good'.

Materiality: The Company has reported its materiality determination process at the corporate level to bring out issues of significance, of which the majority are addressed in the Report; however, expanding the materiality determination exercise to include indicators beyond GRI G3.0 i.e. GRI 3.1, IFC guidelines and applicable sector supplements will further improve the sustainability management and reporting. In our view, the level at which the Report adheres to this principle is 'Acceptable'.

Responsiveness: We consider that the Company's response to key stakeholder concerns, through its policies and management systems, is fairly reflected in the Report. In our view, the level at which the Report adheres to this principle is 'Good'.

Reliability: The Report contains data that is measured and estimated. In accordance with the AA1000AS requirements for a Type 2, Moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is generally reliable and the level at which the Report adheres to this principle is 'Acceptable'.

ADDITIONAL PARAMETERS AS PER DNV'S PROTOCOL

Completeness: Certain GRI G3 core indicators have been partially responded / reported, considering the diversified nature of business and practical limitations. The rationale for this and the exclusion of core indicators which are not applicable has been explained in the Report. Company acknowledges the need for continuous improvement and is committed to improving the reporting scope and boundary. In our view, the level at which the Report adheres to this principle is 'Acceptable'.

Neutrality: The Company has reported its sustainability performance and related issues in a suitable manner and overall the Report is transparent in discussing the challenges faced. In our view, the level at which the Report adheres to this principle is 'Good'.

In our opinion, and based on the scope of this assurance engagement, L&T's Sustainability Report 2012 provides a fair representation of the Company's sustainability policies, objectives, management approach and performance during the reporting year.

DNV also confirms that the Report meets the requirements for GRI application level A+.

for Det Norske Veritas AS,



Nandkumar Vadakepatth

Project Manager,
National Head-Sustainability & Business Excellence Services,
Det Norske Veritas AS, India

Bangalore, India, 26th October 2012



Antonio Astone

Reviewer,
Global Manager, Corporate Responsibility Services,
Det Norske Veritas AS, Italy



AA1000
Licensed Assurance Provider
000-10



Statement GRI Application Level Check

GRI hereby states that **Larsen & Toubro** has presented its report "L&T's Corporate Sustainability Report 2012" 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.

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

Amsterdam, 23 October 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a light blue background.

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 17 October 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

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	25-28			
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, 14			
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, 41, 45-47, 52-55 L&T Annual Report 2010-11, Pg 20			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	29			Increased the reporting boundary
2.10	Awards received in the reporting period.	Fully	104-105			
3. Report Parameters						
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	29			April 1, 2011 and March 31, 2012
3.2	Date of most recent previous report (if any).	Fully	29			2nd December 2010
3.3	Reporting cycle (annual, biennial, etc.)	Fully	29			Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	29			
3.5	Process for defining report content.	Fully	27-29			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	29			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	29			"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	29			
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	29			
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	29			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	29			Bangalore office of Heavy Engineering started reporting. Significant project sites started reporting their electricity consumption

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	110 - 117			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	29			
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	14			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	14, 15			
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	14, 15			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	14, 34 - 37			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	15			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	15, 16			
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	15			
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	16-21			
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	19-20			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Fully	15			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Fully	18			
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	18			
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	19			
4.14	List of stakeholder groups engaged by the organisation.	Fully	34, 35			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	34, 35			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	35			
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	35-37			

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		19				
Aspects	Economic performance	Fully	19, 52, 53, 55				
	Market presence	Fully	11, 12, 19				
	Indirect economic impacts	Fully	19, 22 - 24				
DMA EN	Disclosure on Management Approach EN		19, 22 - 24				
Aspects	Materials	Partially	75	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	64	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	72	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	80				
	Emissions, effluents and waste	Fully	71 - 77				
	Products and services	Fully	20, 57				
	Compliance	Fully	80				
	Transport	Partially	19, 71, 76	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	Not			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		20				
Aspects	Employment	Fully	40				
	Labour/management relations	Fully	41, 43				
	Occupational health and safety	Fully	45				
	Training and education	Fully	43, 44				
	Diversity and equal opportunity	Fully	49				
DMA HR	Disclosure on Management Approach HR		20				
Aspects	Investment and procurement practices	Fully	49, 56				
	Non-discrimination	Fully	49				
	Freedom of association and collective bargaining	Fully	45				
	Child labour	Fully	21, 49				
	Forced and compulsory labour	Fully	21, 49				
	Security practices	Fully	18				
	Indigenous rights	Fully	20, 21				
DMA SO	Disclosure on Management Approach SO		20				
Aspects	Community	Fully	32, 55, 84, 89				
	Corruption	Fully	18				
	Public policy	Fully	18, 19				
	Anti-competitive behaviour	Fully	18				
	Compliance	Fully	18				

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		21				
Aspects	Customer health and safety	Partially	36, 102	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	103				
	Marketing communications	Fully	103				
	Customer privacy	Fully	102				
	Compliance	Fully	103				
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	52-56				
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Fully	56 - 60				
EC3	Coverage of the organisation's defined benefit plan obligations.	Fully	45				
EC4	Significant financial assistance received from government.	Fully	53				
Market Presence							
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	42				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	56				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	56			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	56				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	56, 60				
Environmental							
Materials							
EN1	Materials used by weight or volume.	Partially	75	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	76				
Energy							
EN3	Direct energy consumption by primary energy source.	Partially	65	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	65				
EN5	Energy saved due to conservation and efficiency improvements.	Partially	66	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.	Not	-				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	67, 68				

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
Water							
EN8	Total water withdrawal by source.	Partially	73	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	80				
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	80				
EN13	Habitats protected or restored.	Fully	80				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	80				
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	71				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	72				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Not	-				
EN19	Emissions of ozone-depleting substances by weight.	Fully	72				
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Partially	72	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	72, 73	At project sites where client is responsible for wastewater treatment and disposal of 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	77				
EN23	Total number and volume of significant spills.	Fully	48, 77				
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	57-62				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	77				
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	80				

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
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	41, 42				
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	42			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	45				
Labour/Management Relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	41				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	42				
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	47	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	47	Frequency Rate, Severity Rate, Fatalities and Fatalities Rate have been reported. 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	43-49				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	46				
Training and Education							
LA10	Average hours of training per year per employee by employee category.	Partially	43	Training programmes conducted by clients in their premises are not reported.	Not available	We are developing a system to record the training programmes 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	41 - 43				
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	43			100% of our employees receive periodical performance and career development review	
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	42, 49				

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
LA14	Ratio of basic salary of men to women by employee category.	Fully	49			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	49				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	49				
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	49				
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	49				
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	49				
Forced and Compulsory Labour							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.	Fully	20, 21, 46, 49				
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	20, 49			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	84				
Corruption							
SO2	Percentage and total number of business units analysed for risks related to corruption.	Fully	17				
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Fully	18				
SO4	Actions taken in response to incidents of corruption.	Fully	18				

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	18	All public policy positions occupied by L&T are not reported	Not applicable	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	18			No legal action for anti-competitive behaviour	
Compliance							
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	18				
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	102				
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	102				
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	21, 103				
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	103			No incidents of non-compliance	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	36, 96, 102				
Marketing Communications							
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	103				
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	103				
Customer Privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	102			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	103			No such complaints were reported	

Acronyms

AGM	Annual General Meeting
AHC	Andheri Health Centre
ASME	American Society of Mechanical Engineers
B&F	Building & Factories
BCCI	Bombay Chamber of Commerce and Industry
BEE	Bureau of Energy Efficiency
BIS	Bureau of Indian Standards
Bn	Billion
BTG	British Thermal Gas
BU	Business Unit
C	Celsius
CE	Conformite Européenne
CFC	Chloro - Floro Carbon
CFL	Compact Florescent Light
CIDC	Construction Industry Development Council
CII	Confederation of Indian Industry
CIS	Commonwealth of Independent States
CMD	Chairman & Managing Director
CO₂	Carbon Dioxide
CPCB	Central Pollution Control Board
CSI	Corporate Social Initiatives
CSR	Corporate Sustainability Report
CSTI	Construction Skill Training Institute
DAV	Dayanand Anglo-Vedic school
DMN	Domestic Marketing Network
DP	Depository Participant
E&A	Electrical and Automation
ECAS	Enterprise wide Collaboration for Alignment with Strategy
EHS	Environment, Health and Safety
EMC	Executive Management Committee
EMS	Environmental Management System
EOT	Electric Overhead Travelling
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share
ESG	Environment Social Governance
EU	European Union
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
GETs	Graduate Engineer Trainees
GHG	Green House Gas
GJ	Giga Joules
GRI	Global Reporting Initiative
HE	Heavy Engineering
HQ	Headquarter
HR	Human Resources
HTFS	Heat Transfer and Fluid Flow Simulation Software
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
IPM	Institute of Project Management
IPMA	International Program Management Association
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
LEO	Leveraging Employee Opinion
LPG	Liquefied Petroleum Gas
LV	Low voltage
MDC	Management Development Centre
MIP	Machinery & Industrial Products Business
MOEF	Ministry of Environment & Forest
MOPU	Mobile Offshore Production Unit
MT	Metric Ton
MV	Medium voltage
MW	Mega Watt
MWp	Mega Watt peak
NAPCC	National Action Plan on Climate Change
NG	Natural Gas
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
PAT& ICON	Praise, Applaud & Treasure & Icon program
PLC	Programmable Logic Controller
PV	Photovoltaic
R&D	Research and Development
RCC	Reinforced Cement Concrete
ROCE	Return on Capital Employed
S&P	Standard & Poor
SBG	Strategic Business Group
SOx	Oxides of Sulphur
SR	Severity Rate
UN	United Nations
USD	United States Dollar
VFD	Variable Frequency Drive
WoW	Working on Wellness

Standard Disclosures

Report Application Level	C	C+	B	B+	A	A+ 
G3 Profile Disclosures 	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
G3 Management Approach Disclosures 	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators 	Report on a minimum of 10 Performance Indicators, including at least one from each of Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human Rights, Labour, Society, Product Responsibility.		Report on each core G3 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*

The L&T Sustainability Report 2012, 'Colours of Change', is a **'GRI Checked' Application Level A+ report.**



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