



NETWORKED FOR HIGHER RETURN ON

CAPITALS

NETWORKED FOR HIGHER RETURN ON CAPITALS

A decade of sustainability practices and reporting has seen L&T post encouraging results across each of the triple bottom-lines. We are ushering in the next wave of efficiency and value creation for society by leveraging the intersections of these three bottom-lines and aligning them in a symbiotic network.

Towards this objective, from this year we have adopted integrated reporting which introduces a whole new dimension of interconnectivity through detailed business modelling. It also brings with it the rigour of viewing all resources as capitals and measuring performance through ROIs on each one.

Our technological capabilities enable us to reach various nodes and build a network spanning products, processes, employees, environment and community. This enables a more holistic consideration of actions, outcomes and impact, which in turn accelerates and amplifies returns across all capitals - Financial, Natural, Human, Manufacturing, Intellectual and Social and Relationship.

It is a well-known fact that connections matter, but in today's complex multi-variate world, it is interconnections that matter way more.

INDEX

● EXECUTIVE MESSAGES

Group Chairman	01
CEO & Managing Director	03
Senior Leadership Team	05

● READING THE REPORT

Report Scope	09
Reporting Boundary	09

● ENGINEERED TO LEAD

L&T Group	12
External Environment	13
Business Model	15
Awards & Recognition	19

● DESIGNED TO SUSTAIN

Corporate Governance	21
IR & Sustainability Structure	30
Materiality	31
Management Approach	33
Sustainability Roadmap 2021	35
Risks & Opportunities	38

● INTERLINKED TO ENHANCE

Financial Capital	47
Manufactured Capital	57
Intellectual Capital	63
Human Capital	69
Natural Capital	81
Social & Relationship Capital	99
Aligning to Sustainable Development Goals	117

● GEARED TO THRIVE

Strategy, Business Model and Resource Allocation	121
Outlook & Opportunities	123

● BASIS OF PRESENTATION

Independent Assurance Statement	136
GRI Standards Content Index	139
UNGC Communication on Progress	144
Acronyms	145
Feedback	146



MESSAGE FROM GROUP CHAIRMAN



We have set sustainability targets for 2021 and are aggressively pursuing them.

Dear Stakeholder,

I am happy to present L&T's first Integrated Report. We are amongst the few Indian companies to achieve the landmark of 10 years of consistent sustainability reporting. This year, the Company, based on the impetus provided by SEBI, has embarked on the journey of Integrated Reporting. The report tracks the sustainability performance of the organisation and its interconnectedness with the financial performance, showcasing how L&T is adding value to its stakeholders.

The Integrated Report adheres to the Global Reporting Initiative (GRI) Standards, the Integrated Reporting framework of the International Integrated Reporting Council (IIRC) and is independently vetted by a third-party assurance agency. It also serves as our annual Communication on Progress (COP) as per the United Nations Global Compact. Since 2016-17, L&T Infotech has been publishing an independent Sustainability Report, and hence its environmental and social performance for the period does not feature in this report.

A picture of growth

The Company has registered robust growth in the year, with the Consolidated Order Book touching ₹ 2,631.07 billion, which augurs well for the year ahead. Our global focus has also paid dividends with international orders constituting 24% of the total Order Book. The Group PAT reached ₹ 73.70 billion, an increase of 22% year-on-year, despite the challenging environment.

Enhancing our sustainability quotient

L&T is also amongst the select few Indian companies that voluntarily sets sustainability targets for itself. Our sustainability roadmap provides a comprehensive platform for accelerating best practices and performance across the L&T spectrum. We have already set targets for 2021 through our Sustainability Roadmap 2021, and are aggressively pursuing them.

This year, our sustainability efforts have resulted in savings of 95 Million Units of electricity cumulatively. Various initiatives across L&T campuses have enabled us to reduce the Water Consumption Intensity (water consumption per person) by 8.2% over 2016-17. We are also reducing our Carbon footprint by increasing the use of environment-friendly raw materials. Use of alternative materials has increased significantly over the previous year.

The proportion of Green products and services in our product portfolio is growing consistently. Within our own campuses, we have 17 green buildings and a green factory that helps reduce the consumption of natural resources on an ongoing basis. We have also built over 67.7 million sq. ft. of certified green space for our clients, helping them move towards a sustainable existence.

Our sustainability efforts have been lauded in various forums and the Company has been ranked among the Top 11 companies in the Engineering & Construction Category (emerging markets) in the RobecoSAM's - Dow Jones Sustainability Indices (DJSI).

Bigger, better, safer

At L&T, we believe that growth cannot be at the cost of the safety of our workforce or visitors at our worksites. Robust safety policies which emerge from our Zero Accident Vision 2021, aim at providing a safe and healthy working environment for over 400,000 people across 600-plus project sites, campuses and offices.

Building India's social capital

L&T has often been referred to as 'the builder of India of the 21st Century'. Any endeavor to build a robust nation, cannot be at the expense of its marginalised population. The Company's CSR initiatives encompass thrust areas like water and sanitation, health, education and skill development, which are critical for the upliftment and development of the underprivileged sections of society.

L&T is currently involved in numerous CSR projects across the country, being powered independently by the Company or in partnership with key NGOs. In the last year alone, we have spent over ₹ 1 billion on CSR initiatives that have touched the lives of over 2.1 million people. We hope that we will be able to transform many more lives in the future.

As a responsible corporate, we have always ensured that our reports to stakeholders are both clear and comprehensive in their scope. I believe that our first Integrated Report will set a new benchmark for L&T's reports in the years to come.



A. M. NAIK
Group Chairman

MESSAGE FROM CEO & MANAGING DIRECTOR



At L&T, it is our constant endeavour to keep our employees and stakeholders safe.

Dear Stakeholders,

I am happy to present Larsen & Toubro's first Integrated Annual Report. The Company is not only a leader in most of its lines of businesses, but has also consistently set benchmarks in good governance and transparency. After reporting our Sustainability performance for 10 years in a row, our first Integrated Report will feature both, our financial and sustainability performance – providing a holistic view of the Company's performance across multiple parameters.

Growing sustainably

L&T has delivered a robust financial performance in the year gone by, despite a challenging economic environment. Our net profits grew by 22%, while gross revenues saw a 9% growth. Our Order Book saw fresh inflows worth ₹ 1,529.08 billion. The Company's sustainability efforts have been recognized in various forums, including an inclusion in the RobecoSAM's - Dow Jones Sustainability Indices (DJSI) in Emerging Markets. It has also been ranked among the Top 11 companies in Engineering & Construction Category in the DJSI listing.

Safety first

At L&T, it is our constant endeavour to keep our employees and stakeholders safe at all L&T worksites and campuses. We incorporate safety measures into our production lines and work processes, and add safety features to our products, thereby helping make the world a safer place.

In keeping with our mantra of 'Zero Harm', we have formed six task forces to address safety issues at project sites, and share best practices among our employee base.

We have also digitalised our Employee Health & Safety practices, where all activities, from training needs assessment to competency verification and safety compliance processes come under a digital umbrella. An exclusive safety app enables all L&T employees to record safety observations, fill up safety checklists, report incidents on a real time basis as well as allows for safety trainings. Such initiatives have resulted in a reduction in the frequency of accidents at our project sites. Our accident severity and fatality rates have also reduced by over 30% in the last fiscal –moving us a step closer to our goal of 'zero-accident status' by 2021.

Environment first

As a large engineering and construction conglomerate, our projects have long gestation periods during which large quantities of raw material and resources are required. In our endeavour to reduce our carbon footprint, we have implemented a number of measures including water conservation and harvesting, better energy management, using renewable energy and building green buildings in our campuses. We also enable our customers to do the same, through a portfolio of 'green' buildings, products and solutions.

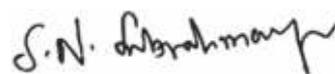
Our efforts in this regard have begun paying dividends. As of date, our 'green' portfolio

contributes to more than 25% of our total revenue, on a standalone basis. Two of our campuses are Carbon Neutral, and all 24 of them are water positive; and we are committed to enhancing our 'green' quotient with every passing year.

Society first

At L&T, we believe that our responsibility to the society should extend beyond the reaches of the organisation and touch the lives of as many disadvantaged people as possible. Covering four key developmental areas of health and sanitation, water conservation, skill building and education, L&T has touched the lives of over 2.1 million beneficiaries countrywide – 40% more than in the previous year. This includes around 29,000 people who were made employable through vocational training at our Construction Skills Training Institute (CSTIs).

Our journey of sustainable growth is an ongoing one, and we look forward to your continuing engagement as we achieve key milestones together.



S. N. SUBRAHMANYAN

Chief Executive Officer &
Managing Director

MESSAGES FROM SENIOR LEADERSHIP TEAM



R. SHANKAR RAMAN

Whole-time Director &
Chief Financial Officer

At Larsen & Toubro, our business decisions and activities across a wide spectrum of operations are executed keeping the health of our triple bottom-line in mind. Our maiden Integrated Report, is yet another manifestation of this quest.

Every passing year sees us intensify our efforts to protect the environment, without compromising business interests. Our water conservation efforts have resulted in all our 24 campuses becoming water positive in a sustainable manner. There has also been a steady rise in the number of renewable energy and green building projects executed, both within our campuses and for our clients. In the same vein, our Green product and services portfolio continues to contribute to over 29.6% of our total revenue at the L&T Standalone level.

Good governance is yet another pillar of sustainability. We have extended its scope to cover our supply chain network, and over 18000 vendors have signed a combined Code of Conduct - covering business ethics, as well as environmental and social responsibilities. At the workplace, well-defined policies protect the rights of women employees and encourage fair business practices at all levels.

People are our prime movers, whether they are employees or communities that form a part of our extended ecosystem. We have implemented Integrated Community Development programmes that provide communities a holistic framework for development – from water-stress challenges to sanitation, health, education and skill development, with the final goal being self-sufficiency to support development.

As we move towards a more digitalised and networked operating environment, the impact on the key capitals will be even greater – leading the way to a more exciting and sustainable future.



S. N. ROY

Whole-time Director & Sr. Executive Vice President
Power, Heavy Engineering & Nuclear

Sustainability is embedded in our business strategy and is built into our systems and processes – helping us discover more efficient and innovative ways of doing things.

Our sustainability initiatives focus on reducing our Carbon footprint. We are committed to optimising energy and water consumption through our customised end-to-end solutions. Our supercritical and ultra-supercritical technologies used in thermal power plants consume less coal and water as compared to those using traditional sub-critical technology. Our environment solutions for thermal power plants are designed to mitigate the greenhouse effects, by arresting Sulphur and Nitrogen Oxides from escaping into the atmosphere.

We aid clean energy initiatives by supplying key equipment like steam generators, end-shields, condensers and heaters to the Indian nuclear sector; and energy-efficient equipment to process plants and other core sectors. We are also supporting the Indian fertilizer industry's energy-saving projects, with our waste heat recovery solutions.

We have set a safety goal to attain a state of zero incidents. In this regard, we are constantly upgrading our operating procedures to make the work environment safer for our people. We are on a digitalisation journey to reduce operation timelines and to make processes people-friendly, by using smart devices.

We follow a sustained and inclusive method of knowledge sharing where professionals from our business units and joint venture companies participate actively; while customers' personnel are trained at our facilities. We also equip our workmen with the best practices in safety, health and environment to make our project sites, an exciting place to work.



D. K. SEN

Whole-time Director &
Sr. Executive Vice President **Infrastructure**



M. V. SATISH

Whole-time Director & Sr. Executive Vice President
Buildings & Factories and Metallurgy and Material Handling

Over the next ten years, India's infrastructure will become world-class and be in line with that of developed nations. To ensure that this growth does not lead to an imbalance in the environment, L&T's infrastructure business has taken many initiatives to protect the environment.

We use recycled asphalt and concrete to pave new roads; avoid using fertile/cultivable soil from the environment for construction; minimise diesel consumption by using solar power/EB Power; use biofuels; minimise water consumption using chemical compounds for curing; reuse filtered construction wastewater; recharge ground water by rain water harvesting.

L&T uses technologies that reduce consumption of natural resources. One of them is efficient pavement designs like Cement Treated Sub Base (CTSB) and reclaimed asphalt (RAP) that helps avoid sand usage. We also use digital methods to make road construction accurate and safe. We conduct operational excellence programmes to increase mechanisation and reduce manpower; in addition to undertaking large-scale programmes to increase awareness on sustainability.

We recognise the importance of responsible and holistic communication of our non-financial performance with our internal and external stakeholders. We will continue to forge partnerships across industry, Government, academic and civil society to ensure we prepare ourselves and our communities to thrive in this rapidly changing world.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). It is expected that India will become the world's third largest economy by 2050. Moreover, the infrastructure sector has become a focal point for the Government of India.

Buildings are turning greener and smarter. It is now imperative for infrastructure companies to steer towards smart buildings and smarter construction techniques. In the pursuit of sustainability, L&T will leave no stone unturned in designing and constructing buildings that could save every unit of energy, recycle every drop of water and preserve the last ounce of resources.

Providing design-and-build solutions has always been our core strength. Our designs strictly focus on cost optimisation, faster construction procedures and most importantly, energy conservation methods. L&T has constructed the maximum number of certified green buildings in India i.e. 50 buildings with 68 million sq. ft built-up area, most of which are Platinum or Gold rated.

We have developed and deployed high-capacity, energy-efficient stockyard equipment, and designed and commissioned regenerative conveyors which produce electricity on a downward slope. We manufacture premium quality engineered sand plants to replace usage of scarce river sand. We also use advanced material handling and mining machinery like blast-free surface miners and manufacture spillage-free pipe conveyors, to reduce our Carbon footprint,

Our factories at Kansbahal and Kancheepuram have implemented energy-saving measures that saved 4,12,208 units of electricity. Both the factories are water-neutral and certified as zero wastewater discharge facilities.

To achieve the true goals of sustainability, we must focus on ways to reduce the negative impacts of construction on the environment at the micro-level, without losing the focus on cost, time and quality. L&T will approach every project with missionary zeal to ensure a better future for all.

MESSAGES FROM SENIOR LEADERSHIP TEAM



SUBRAMANIAN SARMA

CEO & Managing Director
L&T Hydrocarbon Engineering Limited



J. D. PATIL

Whole-time Director & Senior Executive Vice President
Defence

The past year has been a year of many firsts for LTHE, with the first breakthrough into a petrochemical project in the Middle East and a hydrocracker project in India. The year also saw the completion and delivery of a few large projects; along with kickstarting many new complex jobs. This, even as we remain committed to high HSE standards with 'Zero Fatality' and best HSE performance with over 100 million LTI-free construction manhours clocked in, at a single stretch.

Amongst all these, we maintained our focus on capability building, collaborative working and operational excellence initiatives. Our digitalisation initiatives launched earlier have started bearing fruit, helping us perform tasks in a smarter and quicker manner.

As we strive to take our organisation closer to the Lakshya 2021 goal, our mission statement 'execution par excellence' will gain greater prominence.

Our sustainability efforts have been recognised and appreciated frequently, speaking volumes of our continued commitment towards 'Building India's Social Infrastructure'. We are actively working on projects in the areas of education, skill-building, healthcare, water and sanitation. These projects are making a tangible difference to society and helping us evolve into an organisation with a social conscience.

L&T is at the heart of India's journey towards a sustainable future. We take on the responsibility with honour as 'Engineers of the Nation'. Our unique holding structure as a professionally managed organisation also places us in the right position to execute the combined vision of the Group and the country.

Sustainability also plays a significant role in an organisation's enterprise value. Integrated reporting stresses upon the need to look at sustainability holistically. To maintain the range and depth of our engineered offerings from a leadership position, it is obligatory for us to invest in emerging technologies, operational excellence, sustainable growth, and innovation across domains.

Today, L&T Defence is at an inflection point. We continue to empower the Indian Armed Forces with 'Force Multipliers'. To achieve this, we develop, partner, and acquire new technologies and blend them with innovation for sustained development across our chosen spheres of operation. We leverage the skillsets and domain knowledge of our human capital, just as we invest across work centres, towards enhanced utilisation of resources.

L&T Defence focusses on conserving and utilising alternate sources of energy, bringing about efficient processes, minimising and avoiding duplication or re-work and wastage and curtailing the use of precious natural resources. We are proud of our contribution in developing an ecosystem which utilises the strengths of SME/MSMEs for realising of sub-systems, and providing the much-needed multiplier effect in the economy and in the defence segment.

Since inception, L&T has been a strong advocate of indigenisation. Thus, it is only natural for us to support the Government's 'Make in India' and 'Skill India' initiatives. The recently inaugurated L&T's Multi-Skill Training Centre (MSTC) at Visakhapatnam, and Technician Apprenticeship Scheme (TAS) across levels are the latest contributions in this direction. MSTC will provide sponsored training to the youth of this region, including women, to build their skillsets for warship and submarine construction, their repair and refits. TAS' target is to train fresh Graduate Diploma Engineers, not only for absorption in L&T cadres, but also to make available as many skilled personnel to the D&A industry at large.

L&T Defence continues to cement the stakeholders' trust through the ethos of commitment, capability and collaboration.



S. C. BHARGAVA *
Sr. Vice President
Electrical & Automation



DR. HASIT JOSHIPURA
Member of Executive Committee, Senior Vice President
& Head – Electrical & Automation

A series of far-reaching reforms implemented by the Government created challenging conditions for the economy during the first half of the year. Uncertainties in the global markets and commodity prices continued to remain volatile, stressing operating margins. On the positive side, the Government also stepped up investments in infrastructure, and the power sector in particular. The second half of the year, therefore, showed signs of significant growth. It is expected that this will accelerate in the medium term.

Sustainability issues like climate change and environment pollution have become a cause of concern, turning into mainstream issues for businesses. The Government provided a major thrust to reduce Carbon emissions while driving economic growth, at the same time.

E&A's business strategy combines financial performance as stated in our Lakshya goals, with performance on environmental and social parameters in line with L&T's Sustainability Roadmap. It is a balanced mix of short, medium and long term attempts to address stakeholder expectations via clearly defined materiality issues.

We integrate sustainability into our business by continuously evolving our operations to upgrade efficiency and resource management, as well as foster a safe, inclusive and productive workplace. Our employees, suppliers, channel partners and service providers are key partners in this journey.

Our success, as market leaders in our major product lines, comes from the introduction of new products as demanded by rapidly changing customer requirements. An experienced R&D set up with in-house testing facilities enabled us to introduce a number of products and solutions both in LV and MV categories. Many of our products incorporate new communication technologies to help our customers integrate them with their systems. Our new offerings in MV brought us new business in both international and domestic markets. Our new range of smart meters helped us bag large orders from utilities.

We plan to turn all our products RoHS-compliant, making it easier for end-of-life disposal. Our new range of products are more eco-efficient, more compact, and consume less energy, helping customers reduce their Carbon footprint.

* Retired as on July 4, 2018

We, as corporates, must achieve the delicate balance between managing complex issues, while proactively preparing for the future's uncertainties. L&T has a rich tradition of being in harmony with changing times. Our commitment to sustainability is reflected through the reduced use of natural resources, energy efficiency, enhanced green cover and sourcing renewable energy for operations.

After a decade of publishing our Sustainability Report annually, we have decided to transform our Sustainability Report into an Integrated Report (IR). It will be in accordance with GRI standards and in alignment with International Integrated Reporting Council (IIRC) framework. This IR presents the progress of our Sustainability Roadmap 2021, alignment with Sustainable Development Goals (SDGs) and showcases the progress L&T has made in creating long-term value through six capitals. We have depicted the size and scale of the Company through a business model in this IR.

This year, we achieved 'Carbon Neutral' status at our Powai and Chennai campuses, thanks to our relentless focus on energy conservation, carbon sequestration and extensive use of renewables. To improve our safety performance, we developed six-cross IC taskforces to focus on critical work areas and digitalisation. These taskforces provide inputs to develop an action plan to achieve Vision-Zero Accident as set in Sustainability Roadmap 2021. These initiatives have started producing positive results.

The progress in sustainability and integrated reporting could not have been possible without the active involvement of our business sustainability team and IR taskforce members in implementing sustainability initiatives; with passion and dedication. We value their contribution in our endeavour towards sustainable development.

READING THE REPORT

REPORT SCOPE

Now, more than ever, investors and shareholders measure organisational performance on factors beyond mere financials. They analyse an organisation's conversion efficiency across a myriad of capitals such as natural, social, human and intellectual. This shift in perspective of the stakeholders led to publishing of this integrated report. It will provide our stakeholders a more cohesive, efficient, relevant and decision-facilitating communication which focuses on value creation over the short, medium and long term. As a seasoned sustainability reporter, we have retained all the disclosures of a Sustainability Report and added-on disclosures prescribed in the integrated report framework like a detailed business model, intellectual capital, manufactured capital, outlook and strategy.

This Integrated Report of Larsen and Toubro Limited (L&T - 'The Company') is published as per the Integrated Reporting Framework prescribed by International Integrated Reporting Council (IIRC). This report has been prepared in accordance with GRI Standards: Comprehensive option and covers L&T's environment, economic and social performance between April 1, 2017 and March 31, 2018.

Our last Sustainability Report 2017 'Networked for Good' was released in 2017 with an electronic, print and interactive online version – www.sustainabilityreport.larsentoubro.com.

An annual reporting cycle has been maintained for all our Sustainability Reports since 2008, and are available on the Company's website Lntsustainability.com. This is our maiden Integrated Report and 11th year of sustainability disclosures. L&T has a mature system for compilation and reporting of sustainability performance. A data management software certified by GRI is used along with techniques comprising actual measurement, computation and estimation (specified). The data presented in the report is verified through systematic internal and external assurances. The data for economic performance has been extracted from L&T's Annual Report FY 2017-18.

Reporting boundary

This report is for the Larsen & Toubro standalone and two key subsidiary companies, namely L&T Hydrocarbon Engineering (LTHE) and L&T Valves. The reporting scope covers all manufacturing locations, projects sites and offices across India, and overseas projects managed from India. From 2017-18, Larsen & Toubro Infotech and L&T Technology Services (both listed subsidiaries) intend to publish a separate Sustainability Report. Apart from this, there are no significant changes during the reporting period in reporting scope, boundaries, organizational size, structure, ownership and locations.

Service businesses of S&A companies, concession business of Nabha Power Limited (NPL) and Power Development Limited (PDL), TAMCO Malaysia, L&T Infrastructure Development Projects Limited (IDPL), L&T Special Steel and Heavy Forgings Private Limited (LTSSHF), other non-material subsidiaries and those S&A and joint venture (JV) companies whose performance is consolidated at Profit After Tax (PAT) level, have been excluded from this report.

Restatement

The changes are mentioned as 'Note' on the same page. Apart from this, the economic figures for 2016-17 are restated as per Ind AS changed from earlier reporting as per IGAAP.

SUSTAINABILITY REPORTS, 10 YEARS OF COMMITMENT



QUERIES MAY BE DIRECTED TO

Mr. Gautam Kar

Head,
Corporate Infrastructure &
Administrative Services

Larsen & Toubro Limited

Saki Vihar Road, Powai Campus,
Mumbai 400072, India

sustainability-ehs@Larsentoubro.com

Mr. Arnob Mondal

Vice President,
Corporate Accounts & Investor
Relations

Larsen & Toubro Limited

Saki Vihar Road, Powai Campus,
Mumbai 400072, India

integrated.report@larsentoubro.com

Water and Effluent Treatment, Smart World and Communication, and Metallurgical and Material Handling.

- **L&T Power:** Project Sites at Malwa Phase-II (Madhya Pradesh), Chhabra (Rajasthan), NPCIL RAPP 7 and 8 (Kota), Khargone (MP), Darlipali (Orissa), Kudgi IDCT+CW (Karnataka), Koradi (Nagpur), Lara (Raigarh), Vindhychal (Uttar Pradesh) and Mouda STPP (Maharashtra) and three sites in Bangladesh.
- **Heavy Engineering:** Powai, Ranoli & Hazira
- **Defence:** Talegaon, Coimbatore, Visakhapatnam, Bengaluru, Powai, Hazira and Shipbuilding facility at Kattupalli near Chennai
- **Electrical and Automation:** Powai, Mahape, Ahmednagar, Mysore, Coimbatore, Rabale, Vadodara.
- **L&T Hydrocarbon Engineering:** Offshore and onshore projects worldwide, offices within India at Powai, Vadodara, Faridabad, Bengaluru and Chennai and modular fabrication facilities at Hazira, Kattupalli and Sohar (Oman).
- **L&T Valves:** Two manufacturing facilities at Kancheepuram and Coimbatore and one service centre.
- **L&T Realty:** Offices and project sites in India
- **Domestic Marketing Network (DMN):** 17 offices in India.

Assurance

The report is externally assured by Bureau Veritas, India. The limited assurance was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 and Type 2 Moderate Level of the AA1000 Assurance Standard 2008, covering qualitative and quantitative information. Assurance statement is included in this report.

Locations reported

- **Corporate Locations:** L&T House and Powai at Mumbai, and Leadership Development Academy (LDA) - Lonavala, near Mumbai.
- **Infrastructure Business:** Projects, campuses and India-based support processes under our infrastructure business including Buildings and Factories business, Heavy Civil Infrastructure, Transportation Infrastructure, Power Transmission and Distribution,





ENGINEERED TO

LEAD

L&T Group | External Environment
Business Model | Awards & Recognition

L&T GROUP

L&T Limited is a USD 18 billion conglomerate with a presence in technology, engineering, construction, projects, manufacturing and financial services, with global operations. We address critical needs in key sectors of infrastructure, construction, defence, hydrocarbon, heavy engineering, power, shipbuilding, aerospace, electricals and automation, mining and metallurgy.

L&T's integrated capabilities span the spectrum of 'design to deliver' solutions. Over seven decades of strong, customer-focused approach and world-class quality enabled us to maintain a leadership position in our key business areas.

We have manufacturing facilities and offices in several countries, and a global supply chain ecosystem. We deliver landmark projects and products, helping clients in over 30 countries, aiding long-term progress and economic growth.

Characterised by professionalism, high standards of corporate governance and sustainability, L&T continues to evolve by seeking better ways of engineering, to meet new challenges.

L&T is aiding the execution of metro projects across 10 cities in India – as well as major portions of the Riyadh and Doha metros.

Developing **India's largest Transit Oriented Development project** in Hyderabad.

Commissioned India's largest city surveillance project (with 5,000 cameras at 1,500 locations) in Mumbai.

Implementation of Smart Cities Programme modules in Mumbai, Jaipur, Nagpur, Pune, Hyderabad etc.

Building the world's longest extra-dosed bridge across the Narmada river in Bharuch, Gujarat.

Was involved in building **19 of India's 22 nuclear reactors and continues to play a role in all the 9 reactors which are under construction**

Building the **world's largest high-vacuum pressure chamber**, the Cryostat, for the International Thermonuclear Experimental Reactor (ITER.)

Delivered 8 reactors for the Refinery and Petrochemical Integrated Development (RAPID) project for Petronas, Malaysia.

After the successful **Moon and Mars missions**, L&T partnered ISRO for the launch of 104 satellites, in a single mission.

Played a vital role in the execution of ONGC's first Deepwater project - the Vashishta and S1 sub-sea project.



GLOBAL PRESENCE

- ★ OFFICES
- ENGINEERING & CONSTRUCTION PROJECTS
- ▲ PRODUCT & EQUIPMENT SUPPLY
- ◆ MANUFACTURING / FABRICATION FACILITIES
- AGENTS

*Note: Map is broadly representative of L&T's presence in markets worldwide.
For details of establishments within India, please refer to 'Nationwide Network'.*



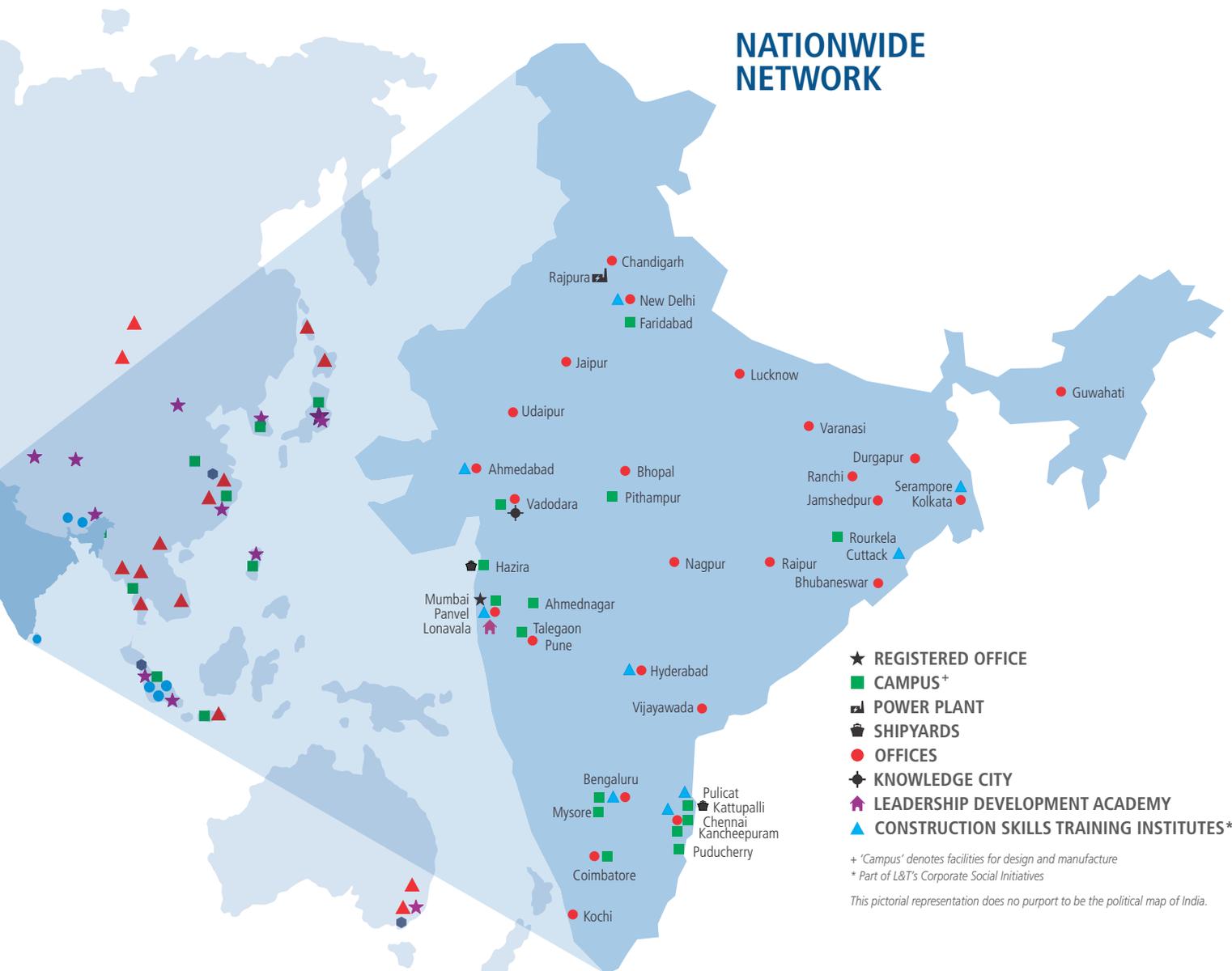
EXTERNAL ENVIRONMENT

WORLD ECONOMY

In 2017, international markets witnessed noticeable volatility, triggered by geo-political events, significant movements in currency and commodities, protectionist policies including tariff barriers, a prolonged bout of low oil prices, and constrained fiscal position of oil producing nations. The recent hardening of oil prices is likely to give better leeway to policy makers in GCC countries to allocate increased outlay on essential infrastructure.

The Company has also been reducing its dependence on business from the Middle East and is focusing on expanding business in East and North Africa Region (including Algeria and Egypt) as well as East Asian countries.

NATIONWIDE NETWORK



INDIAN ECONOMY

The domestic market had its fair share of upheavals in the financial year under review. A combination of deferral of award decisions and the implementation of long-term reforms causing short-term economic turbulence have led to a muted environment for project execution.

For example, the introduction of GST from 1st July, 2017 caused disruption for a few quarters during which businesses and Government agencies grappled with this new nation-wide taxation system.

Other reform measures such as Demonetisation, RERA and the Insolvency & Bankruptcy Code have also impacted business momentum in the short-term, but are expected to lead to sustained economic growth in the long run.

Some positive effects have started to emerge with higher tax revenues and the gradual formalisation of the economy with its consequent widening of the tax base. This is likely to give the Central Government better wherewithal to allocate higher levels of funding to essential infrastructure projects. These investments are being supplemented by increased State Government spending, greater capex by financially strong PSUs and

increased quantum of soft lending by bi-lateral and multi-lateral lending agencies.

Some areas of public sector infrastructure capex have seen strong investment momentum and some large investment programmes have been kicked off. The thrust of the Government on roads, conventional and metro railways, water management systems and irrigation projects, power generation facilities, power transmission and distribution, affordable housing, healthcare facilities, build out of smart city infrastructure, and improving energy security through stronger oil and gas infrastructure has given an impetus to domestic awards during the year.

L&T BUSINESS MODEL

INPUTS

FINANCIAL CAPITAL

Orderbook	₹Bn	2,631.07
Net Current Assets	₹Bn	269.65
Net Fixed Assets	₹Bn	320.24
Gross Debt-Equity	Ratio	1.75:1

MANUFACTURED CAPITAL

Project Sites	Nos.	894
No. of Office/Manufacturing Locations	Nos.	62
Safe Man Hours	Mn Hrs.	1,311
Materials Consumed	₹Mn	431,750

INTELLECTUAL CAPITAL

* R&D Spend	₹Mn	1,947
Patents Filed	Nos.	81
Research & Design Engineers	Nos.	1,862
Active Consortiums	Nos.	66

HUMAN CAPITAL

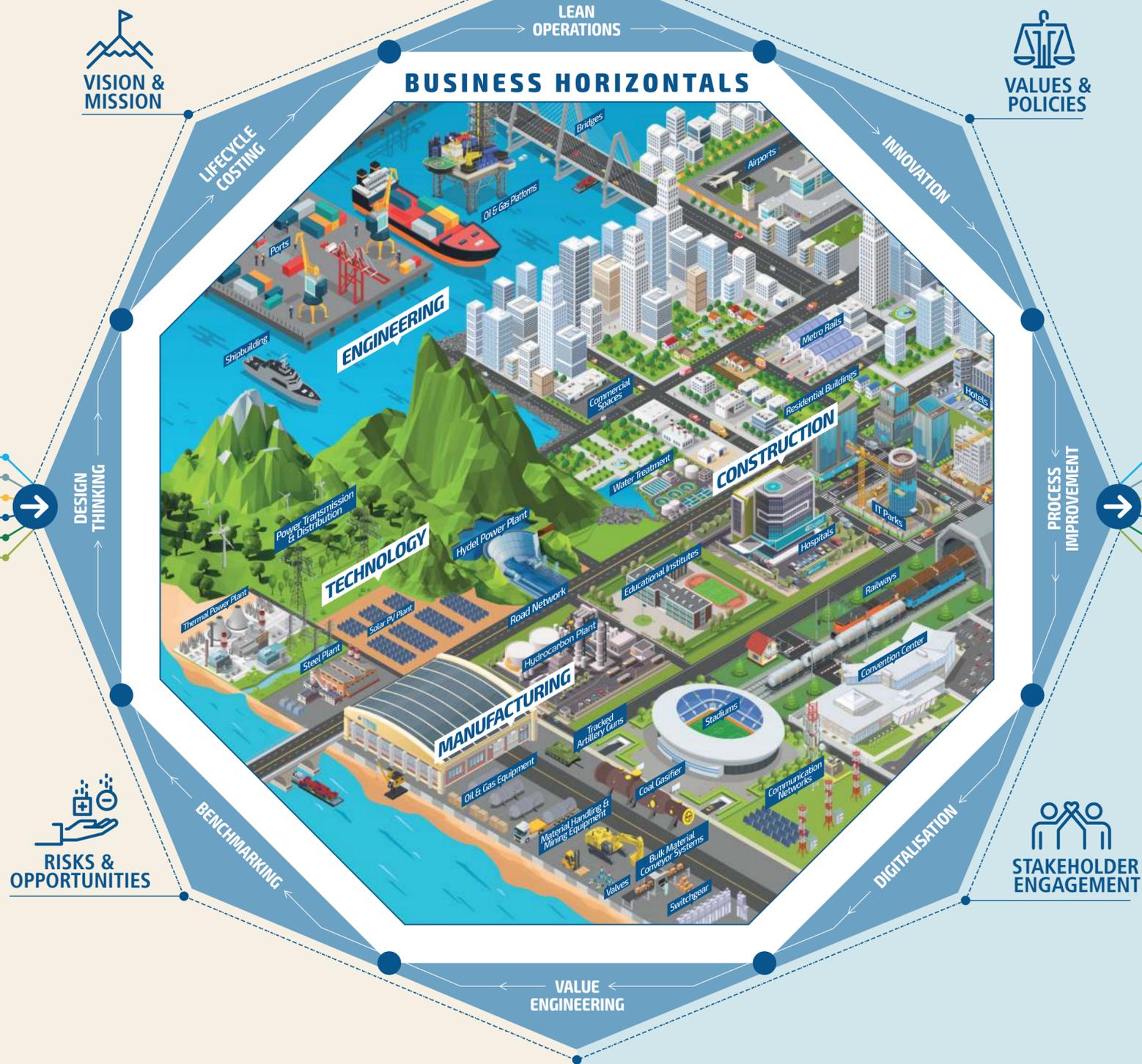
Permanent Employees #	Nos.	49,163
Engineers	Nos.	35,524
Contract Labour	Nos.	308,839
Total Staff Cost	₹Mn	152,924

SOCIAL & RELATIONSHIP CAPITAL

* CSR Spend	₹Bn	1.44
* CSR Partners	Nos.	150
New Suppliers/Contractors developed/registered	Nos.	8,413
MSME Suppliers	Nos.	2,637

NATURAL CAPITAL

Specific Water Consumption	m ³ /wf	25.68
Specific Energy Consumption	GJ/₹Bn	9,942
Spend on Environment	₹Mn	134
* Green Portfolio	₹Bn	221.25



BUSINESS PORTFOLIO

INFRASTRUCTURE

Buildings & Factories Residential buildings, Airports, IT parks, Institutional spaces, Hospitals, Stadiums, Hotels, Affordable housing complexes, Factory buildings

Heavy Civil Infrastructure Metro rail, Nuclear and Hydel power plants, Ports, Bridges, Tunnels and Defence installations

Transportation Infrastructure Roads, Elevated corridors and Railway construction

Power Transmission & Distribution Transmission lines, Sub-stations, Distribution networks and Solar PV plants

Water & Effluent Treatment Water supply & distribution systems, Sewage and effluent treatment plants, Lift irrigation and Canal rehabilitation

Smart World & Communication Smart City infrastructure including City surveillance and Traffic management systems, Communication networks and Smart grids

Metallurgical & Material Handling Ferrous and non-ferrous plants, Bulk material handling systems, Specialised conveyor systems, Surface miners and Other equipment

ENERGY - OIL & GAS/POWER

EPC Solutions for the Energy Industry from detailed engineering, modular fabrication, procurement, project management, construction to installation and commissioning; Turnkey Solutions for oil and gas installations, coal and gas power plants; Critical Process Equipment for industries like fertilisers, refineries and petrochemicals.

DEFENCE

Shipbuilding, Warships, Naval Platforms, Artillery Systems, Weapon Delivery Systems, Communication Systems, Missile sub-systems, Tracking Systems for Space Launch Vehicles.

OTHERS

Low and Medium Voltage Switchgear Components, Custom Built LV/MV Switchboards, Energy Meters/Protection Relays Systems, Control and Automation Products, Construction Equipment, Industrial valves, Mining Machinery and Realty.

OUTPUTS

FINANCIAL CAPITAL

• Turnover	₹Bn	1198.62
• PAT	₹Bn	73.70
* Dividend Payout (incl. DDT)	₹Bn	26.00
• Return on Equity	%	13.9

MANUFACTURED CAPITAL

Linear Infra created (km)	Roads (lane km)	2,975
	Railways (Track km)	222
	Transmission Lines	3,101
	Water Pipelines	15,346
Building Infra created	Mn.Sft	424
Water Treatment Solutions	Mn.Ltr/Day	956
HE, PT&D and Shipbuilding Factory output	MT	235,396
Electrical and Automation Products	Nos.	34,320,301

INTELLECTUAL CAPITAL

Patents Granted	Nos.	22
Value Engineering Projects	Nos.	491
Revenue from New/Emerging businesses	₹Mn	2,699
Coverage of Leadership Development Programmes	Nos.	243

HUMAN CAPITAL

• Employee Productivity *	₹Mn/Employee	9.37
* Employees Trained	Mn Man Hrs.	>3.5
* Median Age of Staff	Yrs.	32
* Staff with tenure > 10 years	%	25

SOCIAL & RELATIONSHIP CAPITAL

* CSR Beneficiaries	Nos.	2,152,276
Vendor/Dealer/Sub-Contractor Training	Nos.	1,372
Contribution to Exchequer	₹Bn	72.08
Safety Training to Contract Workers	Mn. Man Hrs.	1.78

NATURAL CAPITAL

Water Postive Campuses	Nos.	24
GHG Emission Intensity	tCO ₂ /₹Bn	1,012
Savings in Energy (cum.)	Mn units	95
Material Reuse/Recycle (cum.)	Tons	Steel 27,159
	Zinc	726
	Flyash	1,577,792
	Blast Furnace Slag	198,287

AWARDS & RECOGNITION

TOP MANAGEMENT

LIFETIME ACHIEVEMENT AWARD

Business Today – part of the India Today group - presented our Group Chairman, Mr. A.M. Naik, its prestigious Lifetime Achievement Award at a flagship business conclave in Mumbai on January 13, 2018.

BMA LIFETIME ACHIEVEMENT AWARD

Recognising his extraordinary contribution to the management movement in the Indian industry and to L&T in particular, the Bombay Management Association conferred its prestigious Lifetime Achievement Award on Mr. A.M. Naik, Group Chairman, L&T.

THE COMPANY

BML MUNJAL AWARD FOR 'BUSINESS EXCELLENCE THROUGH LEARNING & DEVELOPMENT'

L&T has won the prestigious BML Munjal Award 2017, for 'Business Excellence through Learning & Development' in the Manufacturing (Private Sector) category.

ASIA PACIFIC RISK MANAGEMENT AWARD

L&T won the Asia Pacific Risk Management Award: 'Best Risk Training Program of the Year', for its Enterprise Risk Management (ERM) eLearning course from UK-based StrategicRISK magazine. The award has been bestowed in recognition of the deployment of innovative tools for implementation of a risk training programme in L&T.

'RESPONSIBLE ORGANIZATION EXCELLENCE AWARD' FOR CSR

L&T has been conferred the first prize in the private sector of the prestigious Responsible Organization Excellence Award for Corporate Social Responsibility (CSR) by the Associated Chambers of Commerce & Industry of India (ASSOCHAM).

L&T WINS FICCI CORPORATE SOCIAL RESPONSIBILITY AWARD

L&T received FICCI CSR Award 2016-17 for its innovative work in integrated community development for rural communities, as part of its CSR initiatives. The award was presented at the FICCI CSR Summit & Awards 2017, on November 30, 2017, at New Delhi.

L&T'S COMMUNICATION TEAM VOTED 'CHAMPION OF CHAMPIONS'

At the 57th Association of Business Communicators of India (ABCI) Annual Awards Nite held in Mumbai on December 22, 2017, L&T's communication team won eight

prizes across various categories, and was voted 'Champion of Champions'. The team L&T also won an 'Elite' award – the 'Transforming Lives Award for Excellence in CSR Communication'.

BEST RISK MANAGEMENT FRAMEWORK & SYSTEMS AWARD

Best Risk Management Framework & Systems – Capital Projects & Infra award recognises L&T's new growth benchmarks and excellent risk management practices that have been built into the Company's business operations.

L&T WET IC ENTERS GUINNESS WORLD RECORDS

L&T Construction's Water & Effluent Treatment Business enters the GUINNESS WORLD RECORDS® books for conducting the 'Largest Environmental Sustainability Lesson' involving 2,289 students

WET IC BAGS SIX AWARDS FROM BRITISH SAFETY COUNCIL-UK

- Development of Infrastructure facilities at IMT Rohtak Phase –III" (Haryana)
- Gadag Water Supply Scheme Package-II
- Augmentation to Nashik Water Supply Scheme under JnNURM – Source Mukane Dam
- NC 35, 36 & 37 Water supply project in Gujarat
- 9 Nos Lis In Cluster-vi In Cuttack Dist
- Construction of Additional Water Storage Reservoir and Associated Structures at Visakhapatnam Steel Plant



DESIGNED TO

SUSTAIN

Corporate Governance | IR & Sustainability Structure | Materiality
Sustainability Roadmap 2021 | Risks & Opportunities

CORPORATE GOVERNANCE

COMMITMENT TO VALUES

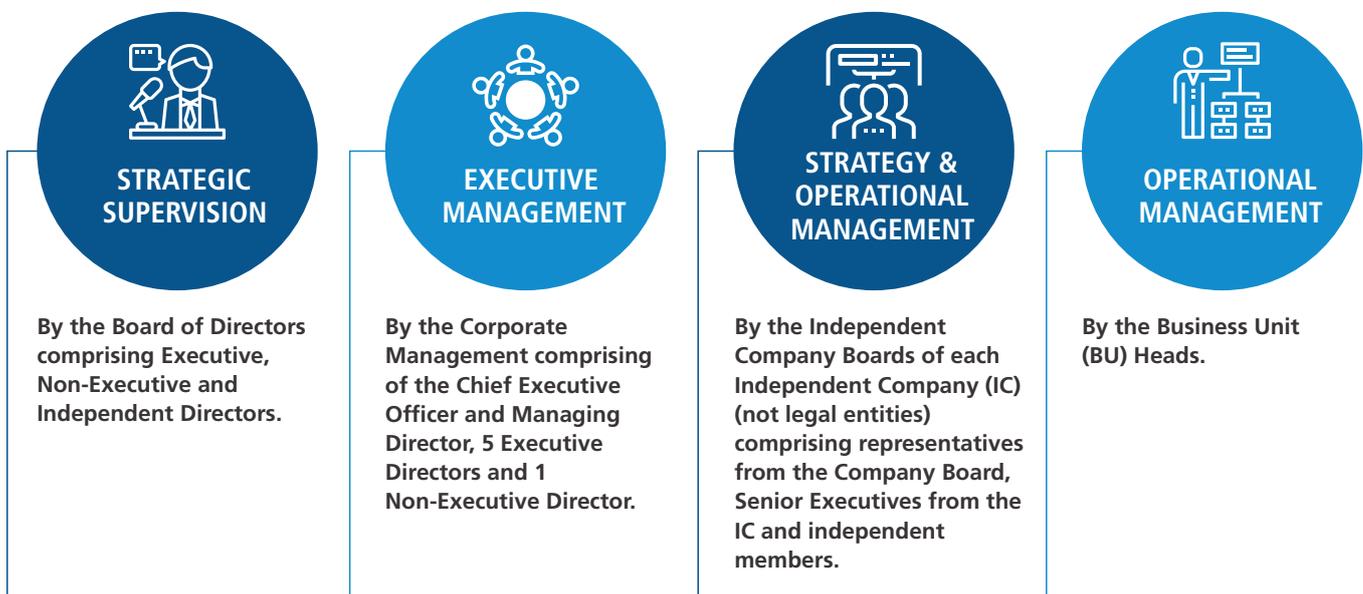
Corporate governance is central not just to the way we do business, but is core to our existence. At L&T, our corporate governance philosophy is built on a rich legacy of transparent governance and disclosure practices, respect for human values and individual dignity, and adherence to norms of ethical and professional conduct. The Company is professionally managed and is committed to customer satisfaction and enhancement of stakeholder value. We are conscious of our accountability to all the stakeholders and ensure transparency in our operations, and fairness in our business processes. The Company's corporate governance principles promote fairness, integrity, transparency and accountability through its vision and policies. This is also extended to all our subsidiaries and associate companies.

GOVERNANCE STRUCTURE

The Company believes that sound corporate governance is critical for enhancing and retaining investor trust and we constantly seek to ensure that its performance goals are met accordingly. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfil its overall responsibilities, and provide the management with the strategic direction necessary to create long-term shareholder value.

The Company has adopted many ethical and transparent governance practices, much before they were mandated by the law. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance. The Company adopts an innovative approach for leveraging resources, converting opportunities into achievements via empowerment and motivation. It fosters healthy growth and development of human resources, which in turn will aid the Company's growth.

Our governance structure provides a comprehensive framework to enhance accountability to shareholders while ensuring timely and accurate disclosures of all material matters. The four-layer approach comprises:



Note: More details about L&T's governance structure is provided in the Annual Report FY 2017-18, page no 69 – 90, available on L&T's website www.larsentoubro.com

The four-tier governance structure, besides ensuring greater management accountability and credibility, facilitates increased autonomy to the businesses, performance discipline and development of business leaders, leading to increased public confidence.

At the apex level, we have the Board of Directors to supervise management activities. The composition of our Board conforms to the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Board of Directors has constituted five Board Committees i.e., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The terms of reference of the Board Committees are governed by relevant legislation and/or determined by the Board at regular intervals. The Board is responsible for constituting, assigning and co-opting members of the committees. Further details on L&T's governance structure, the Board of Directors, Board Committees, and their roles and responsibilities are provided in the Annual Report of 2017-18, available on our website www.Larsentoubro.com

ROLES OF VARIOUS CONSTITUENTS OF CORPORATE GOVERNANCE

BOARD OF DIRECTORS (THE BOARD)

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness, and enhance stakeholder value. The Board also reviews and approves the management's strategic plan and business objectives, and monitors the Company's strategic direction.

THE GROUP CHAIRMAN (GC)

The GC is the Chairman of the Board. His primary role is to provide leadership to the Board and guidance and mentorship to the CEO and MD and Executive Directors, for realising the approved strategic plan and business objectives. He presides over the Board and the shareholders' meetings.

EXECUTIVE COMMITTEE (ECom)

The ECom provides a company-wide operation review and plays a key role in strengthening linkages between the ICs and the Company's Board, as well as in rapidly realising inter-IC synergies. In addition, the ECom deliberates upon strategic issues that cut across ICs and corporate functions.

The agenda includes:

- Review of major order prospects (Standalone/Group) 'Integrated offerings'
- Review of CSR activities of the Company
- Review of consolidated financials including working capital, cash flow
- Review of monthly / quarterly / yearly financial performance
- Review of revenue, capital and manpower budget
- Review and discuss strategic issues which impact the entire organisation, viz.,
 - International business expansion
 - IC synergies
 - HR update/ talent management
 - Digitalisation and analytics initiatives
- Approval of common policies
- Sharing of best practices, etc.

THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR (CEO & MD)

The CEO and MD is fully accountable to the Board for the Company's business development, operational excellence, business results, people development and other related responsibilities.

EXECUTIVE DIRECTORS (ED)/SENIOR MANAGEMENT PERSONNEL

The Executive Directors, as members of the Board, along with the senior management personnel in the Executive Committee, contribute to the strategic management of the Company's businesses within Board approved direction and framework. They assume overall responsibility for strategic management of business and corporate functions, including its governance processes and top management effectiveness.

NON-EXECUTIVE DIRECTORS (NED)/ INDEPENDENT DIRECTORS

The Non-Executive Directors / Independent directors play a critical role in enhancing balance to the Board processes with their independent judgment on issues of strategy, performance, resources, standards of conduct, etc., besides providing the Board with valuable inputs.

INDEPENDENT COMPANY BOARD (IC BOARD)

As a part of Lakshya 2016, the Company decided on a 'hybrid holdco' structure. Accordingly, 10 independent companies (ICs) were created. During the process of evolving Lakshya 2021, the structure was reviewed and it was decided to continue with the IC structure, with modified mandate. The Company has already implemented the new mandate given by the Board and currently has 9 ICs.

The IC structure has enabled the Company to empower people and achieve substantial growth in their businesses. Since 1999, developing and implementing five-year strategic plan is a regular process followed by the Company. This process called 'Lakshya' helped the Company achieve its growth aspirations and has created value for all the stakeholders. The strategic plan for the period 2016 – 2021 named Lakshya 2021 was developed and approved by the Board at its meeting held in May 2016.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Company's policy is to have an appropriate mix of executive, non-executive and independent directors. As on 31st March 2018, the Board comprised the Group Chairman, the Chief Executive Officer and Managing Director, 5 Executive Directors, 4 Non-Executive Directors (3 representing financial institutions), and 11 Independent Directors. The composition of the Board, as on 31st March 2018, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

MEETINGS OF THE BOARD

The meetings of the Board are generally held at the Registered Office of the Company at L&T House, Ballard Estate, Mumbai 400 001 and whenever necessary, in locations, where the Company operates. The meetings of the Board have been held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. During 2017-18, six meetings were held on 6th April 2017, 7th April 2017, 29th May 2017, 28th July 2017, 11th November 2017 and 31st January 2018.

The Independent Directors met on 5th April 2018 to discuss, inter alia, the performance evaluation of the Board, Committees, Chairman and the Individual Directors.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Group Chairman / CEO and MD, and circulates the same in advance, to the directors. Every Director is free to suggest inclusion of items onto the agenda. The Board meets at least once every quarter, inter alia, to review the quarterly results. The Company also provides a video conference facility, if required, for participation of the Directors at the Board/Committee meetings. Additional meetings are held when necessary.

Presentations are made on business operations to the Board by independent companies / business units. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors, as and when necessary. The respective Chairman of the Board Committees apprise the Board members of the important issues and discussion points in the Committee meetings. Minutes of Committee meetings are also circulated to the Board. The minutes of

the proceedings of the meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the minutes, in consultation with the Chairman. The minutes are approved and entered in the minutes book within 30 days of the Board meeting. Thereafter, the minutes are signed by the Chairman of the Board at the next meeting. Following is the composition of the Board of Directors as on 31st March 2018.

The following is the composition of the Board of Directors as on March 31, 2018:

NAME OF DIRECTOR	CATEGORY
Mr. A. M. Naik #	GC
Mr. S. N. Subrahmanyam ^	CEO & MD
Mr. R. Shankar Raman	ED
Mr. Shailendra Roy	ED
Mr. D. K. Sen	ED
Mr. M. V. Satish	ED
Mr. J. D. Patil @	ED
Mr. M. M. Chitale	ID
Mr. Subodh Bhargava	ID
Mr. M. Damodaran	ID
Mr. Vikram Singh Mehta	ID
Mr. Sushobhan Sarker (Note 1) ⁵	NED
Mr. Adil Zainulbhai	ID
Mr. Akhilesh Gupta	ID
Ms. Sunita Sharma (Note 1)	NED
Mr. Thomas Mathew T.	ID
Mr. Ajay Shankar	ID
Mr. Subramanian Sarma	NED
Ms. Naina Lal Kidwai	ID
Mr. Sanjeev Aga	ID
Mr. Narayanan Kumar	ID
Mr. Arvind Gupta (Note 2) *	NED

Note:
1. Representing equity interest of LIC
2. Representing equity interest of SUUTI
- Non-Executive Chairman w.e.f. 1st October 2017

^ - CEO & MD w.e.f. 1st July 2017
@ appointed as a Director w.e.f. 1st July 2017
* appointed as a Director w.e.f. 1st July 2017
\$ - Has subsequently resigned as a Director of the Company w.e.f. 2nd May 2018

GC - Group Chairman
CEO & MD - Chief Executive Officer & Managing Director
ED - Executive Director
NED - Non-Executive Director
ID - Independent Director

• None of the above Directors are related inter-se.
• None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 25 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

As on 31st March 2018, the number of other directorships and memberships / chairmanships of committees of the Board of Directors are as follows.

NAME OF DIRECTOR	NO. OF OTHER COMPANY DIRECTORSHIPS
Mr. A. M. Naik	4
Mr. S. N. Subrahmanyam	3
Mr. R. Shankar Raman	8
Mr. Shailendra Roy	9
Mr. D. K. Sen	2
Mr. M. V. Satish	1
Mr. J. D. Patil	3
Mr. M. M. Chitale	8
Mr. Subodh Bhargava	2
Mr. M. Damodaran	4
Mr. Vikram Singh Mehta	7
Mr. Sushobhan Sarker	1
Mr. Adil Zainulbhai	7
Mr. Akhilesh Gupta	0

NAME OF DIRECTOR	NO. OF OTHER COMPANY DIRECTORSHIPS	
Ms. Sunita Sharma	1	• Other company directorships include directorships in all entities whose securities are listed and unlisted public companies and excludes unlisted private limited companies, foreign companies and Section 8 companies
Mr. Thomas Mathew T.	4	
Mr. Ajay Shankar	1	• The details of committee chairmanships / memberships are disclosed as per Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
Mr. Subramanian Sarma	1	
Ms. Naina Lal Kidwai	4	* appointed as director w.e.f 1 st July, 2017
Mr. Sanjeev Aga	6	
Mr. Narayanan Kumar	9	
Mr. Arvind Gupta *	1	

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company, which inter alia includes -

- Annual revenue budgets and capital expenditure plans
- Quarterly results and results of operations of ICs and business segments
- Financing plans of the Company
- Minutes of meeting of Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems
- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company
- Developments in respect of human resources
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any.

POST-MEETING INTERNAL COMMUNICATION SYSTEM

The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / ICs promptly. An Action Taken Report is presented to the Board.

BOARD COMMITTEES

The Board currently has 5 Committees:

(1) Audit Committee, (2) Nomination and Remuneration Committee, (3) Stakeholders' Relationship Committee, (4) Corporate Social Responsibility Committee and (5) Risk Management Committee. The terms of reference of the Board Committees are decided by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of each Board Committee are convened by the company secretary in consultation with the respective committee chairman. The role and composition of these committees, including the number of meetings held during the financial year and the related attendance are provided below.

For Details of all five board committees refer L&T's Annual Report 2017-18, page no. 73 to 81 available at <http://investors.larsentoubro.com/annualreports.aspx>

1 AUDIT COMMITTEE

The Company has constituted the Audit Committee in 1986, well before it was made mandatory by law.

TERMS OF REFERENCE

The role of the Audit Committee includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing, with the management, the annual financial statements and the audit report before submission to the board for approval, with particular reference to:
 - 1) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of subsection (5) of Section 134 of the Companies Act, 2013
 - 2) Changes, if any, in accounting policies and practices and reasons for the same
 - 3) Major accounting entries involving estimates based on the exercise of judgement by management
 - 4) Significant adjustments made in the financial statements arising out of audit findings
 - 5) Compliance with listing and other legal requirements relating to financial statements
 - 6) Disclosure of any related party transactions
 - 7) Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, if any
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors about any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle-Blower mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The recommendation for appointment, remuneration and terms of appointment of cost auditors of the Company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.

- Review the management discussion and analysis of financial condition and results of operations.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.

Minutes of the Audit Committee Meetings are circulated to the Board of Directors and discussed, if necessary.

COMPOSITION

As on 31st March, 2018, the Audit Committee comprised of three Independent Directors and 1 Non-Executive Director (nominee of LIC).

MEETINGS

During the year ended 31st March 2018, 8 meetings of the Audit Committee were held on 5th May 2017, 28th May 2017, 19th July 2017, 28th July 2017, 11th November 2017, 6th December 2017, 30th January 2018 and 16th February 2018.

The members of the Audit Committee also meet without the presence of management.

The attendance of Members at the Meetings was as follows:

NAME	STATUS
Mr. M. M. Chitale	Chairman
Mr. M. Damodaran	Member
Mr. Sushobhan Sarker @	Member
Mr. Sanjeev Aga	Member

@ Pursuant to his resignation as a Director of the Company w.e.f. 2nd May 2018, Mr. Sushobhan Sarker has ceased to be a member of the Audit Committee from that date.

All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

The Chief Executive Officer & Managing Director, Whole-time Director & Chief Financial Officer and Head - Corporate Audit Services are permanent invitees to the Meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

INTERNAL AUDIT

The Company has an internal corporate audit team consisting of Chartered Accountants/ Cost Accountants and Engineers. Over a period of time, the Corporate Audit department has acquired in-depth knowledge about the Company, its businesses, its systems and procedures, which is now institutionalised. The Company's Internal Audit function is ISO 9001:2015 certified. The Head of Corporate Audit Services is responsible to the Audit Committee. The staff of the Corporate Audit department is rotated periodically to have a holistic view of the entire operations and share the findings and good practices.

The Corporate Audit Services team carries out theme based audits (revenue recognition, IT controls, etc.), joint audits with other Corporate departments for specific functions, identifies risk based focus areas in project audits, benchmarks the audit processes with large companies, encourages its team members to obtain globally renowned CISA, CIA and CFE Certification, etc. The audit plan is finalised based on the value of the contract in case of construction projects and the geographical spread of the Company. It is ensured that, on an average, all operations get covered in a span of two years. The Corporate Audit Services team has its offices at Mumbai and Chennai and all overseas audits are shared between these two zones.

From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. are reviewed by external experts. Presentations are made to the Audit Committee, on the findings of such reviews.

2 NOMINATION & REMUNERATION COMMITTEE (NRC)

The Nomination & Remuneration Committee was constituted in 1999 even before it was mandated by law.

TERMS OF REFERENCE

- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee.
- Recommend to the Board appointment and removal of such persons.
- Formulate criteria for determining qualifications, positive attributes and independence of a Director.
- Devise a policy on Board diversity.
- Formulation of criteria for evaluation of Directors, Board and the Board Committees.
- Carry out evaluation of the Board and Directors.
- Recommend to the Board a policy, relating to remuneration for the Directors and Key Managerial Personnel (KMP).
- Administration of Employee Stock Option Scheme (ESOS).

COMPOSITION

As at 31st March 2018, the Committee comprised 3 Independent Directors and the Group Chairman.

MEETINGS

During the year ended 31st March 2018, 5 meetings of the Nomination and Remuneration Committee were held on 7th April 2017, 29th May 2017, 28th July 2017, 11th November 2017 and 31st January 2018.

The attendance of Members at the Meetings was as follows:

NAME	STATUS
Mr. Subodh Bhargava	Chairman
Mr. A. M. Naik	Member
Mr. Adil Zainulbhai	Member
Mr. Thomas Mathew T.	Member

BOARD MEMBERSHIP CRITERIA

While screening, selecting and recommending to the Board new members, the Committee ensures that the Board is objective, there is absence of conflict of interest, ensures availability of diverse perspectives, business experience, legal, financial and other expertise, integrity, leadership and managerial qualities, practical wisdom, ability to read and understand financial statements, commitment to ethical standards and values of the Company and there are healthy debates and sound decisions.

While evaluating the suitability of a Director for re-appointment, besides the above criteria, the NRC considers Board evaluation results, attendance and participation in and contribution to the activities of the Board by the Director.

The Independent Directors comply with the definition of Independent Directors as given under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. While appointing / re-appointing any Independent Directors / Non-Executive Directors on the Board, the NRC considers the criteria as laid down in the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

All the Independent Directors give a certificate confirming that they meet the 'independence criteria' as mentioned in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

These certificates have been placed on the website of the Company <http://investors.larsentoubro.com/corporategovernance.aspx>.

REMUNERATION POLICY

The remuneration of the Board members is based on the Company's size and global presence, its economic and financial position, industrial trends, compensation paid by the peer companies, etc. Compensation reflects each Board member's responsibility and performance. The level of compensation to Executive Directors is designed to be competitive in the market for highly qualified executives.

The Company pays remuneration to Executive Directors by way of salary, perquisites and retirement benefits (fixed components) and commission (variable component), based on recommendation of the NRC, approval of the Board and the shareholders. The commission payable is based on the overall performance of the Company, performance of the business / function as well as qualitative factors. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Section 197 of the Companies Act, 2013.

The Independent Directors / Non-Executive Directors are paid remuneration by way of commission and sitting fees. The Company paid sitting fees of ₹ 75,000/- per meeting of the Board and ₹ 40,000/- for Audit Committee and Nomination and Remuneration Committee meetings and ₹ 25,000/- for Stakeholders Relationship Committee and Corporate Social Responsibility Committee meetings during the year, to the Independent Directors / Non-Executive Directors. The commission is paid subject to a limit not exceeding 1% p.a. of the profits of the Company as approved by shareholders (computed in accordance with Section 197 of the Companies Act, 2013). The Group Chairman would provide leadership to Board and guidance and mentorship to the leadership team for implementing the strategic plan and business objectives. The Group Chairman is paid a fixed commission. The commission to the Independent Directors / Non-Executive Directors is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings, Chairmanship of Committees and participation in IC meetings.

In the case of nominees of Financial Institutions, the commission is paid to the Financial Institutions.

As required by the provisions of Regulation 46 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the criteria for payment to Independent Directors / Non-Executive Directors is made available on the investor page of our corporate website <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

PERFORMANCE EVALUATION CRITERIA FOR IDS

The performance evaluation questionnaire covers specific criteria with respect to the Board and Committee composition, structure, culture, Board processes and selection, effectiveness of the Board and Committees, functioning of the Board and Committees, information availability, remuneration framework, familiarisation programme, succession planning, etc. It also contains specific criteria for evaluating the Chairman and individual Directors. An external consultant was engaged to receive the responses of the Directors and consolidate/analyse the responses.

The Chairman of the Company discusses the performance evaluation results with the Chairman of the NRC and if required, interacts with all the Non-Executive Directors and Independent Directors on a one-to-one basis.

Members are also requested to refer to pages 57 and 58 of the Board Report.

TRAINING & SUCCESSION PLANNING

The Company has institutionalised Leadership Development through a Seven Step leadership pipeline for development of a robust stage-wise leadership by a structured process of talent management. The thrust is on facilitating the transformation of managers into leaders, leaders into 'corporate entrepreneurs (intrapreneurs)' and to create a large pool of leaders who can envision, inspire, and successfully deploy global growth strategies, thus creating a result-oriented culture of multiplying value. Each step of this leadership Pipeline Development process has been meticulously customised to equip managers at various levels, with the required knowledge, skill and mindset to transition seamlessly to the next level of leadership and global entrepreneurship. In this effort, the Company has partnered with globally renowned senior faculty and premier institutes like Harvard Business School, INSEAD, IIM Ahmedabad, and Stephen M. Ross School of Business-University of Michigan. The programmes are designed to provide inputs on vital areas of strategic importance such as innovation-based strategies, integrated business models to take on global multinationals, cross-cultural challenges, organic and inorganic growth, etc., and thus mark an important milestone in the journey towards leadership development in the global context.

To facilitate enhanced global acumen and international exposure, which are critical competencies for establishing a global footprint, the Company continues to nominate select senior leaders for advanced management programmes offered by globally renowned business schools like INSEAD, Wharton, Harvard, IMD, London Business School, Oxford and the likes. As a part of Leadership Development at the top echelons of the organisation, a structured and systematic approach to mentoring has been initiated to leverage on the leadership experiences and networks of senior leaders and to enable them to leave a legacy of success mantras.

In order to continuously monitor the progress of high potentials (HIGH POTS) who go through the Seven Step Leadership Development process and to ensure that they are given challenging roles and responsibilities, a Top Talent Management System is also put in place, which is essential to ensure progress of a strong leadership pipeline.

To ensure that the Company has a sufficient pool of probable employees who can be nominated for the Leadership Pipeline, efforts are taken at the grassroot level. Several structured core developmental programmes, conducted by reputed institutions like IIM-Bangalore, IIM-Calcutta, XLRI, Symbiosis and NMIMS for deserving employees to develop superior management skills and capabilities. A host of strategic and behavioural programmes are conducted to address specific training and developmental needs of employees. A comprehensive e-learning portal ATL (Any Time Learning) is available with multiple online programmes and courses for employees to enable learning 'at any time, at any place' at locations remote or otherwise. The portal provides access to online database, references, management videos, e-books and journals.

The NRC reviews on a periodic basis, the succession planning process being followed by the Company, especially at the level of the Board and senior management.

3 STAKEHOLDERS' RELATIONSHIP COMMITTEE

TERMS OF REFERENCE

The terms of reference of the Stakeholders' Relationship Committee are as follows:

- Redressal of Shareholders' / Investors' complaints.
- Allotment, transfer and transmission of Shares/Debentures or any other securities and issue of duplicate certificates and new certificates on split/consolidation/renewal, etc. as may be referred to it by the Share Transfer Committee.

COMPOSITION

As on March 31, 2018, the Stakeholders' Relationship Committee comprised of 1 Non-Executive Director, 1 Independent Director and 1 Executive Director.

MEETINGS

During the year ended 31st March 2018, 4 meetings of the Stakeholders' Relationship Committee were held on 29th May, 2017, 28th July, 2017, 11th November, 2017 and 31st January, 2018.

NAME	STATUS
Ms. Sunita Sharma	Chairperson
Mr. Ajay Shankar	Member
Mr. Shailendra Roy	Member

Mr. N. Hariharan, Company Secretary is the Compliance Officer.

NUMBER OF REQUESTS / COMPLAINTS

During the year, the Company has resolved investor grievances expeditiously, except for the cases constrained by disputes or legal impediments.

During the year, the Company / its Registrars received the following complaints from SEBI / Stock Exchanges and queries from shareholders, which were resolved within the time frames laid down by SEBI.

PARTICULARS	Opening Balance	Received	Resolved	Pending*
Complaints:				
SEBI/Stock Exchange	4	78	79	3
Shareholder Queries:				
Dividend Related	486	8950	9392	44
Transmission/Transfer	71	3692	3701	62
Demat/Remat	27	481	501	7

* Investor queries shown outstanding as on 31st March 2018 have been subsequently resolved. The Company repeatedly sends reminders to shareholders regarding unclaimed shares and dividends. This results in an increase in the number of queries received.

The Board has delegated the powers to approve transfer of shares to a Share Transfer Committee of Executives comprising 4 Senior Executives. This Committee held 42 meetings during the year and approved the transfer of shares lodged with the Company.

- Water & Sanitation: For the availability of safe drinking water and proper sanitation facilities
- Education: To improve access to education (increased enrollment in preschool, children attending neighborhood schools) and improving quality of learning (better school infrastructure, better teaching-learning processes)
- Health: Improvement in access to quality health care (expanding infrastructure of health centres, increased number of people availing quality health care)
- Skill development: Enhancing employability of youth (enhancing training capacity, improved infrastructure of skill development centres).

Thirty Village Development Committees (VDCs) have been formed across locations, with participation from women. A quarterly review of the ICD projects is done with the village Panchayats and local authorities.

Access to cleaner water, hygienic surroundings, better health, education and new skills, has positively altered the lives of around 1 million individuals through our CSR Programs in 2017-18.

All of L&T's CSR projects have defined goals and milestones which are tracked as per the periodicity defined for the project. The progress is compared with the baseline data that is gathered before the commencement of the project. This is carried out through an onsite evaluation as well as the reports generated from the project. The indirect impacts that accrue are also factored and documented in the monthly reporting process. These are subsequently vetted / measured during the external Social Audit or Impact Assessment. The social audit report is discussed during the Committee meetings.

The detailed disclosures of CSR spending during the year has been given in Annexure 'C' forming part of this Board's Report. Please refer to pages 95 to 99 of this Annual Report.

4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

TERMS OF REFERENCE

The terms of reference of the CSR Committee are as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

COMPOSITION

As on 31st March, 2018 the CSR Committee comprised 1 Independent Director and 2 Executive Directors.

MEETINGS

During the year ended 31st March, 2018, 4 meetings of the CSR Committee were held on 7th September, 2017, 4th January, 2018, 8th February, 2018 and 26th March, 2018.

The Members of the Committee are as follows-

NAME	STATUS
Mr. Vikram Singh Mehta	Chairperson
Mr. R. Shankar Raman	Member
Mr. D. K. Sen	Member

CSR ACTIVITIES & IMPACT ASSESSMENT

The Company is leveraging its countrywide presence to reduce disparities through interventions in Water and sanitation, Healthcare, Education and Skill-building. Close interactions with the local community members have enabled the Company to identify and address their most pressing needs and the social interventions for community development have been specifically aligned.

Under flagship program of 'Integrated Community Development' (ICD), the Company has launched program towards holistic development in the following areas, based on need assessment:

5 RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

The terms of reference of the Apex Risk Management Committee are as follows:

- Review the existing Risk Management Policy, framework and processes, Risk Management Structure and Risk Mitigation System.

Broadly, the key risks will cover strategic risks of the Group at the domestic and international level, including sectoral developments, risk related to market, competition, political and reputational issues etc.

- Review operational risks including client quality, manpower availability, logistics and other aspects which impact the Company and the Group.

COMPOSITION

As on 31st March, 2018, the Apex Risk Management Committee comprised 2 Executive Directors and 1 Non-Executive Director.

MEETINGS

During the year ended 31st March, 2018, 2 meetings of the Apex Risk Management Committee were held on 3rd August, 2017 and 14th November, 2017.

The attendance of Members at the Meetings was as follows-

NAME	STATUS
Mr. A. M. Naik*	Member
Mr. S. N. Subrahmanyam	Chairperson
Mr. R. Shankar Raman	Member
Mr. Subramanian Sarma [®]	Member

® Appointed as a Member wef 1st October, 2017
* Ceased to be a Member wef 1st October, 2017

Meetings held during the year are expressed as number of meetings eligible to attend.

CODE OF CONDUCT

The Company has laid down a Code of Conduct for all Board Members and Senior Management personnel. The Code of Conduct is available on the website of the Company www.Larsentourbo.com. The declaration of the Chief Executive Officer and Managing Director is given below:

To the Shareholders of Larsen & Toubro Limited

Sub: Compliance with Code of Conduct

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

S. N. Subrahmanyam

Chief Executive Officer & Managing Director

Date: May 28, 2018

Place: Mumbai

L&T has laid out the Code of Conduct (CoC) for all its employees, which acts as a standard professional guidebook. It outlines our expectations concerning appropriate workplace behaviour and makes employees responsible and accountable for their actions regarding the Company. The CoC reflects L&T's vision, values and policies. It highlights the requirement for one's conduct to be free from actual or potential conflicts of interest between personal advantages as against Company's needs and values. Every year, all our employees confirm their acceptance of the Code of Conduct, corporate governance policies and guidelines, online. This annual exercise reminds, encourages and motivates them to remain conscious of their responsibility towards the Company. The CoC is introduced to new employees through a detailed online module on the Company's 'Any Time Learning' (ATL) portal as well. Critical aspects of the CoC are also included in the HR orientation programme. The Code of Conduct for the Board and Senior Management is available on the website www.Larsentoubro.com, while the Code of Conduct for the employees is available on the company's intranet portal. L&T's CoC structure is designed to enable implementation of the Code of Conduct across the organisation.

CoC STRUCTURE

At the Apex level, there is a CoC Apex Committee, with a minimum of 5 Executive Committee (ECom) members who meet twice a year. The compliance officer acts as the ex-officio Secretary of the Apex Committee. Its key function is to ensure implementation of the CoC across the Company and deal with instances of non-compliance, apart from overseeing the functioning of the unit level CoC committees. The committee interacts, informs and advises the ECom on all issues relating to the CoC. At the unit level, there are Unit CoC committees which consist of at least 4 members, chaired by the unit head, along with head of accounts, head of HR and a senior member from the operations team. The unit level committees must meet at least once in a quarter. The role of the committee is to create awareness about CoC, motivate employees to follow it, monitor compliance and investigate instances of non-compliance. Senior officers of L&T based at various locations are appointed as coordinators for respective individual businesses/corporate departments.

WHISTLE BLOWER POLICY

The Whistle Blower Policy was first established in 2004 and amended to meet the requirements of the revised Companies Act, 2013.

The policy aimed at setting up a mechanism that would encourage employees, Senior Management to report, without fear, any wrongdoings, unethical behaviour, actual/suspected fraud and violation of Company's Code of Conduct, which may adversely impact the Company.

The Audit Committee oversees the implementation of the Whistle Blower Policy. As on March 31, 2018, it comprised of three Independent Directors and a Non-executive Director (nominee of LIC – Life Insurance Corporation). The Whistle Blower Committee comprises of the CFO, Head-Corporate HR, Company Secretary and Chief Internal Auditor. Employees can either submit a written complaint or send a verbal communication to the Whistle Blower Investigation Committee. While the policy requires whistle blowers to identify themselves, the management assures that they shall safeguard the identity of whistle blowers always, and views retaliation, in any manner, seriously. Since 2016-17, the Whistle Blower Policy has been extended to vendors and channel partners as well, to enable them to express their concerns about unethical behaviour, improper practices, misconduct, violation of legal or similar requirements, actual or suspected fraud by an official of the Company; without fear of punishment or unfair treatment. During 2017-18, a total of 32 complaints were received, 75% of these were investigated and dealt with in accordance with the Company's protocol, and 25% are under review. Senior Management and the Audit Committee of the Board is periodically apprised of the internal processes of the Company with respect to internal controls, statutory compliances and assurance.

COMPLIANCE

Operational and financial controls are in place across the L&T Group to prevent acts or behaviour which deviate from the stated policies on fair and ethical practices.

INTERNAL CONTROL SYSTEM

We have a robust framework for internal controls, commensurate with the size and complexity of its business. There is a system wherein the Senior Management and the Audit Committee of the Board is regularly apprised of the internal processes of the Company, with respect to internal financial controls, statutory compliances and assurance. The Code of Conduct is based on Company's vision and values and acts as a standard guide for employee performance. The Whistle, blower policy enables employees to have direct access to the members of the Audit Committee which is comprised of a Board of Directors. The Company has reviewed and ensured the sustained effectiveness of internal financial controls by adopting a systematic approach to assess operational effectiveness. Additionally, independent professional firms are engaged regularly to review the effectiveness of internal control processes in businesses and support functions.

IR & SUSTAINABILITY STRUCTURE

L&T's sustainability structure consists of teams at the corporate level, business level and unit level. At the corporate level, the Sustainability Executive Board (SEB) consists of the Company's Executive Committee (E COM) members. They oversee the functioning of the structure, provide guidance and review performance. The SEB is also responsible for formulating its sustainability policy and devising a roadmap for progress.

IR Task Force comprises Sustainability Co-ordinators from businesses, and members drawn from corporate functions like Investor Relations, Corporate Secretarial and Corporate Brand Management and Communication. The Corporate Sustainability team is part of the IR taskforce.

CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

We remain committed to behaviour that is in consonance with the principles of ethical and fair business practices. We will not be party to any act or measure that compromises or is likely to compromise our values. No incidences of corruption were reported during the year. We also comply with relevant statutory requirements including anti-competitive behaviour.

PRECAUTIONARY APPROACH

We recognise environmental challenges associated with our operations at our facilities and project sites. We have implemented a structured risk management system for early-stage identification, understanding and mitigation of environmental impact.

The team develops, drives and implements the sustainability roadmap of the L&T Group. Further, IC SCSR and unit-level SCSR teams are responsible for implementing targets and achieving targets of respective businesses and units, as per the strategy. The teams are authorized to strategize the sustainability agenda, based on material issues. This top-down and bottoms-up approach enables the Group to overcome challenges of individual businesses, and that of the Company.



COMMITMENT TO EXTERNAL INITIATIVES

We support, follow and demonstrate our commitment to the following initiatives

- Global Reporting Initiative (GRI) framework
- United Nations Global Compact Network, India (GCNI)
- Applicable International Labour Organisation (ILO) conventions
- The National Voluntary Guidelines (NVG), India
- Other United Nations (UN) directives that cover:
 - Statutory and regulatory compliance
 - Business ethics
 - Fair and equal opportunity to all employees
 - Employee development through training
 - Labour camps at construction sites
 - Medical facilities at units, offices and project sites
 - Steps to measure, monitor and conserve materials, energy, water and waste management

MEMBERSHIPS

L&T engages with multiple business and trade organisations and professional bodies. Our senior executives participate through active dialogue, be it new policy consultations or presenting views of the stakeholders to the Government. They provide their expertise and share their business acumen during public policy consultations and present the industry's view.

Industrial forums and institutes where L&T participates actively include:

- Association of Business Communicators of India (ABCI)
- Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Bombay Chamber of Commerce & Industry (BCCI)
- Bureau of Indian Standards (BIS)
- Construction Industry Development Council (CIDC)
- Confederation of Indian Industry (CII), Centre of Excellence for Sustainable Development (CESD)
- CII – Green Business Centre (GBC)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Indian Electrical and Electronics Manufacturers Association (IEEMA)
- Indian Institute of Chemical Engineers (IICChE)
- National Safety Council (NSC)

MATERIALITY ASSESSMENT

Materiality Assessment is conducted to identify relevant topics that potentially merit their inclusion in the report. The topics are important and reflect L&T's economic, environmental, and social impact, and influence stakeholder decisions. It is a dynamic process which continuously incorporates important topics, new challenges, stakeholder inputs and is compiled annually. Materiality assessment is conducted across each business and the outcome is condensed into a list of topics critical for the Company.

Our methodology aims to identify the key economic, environmental and social issues that are material to us and the society at large.

MATERIALITY MATRIX - L&T CONSOLIDATED



MATERIAL ASSESSMENT INPUTS

- Focus on significant sustainability challenges
- Strategic sustainability roadmap development
- Structured internal assessment of risk and opportunities
- Feedback from customers, supply chain employees
- Business strategy and market insights
- Parameters evaluated by third party



DESCRIPTION OF MATERIAL ISSUES

FOCUS ISSUES	RELEVANCE OF TOPIC, BOUNDARY AND LIMITATIONS TO THE BOUNDARY (IF ANY)
Occupational health and safety of employees and contractors, and emergency preparedness	Our work requires utmost safety standards to work towards our vision - zero accident, and to comply with regulatory requirements. We imbibe safety as a 'way of life' with our preventive measures. We emphasise on Accident Free Workplace and meet international client demands for impeccable safety performance.
Project risk management, quality of construction and EPC services	The Company is predominantly in the 'projects' business and faces challenges like land acquisition and right of way (ROW) clearances from Government agencies, working in difficult/harsh weather conditions/terrains, skilled manpower availability, etc., which make it critical to manage project risks and maintain the quality of construction and EPC services delivered.
Water conservation	Water is a critical requirement for our business and hence must be conserved. We have focused our efforts on water management and turned our facilities 'zero waste water discharge' and 'water positive'.
Natural resource conservation and material management	Our business is primarily dependent on the utilisation of natural resources like sand, aggregates, cement, including ferrous and non-ferrous materials. Judicious utilisation of such resources aids our efforts towards Carbon abatement, while improving productivity and profitability.
Climate change mitigation and adaptation and use of renewable energy	The future of competitiveness and progress is linked to low carbon economy. Regulatory and client requirements relating to carbon emissions are growing. Progressively, we have been investing in products and processes that promote sustainable growth – enhancing energy efficiency, developing low-carbon technologies for infrastructure development, using renewable energy at our campuses and project sites, and increasing our green cover.
Employee training and development, and leadership development	Training is a necessary ingredient for growth. L&T executes complex and mega projects which others seldom can. We are in a niche area of infrastructure development, making employee capability enhancement and development, significant. All talent are focused on employee development, increasing productivity, efficiencies and building a robust leadership pipeline.
Talent acquisition and retention	Our work requires expertise and high engineering skills. L&T is proactive in engaging and retaining talent.
Customer privacy and satisfaction	Our services are linked with sensitive customer information and hence customer confidentiality is of paramount importance. Innovation in our products and services helps us serve larger market segments and repeat orders are a testimony to client satisfaction.
Corporate Social Responsibility	Community around our operations is a key stakeholder, without which we cannot operate, signifying the importance of CSR. Under the theme 'Building India's Social Infrastructure', we provide opportunities to the underprivileged sections of society. The Companies Act gave us an opportunity to relook at our CSR programme to make it more robust by including thrust areas like water and sanitation, health, education and skill development.
Energy conservation and efficiency improvement	The depletion of energy sources is detrimental to long-term business objectives. Increasing energy savings directly relate to reduced cost of power and fuel, and thus reduced operational cost and increased profitability.
Sustainability of the supply chain	Suppliers are our strategic partners for our timely performance. We encourage suppliers to join in our quest for a sustainable growth. Implementing sustainability practices in supply chain will help improve their economic, environmental, and social performance.
Human Rights	We ensure that employees are sensitised to human rights. They extend to our sub-contractors as part of the contract documents. Our Subsidiary and Associate companies are encouraged to follow Corporate Human Resource Policy.
Increasing share of green portfolio	The Company is working with the principles of sustainable development. We offer dedicated and niche green products and services to customers.
Diversity and equal opportunity	We are merit-based organisation which believes in providing equal opportunities, with a diversified workforce, across our operations worldwide.

Management Approach



Economic

L&T is a premier EPC solutions provider with a proven track record, execution capabilities, on-schedule implementation and a skilled employee base; making it one of the most respected companies in India and abroad. Its key strengths include state-of-the-art manufacturing and fabrication facilities, engineering design centres, robust project management and advanced construction practices.

L&T offers cutting-edge technologies, concept-to-commissioning solutions and finishing skills that provides it with 'preferred EPC solution provider' status. Its sustainable financial performance and growth provides value to its stakeholders and investors.

Environment

All L&T campuses and project sites practice resource conservation, and waste minimisation at source. Utilisation of renewable energy, augmenting energy efficiency, water conservation, waste management and reducing adverse impact on climate change; is a part of L&T's business philosophy. We also comply with relevant regulations in this regard. We extend our practices to all the stakeholders including employees, vendors, contractors and the

community. Our environmental practices cover the lifecycle of projects from concept-to-commissioning. Our approach towards implementation of best environmental, health and safety practices, is detailed in our corporate EHS policy.

Corporate Social Responsibility (CSR)

L&T contributes to inclusive growth by empowering communities and accelerating development, as a responsible corporate citizen. L&T is implementing Integrated Community Development (ICD) programmes for the upliftment of marginal communities in water-stressed regions of India. L&T's CSR theme 'Building India's Social Infrastructure' implements focused programmes in water and sanitation, health, education and skill development. Through CSR programmes, L&T ensures that benefits reach all the stakeholders of

the community while empowering women and marginal communities. Our employees too participate in CSR initiatives through 'L&Tearing'- a unique volunteering programme where employees devote themselves to social causes, with enthusiasm. The programmes are implemented through a network of CSR teams at different locations, along with local NGO partners.

Labour Practices and Human Rights

L&T believes that dedicated and talented employees are its most valuable resource, which helps achieve its vision. They are the mainstay to the success of the Company who execute challenging projects at remote locations, ensuring quality and delivery.

L&T nurtures its employees through learning and development programmes to ensure that they grow along with the Company. It regularly conducts job specific and technical training programmes to impart new skills and enhance capabilities of employees. The learning and development team at L&T encourages creativity and innovation in employees. A unique Seven Step Leadership Development Programme (LDP) at the Company works towards developing a pipeline of leaders from the organisation.

The Company's human resource department acquires, develops and retains a pool of high-calibre talent while complying with ethical and human rights standards. The Company follows and complies with conventions of the International Labour Organisation and applicable local laws covering the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998, Industrial Disputes Act 1947 and amendments thereof.

Product Stewardship

The Company provides value-added products and services by adopting sustainable and resource-efficient practices. These practices benefit organisations, clients, and the environment, and are a part of L&T's business philosophy. We incorporate environmental, health and safety considerations, right from the design stage of products and processes.

Our Green products and services portfolio helps our clients reduce resource consumption, conserve energy; curtail carbon emissions

and move along the low carbon path.

We, at L&T, execute projects and processes to meet stringent delivery schedules to ensure satisfaction, while maintaining customer confidentiality. Detailed operating manuals aided with on-the-job training are provided to our clients. This not only helps ensure high standards of safety, but also protects the environment.

SUSTAINABILITY ROADMAP 2021

2017-18 PERFORMANCE

L&T is amongst the first and few companies to have set sustainability performance targets, voluntarily. Our ongoing target named Sustainability Roadmap 2021 had kickstarted in 2016, which is the third such sustainability target we have set, after successfully achieving all the previous targets.

A structured process is followed while setting measurable targets, after consultation with all our businesses, materiality analysis and benchmarking. The current Sustainability Roadmap was formulated after learnings from the past, peer analysis and stakeholder inputs. Our progress in 2017-18 as against the targets is as described alongside (on this page).



CARBON EMISSIONS

TARGET

Reduce direct GHG emission intensity by

5%

(direct CO₂ /Billion ₹)

STATUS

8.4% decrease in GHG intensity in 2018 was achieved with increased use of cleaner fuels, efficiency improvement and energy conservation measures. The direct GHG intensity decreased by 4.4% when compared with the base year of sustainability roadmap (2016).

For more information, refer Interlinked to Enhance Section



ENERGY CONSUMPTION

TARGET

Reduce total energy consumption intensity per turnover by

5%

(GJ/billion ₹)

STATUS

Total energy intensity reduced by 12.5 % w.r.t. 2017 with the help of increased energy conservation measures and projects, at various stages of execution.

For more information, refer Interlinked to Enhance Section



SAFETY

TARGET

Zero

accident vision: work towards the goal of achieving zero accidents

STATUS

Inculcating a safety culture within the organisation with the active involvement of workforce showed very encouraging results. We identified and worked on key safety KPIs at the project sites to improve safety performance. There were no reportable accidents at 24 L&T campuses, 17 Domestic Marketing Network offices, the Leadership Development Academy and L&T House, in 2018. The severity rate reduced significantly by 30% w.r.t. 2017.

For more information, refer Interlinked to Enhance Section



MATERIAL MANAGEMENT

TARGET

Increase recycling and use of recycled material by

5%

STATUS

Zinc recycling increased significantly by 48% to 237 Tons/year with upgradation of the recycling process.

As much as 149,613 Tons of blast furnace slag (waste from steel manufacturing plant) was used at construction project sites.

For more information, refer Interlinked to Enhance Section



ENERGY CONSERVATION

TARGET

Increase energy conservation by

10%
YOY

STATUS

75% increase in energy conservation w.r.t 2017 was achieved with a host of energy conservation programmes across businesses; with an increased focus on efficiency improvement.

For more information, refer Interlinked to Enhance Section



WATER CONSERVATION

TARGET

Reduce water consumption intensity by

10%
(KL/workforce)

STATUS

Domestic water consumption intensity reduced by 13% as compared w.r.t. 2016-17 and a 9.7% reduction as compared with base year of sustainability roadmap (2016).

For more information, refer Interlinked to Enhance Section

TARGET

Increase water conservation and recycling by

5%

STATUS

Increase in domestic wastewater recycling from 57% in 2016-17 to 79% in 2017-18

For more information, refer Interlinked to Enhance Section



GREEN PORTFOLIO

TARGET

Maintain Green product and service portfolio

25%

STATUS

Contribution from our Green products and services portfolio reached to 29.65% (₹ 221.25 billion) of overall sales, an increase of 11.7% over 2016-17.

For more information, refer Interlinked to Enhance Section



CORPORATE SOCIAL INITIATIVES

TARGET

Reach

3 million
beneficiaries

STATUS

Reached out to 2.15 million beneficiaries in 2018 with an increase of 46% over 2016-17.

For more information, refer Interlinked to Enhance Section

TARGET

Increase employee volunteering base to

5,000

STATUS

4,612 employees participated in the volunteering programme and worked for various social causes in 2017-18.

For more information, refer Interlinked to Enhance Section

KEY INITIATIVES

INITIATIVE	STATUS
Achieve carbon neutrality for major campuses	Powai and Chennai campuses turned carbon neutral
OHSAS 18001 certification for all businesses/establishments	All our businesses / establishments are certified to OHSAS 18001
Achieve water positive status for all major campuses	All 24 L&T campuses in India continue to remain 'Water Positive'
Implement sustainability data management software in key Subsidiary and Associate companies	Sustainability data management software was extended to key Subsidiary and Associate companies including L&T Infotech (LTI) and L&T Hydrocarbon Engineering (LTHE), L&T Valves and L&T Realty
Report on supply chain carbon footprint, along with conservation measures implemented	Assessed footprint of suppliers from Heavy Civil and Water & Effluent Treatment (WET) businesses
Report sustainability performance with Sustainable Development Goals (SDGs)	Alignment of L&T's sustainability performance with SDGs is included in social capital (Interlinked To Enhance) section of this report
Implement contractor safety management	<p>Worked on the following four critical areas to improve safety performance:</p> <ul style="list-style-type: none"> • Working at heights • Vehicle movement at project sites • Uniform housekeeping standards across project sites • Digitalisation initiatives to improve safety performance <p>Increased use of digitalisation to inculcate safety behaviour through e-learning, virtual learning platform, etc.</p> <p>Implemented SOPs and work permit systems for contractors at project sites and campuses for high risk activities.</p> <p>Safety Passport System (safety training cards) and cardinal safety rules for workmen at project sites and campuses</p>
New buildings within L&T campuses to follow Green Building norms	Ongoing: All new buildings constructed at L&T campuses will continue to follow green building norms.



RISKS & OPPORTUNITIES

L&T has evolved a comprehensive four-tiered structure for risk management. The top-tier comprises of the Audit Committee and a Board appointed Apex Risk Management Committee (ARMC) comprising of Executive Directors. The Audit Committee of the Board oversees the efficacy of risk management processes. Strategic risks, top operational risks and new initiatives (new geographies and investments) for respective businesses are discussed in detail, at the ARMC meetings.

The second tier is the Corporate Risk Management department and the Chief Risk Officer (CRO), who oversees and facilitates enterprise-wide risk management processes, and leads organisation-wide initiatives in risk management.

The third tier comprises dedicated Risk Officers in each business vertical, who oversee and co-ordinate the risk management processes of the respective business. In the fourth tier, the project heads act as risk owners and manage operational risks.

The Audit Committee, ARMC and the Risk Management Committees at various levels are informed about the critical risks affecting the Company, for their review and guidance. Mitigation plans are drawn up and implemented as deemed appropriate, within the overall Enterprise Risk Management (ERM) framework of the Company.

The Company works predominantly in the project business and has developed robust project risk management processes. The key processes of risk reviews include pre-bid risk reviews, execution risk reviews, project close-out risk reviews and country clearances. Country clearance is undertaken in case the Company is venturing into a new country. The clearances are revisited based on the current geopolitical and economic developments in the target country. Pre-bid reviews are carried out as a pre-requisite for bidding for any new project based on a bid authorisation matrix.

Execution risk reviews of the projects are held at regular intervals to track project performance, movement of risks in the project and effectiveness of the mitigation measures. Close-out risk reviews are held to capture key learnings from the projects and right/wrong analysis. This helps in factoring in learning for future bids, and creating a knowledge repository, which is an essential input for learning and development.

● GEOPOLITICAL RISKS

The Company monitors geopolitical risks and develops appropriate mitigation strategies to address geographical concentration, strategic sourcing, legislative/policy changes, international sanctions and other economic measures.

● SLOW RECOVERY OF KEY SECTORS

Being a diversified conglomerate helps mitigate the risk of slowdown in a few sectors, as we see compensating growth in others. Renewed impetus to infrastructure by the Government – in roads, railways, airports and waterways – can provide growth opportunities in the near future.

● COMPETITIVE INTENSITY

The Company's engineering, procurement and construction business derives its competitive strength from excellence in executing projects of varying sizes. It is well-known for its quality, technology, cost-effectiveness and project management expertise. This helps gain an edge over the competition.

● REPUTATION AND BRAND

A Corporate Governance and Compliance Policy is in place, mandating adherence to the Code of Conduct. Internal controls are ensured by regular knowledge-sharing across the organisation, along with appropriate controls.

OTHER OPERATIONAL RISKS

● EXECUTION CHALLENGES

The Company faces execution challenges such as geological surprises, availability of work front, land acquisition and right-of-way (ROW), pending approvals and clearances from Government agencies, working in difficult / harsh weather conditions, manpower issues, etc. The Company closely tracks the key risks for each project, to effect timely mitigation.

● PARTNER RISKS

The Company partners with different contractors (joint venture/ consortium projects) across businesses based on technical requirements/local market conditions. The partner's performance and financial strength are crucial for project success. Learnings from past projects are incorporated in the inter-se agreement with the partners, and clauses on liability of each partner are carefully drafted after legal due diligence.

● WORKING CAPITAL CHALLENGES

The Company strengthened the process of close monitoring of cash flow, at the project level. It ensures focus on invoicing of work completed, regular follow-up for delay in payments by client, and ensured improvement in working capital levels.

● CLAIMS MANAGEMENT

The Company maintains strong documentation and follow-ups with clients/sub-contractors/vendors for any claim that is submitted. Legal teams are consulted periodically to ensure a robust process of claims management.

FINANCIAL RISKS

CAPITAL STRUCTURE, LIQUIDITY AND INTEREST RATE RISKS

- The Company continues its policy of maintaining a conservative capital structure which has ensured that it retains the highest credit rating in a tough economic environment.
- Low gearing levels also equip the Company with the ability to navigate business stress on one hand, and raise growth capital on the other.
- This policy also provides flexibility of fund-raising options for the future, which is especially important in times of global economic volatility.
- The Company has been investing capital into subsidiaries as scheduled, and in some cases to provide for deterioration in performance caused by the sluggish economy/business downturn and JV partner challenges, and to optimise over-all Group's interest rate costs.
- The Company judiciously deploys its periodic surplus funds in short-term investments, in line with the defined treasury policy.
- The Company constantly monitors the liquidity levels, economic and capital market conditions and maintains access to the lowest cost means of sourcing liquidity through banking lines, trade finance and capital markets.
- The Company optimised cost of debt by using the subsidised export financing scheme of the RBI and Commercial Paper issuance and by re-pricing some of its existing long-term liabilities.
- The Company dynamically manages interest rate risks through a mix of fund-raising products, investment products and derivative products across maturity profiles and currencies within a robust risk management framework.

FOREIGN EXCHANGE AND COMMODITY PRICE RISKS

- Business related financial risks, especially involving commodity prices, by and large, are managed contractually through price variation clauses. The foreign exchange and residual commodity price risks are managed by an appropriate choice of treasury products for balancing

risks and optimising hedging costs, at the same time.

- The above-mentioned risk management activity is carried out under the framework of the Financial Risk Management Policy approved by the Audit Committee and noted by the Board.
- Financial risks in each business portfolio are measured and managed centrally within the Company.
- These risks are reviewed periodically, quantified and managed within the acceptable threshold as laid out in the Risk Management Policy of the Company.

CLIMATE CHANGE RISK

- We formulated a Corporate Sustainability Roadmap and set targets to reduce GHG emission intensity (emission per turnover), enhance energy conservation and reduce energy consumption intensity. Our targets and actions are aligned with the National Action Plan on climate change, and with our own business roadmap, Lakshya 2021.
- Carbon footprint mapping at campuses and business level identifies emission hot spots and help to reduce emissions on an annual basis.
- Carving out our green product and services portfolio helps clients in resource efficiency and leads them towards a low-carbon economy path.
- We participate in various national and international carbon emission disclosure platforms such as CDP (formerly Carbon Disclosure Project), and Dow Jones Sustainability Index (DJSI), and benchmark our performance with various national and international peers.
- We frequently monitor updates on regulatory changes and participate in industry forums to aid policy formulation and incorporate changes into the system, as required.
- Our Corporate Sustainability Policy acts as a guiding principle to implement climate-related adaptation and mitigation measures.
- Creating awareness on climate change amongst our workforce and their families by celebrating World Environment Day, Earth Day and Earth Hour.

CYBER SECURITY RISK

The Company established a Chief Information Security Officer (CISO) office to strengthen the information security status and prevent cyber threats to the business or information repository.

This move will provide focused attention to growing threats from the cyber world, enhance the Company's cyber security protocols, and secure the information systems of the organisation.

HUMAN RESOURCES CHALLENGES

The success of an organisation comes from the quality of its manpower and visionary leadership. Since L&T is a market leader in most of the segments in which it operates, hiring leadership talent from other companies is difficult, as few match its size and scale. L&T therefore relies on creating its leaders within the organisation. Leadership development centres and its seven-step leadership life-cycle programme, have aided this endeavour.

Graduate Engineering Trainees (GETs) absorbed by the Company from premier engineering colleges allow L&T to augment its technical leadership pipeline. The intense competition for talent on campus from new-generation organisations, however, makes it a challenging process.

L&T, as an organisation, is constantly transforming itself through digital initiatives

and entering new businesses. Managing this mindset change in the workforce is a human resource challenge that the organisation faces.

L&T is a unique organisation with a blend of millennials and experienced workforce. Managing the expectations of both the categories and ensuring a harmonious co-existence is yet another human resource challenge. Appropriate retention policies are being implemented on a regular basis to control the attrition of key resources.

● TALENT ACQUISITION AND RETENTION

- Enhance employee engagement and alignment
- Capability building
- Retention policies are renewed to minimise attrition

● ENVIRONMENT HEALTH AND SAFETY

- Continues to ensure thrust on safety culture, human rights and wellness initiatives
- Focus on good practices in health, safety and environment

● SUSTAINABILITY IN SUPPLY CHAIN

- Signing of combined Code of Conduct by suppliers
- Measuring impact of logistics on the environment (carbon footprint) and sustainability awareness for transporters
- Organising business-specific buyer-seller meets
- Involving suppliers in understanding sustainability, and reaping benefits
- Import substitution to build a local supply chain

RISK IDENTIFICATION FRAMEWORK

The Company has a robust financial risk management set-up which focuses on exposures and risks emanating from currency and commodity price volatility during business. The structural stability and strength of the Company is ensured by careful asset/liability planning. L&T has been conferred the prestigious 'Best Risk Management Framework and Systems - Capital Projects and Infrastructure Award' at the India Risk Management Awards event, organised by CNBC TV18.

The Company emphasises on continuous learning, and has initiated several knowledge-based initiatives to improve risk awareness across the organisation. One such initiative was launching an e-learning training programme for employees on Enterprise Risk Management (ERM) to disseminate knowledge and enhance capabilities. The course is constantly updated with recent developments, policy changes and case studies relevant to various business verticals.

Periodic training workshops on risk management are held across the Company. It organises seminars and conclaves on risk management, where eminent speakers on the subject are invited to share perspectives, and add depth to the topic and its discussion, within the Company. The Company has a knowledge centre which provides inputs to the businesses comprising latest economic developments and covering analysis on competitors, clients, sectoral studies, countries and geo-political developments.

The Company also undertakes efforts to help its businesses anticipate potential risks in their respective areas and devise suitable steps to manage them. This exercise also helps highlight opportunities in the sectors/geographies of interest. The Company recognises exceptional contribution in managing risks by awarding selected project individuals, project teams and businesses at the annual L&T Risk Management Awards.

The top enterprise-level risks for the Company and the mitigation measures being implemented are listed overleaf:

INFRASTRUCTURE BUSINESS



RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Increased Competition in the Construction industry	<ul style="list-style-type: none"> • Operational excellence initiatives for cost and schedule optimisation • Value engineering to optimise cost of design • Strategic bidding strategy
Availability of Credible Sub-contractors, Suppliers and Vendors	<ul style="list-style-type: none"> • Continuous engagement with subcontractors, suppliers and vendors for their development and upgradation • Technical and financial evaluation of suppliers and contractors before award of contract
Delay in Project Execution and Cost Overruns	<ul style="list-style-type: none"> • Timely mobilisation of resources • Elimination of procedural delays • Improvement in internal processes
Availability of Skilled Workforce	<ul style="list-style-type: none"> • Enhancing skill levels of workforce through training programmes • Company-owned Construction Skill Training Institutes (CSTIs) enhance skills of rural youth
Reducing Environmental Impact	<ul style="list-style-type: none"> • Use of LED lights at project sites • Initiated energy audits at project sites • Use of digitalisation • Extensive use of video-conferencing and digital practices, saving business travel time, cost and natural resources • Enhancing green cover through tree plantation, and maintenance at construction sites and establishments.

RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Staff Availability due to Remote Location of Projects	Preference is given to local staff and their basic requirements are taken care of.
Rising Construction Costs due to rise in Labour and Material Costs	<ul style="list-style-type: none"> • Developing and absorbing new technologies for increased mechanisation and automation • Strategic sourcing practices to add new sources/suppliers and negotiation with current suppliers
Gaining Societal Consensus	<ul style="list-style-type: none"> • Effective implementation of CSR activities for water and sanitation, education, skill-development and health • Need assessment surveys are conducted prior to implementation of CSR programmes in thrust areas

HEAVY ENGINEERING BUSINESS



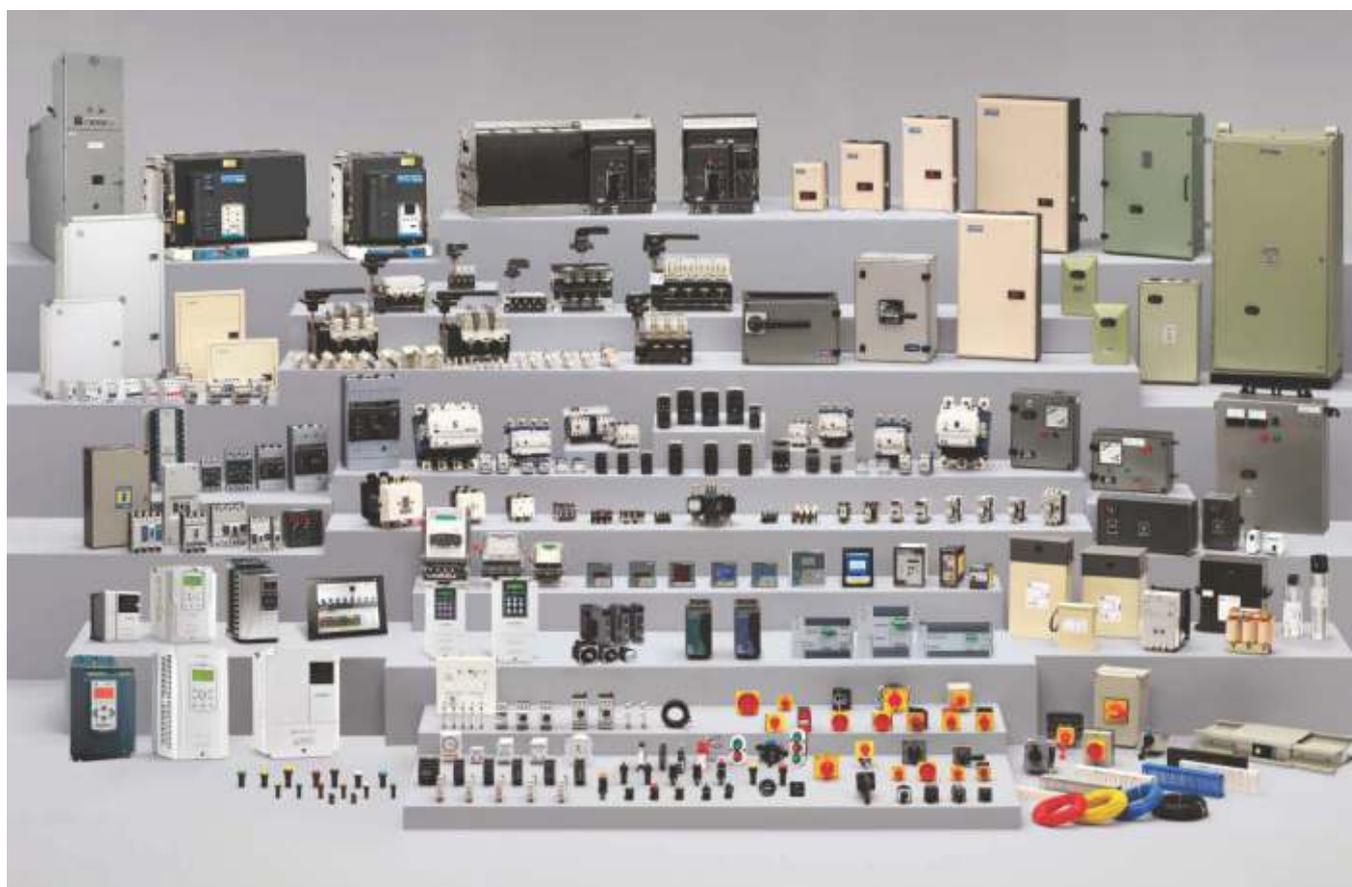
RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Reliability and Delivery Performance	<ul style="list-style-type: none"> • Focus on reduction of cycle time • Sustained efforts for on-time delivery
Energy, Water and Waste Management	<ul style="list-style-type: none"> • Continuous monitoring of energy / water conservation, consumption and greenhouse gas emissions at our campuses to identify areas for improvement • Spreading awareness of Sustainable Development Goals (SDGs) across locations

POWER BUSINESS



RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Protectionism in Overseas Geographies (norms related to local content, local hiring, etc)	Entry into consortiums with established IPPs/EPC contractors/local players to enable entry into specific overseas geographies
Limited Domestic Opportunities (especially in gas), delays in finalisation of projects in coal	<ul style="list-style-type: none"> • Target increased exports through strategic tie-ups • Internationalisation/entry into selected overseas geographies to provide gas EPC and engineering services
Intense Competition/Aggressive Bidding	Implementing cost reduction and execution excellence initiatives to enhance competitiveness
Declining Share of Coal-based Generation in Overall Energy Mix (owing to increased thrust on renewables)	Advocate importance of coal sector in ensuring grid stability and meeting 24x7 steady and quality power demand, especially in core sector industries

ELECTRICAL & AUTOMATION BUSINESS



RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Low profitability	<ul style="list-style-type: none"> Operational excellence initiatives for cost optimisation Continued organisation-wide emphasis on value engineering, lean manufacturing and procurement optimisation Product design initiatives to optimise material consumption
Technology Obsolescence	<ul style="list-style-type: none"> Investment in R&D and generation of new IPR Resources deployed to identify and develop potential new technologies for the future
Delay in Speed-to-market	Restructuring and improving processes for faster introduction of new products
Aggressive Competition	Focus on innovation, brand strength and increasing market share

L&T HYDROCARBON ENGINEERING



RISKS	STRATEGIC & OPERATIONAL INITIATIVES
Limited Domestic Opportunities	<ul style="list-style-type: none"> • Explore international opportunities
Financial and Operational Risks with Strategic Partners	<ul style="list-style-type: none"> • Financial due diligence is pursued • Investigation into the background and reputation of prospective partners • Learnings from past projects are incorporated to strengthen the 'inter-se agreement'
Aggressive Bidding by Competitors	<ul style="list-style-type: none"> • Enhanced pre-bid engineering • Cost optimisation through cost controls and value-added solutions • Differentiate from competitors by bringing in more value and focus on on-time delivery of projects
Cost Overruns	<ul style="list-style-type: none"> • Operational excellence initiatives to reduce/eliminate schedule overruns • Change orders in contract clauses to cover changes due to extended scope or delays • Fixed purchase price contracts with vendors • Long-term contracts with suppliers to limit the impact of unforeseen events and limit fluctuations in prices of the relevant commodity



FINANCIAL CAPITAL



SOCIAL CAPITAL



HUMAN CAPITAL



NATURAL CAPITAL



INTELLECTUAL CAPITAL



MANUFACTURED CAPITAL

INTERLINKED TO

ENHANCE

Financial Capital | Manufactured Capital | Intellectual Capital
Human Capital | Natural Capital | Social & Relationship Capital
Aligning to Sustainable Development Goals



FINANCIAL CAPITAL

At L&T, we believe in building the country's infrastructure through collaboration with businesses, governments, multinational organisations, philanthropic organisations and maximising economic return on our investments.

L&T is a listed company in India with shares listed on the National Stock Exchange of India Limited and BSE Limited. During 2017-18, we performed well on all key economic performance parameters with an impressive growth of 22% in the Group Profit After Tax at ₹ 73.70 billion. The Company bagged fresh orders worth ₹ 1,529.08 billion recording a growth of 7 %. The Group Revenues are at ₹ 1198.62 billion which grew by 9 % during 2017-18. The Order Book stands at a robust ₹ 2631.07 billion, providing good revenue visibility for 2018-19. The Board of Directors recommended dividend of ₹ 16 per share. We continue to engage with India's strategic sectors and critical areas of infrastructure development.

Our inherent strengths and capabilities place us at an advantageous position to gain from strategic, large-scale national programmes like 'Make in India' and 'Digital India'.

We will leverage our proven manufacturing capabilities at the upper end of the technological spectrum, to build complex equipment and systems in sectors such as defence, aerospace, thermal and nuclear power.

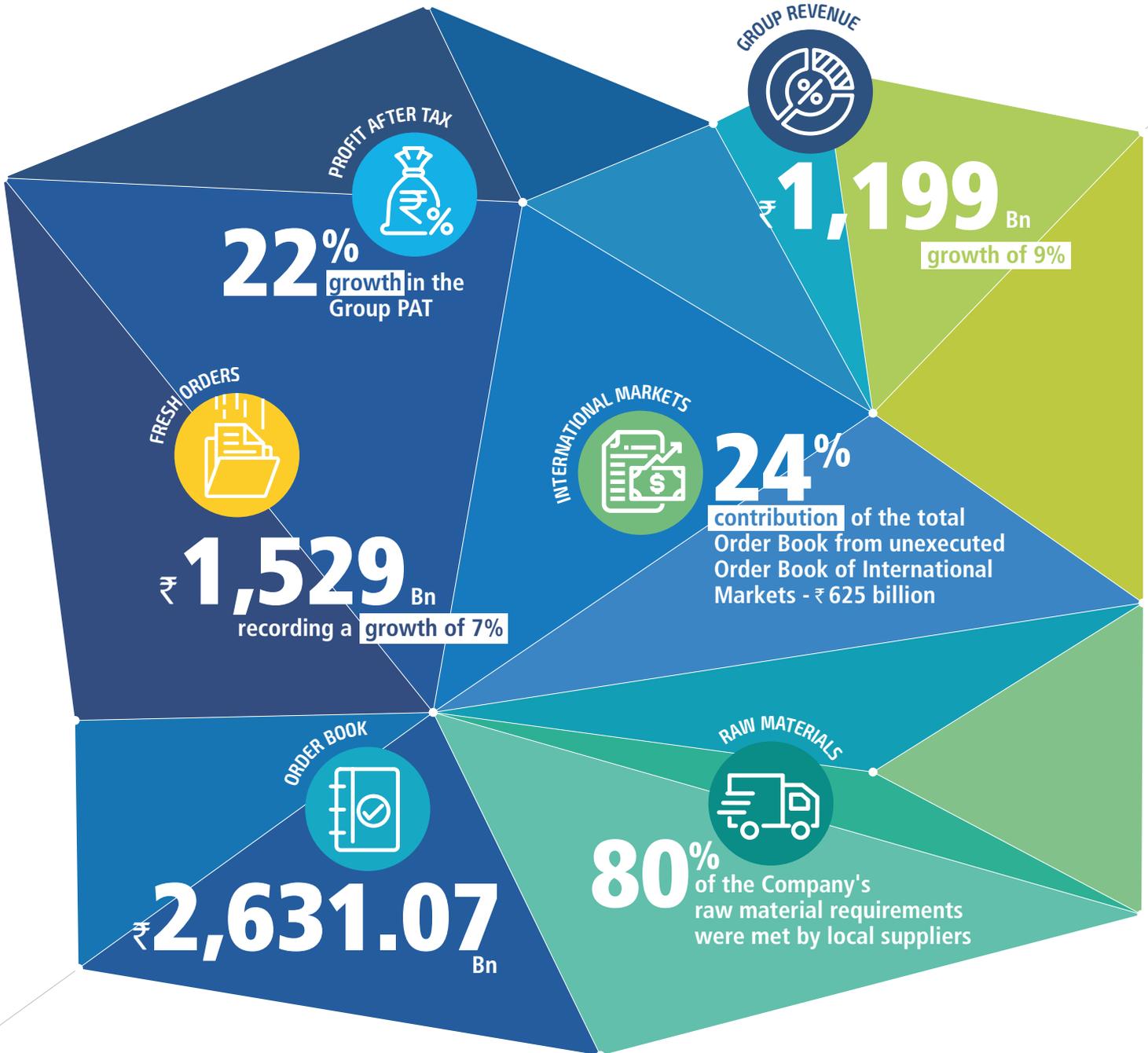
Digital technologies are fundamentally altering the way the world is functioning. The Company has embraced the change and 'Digitalisation' has been identified as a core theme in our Strategic Plan. A major programme to automate processes is underway in our construction business. The same will be progressively extended across the Company to improve efficiencies, revenue and profitability.

We continue to pursue international business opportunities in select countries with a view to diversifying geographical concentration risks. We have established our presence in Gulf Cooperation Council (GCC) countries, predominantly in the infrastructure and hydrocarbon sectors. We are evaluating selective prospects in North Africa, East Africa and some Asian countries like Myanmar, Malaysia and Vietnam. The unexecuted Order Book from international markets stood at ₹ 625.06 billion, which contributes to 24% of the total Order Book.



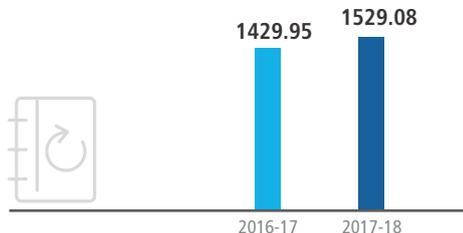
INPUT MATRICES	OUTPUT MATRICES
<ul style="list-style-type: none"> ORDER BOOK ₹2,631.07 Bn (for L&T Group) 	<ul style="list-style-type: none"> TURNOVER ₹1198.62 Bn
<ul style="list-style-type: none"> NET CURRENT ASSETS ₹269.65 Bn 	<ul style="list-style-type: none"> PAT ₹73.70 Bn
<ul style="list-style-type: none"> NET FIXED ASSETS ₹320.24 Bn 	<ul style="list-style-type: none"> DIVIDEND PAYOUT (incl. DDT) ₹26.00 Bn
<ul style="list-style-type: none"> GROSS DEBT-EQUITY RATIO 1.75:1 	<ul style="list-style-type: none"> RETURN ON EQUITY 13.9%

KEY HIGHLIGHTS FY 2017-18



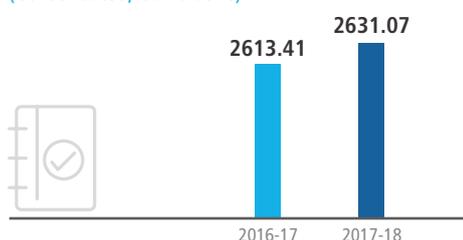
ORDER INFLOW

(Consolidated)



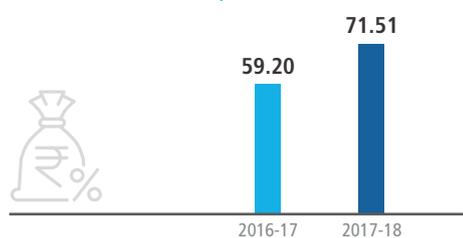
ORDER BOOK

(Consolidated, Cumulative)



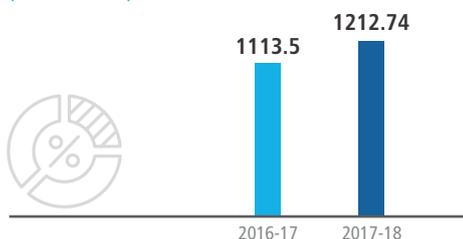
PAT

(Consolidated, Excl. exceptional items)



ECONOMIC VALUE GENERATED

(Consolidated)



Note: The shareholding pattern as of 31st March, 2018 is presented in the Annual Report 2017-18, Page 114

PARTICULARS	2016-17	2017-18
EPS (₹per share)	43.20	52.62
ROCE	9.7%	10.9%

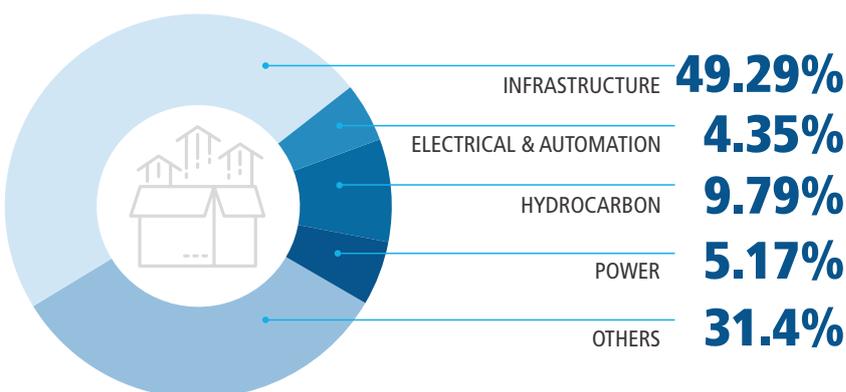
L&T's Market Capitalisation as on 31st March, 2018 was

₹1838.46 Bn

LIQUIDITY AND CAPITAL RESOURCES	2016-17	2017-18
Cash and cash equivalents at the beginning of the period	37.90	35.45
Add: Net cash provided/(used) by:		
- Operating activities	66.55	(100.31)
- Investing activities	(124.50)	(16.75)
- Divestment proceeds	26.54	55.90
- Financing activities	28.96	93.70
- Discontinued operations	--	--
Cash and cash equivalents at the end of the period	35.45	67.99

No significant financial assistance was obtained from the Government in the reporting year.

SALES COMPOSITION



ECONOMIC VALUE	PARTICULARS	2016-17	2017-18
Generated (A)	Total Income	1113.55	1212.74
Distributed (B)	Manufacturing, construction & operating expenses	780.40	833.05
	Employee wages and benefits	138.54	152.92
	Payments to providers of capital:		
	- Interest	13.39	15.39
	- Dividend	19.61	22.42
	Payment to exchequer	61.23	72.08
	Community investments (CSR spend)	1.34	1.44
Retained	=A-B	99.04	115.44

EMPLOYEE COST AND BENEFITS

PARTICULARS	2016-17	2017-18
Cost towards wages / salaries (a)	123.40	136.66
Other benefit costs (b)	15.14	16.26
Total personnel cost = a+b	138.54	152.92
Average payout / employee (₹ millions) *	1.10	1.18

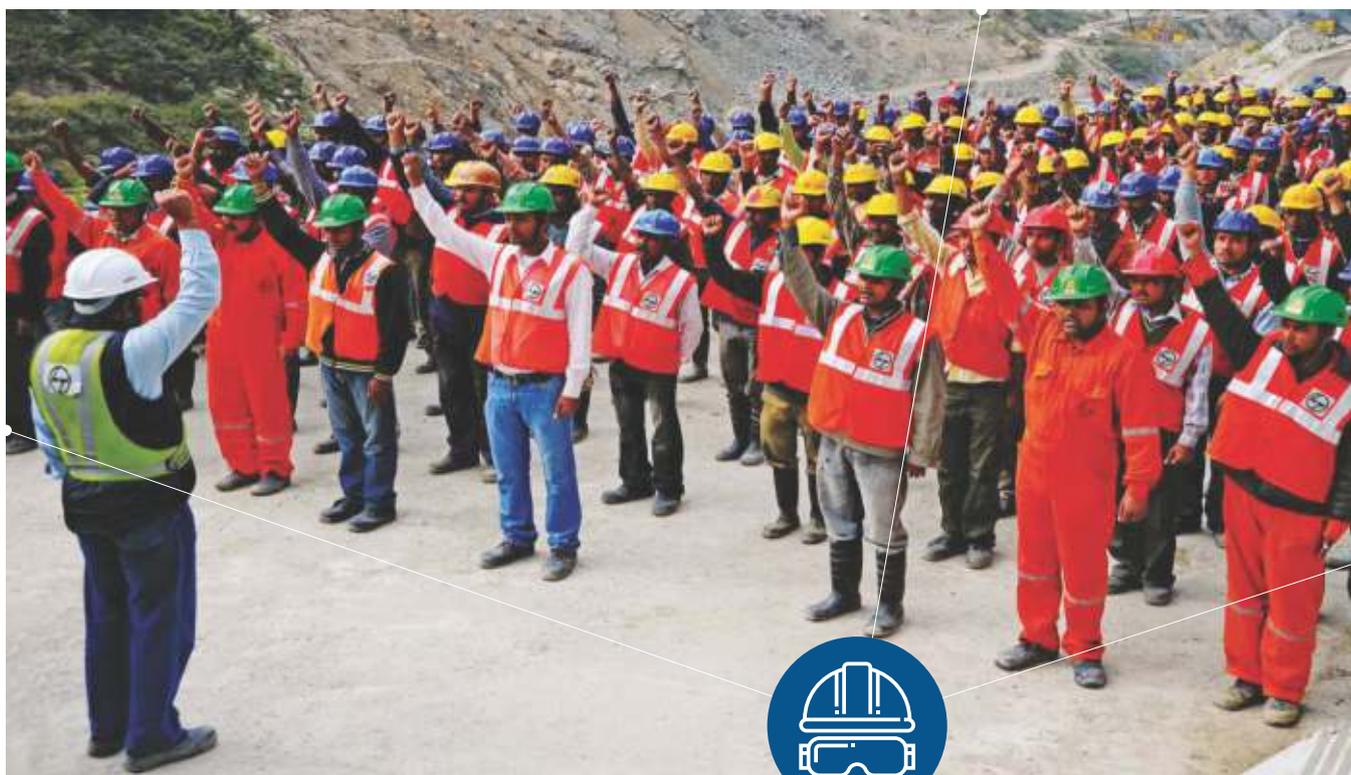
* Average head count at the group level considered

SUPPLY CHAIN

A large-supply chain network of contractors, vendors, distributors and service providers complement L&T's operations. Supply chain management is critical to increase functional efficiency and thereby helps reduce operational expenses and execution time. Each business at L&T has its own procurement and supply chain team.

L&T promotes indigenous companies by sourcing raw material locally, In 2017-18, more than 80% of the raw material requirement was met by local suppliers.

COMBINED CODE OF CONDUCT FOR SUPPLIERS



Commitment to environment protection, safer work and resource efficiency practices are extended by L&T to its supply chain. L&T's first step in this direction was formulation of 'Green Supply Chain Policy' and Environmental and Social Code of Conduct (CoC) for suppliers. This CoC was integrated with the business Code of Conduct in 2016 to have a single, combined CoC for suppliers to ensure their adherence. This CoC covers specific clauses on environmental management and compliance, human rights, labour practices, prohibition of child labour, freedom of association and collective bargaining, prohibition of forced or compulsory labour,

ethics, supply chain transparency and impact on society along with anti-bribery, anti-corruption and whistle blower aspects. For both new and existing suppliers, it is mandatory to follow this CoC. New suppliers are introduced to this CoC at the initial stage. Sustainability awareness and training programmes are conducted for suppliers and transporters as and when required. From 2017-18 the organisation started capturing the carbon footprint of key suppliers on sample basis and encourages its suppliers to measure their environmental and social performance. The objective of this programme is to ensure compliance, improve energy & water conservation and resource management by adopting sustainability practices in the supply chain.

Safety practices are extended in supply chain

L&T conducts health and safety assessments of key suppliers on a periodical basis with an objective to improve the safety practices at suppliers' premises and inculcate safety behaviour in their workforce. Training programmes are conducted to share the health and safety system of L&T. The objective is to improve overall safety performance of the supply chain partners. The drivers of the Company deployed bus facility are periodically trained in defensive driving techniques.

BALANCE SHEET AS AT MARCH 31, 2018

	As at 31-3-2018		As at 31-3-2017	
	₹ Billion	₹ Billion	₹ Billion	₹ Billion
ASSETS:				
Non-current assets				
Property, plant and equipment		106.42		112.33
Capital work-in-progress		21.43		19.45
Investment Property		43.46		36.13
Goodwill		15.62		13.99
Other intangible assets		20.31		4.32
Intangible assets under development		113.00		113.53
Financial Assets				
Investments in joint ventures and associates	24.88		27.73	
Other investments	33.59		26.80	
Loans	17.94		14.87	
Loans towards financing activities	618.17		471.34	
Other financial assets	6.14		8.58	
		700.72		549.32
Deferred tax assets (net)		21.32		17.36
Other non-current assets		45.88		36.98
Current assets				
Inventories		48.48		41.40
Financial assets				
Investments	94.64		143.00	
Trade receivables	346.54		286.89	
Cash and cash equivalents	68.34		35.27	
Other bank balances	11.98		17.79	
Loans	5.60		4.86	
Loans towards financing activities	264.48		249.27	
Other financial assets	41.95		32.86	
		833.53		769.95
Other current assets		465.25		390.57
Group(s) of assets classified as held for sale		15.12		16.49
TOTAL ASSETS		2450.53		2121.82

BALANCE SHEET AS AT MARCH 31, 2018 (CONTD.)

	As at 31-3-2018		As at 31-3-2017	
	₹ Billion	₹ Billion	₹ Billion	₹ Billion
EQUITY AND LIABILITIES:				
Equity				
Equity share capital	2.80		1.87	
Other equity	553.77		500.30	
Equity attributable to owners of the Company		556.57		502.17
Non-controlling interest		56.25		35.64
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	729.15		673.41	
Other financial liabilities	3.54		2.26	
		732.69		675.67
Provisions		5.24		5.27
Deferred tax Liabilities (net)		6.38		6.11
Other non-current liabilities		0.68		1.72
Current liabilities				
Financial liabilities				
Borrowings	193.32		165.34	
Current maturities of long term borrowings	152.77		100.79	
Trade payables	377.95		302.95	
Other financial liabilities	48.49		48.29	
		772.53		617.37
Other current liabilities		273.27		233.85
Provisions		24.84		26.68
Current tax liabilities (net)		7.47		2.40
Liabilities associated with the group(s) of assets classified as held for sale		14.62		14.96
TOTAL EQUITY AND LIABILITIES		2450.53		2121.82
CONTINGENT LIABILITIES				
COMMITMENTS (capital and others)				
NOTES FORMING PART OF THE FINANCIAL STATEMENTS				

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018
by the hand of

P. R. RAMESH
Partner
Membership No. 70928

N. HARIHARAN
Company Secretary
M. No. A3471

S. N. SUBRAHMANYAN
Chief Executive Officer & Managing Director
(DIN 02255382)

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director
(DIN 00019798)

M. DAMODARAN
(DIN 02106990)

M. M. CHITALE
(DIN 00101004)

SUBODH BHARGAVA
(DIN 00035672)

SUNITA SHARMA
(DIN 02949529)

VIKRAM SINGH MEHTA
(DIN 00041197)

SANJEEV AGA
(DIN 00022065)

Directors

Mumbai, May 28, 2018

Note: For details refer L&T's Annual Report 2017-18 at www.larsentoubro.com, page no. 352 to 359

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	2017-18		2016-17	
	₹ Billion	₹ Billion	₹ Billion	₹ Billion
INCOME:				
Revenue from operations		1198.62		1100.11
Other income		14.12		13.44
Total Income		<u>1212.74</u>		<u>1113.55</u>
EXPENSES:				
Manufacturing, construction and operating expenses				
Cost of raw materials components consumed	153.77		143.21	
Excise duty	1.79		6.99	
Construction materials consumed	240.57		207.17	
Purchase of stock-in-trade	13.58		16.11	
Stores, spares and tools consumed	23.85		20.90	
Sub-contracting charges	246.39		225.61	
Changes in inventories of finished goods, work-in-progress and stock-in-trade and property development	(12.30)		0.84	
Other manufacturing, construction and operating expenses	105.21		105.95	
Finance cost of financial services business and finance lease activity	60.20		53.62	
		833.05		780.40
Employee benefits expense		152.92		138.54
Sales, administration and other expenses		76.98		69.88
Finance costs		15.39		13.39
Depreciation, amortisation, impairment and obsolescence		19.29		23.70
		<u>1097.63</u>		<u>1025.91</u>
Less: Overheads capitalised		0.05		0.02
Total expenses		<u>1097.58</u>		<u>1025.89</u>
Profit before exceptional items and tax		115.16		87.66
Exceptional items		1.23		1.21
Profit before tax		<u>116.39</u>		<u>88.87</u>
Tax expenses				
Current tax	37.32		28.34	
Deferred tax	(5.33)		(8.28)	
		31.99		20.07
Profit after tax		<u>84.40</u>		<u>68.81</u>
Carried forward		84.40		68.81

Note: For details refer L&T's Annual Report 2017-18 at www.larsentoubro.com, page no. 352 to 359

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018 (CONTD.)

	2017-18		2016-17	
	₹ Billion	₹ Billion	₹ Billion	₹ Billion
Brought forward		84.40		68.81
Add: Share in profit/(loss) of joint ventures/associates (net)		(4.36)		(3.95)
Profit for the year		80.04		64.86
Add/(less): non controlling interest in (income)/losses		(6.35)		(4.44)
Net Profit after tax, non controlling interest and share in profit of joint Ventures/associates		73.70		60.41
Balance carried to Balance Sheet		73.70		60.41
Other Comprehensive Income				
A. Items that will not be reclassified to Profit or Loss:				
Remeasurements of the defined benefit plans [net of tax]	0.35		(0.31)	
Remeasurements of the defined benefit plans [net of tax]	(0.05)		0.06	
B. Items that will be reclassified to Profit or Loss:		0.29		(0.25)
Debt instruments through Other Comprehensive Income	(0.45)		(0.05)	
Income tax on debt instruments through other comprehensive income	(0.02)		(0.01)	
Foreign currency translation reserve	0.98	(0.48)	(1.33)	(0.06)
Income tax on foreign currency translation reserve	0.00		0.02	(1.31)
Effective portion of gains and losses on hedging instruments in a cash flow hedge	0.91	0.98	5.56	
Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge	(0.08)		(2.19)	
Cost of hedge reserve	0.01	0.83	0.04	3.37
Income tax on cost of hedging reserve	(0.01)		(0.01)	
Other Comprehensive Income for the year [net of tax]		0.01		0.03
Total Comprehensive Income for the year		81.68		66.63
Profit for the year attributable to:		73.70		60.41
Owners of the Company		6.35		4.44
Non controlling interests		80.04		64.86
Other comprehensive income for the year attributable to:		1.62		1.46
Owners of the Company		0.01		0.31
Non controlling interests		1.63		1.78
Total comprehensive income for the year attributable to:		75.32		61.88
Owners of the Company		6.36		4.76
Non controlling interests		81.68		66.63
Basic earnings per equity share (₹)		52.62		43.20
Diluted earnings per equity share (₹)		52.49		43.05
Face value per equity share (₹)		2.00		2.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No. 117366WW-100018
by the hand of

P. R. RAMESH
Partner
Membership No. 70928

N. HARIHARAN
Company Secretary
M. No. A3471

Mumbai, May 28, 2018

S. N. SUBRAHMANYAN
Chief Executive Officer & Managing Director
(DIN 02255382)

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director
(DIN 00019798)

M. DAMODARAN
(DIN 02106990)

M. M. CHITALE
(DIN 00101004)

SUBODH BHARGAVA
(DIN 00035672)

SUNITA SHARMA
(DIN 02949529)

VIKRAM SINGH MEHTA
(DIN 00041197)

SANJEEV AGA
(DIN 00022065)

Directors

Note: For details refer L&T's Annual Report 2017-18 at www.larsentoubro.com, page no. 352 to 359

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	2017-18	2016-17
	₹ Billion	₹ Billion
A. Cash flow from operating activities:		
Profit before tax (excluding exceptional items)	115.16	87.66
Adjustments for:		
Dividend received	(27.48)	(7.49)
Depreciation, amortisation, impairment and obsolescence (net)	19.29	23.70
Exchange difference on items grouped under financing/investing activities	(0.31)	(0.81)
Effect of exchange rate changes on cash and cash equivalents	(0.54)	0.35
Interest expense	15.39	13.39
Interest income	(6.66)	(4.23)
(Profit)/loss on sale of property, plant and equipment and investment property (net)	(6.86)	(0.18)
(Profit)/loss on sale/fair valuation of investments (net)	22.18	(0.34)
(Profit)/loss on sale of stake in subsidiary companies of Realty Segments	0.00	(0.96)
(Gain)/loss on derivatives at fair value through profit or loss	1.26	0.57
Employee stock option-discount forming part of employee benefits expense	1.11	0.88
Gain on settlement of debt	(0.06)	0.00
Operating profit before working capital changes	132.48	112.55
Adjustments for:		
(Increase)/decrease in trade and other receivables	(145.00)	(24.71)
(Increase)/decrease in inventories	(6.42)	15.10
Increase/(decrease) in trade payables and customer advances	117.26	53.07
Cash generated from operations before financing activities	98.32	156.01
(Increase)/decrease in loans and advances towards financing activities	(164.59)	(57.44)
Cash (used in)/generated from operations	(66.28)	98.57
Direct taxes refund/(paid) [net]	(34.03)	(32.02)
Net cash (used in)/from operating activities	(100.31)	66.55
B. Cash flow from investing activities:		
Purchase of fixed assets	(28.77)	(29.77)
Sale of fixed assets (including advance received)	8.62	1.56
Purchase of non-current investments	(11.70)	(10.55)
Sale of non-current investments	4.29	0.67
(Purchase)/sale of current investments (net)	25.52	(67.70)
Change in other bank balance and cash not available for immediate use	4.85	(3.22)
Investment in joint ventures	0.00	(20.10)
Deposits/loans given to associates, joint ventures and third parties	(6.22)	(4.10)
Deposits/loans repaid by associates, joint ventures and third parties	2.30	1.98
Interest received	5.35	4.09
Dividend received from associates	0.01	0.01
Dividend received from other investments	27.48	7.49
Consideration received on transfer of foundry business unit	0.00	0.84
Settlement of derivative contracts related to current investments	(1.26)	(0.57)
Consideration received on disposal of subsidiaries (including advance received)	10.48	21.69
Consideration received on disposal of joint venture	0.00	0.00
Consideration paid on acquisition of subsidiaries	(2.14)	(0.07)
Cash & cash equivalents acquired pursuant to acquisition of subsidiaries	0.50	0.00
Cash & cash equivalents discharged pursuant to disposal of subsidiaries	(0.16)	(0.20)
Net cash (used in)/from investing activities [non-cash transaction: Note (51(c)#), (51(c)##)]	39.15	(97.96)

Note: For details refer L&T's Annual Report 2017-18 at www.larsentoubro.com, page no. 352 to 359

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018 (CONTD.)

	2017-18	2016-17
	₹ Billion	₹ Billion
C. Cash flow from financing activities:		
Proceeds from issue of share capital (including share application money)	0.50	0.53
Proceeds from non-current borrowings [Note 62]	469.03	305.23
Repayment of non-current borrowings [Note 62]	(369.64)	(272.86)
Proceeds from other borrowings (net) [Note 62]	26.80	16.44
Payment (to)/from non-controlling interest (net) - including sale proceeds on divestment of part stake in subsidiary companies	14.13	20.59
Settlement of derivative contracts related to borrowings	1.49	1.71
Dividends paid	(19.61)	(17.02)
Additional tax on dividend	(4.29)	(3.92)
Change in other bank balance and cash not available for immediate use	-	0.00
Interest paid (including cash flows on account of interest rate swaps)	(24.71)	(21.74)
Net cash (used in)/from financing activities	93.70	28.96
Net (decrease)/increase in cash and cash equivalents (A + B + C)	32.54	(2.45)
Cash and cash equivalents at beginning of the year (includes transferred under scheme of merger)	35.45	37.89
Cash and cash equivalents at end of the year	67.99	35.45

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018
by the hand of

P. R. RAMESH
Partner
Membership No. 70928

N. HARIHARAN
Company Secretary
M. No. A3471

S. N. SUBRAHMANYAN
Chief Executive Officer & Managing Director
(DIN 02255382)

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director
(DIN 00019798)

M. DAMODARAN
(DIN 02106990)

M. M. CHITALE
(DIN 00101004)

SUBODH BHARGAVA
(DIN 00035672)

SUNITA SHARMA
(DIN 02949529)

VIKRAM SINGH MEHTA
(DIN 00041197)

SANJEEV AGA
(DIN 00022065)

Directors

Mumbai, May 28, 2018

Note: For details refer L&T's Annual Report 2017-18 at www.larsentoubro.com, page no. 352 to 359



MANUFACTURED CAPITAL

L&T manufactures complex equipment and systems across sectors like infrastructure, heavy engineering, aerospace and power. Our scale of operations allows us to make an impact on the nation's economic growth. Hence, our operational efficiency also aid in conserving the environment and natural resources.

L&T's capabilities are reinforced by its business structure allowing flexibility, responsiveness and innovation. Its allows high-quality products and services to be delivered at competitive prices, maximising stakeholder returns.

INPUT MATRICES	OUTPUT MATRICES								
<ul style="list-style-type: none"> PROJECT SITES (NOS.) 894 	<ul style="list-style-type: none"> LINEAR INFRASTRUCTURE CREATED (KM) <table border="1"> <tr> <td>ROADS (Lane KM)</td> <td>RAILWAYS (Track KM)</td> <td>TRANSMISSION LINES</td> <td>WATER PIPELINES</td> </tr> <tr> <td>2,975</td> <td>222</td> <td>3,101</td> <td>15,346</td> </tr> </table> 	ROADS (Lane KM)	RAILWAYS (Track KM)	TRANSMISSION LINES	WATER PIPELINES	2,975	222	3,101	15,346
ROADS (Lane KM)	RAILWAYS (Track KM)	TRANSMISSION LINES	WATER PIPELINES						
2,975	222	3,101	15,346						
<ul style="list-style-type: none"> OFFICE & MANUFACTURING LOCATIONS (NOS.) 62 	<ul style="list-style-type: none"> BUILDINGS INFRA CREATED (MN.SFT) 424 								
<ul style="list-style-type: none"> SAFE MAN HOURS 1,311 Mn 	<ul style="list-style-type: none"> WATER TREATMENT SOLUTIONS (MN.LTR/DAY) 956 								
<ul style="list-style-type: none"> MATERIALS CONSUMED ₹431,750 Mn 	<ul style="list-style-type: none"> HE, SHIPBUILDING AND PT&D FACTORY OUTPUT 235,396 MT 								
	<ul style="list-style-type: none"> ELECTRICAL AND AUTOMATION PRODUCTS 34,320,301 (Nos.) 								





**OFFSHORE
PATROL VESSELS**



**LOW VOLTAGE
SWITCHGEAR**



**HYDROCARBON
REACTORS**



**TRANSMISSION
TOWERS**



**WATER
TREATMENT PLANTS**



**SUPER CRITICAL & ULTRA SUPER CRITICAL
BOILERS & TURBINES**

HEAVY ENGINEERING MANUFACTURING & FABRICATION FACILITIES



HE, Hazira



'Load-on' and 'RO-RO' jetties, Hazira



World's largest coal gasifier manufactured by L&T

HAZIRA MANUFACTURING COMPLEX, SURAT

This globally-benchmarked, state-of-the-art, fully-integrated manufacturing facility has mega construction capabilities and captive 'Load-on' and 'RO-RO' jetties. The facility delivered complex equipment for global customers, and executed prestigious projects like the world's largest ethylene oxide reactor, the biggest coke drum, the largest coal gasifier, etc. It provided PHWR steam generators, end shields and fast breeder reactor vessels for Indian nuclear power plants. Hazira complex has one of the world's largest forging facilities, large-scale material handling capabilities, a roll-on-roll-off slipway, and a shipbuilding facility for high-tech vessels.

POWAI, MUMBAI

It was the first manufacturing plant of L&T Heavy Engineering, manufacturing heat transfer equipment and aerospace motor segments that set industry benchmarks.

VADODARA

This specialised facility manufactures equipment and internal assemblies for process plant industries using exotic material like Titanium, stainless and high alloy steels, and composites.

OTHER FACILITIES

L&T has a state-of-the-art shipyard at Kattupalli near Chennai in Tamil Nadu. Its shiplift, designed and manufactured in-house, ensures quick turnaround of vessels. The systems at the yard conform to standards like ISO 9001 QMS, EMS 14001 and OHSAS 18001.

L&T KNOWLEDGE CITY, VADODARA

This is the hub of several key businesses of the L&T Group. The power business operates out of the facility, along with L&T Hydrocarbon Engineering, L&T Technology Services and the engineering joint venture, L&T Sargent & Lundy.

The campus offers single point design engineering and development solutions for core sector industries. The knowledge City campus has turned 'water positive', and is widely recognised for its sustainability and community-centric efforts. It recycles up to 25,000 litres of water per day with zero wastewater discharge, showcasing the Group's commitment to sustainability.

ELECTRICAL & AUTOMATION (E&A)

The in-house design and development capabilities of the L&T's E&A business are rated among the industry's best. It has manufacturing facilities in Navi Mumbai, Ahmednagar, Vadodara, Coimbatore and Mysore. It has factories overseas in Saudi Arabia, Jebel Ali (Dubai), Kuwait, Malaysia, Indonesia and

the UK. High-precision in-house tool manufacturing facilities ensure high-quality production, while switchgear training centres impart good electrical practices to industry professionals. Its facilities at Powai, Ahmednagar, Mysore, Coimbatore and Vadodara are approved by the Department of Scientific & Industrial Research, Ministry of Science & Technology.

L&T HYDROCARBON ENGINEERING (LTHE) - MODULAR FABRICATION FACILITIES (MFF)

L&T's world-class MFFs are strategically located at Hazira on the West coast, Kattupalli in the East and Sohar in Oman. Its total annual fabrication capacity exceeds 150,000 tonnes. The yards offer year-round delivery capability with robust QHSE performance. The facilities are accredited with global certifications, and pre-qualifications from all major oil and gas customers and have state-of-the-art equipment to deliver complex modules and structures, duly tested/pre-commissioned right at the facilities.

L&T VALVES

The state-of-the-art manufacturing facilities of L&T Valves is located at Coimbatore and Kancheepuram in Tamil Nadu. Its quality management system complies with ISO 9001 and API Spec Q1. The environment management system and occupational health and safety management system meet the requirements of ISO 14001 and OHSAS 18001 standards, respectively.

L&T DEFENCE

Larsen & Toubro, India's largest private sector defence company, has been a partner to the Indian Armed Forces for more than three decades. L&T provides indigenous, end-to-end solutions across the defence spectrum – from surveillance to strike.

In 2017, in pursuit of a stronger engagement, L&T carved out its defence business into L&T Defence – to bring in enhanced emphasis on its commitment to nation-building.



Ship Building facility, Kattupalli



L&T Valves, Coimbatore



E&A, Vadodara

INITIATIVE

Pile base post-grouting delights customer



The Heavy Civil Infrastructure team undertook the Railway Rupsha bridge construction at Khulna Mongla port project in Bangladesh. The soil was alluvial (value of 20 to 40), and it was proposed to undertake a bored cast in-situ pile of 1500mm dia of 52 mtrer depth (the designed vertical load capacity of the pile was 575 tons). The bored cast in-situ pile was constructed by a suitable hydraulic rotary rig as per standard codes. To get a good-quality pile and achieve theoretical capacity, care was taken to use a Bentonite solution, clean bore holes after completion of boring, air flushing, etc.

Challenges

The initial load test on the pile, as per the tender design, showed that there was very little end bearing available. The skin friction too fell short of expectations, based on tender soil investigation reports. Even with an increase of 12 m of pile shaft, the required load capacity was not achieved to terminate the pile in stiffer strata.

An engineered solution

After review of the load test, a base grout pile was proposed in the same pile diameter and length. A pile with base grout by the Tube Manchette (TAM) method was implemented while casting and grouting the pile. Considering the static vertical initial load test (1400-Tonne) result, the base grout pile was accepted for the entire bridge foundation of 136 piles.

Based on the test results of the bearing capacity, side frictional resistance, and base resistance of piles before and after grouting, it was found that post-grouting greatly improved the bearing capacity, quality and load transfer characteristics of the piles.



The results are replicable and can be applied while designing future bridge pile foundations.

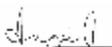


Sustainability Policy

At Larsen & Toubro, we are committed to fulfilling our economic, environmental and social responsibilities while conducting business. We will conserve natural resources and enhance social equity to achieve sustainable growth while serving all our stakeholders

Towards this we shall,

- Incorporate environmental and social considerations in our business operations
- Reduce adverse impact of climate change, augment energy efficiency and promote renewable energy usage
- Foster a culture of trust and caring to enhance safety and well-being of employees
- Continue to ensure good governance, ethics and transparency in our engagements with stakeholders, and advocate responsible business practices
- Partner with communities towards social interventions in the identified thrust areas
- Adopt sustainable and resource efficient processes and provide value added products and services



A M NAIK
Group Executive Chairman

20th November, 2014



LARSEN & TOUBRO

Corporate Environment, Health & Safety (EHS) Policy

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

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



A M NAIK
Group Executive Chairman

11th June, 2013



LARSEN & TOUBRO



INTELLECTUAL CAPITAL

L&T executes projects and develops products of national significance across India and other select geographies. We recognise the responsibility that comes with our large-scale operations. It propels us to undertake measures that reduce their impact on our stakeholders' health and safety, while maximising returns.

We have a comprehensive EHS management system at our manufacturing facilities and project sites to identify, manage and minimise risks. We encourage employees to be safe, efficient and reliable with minimal EHS impact, at project sites and during commute. We extend our environmental and social practices to the supply chain and are committed to implementing our Combined Code of Conduct (CoC), which is a part of the supplier agreements.



INPUT MATRICES	OUTPUT MATRICES
<ul style="list-style-type: none"> R&D SPEND ₹1,947 Mn 	<ul style="list-style-type: none"> PATENTS GRANTED (NOS.) 22
<ul style="list-style-type: none"> PATENTS FILED (NOS.) 81 	<ul style="list-style-type: none"> VALUE ENGINEERING PROJECTS (NOS.) 491
<ul style="list-style-type: none"> RESEARCH AND DESIGN ENGINEERS (NOS.) 1,862 	<ul style="list-style-type: none"> REVENUE FROM NEW/EMERGING BUSINESSES ₹2,699 Mn
<ul style="list-style-type: none"> ACTIVE CONSORTIUMS (NOS.) 66 	<ul style="list-style-type: none"> COVERAGE OF LEADERSHIP DEVELOPMENT PROGRAMMES 243 NOS.

OUR APPROACH TO PRODUCT STEWARDSHIP

We comply with ISO 14001 and OHSAS 18001 management systems, and use internal and cross-functional audit processes to assess, prevent or mitigate potential EHS risks to our workforce at our facilities and project sites.

We periodically screen our suppliers and their working conditions to improve their environmental and social performance.

We inform and encourage our customers to promote safe and responsible use of our products.

We are extending our 'Green Products and Services' portfolio, which helps customers reduce consumption of natural resources and move towards a low-carbon path.

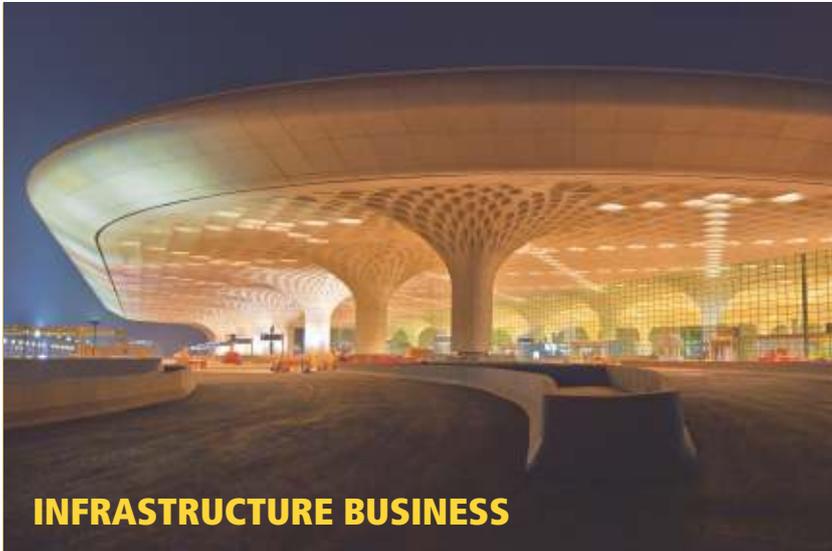
L&T's E&A business filed

76 PATENTS | **01** TRADEMARK | **32** DESIGNS APPLICATIONS

Focused R&D activities have enabled the Electrical Standard Products business unit to have a healthy New Product Intensity (NPI) index of approximately 25 % - an index which measures the sales of new products introduced in the market during the last five years with reference to the total sales in the financial year.



PROJECT AND PRODUCT HIGHLIGHTS



INFRASTRUCTURE BUSINESS

- Metro facility at Hyderabad
- Convention centre in West Bengal
- Medical college for Odisha Government
- The Medigadda Barrage Project in Telangana set a record with the highest concrete pour of 7,139 cubic meters in a single day, perhaps the highest for its segment in the history of Indian construction.
- The 400 kV Raipur–Jagdalpur project, the longest twin line (transmission line) in a single package with a length of 328 km, in power transmission and distribution.
- Gadag Water Supply Scheme, Karnataka
- Bisalpur Jaipur Water Supply Project, Rajasthan
- Water Supply to Adilabad and Khammam Districts, Telangana
- Rampur Sewerage Scheme, Uttar Pradesh
- Sewerage Network and WW Treatment at Gayespur, West Bengal
- Dahej Water Supply Intake 50 MGD, Gujarat
- Common Effluent Treatment Plant (CEPT) at Narol, Gujarat
- D2A - Unaccounted for water project at Bengaluru
- India's first Integrated smart city project, Nagpur, Maharashtra a 6 km's 'smart' strip consisting of smart transport, solid waste management, smart traffic, smart lighting, smart parking and environmental monitoring systems.
- Commissioned wi-fi tower around 300 colleges in a university in Bihar on behalf of BELTRON
- Commissioned the first phase of the Cyclone Early Warning Dissemination System (EWDS) – the first of its kind in India – in Odisha
- L&T successfully created 3,800 wi-fi hot spots and 12,400 access points across ten states in Phase I and II, covering both urban and rural areas
- India's largest city surveillance project 'go-live' in Mumbai comprising over 5,000 cameras at over 1,500 junctions in the city



EXPERTISE AREA

- Elevated viaduct construction using segmental, U-trough, I-girder methods and balanced cantilever construction
- Underground tunnel construction using NATM (New Austrian Tunneling Method), cut and-cover and TBM (Tunnel Boring Machine) methods
- Underground station construction using top-down and bottoms-up approach
- Elevated metro station with expertise in spine beam concept (lean)
- The Company is proud to have built 14000 m breakwaters and handled armour rock of size 20T, Accropod – Max size 6.3 cum, the deepest breakwater (~18m) which is a state-of-the-art construction project which adopted the innovative concept of partial replacement of rock core with dredged sand.



POWER

- Successfully commissioned two gas-based combined cycle power plants in Bangladesh, and added capacity of over 600 MW to the grid



HEAVY ENGINEERING

- Heaviest hydro processing reactor by L&T – 1,840 MT, coke drums for Marathon USA
- Two trains of FCC Packages (8,650 MT) for Petronas RAPID Project, Malaysia
- Steam generators and end shields for Gorakhpur Haryana Anu Vidyut Pariyojana (GHAVP), Haryana



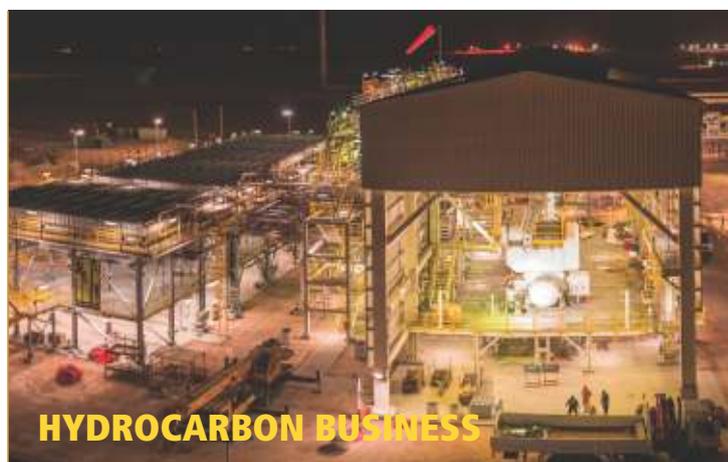
L&T DEFENCE

- India's first indigenous Floating Dock, FDN-2 (185 m x 40 m) built for the Indian Navy
- 8 High Speed Interceptor Boats and 2 Offshore Patrol Vessels designed, built and delivered to the Indian Coast Guard



ELECTRICAL & AUTOMATION

- Guided servicing of 'Omega' air circuit breaker using augmented reality
- New products in the power distribution, motor control and power quality market segments
 - Higher rating air-circuit breaker and vacuum contactors
 - 4 – Pole MCCBs, electronic trip units – SR 18G with enhanced features
 - S-Line copper busways and S-Line aluminum busways or lower (250A) ratings
 - Ti-APFC panels as per IEC 61439, APFC relays



HYDROCARBON BUSINESS

- Offshore: Successfully completed the Bassein Development and S1 Vashistha deepwater projects for ONGC
- Successfully achieved mechanical completion of a coke drum system package for Aishwarya project at Haldia Refinery for Indian Oil Corporation Limited, and a New Gathering Centre, GC-30 in North Kuwait for Kuwait Oil Company
- Modular fabrication: Successful on-time delivery of the offshore Production Deck Modules (PDMs) Project for Saudi Aramco

CASE STUDY

CONSTRUCTION MANAGEMENT; INTELLECTUAL CAPITAL SAVES THE DAY



During the Water and effluent treatment plant construction project, 198 cu.m pour of concrete for raft of Sequencing Batched Reactor (SBR) was to be performed manually due to the unavailability of RMC with concrete pump in the vicinity. Manual concreting of the raft would require six days if 40 workmen were deployed every day. Deployment of extra workmen was not possible due to space constraints. After brain storming with engineers and sub-contractors, following three step process was deployed.



The existing circular MS shutters were used to construct a 15-meter-long chute for placing concrete (Fig.1). The chute was supported at three-meter intervals by a scaffold. A working platform of 2 mtr x 2 mtr (Fig.3) was constructed at the top of the chute. Two buckets of 0.5 cum capacity were used to transport concrete from RM800 to the chute.



Feeding of concrete in bucket by RM800.



The bucket was brought to the chute with the help of a new-generation hydra. At this point, the bucket gate was operated by the workmen to pour concrete through the chute to the raft. Admixtures was added to maintain the desired workability.

Benefits

- Time Saved: three days (Manual pour: six days; improvised method with bucket: three days)
- Manpower Saved: 120 mandays (Manual pour: 240 mandays, improvised method: 120 mandays)
- Reduced construction joints to two instead of five in the manual method

Corporate Social Responsibility Policy

L&T fosters a culture of caring, trust and continuous learning while meeting the expectations of all stakeholders and society at large. As a responsible Corporate Citizen, the Company contributes towards inclusive growth by empowering communities and accelerating development.

We shall leverage our inherent strengths and capabilities to build India's social infrastructure.

Towards this, we shall:

- Implement sustainable CSR Programmes towards 'Building India's Social Infrastructure'
- Partner with Communities, NGOs and Institutions to create positive impact in areas of water & sanitation, education, health and skill development
- Harness innovation and technology driven solutions to address social needs
- Strengthen systems and processes to achieve measurable results

Our aim and effort is to contribute to a better quality of life, mitigate social inequities, and help individuals in identified communities to achieve their true potential.



A M NAIK
Group Executive Chairman

20th November, 2014



LARSEN & TOUBRO

Corporate Human Resource Policy

We believe that people are our most valuable resource, and play a pivotal role in helping us realize our Vision. We are committed to:

- Acquiring, developing and retaining a pool of high-calibre talent
- Enabling and empowering our employees to be creative and innovative
- Establishing systems and practices for maintaining transparency, fairness and equity
- Creating a culture of continuous learning, competitiveness and excellence through change management
- Respecting ethics, values and good governance

We will protect our environment and uphold in letter and spirit the United Nations Universal Declaration of Human Rights and the fundamental Human Rights Conventions of International Labour Organisation.



A M NAIK
Group Executive Chairman

11th June, 2013



LARSEN & TOUBRO



HUMAN CAPITAL

People are central to L&T's activities, achievements and the value it delivers to its stakeholders. The zeal, dedication and expertise of its people powers L&T's growth and prospects.

We recognise their significance, and motivate them with training, performance rewards, and mould them into leadership roles. A robust framework of people management, created as per the Company's Corporate Human Resource Policy, provides them with opportunities for growth.

L&T embraces meritocracy and appreciates diversity in race, nationality, caste, age, physical ability and religion. There have been no cases of discrimination in the reporting year. L&T believes in equal career opportunities for all, and the male to female remuneration ratio is at 1:1. The senior management team is entirely comprised of Indian nationals.

The Company employs various platforms for interaction with employees like Town Hall

sessions, webcasts, video conferencing and e-mails. Information about the Company like management changes, the Company's progress and achievements is disseminated to the employees via e-mailers called 'Newsman'. The Company organises events to promote engagement and team bonding, recognises innovation and presents technical and long-service awards.

These events are crucial to motivate employees and recognise their performance. All the permanent employees go through a structured annual performance review and career development review. We strive to keep the process transparent and engaging, culminating in an annual appraisal. Insights gained from this review form the foundation of our annual training calendar.



INPUT MATRICES	OUTPUT MATRICES
<ul style="list-style-type: none"> PERMANENT EMPLOYEES (NOS.) # 49,163 	<ul style="list-style-type: none"> EMPLOYEE PRODUCTIVITY ## ₹9.37 Mn/ Employee
<ul style="list-style-type: none"> ENGINEERS (NOS.) 35,524 	<ul style="list-style-type: none"> EMPLOYEES TRAINED >3.5 Mn Man hours
<ul style="list-style-type: none"> CONTRACT LABOUR (NOS.) 308,839 	<ul style="list-style-type: none"> MEDIAN AGE OF STAFF 32 Years
<ul style="list-style-type: none"> TOTAL STAFF COST ₹152,924 Mn 	<ul style="list-style-type: none"> % OF STAFF WITH TENURE > 10 YEARS 25%

- As per the Integrated Report Scope and boundary, page No. 9 and 10
- Average head count at the group level considered



GENDER WISE SEGREGATION Nos.

Male	46,424
Female	2,739

CADRE WISE DISTRIBUTION %

GET	4.39
Cov	38.22
Sup	24.19
Executive	26.25
Unionised	6.96

AGE WISE SEGREGATION Nos.

AGE	NOS.	%
<30	17,718	36.04
30-50	27,470	55.88
>50	3,975	8.09

ATTRITION Nos.

Male	4,991
Female	409
Below 30	2,377
30-50	2,432
Above 50	591

NEW WORKFORCE Nos.

Male	6,552
Female	463
Below 30	4,200
30-50	2,451
Above 50	364

HUMAN RIGHTS & LABOUR PRACTICES

Individual dignity, respect for human rights and professional conduct are crucial for the success of the Company.

L&T is committed to operate in a manner consistent with the United Nations (UN) Universal Declaration of Human Rights, the 10 UN Global Compact (UNGC) principles and the applicable International Labour Organisation (ILO) Core Conventions on Labour Standards.

We conduct our business in an ethical manner where our workforce is appreciated and valued.

L&T's Code of Conduct (CoC) defines our human rights commitments and practices, along with our policies and systems for effective implementation. Human rights cover issues like prohibition of child labour, prohibition of forced and compulsory labour, non-discrimination, freedom of association and collective bargaining. The CoC is available to all employees through the Company's Intranet and Any Time Learning (ATL) portal. Our HR policies and practices for labour management are at par with the best in the industry. We follow all applicable local laws and regulatory requirements, which include among others, the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, building and other construction worker's Central Rules 1998, Industrial Disputes Act 1947 and amendments thereof.

L&T adheres to the statutory and regulatory requirements related to payment of wages and benefits. The Company ensures that there is no violation of the rights of workmen and provides statutory benefits like Provident Fund and medical facilities. We also comply with the Minimum Wages Act. All union employees retain the right to exercise the option of collective bargaining. Our employees are trained regularly on aspects of human rights.

All our security personnel are regularly appraised, and there were no grievances related to security personnel's breach of human rights at our operations. There have been no significant fines or non-monetary sanctions for non-compliance pertaining to human rights or labour practices during the reporting period. There were no cases of child labour, forced or compulsory labour or discrimination, and no violations involving the rights of indigenous people, during the reporting period. At L&T, our investments and contract documents with sub-contractors include human rights clauses covering the right to exercise the option of collective bargaining, prohibition of child labour, forced or compulsory labour or discrimination. It is mandatory for all new vendors to sign a combined CoC as a pre-registration requirement.

The combined CoC covers financial, environmental and social aspects including human rights, wages and good labour practices. We lay emphasis on strict adherence of these clauses within our premises and project sites. All our facilities have a grievance handling mechanism in place to address concerns related to labour practices and human rights. Apart from this, we also conduct assessment of significant suppliers and contractors for compliance to the combined CoC.

Every business of L&T conducts workmen training programmes, as per the respective discipline. Our Heavy Civil Infrastructure business has workmen training centres at 15 of its project sites. They regularly train workmen in formwork, bar bending and masonry. We also have a Power Training Institute, Engineering Design & Research Centres, Switchgear Training Centres in Pune, Lucknow, Vadodara, Delhi, Kolkata and Coonoor, Kacheepuram and a Safety Innovation School at Hazira, near Surat.



CSTI, Chennai



Safety Innovation School, Hazira

DIVERSITY

We believe in gender equality and aim to increase the number of women in our workforce. The Company employs 104 persons with disabilities, and the value chain also employs 45 differently-abled individuals. Our Board members comprise of Indian nationals & one American citizen, above the age of 50, with Two female members.

We initiated a programme called 'Renew', a platform that enables women professionals to re-enter the corporate world after a career break. Any woman on a career break is eligible, and those applying will be evaluated as per the current employment criterion. L&T has a redressal system to handle complaints from female employees and it is covered under Protection of Women's Rights at Workplace Policy. We have constituted apex and regional complaints committees to address cases of sexual harassment at the workplace, if any. All female employees are entitled to maternity leave.

All female employees are entitled to maternity leave. During the year, 116 female employees went on maternity leave. 88% returned to work after the leave ended

88%
return-to-work
after maternity



CASE STUDY

BUSINESS EXCELLENCE THROUGH LEARNING AND DEVELOPMENT



BML Munjal Award
Ceremony

L&T won the prestigious BML Munjal Award 2017, for 'Business Excellence through Learning & Development' in the Manufacturing (Private Sector) category. Mr. D.K. Sen (Whole Time Director and Sr. Exec. Vice President, Infrastructure) and Mr. Yogi Sriram (Sr. Vice President, Corporate Human Resources) received the award on behalf of L&T, from Mr. Prakash Javadekar, Union Minister of the Ministry of Human Resource Development (MHRD), Government of India.

A citation read out during the gala awards ceremony captured the essence of the Company's efforts in this arena.

L&T has invested in people across the value chain. They have made committed efforts in leadership and talent development. Various innovative methods of learning and development ranging from business simulations, to action learning and mentoring have been adopted across all echelons of the organisation. These have helped L&T build competencies for sunrise sectors and international markets, improve capacity utilisation and develop a culture of winning.

Awards recognise organisations that have successfully created and implemented impactful and innovative strategies in learning and development to achieve business excellence. The awards also recognise organisations that have used their learning initiatives to provide a competitive advantage and enable growth.

EMPLOYEE DEVELOPMENT TRAINING AND CAPACITY BUILDING

Training and skill development are the pillars which uphold L&T’s capacity-building agenda. L&T imparts training in new skills in emerging fields to its employees. We offer several training modules for employee development and skill building to meet various facets of the organisation’s growth and performance.

L&T is the first Indian corporate to be accredited as a ‘course provider’ by National Examination Board in Occupational Safety & Health (NEBOSH), United Kingdom (UK) for delivering the International General Certificate and by Institution of Occupational Safety & Health (IOSH), UK for delivering their course - Managing Safety.



Our training programmes can be categorised as follows:

Orientation Programmes

These entry-level programmes ensure a smooth transition of workforce from the academic institutions, into the corporate world. They introduce fresh recruits to L&T’s culture and values, information about the organisation, its businesses and interaction with senior management. This programme also covers human rights related aspects.

Core Development Programmes

These programmes develop and groom talent in general management and equip trainees to address higher-level responsibilities.

Centre of Excellence Programmes

The structured programmes provide end-to-end consulting on various business initiatives of operational excellence. These programmes assist L&T’s businesses in improving performance and effectiveness, by organising training and certification courses.

Training Programmes

These programmes, conducted by external agencies, meet specific training needs on technical subjects.

Performance Oriented Development Plan

After identifying the developmental and training needs of an individual, support for performance improvement is provided through on-the-job-training, self-study material, participation in external and internal competitions, special projects, voluntary assignments, external programmes and seminars.

Theme-based Programmes

These are need-based programmes conducted to spread awareness and knowledge about a system, model or a process. These programmes also cover training modules for employees who are due to retire.

Certification Courses on Safety

L&T regularly conducts NEBOSH and IOSH courses for its employees. The objective is to sustain a strong culture of managing safety across L&T businesses.

EMPLOYEE TRAINING Training Hrs/Employee

	2016-17	2017-18
Covenanted	14.59	15.47
Executive	18.42	20.20
Supervisors	15.86	14.49
Unionised	11	11
PGT/GET/DET/SST	480	480



Any Time Learning (ATL) is L&T’s eLearning system. It is internet-based system that can be accessed anywhere, anytime. ATL enables convenient learning through interactive training modules with quizzes, simulations and assessments. The system is rich with several learning resources and covers modules on various topics by subject experts. It offers convenient, interactive and engaging learning opportunities.

EMPLOYEE BENEFITS

Our full-time employees are provided with insurance, healthcare, maternity leave, post-retirement medical benefits, gratuity, pension, leave encashment and provident fund. Apart from meeting all the statutory requirements, L&T also provides additional benefits such as crèche allowance, scholarships and rewards to employees' children, education for children of deceased or permanently incapacitated employees, annual health check-ups, holiday homes and medical insurance.

In an endeavour to help rehabilitate differently-abled children of L&T-ites, the Company reimburses their medical treatment and therapy expenses. It also provides for special educator needs and surgical interventions. For Unionised employees Minimum notice period for operational changes is mandated as 21 days as per the Industrial Disputes Act.

Build India Scholarship – It offers an excellent opportunity for engineering students to pursue M. Tech (Master of Technology) course in the construction domain. It is an industry-academia collaboration for business excellence.

EMPLOYEE ENGAGEMENT

- Core Development Programmes – Supervisory Development Programme, Executive Development Programme, Management Development Programme (for individuals, teams and operational excellence)
- Strategic Finance Leadership Programme – conducted in association with Wharton School to develop F&A heads as co-pilots for businesses.
- 9th Annual Book Festival – it covers book sales, author speaking sessions, contests and workshops.
- iCALL – a telephonic professional counselling initiative in association with Tata Institute of Social Sciences, Mumbai, as a part of the employee wellness programme.



LEADERSHIP DEVELOPMENT ACADEMY

L&T's Leadership Development Academy (LDA) at Lonavala is recognised as a unique corporate university in India, collaborating with the world's most reputed institutions to provide global exposure. The LDA has been recognised by Symbiosis International University as a 'Research Centre' which enables L&T-ites to pursue their doctoral programmes.

L&T helps 'People Development and Growth' by providing training infrastructure, ambience and services to support and enhance learning. The state-of-the-art campus offers a platform to interact across geographies and develop future leaders and global corporate entrepreneurs. Set in the tranquil environs of Lonavala, a hill-station and spread across 24 landscaped acres, the LDA offers a refreshing break from the urban sprawl. Since its inception in 1997, the LDA has benefited several of L&T's businesses as well as those of other select corporates.



The LDA has been recognised by Symbiosis International University as a 'Research Centre' which enables L&T-ites to pursue their doctoral programmes.



Birds-eye view of L&T's Leadership Development Academy, Lonavala



LEADERSHIP PIPELINE DEVELOPMENT

Our Leadership Development Programmes are conducted in collaboration with reputed Indian and international business schools. The Company has a unique, seven-step leadership pipeline development process that has been meticulously structured.

MANAGEMENT EDUCATION PROGRAMME

An exclusive L&T and Indian Institute of Management (IIM), Ahmedabad collaborative programme, designed to groom young leaders in the discipline of general management.

LEADERSHIP DEVELOPMENT PROGRAMME

Designed for middle management, it focuses on the field and forum principles; and helps high-performing executives to assume leadership responsibilities.

GLOBAL LEADERSHIP DEVELOPMENT PROGRAMME

Customised and facilitated by University of Michigan's Stephen M. Ross School of Business, the programme focuses on leadership skills for effectively competing in the global context.

TRANSFORMING L&T INTO A GLOBAL CORPORATION

Conducted in association with INSEAD, France and designed for top management executives, the programme covers strategic choices including mergers and acquisitions, risk management and leadership attitudes, from a global perspective.

GLOBAL CEOs PROGRAMME

Conducted by professors from Harvard Business School, it is targeted at leaders handpicked for future roles such as CEOs, business heads, board members and business leaders.

INTERNATIONAL EXECUTIVE EDUCATION

Enterprise leaders are nominated for Advanced Management Programmes (AMPs) from selected globally renowned business schools like London Business School and INSEAD, etc.

MENTORING

A systematic, internal mentoring process by the Group Chairman is instituted for senior executives of the Company.

OCCUPATIONAL HEALTH & SAFETY

L&T is committed to providing a safe and healthy workplace across campuses and project sites. It is our endeavor as an organisation to ensure that every task, job or assignment is performed in a safe manner. To this end, we deployed a structured process for continual improvement in our safety performance. The commitment of the management towards safety is a major component of all our business decisions. Our safety systems are extended to contractors working at our premises, and we encourage our suppliers to establish safety management at their premises.

BUILDING A SAFETY CULTURE



Safety is our priority and is driven from the top.
Mr. S. N. Subrahmanyam, CEO & Managing Director addresses workers at a project site.

The corporate Environment, Health and Safety (EHS) Policy demonstrates our commitment to an accident-free workplace along with the management framework to be deployed across businesses. To stay relevant, the policy is periodically reviewed by the senior management.

All our businesses are covered under the International certifications such as ISO 14001:2015 (Environment Management System) and OHSAS 18001:2007 standards. Almost all of them have already started working towards to recently issued standard of ISO 45001:2018 (Health and Safety Management System) and likely to get the certification in the near future. The rest of the organisation is under the coverage of the more stringent requirements of the oil and gas industry's standards, maritime standards, etc. and hence may not require these certifications.

The Corporate EHS Policy is translated into strategy and action with the help of a corporate EHS framework, which has listed procedures, guidelines and manuals. Each employee plays a key role in developing a safety culture across the organisation. We have enthusiastic EHS teams at each business and project site, who work in tandem with the project site teams, with the objective of implementing the best of safety practices. The teams also support the implementation of business-specific EHS programmes.

Our interventions include a safety induction training before the commencement of work and functional safety training sessions. The safety performance of the Company is reviewed every month at management review meetings; and on a quarterly basis at the Company Board level, to provide recommendations that ensure continual improvement.

The safety and well-being of all the contract workmen at our project sites is important

One of our key focus areas is the effective implementation of health and safety practices in line with our 'Zero Accident Vision'. The vision is to create a safer work environment for our employees, contractors and customers through rigorous systems, procedures and their firm implementation.

40%

reduction in Severity Rate
w.r.t. 2015-16



SAFETY DASHBOARD

	2015-16	2016-17	2017-18
Severity Rate	189.63	165.00	114.41
Frequency Rate	0.16	0.16	0.11
Fatality Rate	9.55	8.05	5.10
Fatality	41	33	24

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 100,000 work force

to us. All sub-contractors are evaluated on their safety capabilities and strengths before awarding an assignment. All contract labour has to comply with L&T's policies and practices. The understanding of safety requirements is improved through regular refresher training and capacity building programmes. In addition, periodical site visits by senior management along with site audits are conducted to improve EHS performance.

At manufacturing locations and project sites, safety committees are constituted, and regular meetings are organised. These committees comprise senior management representatives, as well as union members. Half of the Safety Committee members at manufacturing locations are of unionised employees. These committees aid in achieving specific safety objectives following the Company's vision of achieving 'zero accident status'. In the collective bargaining agreement, specific clauses related to health and safety are incorporated as well.

CASE STUDY

DIGITALISATION FOR SAFETY - Power IC Approach

The Environment, Health & Safety (EHS) function plays a vital role in operational risk assessment, control, and management of change. Strong data is necessary to record and monitor EHS activities in order to produce desired results.

MAJOR CHALLENGES

Executing EPC projects across locations is a complex and challenging process. The EPC projects are run by multiple departments across project sites. They, in turn, employ sub-contractors. This environment makes it tough for the Company to manage and monitor EHS practices. Due to the various levels of hierarchy involved, an environmental hazard could be overlooked or a non-conformity could be lead to an incident or a risk.

Added to this, regulatory agencies like the Central Pollution Control Board (CPCB) or State Pollution Control Boards (SPCBs) change or update EHS requirements, every month. It becomes a challenge to keep track of changes and incorporate them into EHS procedures, communicate and implement them at the project level.

A HIGH-TECH SOLUTION

Digital transformation through a robust technology framework greatly enhanced our EHS management by automating the reporting and resource-intensive activities, improving visibility, and simplifying end-to-end processes. The digital initiatives which help establish sustainable EHS management across a project lifecycle are:

- Non-Compliance (NC) Tracker
- EHS Cost Calculator
- Confirmation on Action Taken (CAT)
- Online Safety Management System (OSMS)
- Incident Management Systems
- Interactive Voice Recording System (IVRS)
- Sustainability portal

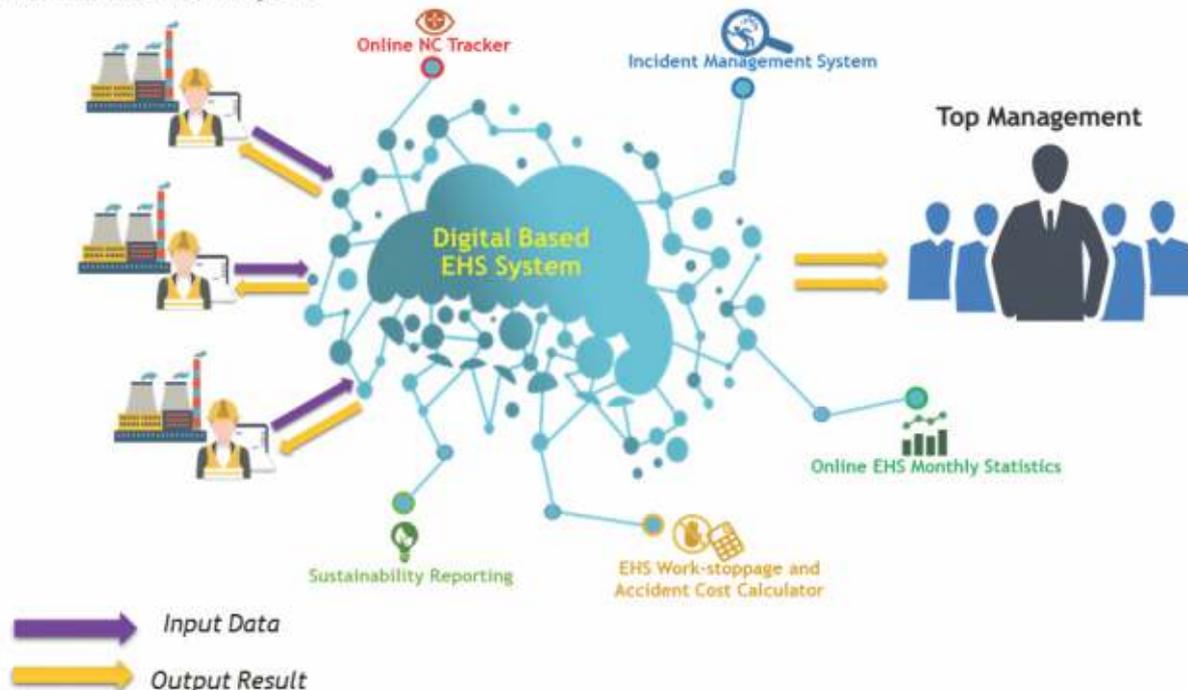
Benefits

Before digital transformation FY 2016-17	After digital transformation FY 2017-18
48491 Man-days lost	12133 Man-days lost
0.27 LTIFR	0.12 LTIFR
600 LTISR	150 LTISR
818 First-aid cases reported	340 First-aid cases reported
27666 Hazards identified	42595 Hazards identified

Digital transformation of EHS data reporting is the right step in bringing speed and efficiency in data capture, reporting and overall improvement in EHS performance.

LTIFR -Lost Time Incidence Frequency Rate
LTISR -Lost Time Incidence Severity Rate

Plant Locations / Projects



This year, an EHS conclave with the theme 'Zero Accident Roadmap 2021' was conducted with the participation of EHS heads from all businesses of the Company. Our CEO and MD - Mr. S N Subrahmanyam provided the direction and shared his expectations with the EHS heads. To develop the action point for the roadmap, we formulated six specific task forces with members from different businesses, who focused on critical work areas such as:

- Working at heights
- Vehicle movement at project sites
- Uniform housekeeping norms across project sites
- Digitalisation to improve safety performance

The taskforces produced key action points which acted as an input to all our businesses, to strengthen their existing safety practices in line with our 'Zero Accident' vision. Strict supervision is ensured during holidays and weekends as well, to avoid accidents. Innovative and behaviour-based safety training programmes are conducted

with a focus on young workmen (below the age of 25) to inculcate the practice of using PPEs (personal protective equipment).

At construction project sites, especially those sites having a very high ambient temperature, work schedules are altered to avoid exposure of workmen during mid-noon to reduce the risk of dehydration or heat strokes. Similarly, at fabrication yards and workshops where noise levels are very high, we ensure that noise levels are maintained under permissible limits, also proper noise barriers/ absorbers are installed and workmen are provided with hearing protection (ear plugs and ear muffs).

INITIATIVE

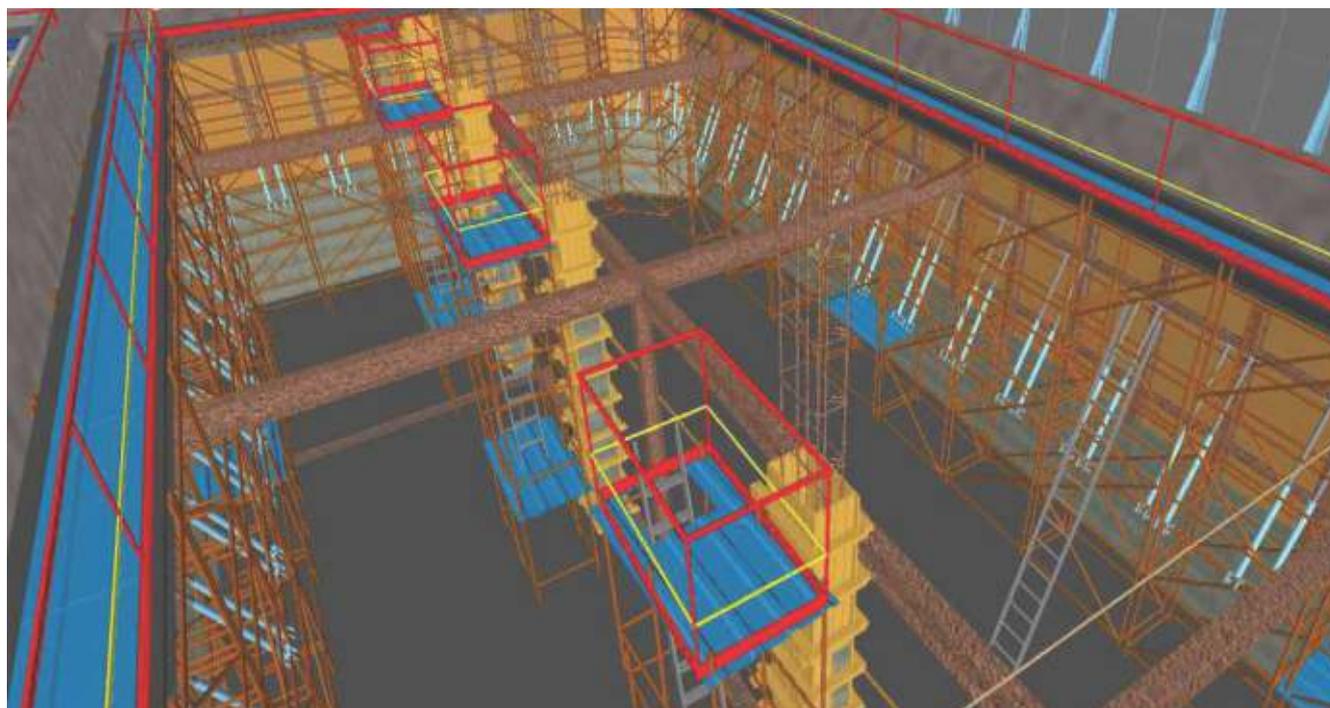
DIGITALISATION IN EHS – VIRTUALLY SAFE

The construction industry is currently at an inflection point. The sector which has been a brick-and-mortar industry both literally and metaphorically for years, is now transforming with the use of smart technologies. The project sites now use RFID tags to track material entering a site, along with advanced geospatial techniques and Internet of Things. Digitalisation also empowers engineers by eliminating mundane activities, and helping them focus on progressive and more productive areas.

The most significant of these smart initiatives is the 'BIM for Safety' which is transforming the way EHS functions. BIM comprises 3D-models embedded with data and information, and has been an excellent platform to share resources and improve co-ordination. This path-breaking technology is used to enhance safety at

work sites through identification and mitigation of risks, making a paradigm shift in EHS performance. BIM for Safety was launched with a three-pronged mission to:

- Reduce incidents through BIM tools
- Empower EHS personnel and
- Effectively engage with other project stakeholders to improve safety on a daily basis



INITIATIVE

MAKING SAFETY LIVE

Digital technology is rapidly rewriting the rules of safety. They offer innumerable opportunities to improve workplace safety and allow safety managers to develop and implement actionable plans. The digital team at L&T Construction devised a four-pronged approach to implement digital initiatives which will impact the EHS function positively:

- Awareness and education through e-learning, virtual reality/augmented reality-based programmes
- Process compliance: App-based checklists, work permits, inspection, 'safe start to work'
- Workmen tracking: Notifying entry into hazardous areas (RFID tagging)
- Connected workmen: Sensors and beacons with altimeters, gas detectors, fatigue/vital detection

Workmen at L&T Construction now wear helmets that are RFID-tagged whereby the project safety team can ensure workmen stay away from 'no go zones' or do not enter higher levels of structures without necessary permits. Adding bar codes to the workmen not only accounts for every life saving device deployed, but also makes its periodic inspection much more efficient.

Safety Clock: This portal-based incident reporting system (tracker with trigger mechanism) which sends SMSes to project/HQ based management teams depending upon the severity of the incident. It helps speed up action and helps maintain a safer work environment across project sites. The safety clock also integrates the feature of pushing monthly reports through SMSes on safe man hours achieved. As an option in the future, the team aims to stack the present performance against the past data to create trend analysis as well.

Safety Appraisal App: Through this app, managers, engineers and supervisors are given scores based on safety performance and other allied activities, on the mobile app. Individuals who do not fare well are given greater focus in terms of training and counselling to improve his / her responsiveness to EHS. This scoring system encourages active participation in creating a positive EHS culture, based on transparency.

DIGITALISATION IN SAFETY

Digitalisation is extensively used across L&T's businesses as a key enabler to improve safety performance. It is used to create e-learning modules at project sites, and devise virtual reality-based training modules. It also plays a key role in designing safety cards for reporting unsafe acts/conditions, incident investigation, safety inspection, improved Safe Operating Procedures (SOPs) to reflect changing work methods, EHS suggestion systems; to name a few. A digital walk through a combination of hardware (smart glass) and software solutions are used to observe project progress, safety, quality, workmen welfare and administration from a remote location.

L&T 's Heavy Civil Infrastructure business, as a part of its EHS strategy, engaged a professional agency to review and revamp cranes and lifting management safety standards, and conducted training sessions to facilitate implementation at all project sites. The key EHS training initiatives include IOSH Managing Safely certification courses for project heads, NEBOSH certification courses for Project EHS In-charge, two-day supervisor EHS training for all site supervisors (including JVs and sub-contractors) and online EHS certification courses for technical employees.

In addition, extensive mechanisation and enhanced training on behaviour-based safety programmes are conducted across businesses. Cross-functional safety audits are conducted along with training-the-trainers programmes to build site-based safety capabilities. To spread safety awareness, theme-based campaigns are conducted on important dates like

- L&T Safety Day 2017 – Let's work towards an accident-free workplace
- Fire Service Week 2018 – Prevent fires, prepare yourself, promote safety
- National Safety Week with a message to reinforce positive behaviour at the workplace to achieve safety and health goals

In the Construction business, an innovative programme has been developed to groom fresh diploma engineers to take up the role of EHS professionals.



SAFE PRACTICES RECOGNITION

BUILDINGS & FACTORIES BUSINESS

Received the prestigious 'British Safety - Sword of Honour' awards for three projects and a five-star certification from the British Safety Council.

Ten projects won the Gold Awards from The Royal Society For Prevention of Accidents (RoSPA).

16 projects were awarded by the National Safety Council.

TRANSPORTATION INFRASTRUCTURE BUSINESS

From British Safety Council - won 14 international safety awards: 1 distinction, 8 merits and 5 passes from the British Safety Council (BSC).

Two prestigious safety awards from National Safety Council (NSC), India.

Gold award from the American Society of Safety Engineers.

Western Dedicated Freight Corridor (WDFC)-CTP 1 - 2 railway project has won the prestigious 'Golden Trophy Award' – highest honour instituted by NSC India in the construction segment. The railways business has won the gold trophy twice in the last three years.

HEAVY CIVIL INFRASTRUCTURE

Won 23 EHS awards at different levels and categories from national and internationally renowned organisations including the Royal Society for Prevention of Accidents (RoSPA), NSC India, BSC, and the Confederation of Indian Industry (CII).

POWER TRANSMISSION AND DISTRIBUTION

Won ASSE GCC (American Society of Safety Engineers – Gulf Co-operation Council) - HSE (Health, Safety and Environment) Excellence awards for several projects in the Middle East.

Won RoSPA, British Safety Council and National Safety Council awards for safety performance for multiple projects.

WATER AND EFFLUENT TREATMENT

Won six International Safety Awards from BSC – UK, for excellence in EHS management system and best safety practices.

Won RoSPA Awards (gold category) for three projects.

Received CII – South Region (SR) SHE excellence award for three projects namely, VSP reservoir (4-star), Gadag WSS (3-star) and GHMC – water supply and distribution (3-star).

POWER

Malwa II project site received National Safety Awards for excellent performance as Winner based on lowest average frequency rate and as a runner-up for on accident-free performance year.

Received silver trophy from National Safety Council of India for RAPP, Kota project.

L&T HYDROCARBON ENGINEERING

The KOC - GC30 project received the ASSE GCC HSE Excellence Gold Award 2017 from ASSE's Kuwait Chapter.

Modular Fabrication Facility (MFF) Kattupalli received safety awards from the British Safety Council, RoSPA and the Golden Peacock award.

Offshore business vertical received an award from National Safety Council, Maharashtra Chapter, for achieving 'Zero-accident frequency rate' consecutively for three years.



NATURAL CAPITAL

Our environment protection initiatives focus on optimising the use of natural resources, building efficient infrastructure, reducing emissions; and more importantly bringing about a behavioural change in stakeholders, to successfully sustain our efforts.

At L&T, we constantly look at ways and means to reduce the environmental impact of our operations. We are guided by our own intrinsic desire to remain an environmentally responsible organisation.

We follow international norms in establishing standard environmental controlling measures. Our environment protection initiatives focus on minimising the use of natural resources, building efficient infrastructure, reducing emissions; and more importantly bringing about a behavioural change in stakeholders, to successfully sustain our efforts.

L&T's Corporate Environment, Health and Safety (EHS) Policy defines our business philosophy on environment management. We have a team of dedicated EHS managers at our facilities and project sites to implement the policy initiatives. We regularly train our workforce on aspects on aspects of environment conservation, to ensure smooth implementation.

Since 2009, we have been setting targets as a part of our sustainability programme. Our third sustainability roadmap came into effect in 2016, and the targets are to be achieved by 2021. In order to achieve them, we periodically review our programmes. We have also implemented Environmental and Social Code of Conduct which helps us manage the impact of a project life cycle in a holistic manner. In 2017-18, a total expenditure of about ₹ 134 Mn was incurred on environmental pollution control and management measures.



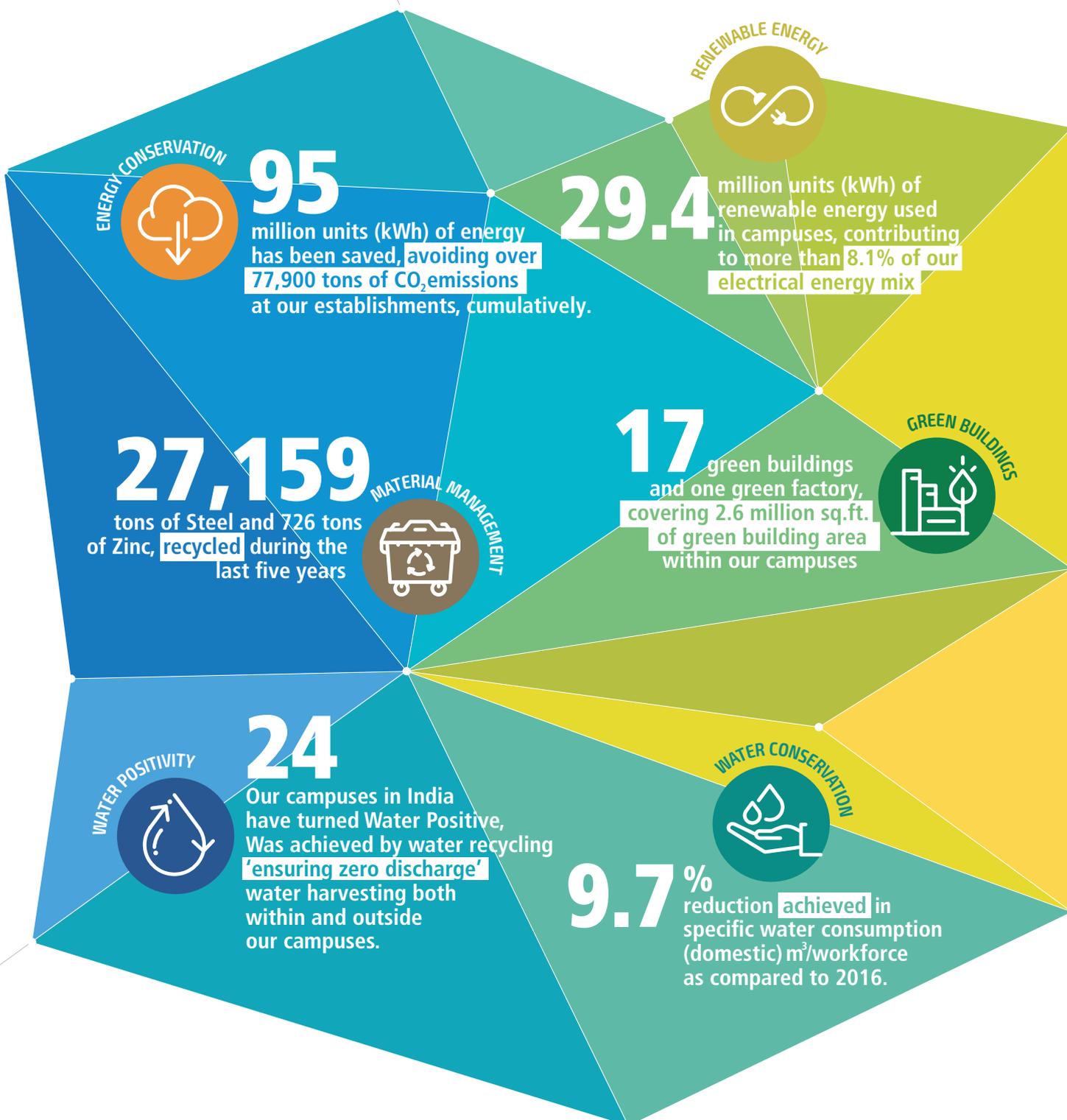
INPUT MATRICES	OUTPUT MATRICES
<ul style="list-style-type: none"> SPECIFIC WATER CONSUMPTION 25.68 m³/workforce 	<ul style="list-style-type: none"> WATER POSITIVITY 24 campuses
<ul style="list-style-type: none"> SP. ENERGY CONSUMPTION INTENSITY 9,942 GJ/₹ Bn 	<ul style="list-style-type: none"> GHG EMISSION INTENSITY 1,012 tCO₂/₹ Bn
<ul style="list-style-type: none"> SPEND ON ENVIRONMENT 134 ₹ Mn 	<ul style="list-style-type: none"> SAVINGS IN ENERGY (CUMULATIVE) 95 Mn units
<ul style="list-style-type: none"> GREEN PORTFOLIO 221.25 ₹ Bn 	<ul style="list-style-type: none"> MATERIAL REUSE/RECYCLE (CUMULATIVE) - Tons 27,159 Steel 726 Zinc 1,577,792 Flyash 198,287 Blast Furnace Slag



₹ **134**

Million was incurred on environmental pollution control and management measures

KEY HIGHLIGHTS
FY 2017-18



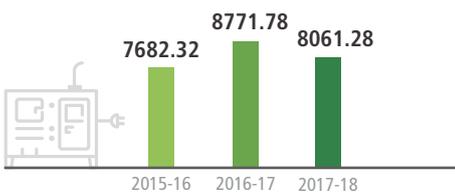
ENERGY

We make conscious and serious attempts to conserve fossil fuels by increasing our share of renewable energy consumption. A team of dedicated in-house Bureau of Energy Efficiency (BEE) certified energy managers and auditors, helps us manage energy at our manufacturing facilities. We have initiated energy audits at our major project sites.

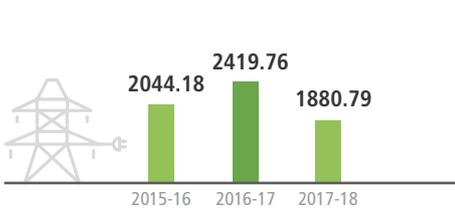
In 2017-18, our total energy consumption was 7,417,879 GJ. The Company's direct energy consumption was 6,014,602 GJ and indirect energy consumption was 1,403,277 GJ. Our energy consumption outside the organisation covering transport facilities provided to the employees is at 332,485GJ.

This year, our direct energy consumption increased marginally by 0.4% due to inclusion of L&T Reality and L&T Valves into the scope of reporting. Indirect energy consumption decreased by 15% due to increased number of energy conservation projects which are at execution stage. Our major business is Engineering, Procurement and Construction (EPC) of projects, where energy consumption is related to the stage of project execution. We will continue to adopt recommended measures to manage energy across campuses and project sites.

DIRECT ENERGY INTENSITY GJ/billion ₹



INDIRECT ENERGY INTENSITY GJ/billion ₹

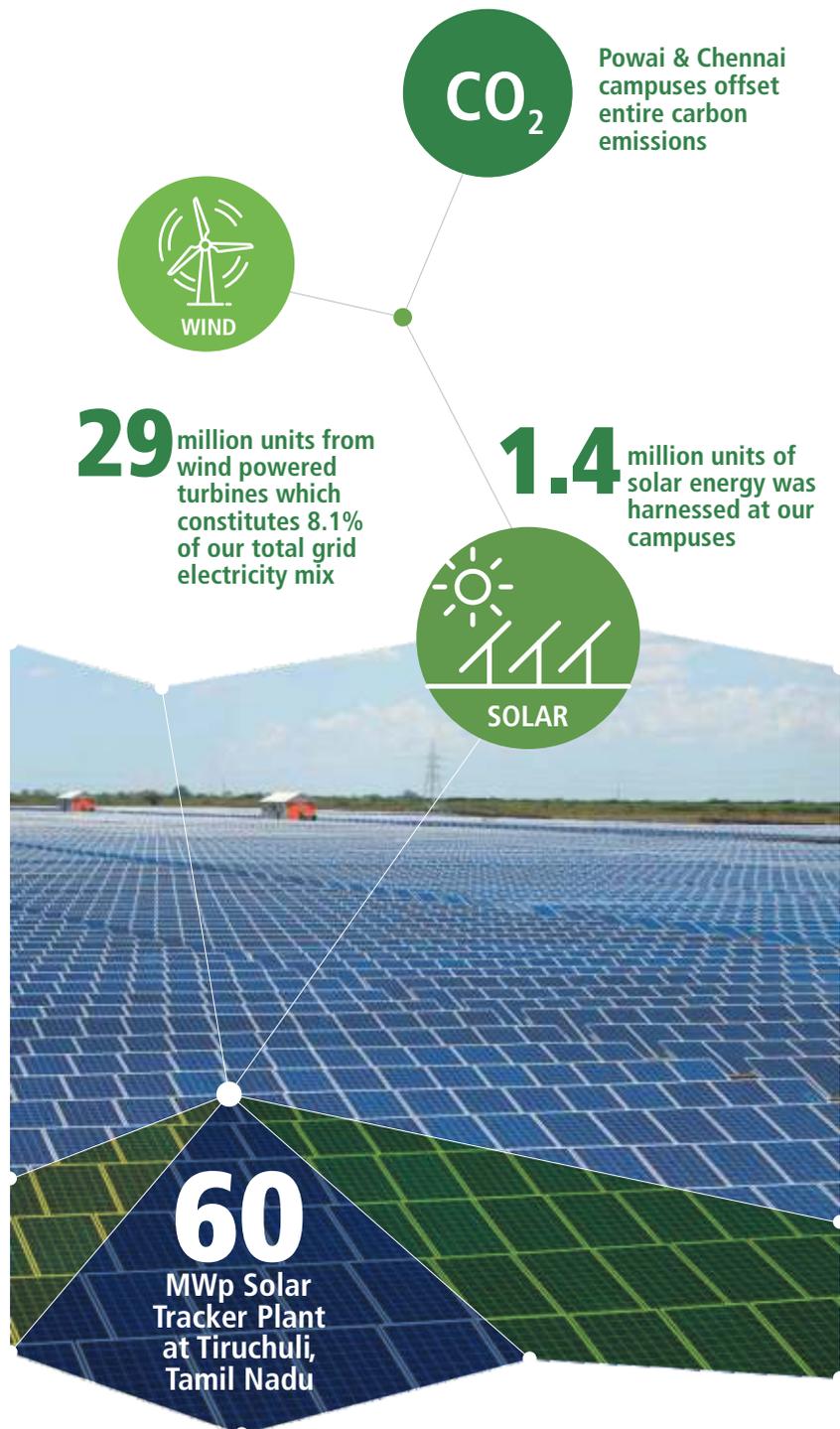


Note: The values for 2014-15 and 2015-16 are restated after excluding L&T Infotech operations, which is not part of the scope of the report, from this year onwards. Since this year with our 1st Integrated Report and as per our new Sustainability Roadmap 2021, we have started reporting energy intensity per turnover instead of intensity/employee.

RENEWABLE ENERGY

Our constant quest is to increase the share of renewable energy into our business operations. We generate renewable energy at 18 of our campuses. Six of our campuses source wind power and one campus sources solar electricity.

L&T's RENEWABLE ENERGY CONSUMPTION



CASE STUDY

GOING SOLAR AT PROJECT SITES



Solar at Sites - Mobile Solution

At the Vishakhapatnam Steel plant project, we housed our workmen in 25 rooms, each with a size 5.5m x 5 m with five block partitions and four passages. To illuminate each of these rooms, 5,000 Lux is required. We have provided four LED bulbs of 15W capacity, giving 5,400 Lux illuminations. The total requirement for the workmen quarters is 1,51,800 Lux, and we have provided 120 LED bulbs (15W) which provide 1,62,000 Lux.

The power required for these bulbs is 3.66 units per day. To generate 3.66 units of power per day, we have provided eight solar panels of each capacity of 250W/H, which generate 7.77units/day. We have used green power to the tune of 1,935 units for our workmen's quarters, reducing our carbon footprint by 1,586 kg/year.

A mobile solution

Once the project is complete, the whole set-up can be easily transported to new project sites. This project is being scaled up at other sites as well.

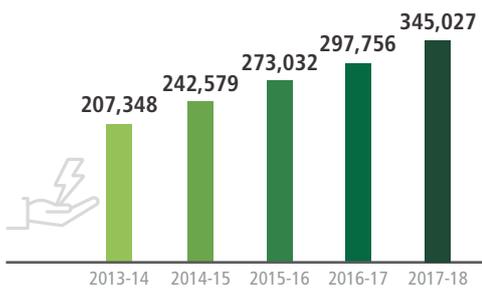


ENERGY CONSERVATION

With a strong focus on energy conservation, we developed a corporate target of increasing energy conservation measures on a year-on-year basis by 10%. Cumulatively, we saved energy equivalent to 95 million units, thereby avoiding 77,900 tons of Carbon dioxide-equivalent emissions.

CUMULATIVE ENERGY CONSERVED

GJ



Note: The figures are restated after excluding L&T Infotech operations, which is not a part of the scope of the report.

ENERGY CONSERVATION INTERVENTIONS

GJ

	ENERGY SAVINGS
Process Redesign	24,474.3
Optimisation and operational control efficiency	7,026.8
Conversion and retrofitting of equipment	8,889.5
Change to CFL and LED lamps	2,251.4
Change in personal behaviour and auto shutting of lights when not in use	2,641
Total Energy Conserved (GJ)	45,283

MAJOR ENERGY CONSERVATION MEASURES

Savings of 14,103 units was achieved by installation of hydro-pneumatic system for water pumping in batching plant at one project site.



Savings of 192318 units was achieved by replacement of F/Tube lights with energy efficient LED lights.

Savings of 71,001 units by replacement of Metal Halides lights with energy efficient LED lights.

Savings of 2,29,000 units by efficient chiller replacement at our Powai campus.

240,000 units were saved by installing TR Package unit and stopping of central AC plant at one of the buildings in Powai.

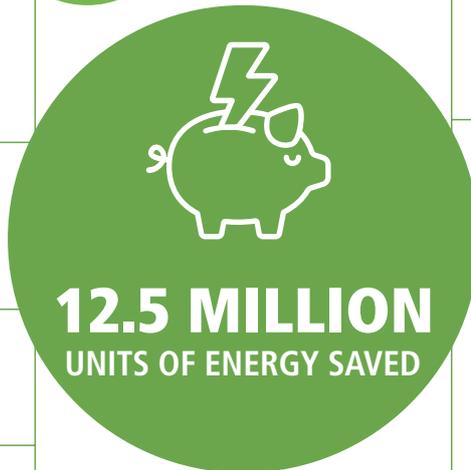


Plate rolling process flow improvement for KNPC Alzoor job by loading next plate at 300°C furnace temperature to use heat of last charge in furnace. Savings: - 41,000 units and 98,000 SCM of gas.

Local heat treatment by PID controller based system. Saving: 41,652 units

Use of electrical pre-heating instead of NG pre-heating by temperature control panels at Hazira. Savings: 40,192 units

250 KVA UPS for furnaces (PFS and HFS-1) to reduce diesel consumption of DG set for uninterrupted power supply during socking period.

Utilisation of transformers according to required load profiles resulted in savings of 29030 units



CASE STUDY

ENERGY CONSERVATION

Process Change Pushes up Productivity



The defence facility in Vizag looks to continuously improve manufacturing technologies like welding, fabrication, production engineering, marking, machining. The idea is to cut costs by reducing dependency on highly skilled manpower and improve multi-skilling.

As a part of development initiatives in welding, the semi-auto/mechanized/automatic MIG welding process was developed to replace manual SMAW process. This led to an improvement in productivity improvement and energy savings.

Changing processes

Conventionally, the SMAW process is used in large-scale structural fabrication work. In this process, the coated electrode is required to be baked prior to use and the typical baking cycle for low alloy steel electrodes consists of loading the electrodes in the baking oven, heating the oven to 460-500°C, holding at this temperature for 3 hours and then cooling to 100 to 150°C (min). After baking, the electrodes are to be



held at a temperature of 100 to 150°C (min) for 10 days or until use, whichever is earlier.

In the case of the MIG welding process, there is no requirement of baking and holding the bare wire at a specified constant temperature prior to use. Hence this process saves energy and, consequently, costs.

Benefits

Total weld metal of 14328 kg was deposited by the MIG process instead of the SMAW process from April 2017 to December 2017. This has resulted in savings as follows:

- Energy Savings : 109303 Units (kWh)
- Monetary Savings : ₹ 0.93 Mn

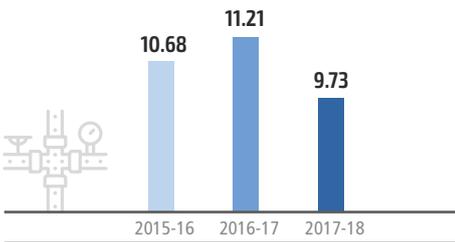
WATER

We believe that it is our responsibility to conserve a key natural resource like water. To this effect, we have taken various steps to bring down our water consumption, despite being in the construction industry which by virtue of its work, is water intensive.

8%
of the total fresh water consumed at our campuses and project sites is reused/recycled

SPECIFIC WATER CONSUMPTION m³/workforce

(Domestic)



WATER CONSUMPTION m³/year

	2015-16	2016-17	2017-18
River/Lake	2,641,888	2,729,343	2,466,680
Municipal Water	1,362,496	1,300,086	1,235,058
River Water	80,602	411,313	409,000
Ground Water	2,913,517	2,395,844	3,029,986
Others	1,362,036	2,498,674	2,053,700
Total	8,360,539	9,335,260	9,194,424

Our 24 campuses continued to be water positive in 2017-18. All our campuses have also achieved the 'zero waste water discharge status'. Our entire recycled water is used for gardening and toilet flushing purposes. We take very conscious measures to construct rain water harvesting structures both inside our premises, and in areas where our projects are functional.

Of all the waste water generated in our operations, we could recycle 79%. We discharged 227,168 m³ of wastewater.

INITIATIVE WATER CONSERVATION AWARENESS – CATCH THEM YOUNG

The concept of water conservation aptly dovetails with L&T's Water and Effluent Treatment (WET) business. WET's World Water Day celebrations have grown in magnitude over the years, spreading the message across project locations in India and abroad.

This year, WET reached out to Government schools to sensitise children on the issue in the form of a campaign called 'Catch Them Young'. This event was meticulously planned and coordinated with over 130 project locations of the business.

An international campaign

Over 140 schools participated in this event across India, Sri Lanka, Tanzania and the UAE. L&T's staff conducted an awareness campaign on that day at all these locations, spreading awareness across 40,000 students on the need to conserve that one resource, which is vital to human existence. As a part of the campaign, various competitions were held to spread the need for water conservation. Students, L&T believes, can help spread the message far and wide.



CASE STUDY

SUSTAINABILITY ASSESSMENT
OF SUPPLIERS

We consider suppliers as our business partners. We had implemented combined code of conduct for our suppliers and contractors. Till 2017- 18 more than 18000 suppliers have signed our combined code of conduct. Taking this forward, we initiated supplier's sustainability appraisal program in 2017-18. In this program, we urge our suppliers to disclose their environmental and social performance through a specific questionnaire. We are developing the system which the environmental and

social performance of new MSME is captured during the registration with L&T. In the initial phase of this program, we targeted MSME suppliers of our construction business. We selected 7 key MSME suppliers and assessed their environmental and social footprint. We assessed their fuel, electricity and water consumption pattern, labour practices and Health and Safety performance. Following table provides a snapshot of MSME supplier's environmental and social performance.

PARAMETERS	QUANTITY
Direct Energy	47,406 GJ
Indirect Energy	118,859 GJ
Supplier's scope 1 emissions	3570 tons CO2
Supplier's scope 2 emissions	27073 tons CO2
Water consumption	14.8 million L
Waste water recycled	6 million L
Female employment	65 numbers

CASE STUDY

A GREENER, SAFER, MORE COST-EFFECTIVE BRIDGE



For the first time in India, M75-grade high strength concrete was used for the extradosed portion of a bridge project in Delhi. L&T's target was to develop 75MPa strength Normal Concrete (NC) for the segments, and M75-grade Self Compacting Concrete (SCC) for the main bridge pylon (column).

The specifications were to use micro silica as the only constituting cementitious material, with cement in concrete. The maximum limit on cement and micro silica

usage was 450 kg/cu.m. and 45 kg/cu.m. respectively.

Learning transfer

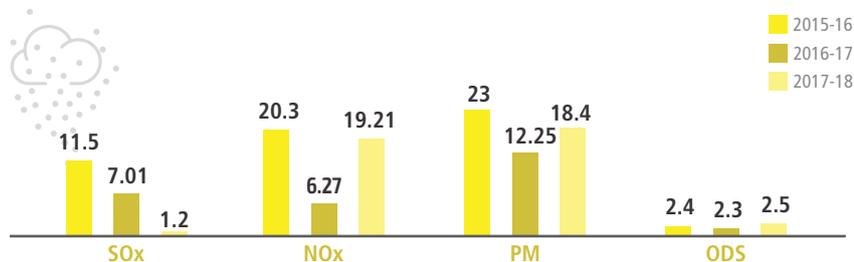
In a nuclear power project executed earlier, L&T successfully created a blend of high-volume fly ash concrete and micro silica. It was therefore decided that they go for a triple-blend concrete – a blend of Portland Cement, micro silica and fly ash. Putting a waste product like fly ash to use turned the project eco-friendly.

Benefits

- Reduction in the use of cement minimised the risk of thermal cracks, directly increasing the structure's durability.
- Increase of the structure's life because of dense concrete microstructure
- Significant material cost savings

AIR EMISSIONS

AIR EMISSIONS



Note: The ODS consumption is majorly due to the use of refrigerants in air conditioners and chilling plants.

We monitor air emission at our campuses and project sites, and ensure that that they stay within the permissible limits. Our principle sources of air emission are process stacks at few campuses and diesel generator sets. In line with applicable regulations, we have phased out the use of certain Ozone Depleting Substances (ODS) in our air conditioning systems.

GHG EMISSIONS

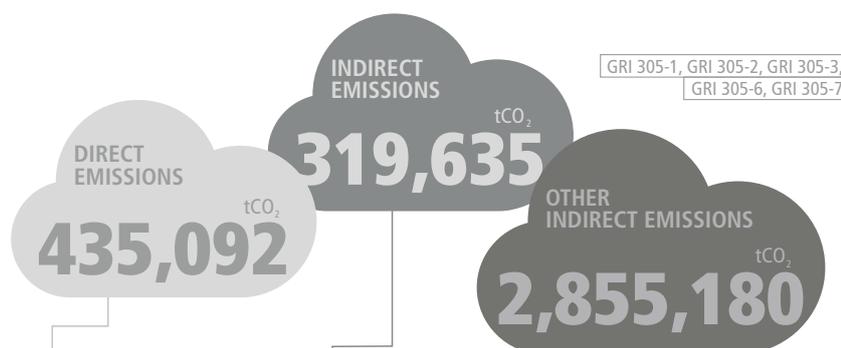
At L&T, we believe that the industry can play a key role in climate change mitigation and we recognise our responsibility towards reducing our Greenhouse Gas (GHG) emissions.



REDUCTION IN CONSUMPTION



RENEWABLE ENERGY SOURCES



We manage our GHG emissions at our facilities through the dual strategy of reducing energy consumption and utilising renewable energy sources.

SOURCES OF GHG EMISSIONS IN OUR OPERATIONS



SCOPE 1 EMISSIONS

Consumption of fuels like petrol, high speed diesel, furnace oil, natural gas, LPG, CNG and acetylene.

Note: The energy, GHG emissions and water consumption intensity per employee have been derived as per the Scope of Reporting [Refer Section - About the Report] Calculation methodologies are as per ISO 14064-1 standard and the global warming potential used in these calculations is taken from IPCC and WBCSD GHG protocol.



SCOPE 2 EMISSIONS

Utilisation of grid electricity supplied by state electricity supply boards.

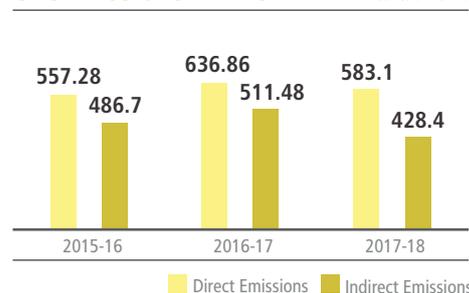


SCOPE 3 EMISSIONS

Business travel, employee commuting provided by the organisation and waste generation in operations.

Note: We are also capturing a part of the Scope 3 emissions from upstream and downstream transportation, emissions from purchased goods and services. We are expanding the inventory of Scope 3 emissions to make the data more inclusive. Emissions from leased assets (upstream) and investments are included in the Company's Scope 1 and Scope 2 emissions. Initiatives such as technology change, switching to renewable energy and improving energy efficiency are enabling us to reduce our Scope 1 and Scope 2 GHG emissions.

GHG EMISSIONS INTENSITY



WASTE & SPILLS

At L&T, we responsibly handle both hazardous and non-hazardous waste. We follow the proper norms and procedures to dispose our waste. We have appropriate measures in place to handle oil spills and we continually report on waste and spills as a part of ISO 14001 and OHSAS 18001.

Periodic internal and external assessments are carried out to ensure compliance with applicable regulations.

At L&T, we conduct periodic assessments internally and also with third party auditors, to ensure compliance with applicable regulations.

WASTE GENERATED tons

	2017-18
Hazardous waste	4,066
Non-hazardous Waste	60,004

OUR WASTE MANAGEMENT STRATEGIES

TRANSPORT & DISPOSAL

- Hazardous waste like used oil, oil-soaked cotton waste, used chemical / paint / oil containers, batteries, paint residues and ETP sludge is disposed through government-approved recyclers / re-refiners/re-processors.
- Hazardous waste is transported as per the statutory requirements.
- Electronic waste (e-waste) is disposed through authorised vendors as per the statutory requirements.
- Biomedical waste generated at dispensaries and health centres is disposed as per statutory requirement and responsible disposal is ensured.
- The Company does not import, export, transport or treat any hazardous waste covered under the Basel Convention.

INITIATIVE

USE OF LEFT OUT/SPILLED OVER CONCRETE

At construction project sites in Gangapur in Rajasthan, as per standard operating procedures, we had to provide a firm base to support the staging. The site took the initiative of using the left out/spilled waste concrete from concrete mixers to cast concrete supports which are used as base support for staging as indicated in the pictures below. Through this initiative site could cast close to 2,000 staging support which resulted in savings of fresh concrete.



Reuse of concrete cubes

At our project sites, we have taken this initiative to reuse concrete cubes for

- Making curing water tank wall for quality testing purpose
- Paving in labour colonies
- Uplifted footpath to walk on sites during rainy season



Biodiversity

Our facilities are located in notified industrial areas. No species listed in the International Union for Conservation of Nature (IUCN) Red List and National Conservation List were found to exist at our campuses. We planted more than 0.5 Million trees in last five years across India, and we continue to nurture a self-sustaining forest at two locations in India through the Miyakwaki technique. During Tree Plantation Week (July 1– 7 2017), we planted more than 36,000 trees in Maharashtra.

We have a tree inventory portal to monitor the number of trees planted across campuses and project sites. It is our constant endeavour to increase the tree cover and create natural carbon sinks. At L&T events and functions, guests are welcomed with Tree Certificates instead of floral bouquets. A sapling is planted and maintained on behalf of the guest, as per the certificate. A guidance document on scientific methods of tree plantation and maintenance, has been made available across campuses and project sites.

COMPLIANCE

All our campuses and project sites have taken the necessary approvals from local authorities before commencing operations. Compliance with respect to various statutes, rules and regulations applicable to L&T, is ensured. There is a 'compliance report' which is reviewed at all units and regional offices and submitted to business heads who in turn issue a certificate of compliance to the corporate secretarial department.

During the year, there were no major incidences of non-compliance, and no material fines were imposed within the reporting period on L&T campuses.

LIVE GREEN

Our employees from Wastewater business unit embarked on an endeavour to make their birthdays more memorable, moving away from the ritualistic cake cutting.

The idea was seeded when an employee's birthday was celebrated by planting a tree. The culture spread, and the team had planted more than 12,000 saplings across Tamil Nadu in the last 15 months. The team identified areas for plantation like Government schools, colleges, Government land meant for use by local community, rural lake bunds, community halls and parks. Native indigenous species of trees are planted as they consume less groundwater and emit more oxygen. All these activities are carried out on a 'voluntary basis' by the WET IC team.



MATERIAL MANAGEMENT

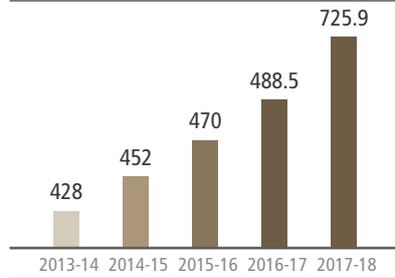
Being a construction and engineering company, our principle material consumption is iron, cement and sand. We make all feasible efforts to bring down our material consumption while ensuring quality. We make efforts to recycle our steel and zinc at our production facilities. However, we are a project-based company and most customer specifications insist on virgin material. Hence, the scope of using recycled material is limited. At our construction sites, we make use of fly ash and Granular Blast Furnace Slag to blend cement.

MATERIALS (Partially Reported) tons

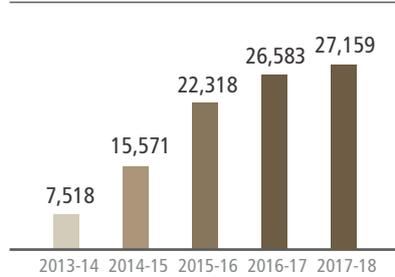
	2017-18
Ferrous	841,384.7
Non-ferrous	12,121
Hazardous Chemicals	49,212
Oils and Lubricants	1,350.76
Hazardous Gases	3,921
Packaging Material	8347
Cement and Sand	6,847,510

RECYCLED INPUT MATERIALS (CUMULATIVE)

RECYCLED ZINC tons

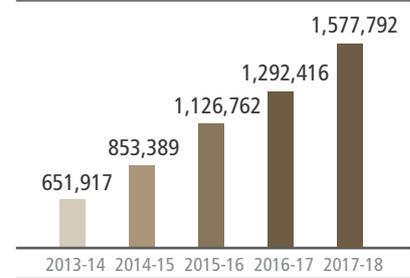


RECYCLED STEEL tons

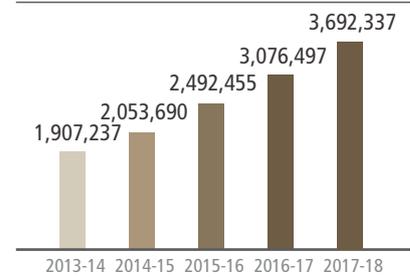


ALTERNATIVE MATERIALS USED (CUMULATIVE)

FLYASH CONSUMPTION tons



CRUSHED SAND CONSUMPTION tons



PACKAGING

Most of our products are 'engineered to order' heavy equipment, which do not require packaging. Wherever packaging is required for distribution, we use green packaging materials and ensure that minimum packaging material is consumed.

Given the nature of our business, it is not feasible to reclaim or recycle packaging material used for our products.



GREEN PORTFOLIO: PRODUCTS & SERVICES

Our Green portfolio encompasses engineering and design solutions focused on sustainability. The portfolio consists of technology solutions that lower carbon emissions, water consumption and air pollution. It is built on the principles of energy efficiency, clean energy and resource conservation.

As the world moves to implement Climate Change Mitigation and Adaption strategies, it is essential to create green infrastructure that reduces GHG (greenhouse gas) emissions. Our Green portfolio enables development of infrastructure that has low impact on the environment, with a focus on public well-being.

RENEWABLE ENERGY

SOLAR POWER PLANTS

Solar Photo Voltaic (PV) based power plants utilise renewable solar energy in order to reduce GHG emissions. L&T's solar business has seen a remarkable growth in recent years.



- The business secured a cumulative 650 MWp+ capacity of grid-connected solar PV plants across India
 - Secured a prestigious order for 325 MWp in Rewa, Madhya Pradesh, which is the single largest solar EPC contract in India till date
 - 140 MWp in Bhadla, Rajasthan
 - 187 MWp in Tamil Nadu

The business also won the Bihar state rural electrification project. Its a first-of-its-kind distributed generation project with a cumulative capacity of 12 MW solar power, and 105 MWh of energy storage, to electrify 236 remote villages.

HYDROPOWER (SMALL) PLANTS

Hydel projects with an aggregate capacity of 870 MW are at various stages of execution in Himachal Pradesh, Arunachal Pradesh and Uttarakhand.



ENERGY EFFICIENCY

EFFICIENT POWER TRANSMISSION & DISTRIBUTION SYSTEM

L&T's Power Transmission and Distribution business has significantly reduced AT&C (Aggregate, Technical & Commercial) losses via distribution reformation projects. The projects helped save 20-40% of electricity, which reduces emissions significantly.



The transmission line business commissioned 20 transmission corridors, amounting to a length of 3,101 kms, in 2017-18.

The 400kV Raipur–Jagdalpur project is the longest twin line in a single package, with a length of 328 km.

ENERGY-EFFICIENT EQUIPMENT

L&T's Electrical and Automation business offers a range of eco-friendly products, systems and services for industrial, commercial and residential applications. They include:

Products

Low-watt loss fuses, AC drives, soft starters, power factor improvement capacitors

Systems

Industrial and building automation solutions, smart metering systems

Software Functions

Energy performance analysis and integrated energy management systems

Our Green products and services portfolio showed continued growth of 12%, increasing to revenue of ₹ 221.25 billion in 2017-18.

Contribution to overall sales
29.65%

WATER & RESOURCE CONSERVATION

WATER TREATMENT & DISTRIBUTION INFRASTRUCTURE

L&T's Water and Effluent Treatment segment enhanced its process know-how and engineering capabilities across all areas of water and wastewater solutions. It constructs bulk distribution and water treatment systems, wastewater treatment plants, effluent treatment and recycling plants, and lift irrigation systems.



The business created water infrastructure that caters to the requirements of 30 million people. It laid pipelines covering over 350,000 kms designed and constructed more than 5,300 million litres per day (MLD) of water and wastewater treatment plants; and brought over 200,000 hectares of land under irrigation. The business commissioned over 25 projects in 2017-18.

SUPERCritical AND ULTRA-SUPERCritical THERMAL POWER PLANTS AND EQUIPMENT

Supercritical technology helps consume lower fuel and water, emitting lesser greenhouse gases. Its land requirement and O&M expenses over the project lifecycle, are also lower.

Since inception, L&T added more than 7GW of supercritical power generation capacity.



L&T is executing 4 orders of ultra-supercritical and supercritical thermal power plants in India.

COAL GASIFIERS

Coal gasification technology is used to produce synthesis gas, an alternative to natural gas. Synthesis-gas based plants use coal economically, thereby lowering CO₂ emissions.

CO₂ EMISSION REDUCTION

METRO & MONORAIL

Mass rapid transit systems enhance connectivity by reducing the number of vehicles on the road. They reduce pollution and emissions, and maximize resource efficiency.



L&T is currently executing as many as 12 projects across 9 cities in 4 countries, including Riyadh and Doha metros.

L&T emerged as the prominent builder of metro systems in India, and constructed 143km of viaducts, 43 km of twin tunnels and 65 stations. In the current year, the prestigious Hyderabad, Kochi and Lucknow metro systems built by L&T were inaugurated.

GREEN BUILDINGS

L&T constructs certified green buildings which consume lesser resources-be it energy, water, and extensively uses locally-sourced and recycled material.



L&T has constructed more than 67.7 million sq.ft. of certified Green buildings for its clients. It currently has 41.1 million sq. ft. of green space under various stages of construction.

GREEN BUILDINGS

17 Green Buildings | **1** Green Factory | **2.6** mn sq.ft. of green building area within our campuses



Technology Block, Hazira



Administrative Building, Kattupalli



Office Complex, Ahmednagar



Unnati building at C&A Mahape (Navi Mumbai)



Office Complex, Talegaon



SBU Block (2nd floor), Hazira



Knowledge City, Vadodara



North Block II, Mumbai



Administrative Building, LTSSHF, Hazira



Office building, Coimbatore



Learning Centre - LDA, Lonavala



East Block 2, Knowledge City, Vadodara



Green Factory, Vadodara



EDRC, Chennai



L&T TC II, Chennai



L&T TC III, Chennai



Administrative Building, Vadodara

NATIONAL ACTION PLAN ON CLIMATE CHANGE

Larsen & Toubro's climate change, energy efficiency and renewable energy programmes are aligned with the National Action Plan on Climate Change (NAPCC), released by the Prime Minister's office, Government of India in 2008. The Company's programmes are also being aligned to the Nationally Determined Contributions (NDCs) ratified by the Government of India during the COP 21 – Paris Agreement.

MISSION 1

SOLAR



L&T's solar business provides a single-point EPC turnkey solution for solar photovoltaic (PV)-related projects, along with energy storage solutions. Its experience ranges from flat to highly undulated as well as to landfill topologies with specialised technologies including designing and executing contour-following solar PV power plants.

The solar business has in-house capabilities of different module mounting structure types (fixed tilt, seasonal tilt and HSAT) to choose, for most optimal solutions.

As grid stability and power conditioning requirements gain significance in the wake of large-scale renewable integration, standalone and PV integrated storage solutions are being offered.

Key Projects

The business secured a cumulative 650 MWp+ capacity of grid-connected solar PV plants across India, including the prestigious order for 325 MWp in Rewa, Madhya Pradesh, which is also the single largest EPC contract in India to date.

The Company also secured 140 MWp in Bhadla, Rajasthan and 187 MWp in Tamil Nadu.

The business won the prestigious Bihar State Rural Electrification project, the first-of-its-kind distributed generation project with a cumulative capacity of 12 MW solar and 105 MWh of energy storage, which aims to electrify 236 remote villages.

18 L&T establishments are generating onsite solar energy for campus usage.

MISSION 2

ENHANCED ENERGY EFFICIENCY



Through focused energy conservation projects, more than 95 million units (kWh) of energy was saved, avoiding over 77,900 tonnes of CO₂ emissions at our establishments, cumulatively.

Ahmednagar, Hazira, Kancheepuram, Pithampur and Pondicherry campuses have implemented ISO 50001: 2000 (Energy Management Systems).

The E&A business helps customers improve energy efficiency and reduce their carbon footprint through its products and services.

L&T's Control and Automation business has an Automation Training Centre at Navi Mumbai which offers an 'Integrated Automation Training Course' with focus on energy efficiency for fresh graduates.

We are focusing on energy audit of our project sites. This has given us a huge opportunity for energy management and efficiency improvement at project sites.

MISSION 3

SUSTAINABLE HABITAT



L&T has 17 green buildings within its campuses and one green factory at Vadodara.

L&T constructed more than 67 million sq.ft. of certified green space for its clients and another 41 million sq ft are in various stages of construction.

As a part of the Sustainability Roadmap 2021, all new buildings within L&T campuses are to follow green building norms.

MISSION 4

WATER



With continuous and dedicated efforts towards water conservation and establishing water stewardship, we constructed water harvesting structures both within our campuses and in communities.

All 24 L&T campuses in India continue to be Water Positive; complimented by our efforts in constructing water storage structures for the communities.

Adopted Zero Wastewater discharge approach and rainwater harvesting across campuses and communities.

9.2% of the total fresh water consumed at our campuses and project sites is reused / recycled.

Our Water and Effluent Treatment business created water infrastructure to cater to the requirements of 30 million people.

The business also constructed more than 350,000 kms of water distribution pipelines, designed and constructed more than 5,300 million litres per day (MLD) of water treatment and recycling plants.

MISSION 5

STRENGTHENING
THE HIMALAYAN ECOSYSTEM

- Large scale tree plantation across project sites is being practiced across L&T, and we continue tree plantation in and around projects sites in the Himalayan region.
- Skill-building programmes are conducted for the local youth to enhance their employability during the project execution phases at the Himalayan region.
- Health camps / medical camps are periodically conducted at project sites in the region.

MISSION 6

GREEN INDIA



- We maintain a green cover across all our campuses which exceeds the statutory limit of 35% of available open land by a far margin.
- More than 1,50,000 fully grown trees are nurtured at L&T campuses.
- L&T planted more than 500,000 trees in last five years across India.
- We continue to nurture a self-sustaining forest at two locations in India through the Miyakwaki technique.
- During Tree Plantation Week (1st July – 7th July 2017), we planted more than 36,000 trees in Maharashtra.

- The Company monitors the tree plantation through a tree inventory portal.
- Our guests are felicitated either by planting a sapling or by presenting a Tree Certificate at the L&T establishment.
- Tree plantation and maintenance is a part of Integrated Community Development (ICD) programme– CSR project's overall plan, adopted across villages in Rajasthan, Maharashtra and Tamil Nadu.

MISSION 7

SUSTAINABLE AGRICULTURE



- Our water and effluent treatment business brought more than 200,000 hectares of land under irrigation
- We are undertaking Kundaliya lift irrigation scheme from water resources department, Government of Madhya Pradesh
- We are doing Sauni Yojana Link 2, Package 6 for Gujarat & Mallana Sagar Reservoir Reach 2 for Government of Andhra Pradesh
- Through 200 check dams constructed by the L&T Public Charitable Trust, tribal farmers in Talasari block near Mumbai can grow two crops instead of one, along with vegetable cultivation
- At Vidisha, in Madhya Pradesh state, L&T has created more than 39 water reservoirs for the farmers. This intervention has led to 1159 million liters of water storage/year which is used for growing crops like wheat and rice in the area. These reservoirs are part of individual farmlands, the soil is fertile and hence India's best quality wheat is grown in this region and upto two crops/year are harvested
- The ICD – CSR project focuses on increasing availability of water for agriculture at water-stressed locations

- The Water & Effluent Treatment (WET) business provides turnkey solutions in lift irrigation and canal rehabilitation
- The Electrical & Automation (E&A) business offers a wide range of products and solutions for electricity distribution and control in the agriculture sector
- The E&A business conducts training programmes for farmers in the use of motor starters and pump controllers which are widely used in agricultural across India
- Solar pumps are provided by E&A business to enable farmers to reduce their dependency on conventional pumps

MISSION 8

STRATEGIC KNOWLEDGE
ON CLIMATE CHANGE

- The Company actively participates in institutional and industrial forums and employees attend various capacity building programmes on climate change and green initiatives.
- Many in-house functional and technical capacity- building programmes on sustainability and climate change are conducted, including:
 - GRI standards reporting framework
 - Regular training on GHG accounting and management procedures for all the businesses.
 - Energy Management and Energy conservation
 - Employees actively participate in celebration of important events and days such as world Environment day, Earth Day, Earth Hour
 - Employees actively contribute in nature photography competition and environmental quiz contest to increase their understanding on climate change.
- Prayag (the induction programme for new employees) covers sustainable development and climate change topics along with EHS and Human Rights



SOCIAL & RELATIONSHIP CAPITAL

SOCIAL CAPITAL

Access to cleaner water, hygienic surroundings, better health, education and new skills, has altered the lives of around 2.15 million individuals through our Community Development Programmes in 2017-18.

L&T has been working towards the upliftment of communities around its premises and at various locations across the country, long before the CSR section was introduced in the Companies Act 2013.

The Company builds on its ability to understand the pressing needs of local and underprivileged communities, and provide appropriate technology-based solutions, thereby accelerating development. Some of its

interventions are in the areas of water and sanitation, health, education and skill development. L&Tearing, a structured volunteering programme, inspires and empowers employee volunteers or L&Tears to contribute their time to programmes supported by the Company, enhancing its social impact. The Prayas Trust which comprises of employees' wives and female employee groups too drive CSR initiatives, by reaching out to distant communities.

In the recent years, the Company consolidated its CSR programmes with focus on areas that align with the global and national development agenda. The activities are brought under the CSR theme 'Building India's Social Infrastructure', to bring about an impactful and long-lasting social change.



INPUT MATRICES	OUTPUT MATRICES
<ul style="list-style-type: none"> CSR SPEND (₹) 1.44 Bn 	<ul style="list-style-type: none"> CSR BENEFICIARIES (NOS.) * 2,152,276 Mn
<ul style="list-style-type: none"> CSR PARTNERS (NOS.) * 150 	<ul style="list-style-type: none"> VENDOR/DEALER/SUB-CONTRACTOR TRAININGS (NOS.) 1,372
<ul style="list-style-type: none"> NEW SUPPLIERS/VENDORS/CONTRACTORS DEVELOPED/REGISTERED (NOS.) 8,413 	<ul style="list-style-type: none"> CONTRIBUTION TO EXCHEQUER (₹) 72.08 Bn
<ul style="list-style-type: none"> MSME SUPPLIERS (NOS.) 2,637 	<ul style="list-style-type: none"> SAFETY TRAINING TO CONTRACT WORKERS (Mn. Man HRS.) 1.78

* - L&T Standalone

KEY HIGHLIGHTS FY 2017-18

BENEFICIARIES



2.15
million beneficiaries under
our Community Development
Programmes in 2017-18

COMMUNITY DEVELOPMENT



50% Woman participation in
village development
committees
have significantly contributed
to watershed interventions

COMMUNITY PROGRAMME



Under Integrated Community Development
Programme (ICDP) four water-stressed districts
were targeted in three states covering 11,006
households across an area of 9,337 hectares.



CSR POLICY AND BOARD COMMITTEE

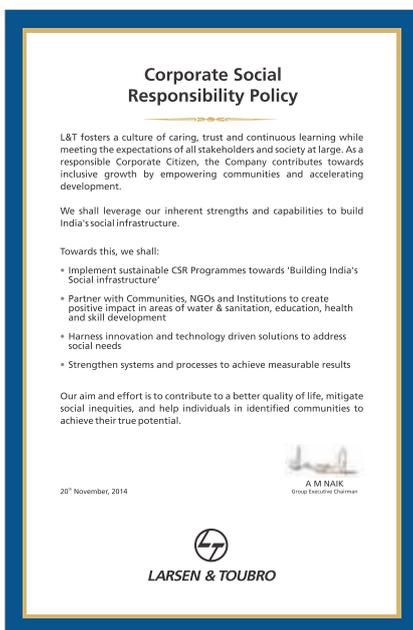
The Company's interventions are in line with the revised Companies Act 2013. In 2014, the Company constituted its Corporate Social Responsibility (CSR) Board Committee.

It also revised its Corporate Social Responsibility Policy and developed a new CSR theme, 'Building India's Social Infrastructure'. This was based on a large scale interactive process with inputs from employees, NGO partners and the communities we serve.

The theme acts as a lighthouse for the CSR programme, guiding the execution of holistic and integrated social development projects at identified locations.

The CSR Committee accords its approval for projects in line with the provisions of the Act. The Committee is responsible for activities to be undertaken by the Company. It makes recommendations on the expenditure and monitors the implementation of the CSR Policy.

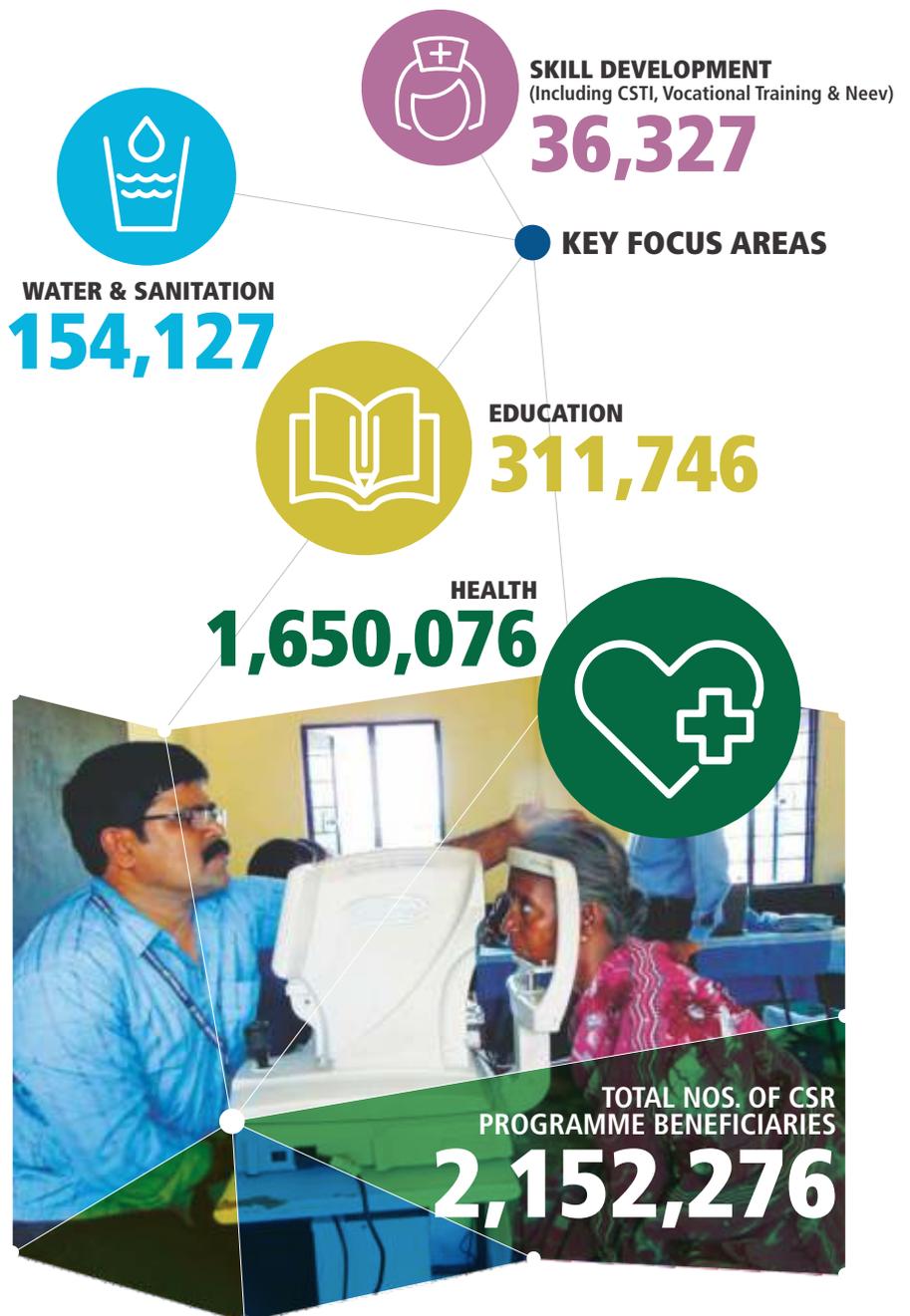
As on March 31, 2018, the CSR Committee comprised of an Independent Director as the Chairman, and two Executive Directors.



BUILDING INDIA'S SOCIAL INFRASTRUCTURE

Our aim is to improve the quality of life, mitigate social inequalities and help individuals achieve their true potential, in identified communities.

CSR PROGRAMME BENEFICIARIES - FY 2017-18



DRIVERS OF SOCIAL INTERVENTIONS

Corporate Social Responsibility (CSR Team)

L&T has dedicated CSR teams at the corporate level, committed to maximising social impact. Corporate CSR team acts under the guidance and framework approved by the CSR board committee. They devise, execute and monitor CSR programmes in partnership with NGOs which are committed to individual causes, with the aid of teams at campuses and business offices.

CSR co-ordinators and teams at campuses, area offices and sites

Area offices and campus teams perform need assessments, identify local projects and NGO partners, implement and monitor the projects; providing support in achieving the CSR goals.

Prayas Trust

The Prayas Trust originated as L&T Ladies Club more than twenty years back. It was formed and run by the wives of employees and female employees to provide services to the underprivileged sections of society located around various L&T facilities. They drive programmes around the thrust areas identified under the L&T's CSR theme.

Volunteers

L&T has a structured employee volunteering programme, L&Tearing, which enables and encourages employees to participate in community development activities. Volunteers invest their time in programmes that benefit underprivileged communities.

L&T Public Charitable Trust (LTPCT)

Complementing CSR team's activities, LTPCT undertakes a wide spectrum of community development works

INITIATIVE

MORE WATER, MORE CROPS

At Kumbhalgad in Rajasthan, L&T has been working for the last four years to improve water availability for drinking, sanitation and agricultural purposes. After consistent efforts, ground water levels increased by 2.4 meters. The mean ground water level of 2015-16 was at 26.2 feet compared to 2017 mean of 18.5 feet. Thus, a change of 7.7 feet (2.4 m) rise in ground water levels has been achieved. The increase in water level resulted in improved irrigation facilities through water harvesting

structures and channel lines. This enabled 428 (24%) families to cultivate additional crops. The adjacent figure shows an increase in the number of families cultivating three crops / annum.

Tamil Bai is a 38-year-old Bhil tribal woman from Beed Ki Bhagal village in Kumbhalgad. Her family of five includes three children, owns 0.80 hectares of land. Her husband is a farmer, who has to migrate seasonally looking for labour jobs, taking him away from home.

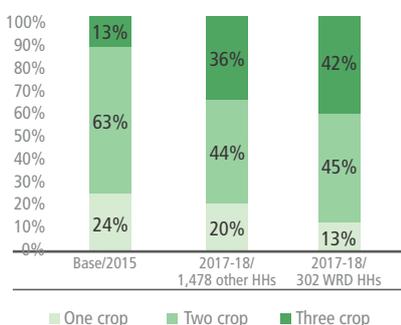
In 2016, L&T's interventions started with soil and water conservation, followed by farm-based livelihood activities, and channel lining for irrigation that benefitted Tamil and her family.

Tamil would regularly attend gram samuh (village development committee) meetings held in her village. She discussed her needs with the samuh members and participated actively in the project.

She began vegetable farming, and cultivated additional crops in 0.3 ha., thanks to the water from channel line irrigation. She also increased her land under cultivation from 0.4 to 0.6 ha.

This year, Tamil earned around ₹ 4,000- ₹ 5,000/- per season from agriculture. In total, she earned ₹ 23,200/- from agriculture and livestock rearing, all of which is additional income.

Families taking additional crop (%)



“Community development is about women like me from poor families being empowered to take their lives onto the path of self-reliance” – Tamil Bai

INTEGRATED COMMUNITY DEVELOPMENT PROGRAMME

The Integrated Community Development Programme (ICDP) of L&T started in 2014-15, to improve the availability of water, the very 'necessity of life'.

Under the programme, four water-stressed districts in were targeted in Rajasthan, Maharashtra and Tamil Nadu covering 11,006 households across an area of 9,337 hectares. When L&T started working in these villages, water scarcity was the most intensely-felt need. L&T sensed that this could turn into an opportunity to organise the community to work around a common cause.

Infrastructure

The CSR teams shaped the water intervention into a community-led process. Priorities were chalked out to make drinking water available first, leading to sanitation and agriculture. As a part of the intervention, structures like check dams, anicuts, contour trenches, farm bunds and farm ponds were constructed with participation from the community. These structures, along with other practices, helped increase the water level in the water bodies, and retained soil moisture.

Sustainability

Along with water security initiatives, the community was taught about the importance and methods of water conservation. Community groups like Village Development Committees (VDCs) with 50% participation from women, and Self-Help Groups (SHGs) were created. They assumed the responsibility to maintain the structures created through the project. Farmers were also trained in agricultural practices that require minimum use of water, and use of Zero-budget natural fertilisers, to retain fertility of the land. The community members also devised methods that improved arability.

Sanitation drives

L&T's ongoing initiatives in the area of sanitation in villages was given a boost by the Government's Swachh Bharat Abhiyan

programme. The Company spread awareness on sanitary practices amongst communities, while making toilets and water available to them. The Company, with contributions from the community and 'Shram Daan' (volunteering), constructed more than 1,000 well-designed toilets-cum-bathrooms using locally-sourced material and labour. Also, community monitoring committees were formed to ensure villages become and stay open defecation-free.

Two grampanchyats along with two revenue villages and 13 hamlets, turned Open Defecation Free (ODF), benefitting 1,100 households.

Today, all the project areas have access to drinking water and sanitation facilities. They also have sufficient water which allows them to cultivate extra crops, and provide fodder for livestock. As household incomes increased, it has had a profound effect on the quality of life of people.

INITIATIVE

Rural Thirst Quenched by Project Machinery!

The summer heat can be dehydrating, particularly in the India's interiors. Villages around our SRRP PKG-1 camp area in the State of Odisha faced a parched summer due to the lack of water.

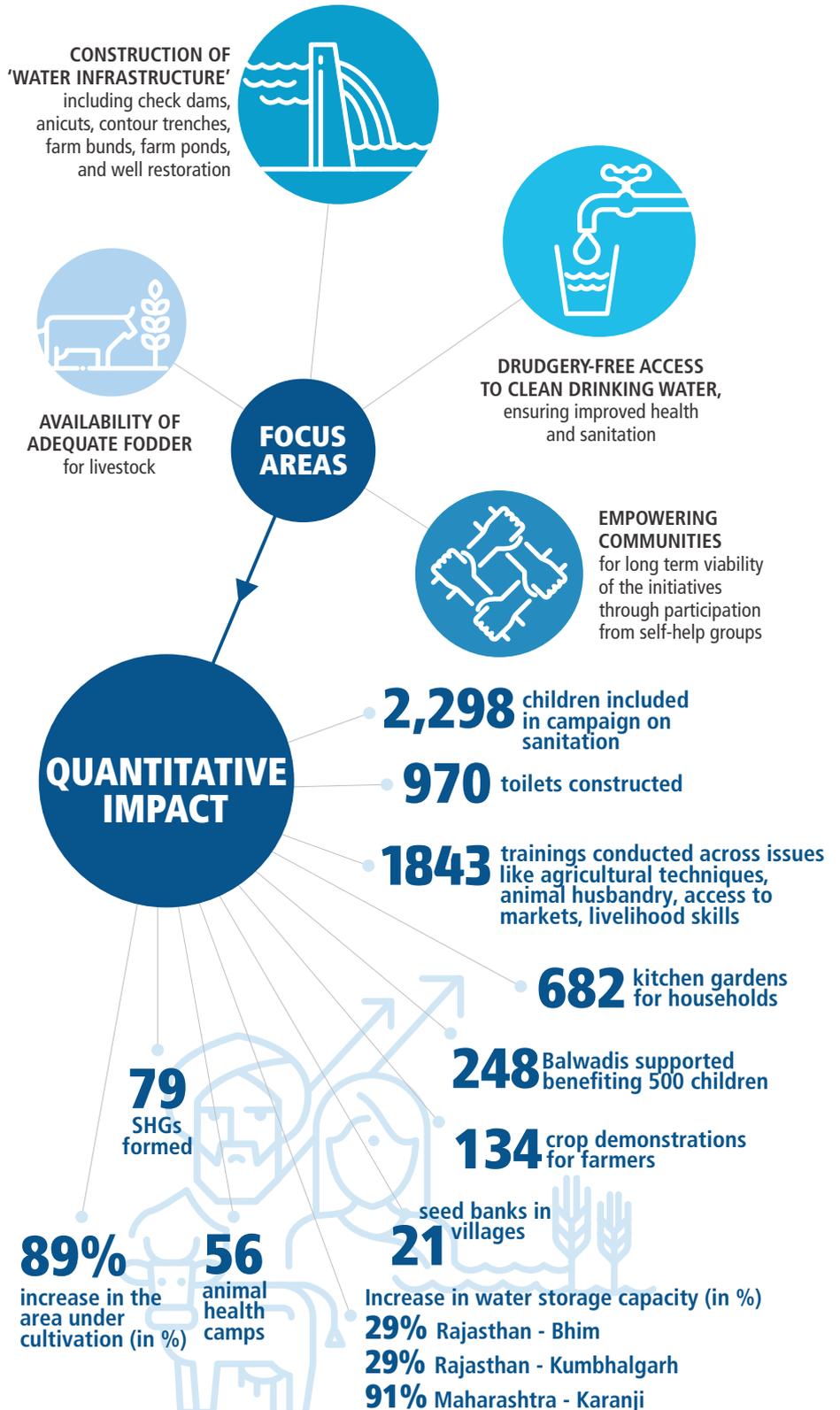
The MLA of the locality approached the project team for help specifically to deepen a few ponds in the area, to increase their capacity. The team considered the request, and the problem was solved by deploying machinery to remove of silt and debris from the ponds.

The project directly benefitted 7,000 residents of the villages of Talbira, Basupalli, Runimahul, Salad, Kadelpita, and New Rampella under the Rengali Tahasil. The project will also help people to harvest more water during the following monsoons.



HIGHLIGHTS

Integrated Community Development Programme in the States of Maharashtra, Rajasthan and Tamil Nadu, has had a significant impact on the community.



CASE STUDY

HARNESSING THE SUN TO ENHANCE TRIBAL LIVES



Traditionally, tribals undertake subsistence farming, largely depending upon rain-fed irrigation. After the monsoons, tribals migrate to urban areas for employment. Such migration is disruptive, lowers standards of living, interrupts children's education, and deteriorates their health.

Larsen & Toubro Public Charitable Trust (LTPCT) works with tribal farmers to improve productivity. Talasari of rural Maharashtra has perennial water sources. However, its farmers were

unable to access this water for agricultural purposes. The trust decided to promote green energy, and provide solar water lifting irrigation systems to enable the tribal farmers cultivate a second crop in the dry season.

The solar solution

The trust installed three solar panels and pumps. Each of these installations had a 5 KW solar panel and a 5 HP solar-powered water pump, which irrigate 31 acres of land, benefitting 80 tribal farmers.

Now, the farmers of Talasari do not have to migrate during the dry seasons. They can grow a second crop, and augment their income. The education of their children can continue uninterrupted, and improve their livelihoods.

This is part of an integrated tribal area development programme, which imparts training and technical expertise to farmers, and are also provided seeds. Streetlights, drinking water facilities and educational inputs are also provided to these tribal communities.

INITIATIVE

Toilets accessible to 225 families of Lasadiya, G.P.



Sanitation awareness campaigns were organised in Lasadiya Gram panchayat's three hamlets with 225 families; as a part of the sanitation drive in Bhim district in Rajasthan. Some of the activities undertaken include community-level meetings, sensitisation walks, formation of Nigrani Samitis, organising cultural nights (bhajan sandhya).

Apart from spreading the word, L&T also built 225 toilets with bathrooms in the hamlet. However, the habit of using toilets was yet to trickle down to the population. These challenges were addressed by spreading knowledge on the hazards of defecating in the open. Villagers formed Nigrani samitis that kept a watch during the morning hours. Over a period of one-and-a-half years, a behavioural change was noticed amongst the villagers.

The programme also addressed the issue of unavailability of skilled mason and labour in the project area, for the construction of toilets. To fill the gap, youth in the villages were trained in masonry, which also improved their employability. Lasadiya Gram Panchayat is all set to receive ODF status as per Government norms, soon.



"Due to toilets, the community does not defecate in the open which has improved the cleanliness and sanitation in the small hamlet. There is a significant reduction in water and air borne diseases especially in children of Lasadiya" – ASHA worker

INITIATIVE

IMPACT ON WATER CONSERVATION IN CHETTIPALAYAM

Chettipalayam watershed is situated in South Coimbatore, bordering Malumichampatti in the West, Vellore in the North, Mayileri Palayam in South and Pachapalayam in the East.

Water harvesting structures like check dams, farm ponds and channels, constructed during third year of the project, significantly improved the water storage capacity, through existing and newly developed water bodies. This year, the total water holding capacity created through various structures, stood at 4.7 Million litres.

The pictures below show the water harvested from single day's rainfall.



Impact on land

Amelioration of barren lands: In Chettipalayam watershed area, 18 hectares of land was left barren for over five years due to inadequate rainfall and unavailability of water. After L&T's ICD programme, these lands were brought under cultivation, despite failure of monsoons for the last four years. Techniques like chisel plough, disc plough and field bunds helped to turn the barren land, arable.



Impact on water

The percolation tank which was excavated in Okkilipamayam village, is located next to a public borewell. Due to the excavation work, nearly 0.59 Million litres of water was stored in this percolation tank which also recharged the borewell. About 50 households in Okkilipalayam watershed use this water for domestic consumption. As the borewell is recharged, the well will receive enough water to last till the month of April. Without the tank, the borewell would dry up by February.

EDUCATION

L&T's education programmes are key to promote social upliftment and inclusive development in the country. The Company has undertaken a variety of initiatives to provide infrastructure to schools that lack adequate resources. It also strives to improve the quality of instruction and learning for the children.

L&T commits itself to fulfill the dream of educating every child, irrespective of their social status. To this extent, it makes schools accessible to children, reduces droppouts by introducing relevant curriculum, and enhances teaching methods and pedagogy. It also involves parents and community to create an environment of learning at home, to ensure that children are educated in the right earnest.

L&T supports

250

schools and reached out to over

0.33 Mn

children with its initiatives.



Our efforts this year focussed on strengthening physical infrastructure and supplies at schools, improving learning levels of children, introducing technology-related subjects, and capacity building of the teachers.

INITIATIVE

SUPPORT FROM TEACHERS BOOST NEHA'S CONFIDENCE!!

Neha Sanjeevan Pakshe, Community Learning Centre, Powai

Neha Sanjeevan, is currently a student of Class XI. She joined a Patang centre in 2012. She hails from a background where none of her parents were well-educated.

When she joined the centre, the teachers realised that her learning levels are very low, and that she lacked confidence. She was unable to grasp basic concepts of grammar, or even solve simple math problems like addition and subtraction. In spite of the challenges, the teachers focussed on educating her.

The teachers allowed the student to discuss family issues, personal problems, and helped sort them. This move led to an improvement in her self-confidence, which motivated her to put in extra efforts towards education. Neha persistently worked on her school work, and her learning levels showed improvement.

She successfully achieved Level 5 competency in Maths in the VI standard, and in language skills in the VII standard. Now, she is a confident student with conceptual clarity in both Math and languages; something she lacked before she joined the centre. Her parents are also pleased with her progress, and thank the study centre and teachers for the support.



CASE STUDY

DIGITALLY DRIVEN SCHOOLING

Teaching digital skills improves lives of tribal youth

Currently,

13,278

tribal students are enrolled under the CAL and DLLS programme



Currently 82 sancharaks, four team leaders and a programme co-ordinator are appointed in the area.

Talasar, located 140 km from Mumbai, is a backward and a poor district of Maharashtra. It is home to tribal communities who are either farmers or migrant labourers. Poor education, lack of proper nutrition and healthcare facilities, and the resulting problems have left the area economically and socially backward.

Larsen & Toubro Public Charitable Trust in partnership with SAP India and Pratham InfoTech Foundation have implemented a Computer-Aided Learning (CAL) and Digital Literacy as a Life Skill (DLLS) programme in the area.

The main objective of this programme is to bridge the Digital Divide in Government schools and enable school children to experience technology and operate computers.

At the beginning of the programme, a baseline survey of the schools was carried out to assess the number of students and facilities available.

Parallely, trainers (sancharaks) were recruited from villages and trained for

14 days to effectively teach the CAL and DLLS programme to the school children.

CAL programme focuses on providing underprivileged children in the age group of five to nine, with access to Information Technology. Each centre has high quality hardware with educational software developed by Pratham, in various Indian languages. The programme is aptly designed around the school curriculum; with a library corner that has numerous educational books in local languages. They also have a craft corner that enables children to learn their subjects through projects and craft items that they prepare. Efficient computer instructors assist children in enhancing their day-to-day learning and skills.

The DLLS programme imparts IT education among secondary and higher secondary school children in the 10-15 years age group. The programme focusses on teaching basic technological skills which are in demand today. The activities improve job skills of the students and expand the relevance and scope of their education, making them technically competent.

The programme allows bright students to periodically take the laptops back home. This helps children invest additional time in learning computer skills, and teach other children living nearby. It enhances their leadership and training skills. These children are named 'Young Instructors'.

CAL and DLLS programme exposed students to new and interesting technologies, improved quality of learning at schools and piqued their interest, thereby improving enrolment and reducing dropout rates.

HEALTH

L&T organises health and welfare activities for the underprivileged, across its establishments in India. They bring good quality healthcare to the patients in urban and remote areas, in the form of permanent health centres or health camps which provide free medical care. The Company set up its first health centre at Andheri in Mumbai in 1967. L&T has twelve community health centres operational currently at Ahmednagar, Chennai, Kattupalli, Coimbatore, Kansbahal, Thane, Lonavala, Surat, Vadodara; along with three in Mumbai. In addition, L&T also set up artificial kidney dialysis clinics for the underprivileged at six health centres in Mumbai, Thane, Titwala, Vadodara, Surat and Chennai.

Around 1 Mn individuals this year are not only aware of their medical conditions but also have better access to healthcare facilities, due to health camps and other initiatives.



Anti-Retroviral Therapy (ART) Centre, Mumbai



Artificial Kidney Dialysis Clinic, Vadodara

L&T conducts diagnostic and health camps for women and children in the areas of reproductive health and immunisation. The Company organises malnutrition and anemia mitigation camps, school and community health camps, eye check-up camps, blood donation and health awareness programmes. L&T Mumbai's Anti-Retroviral Therapy (ART) centre conducts HIV/AIDS awareness camps, provides medical support along with therapy, counselling and testing.

The health centre in Mumbai provides infertility services free-of-cost for the underprivileged communities, who find these treatments prohibitively expensive. The Company also has a well-equipped child guidance clinic in Mumbai, which offers this unique service, in addition to parent counselling. Due to our efforts this year, around 350,000 individuals are not only aware of their medical conditions but also have better access to healthcare facilities, due to camps and other initiatives.



12
Community Health Centres



6
Artificial Kidney Dialysis Clinics

INITIATIVE

KOLDONGRI TB CLINIC AT MUMBAI A Public Private Partnership Model

L&T runs an exclusive TB clinic in Koldongri, in the suburbs of Mumbai, in partnership with the Municipal Corporation of Greater Mumbai (MCGM). This partnership was forged in 1981. In 2005, L&T set up a modern integrated centre for TB and for ATR, a rare medical disorder.

After surveying for healthcare needs that are unmet by municipal hospitals, L&T initially focused on providing equipment to the centre. It provided X-ray machines, and enlisted the services of trained chest physicians and counsellors. Recognising the connection between TB and HIV-AIDS, it mandated new interventions which test TB patients for HIV, integrating counselling and Anti-Retroviral Therapy (ART) with the Koldongri TB clinic.



At the clinic 23,415 patients in FY 17-18 were registered. 232 were put on DOTS treatment at the Koldongri clinic itself while 216 were provided counselling. While providing CAT I, II and IV treatments to the patients, a cure rate of 85-90% was observed.

SKILL DEVELOPMENT

Skill development has always been a key area of interest for L&T and its CSR programmes. In its endeavour to achieve inclusive growth, it provides vocational training courses and other skill building activities to provide uneducated youth with job-earning skills. L&T's Construction Skills Training Institutes (CSTIs) provide free-of-cost training like bar bending, formwork carpentry, masonry, scaffolding, welding and electrical wiring, etc., to rural and urban youth.

Training programmes are conducted at nine CSTIs operational at Kancheepuram and Pulicat in Tamil Nadu, Panvel in Maharashtra, Pilkhuwa in Delhi, Jadcherla in Telangana, Cuttack in Orissa, Attibelle in Karnataka, Chacharwadi in Gujarat and Serampore in West Bengal.

Industry-oriented training:

L&T has collaborated with 27 Industrial Training Institutes (ITIs) across the country, to impart industry-oriented training.

Empowering the differently-abled:

L&T's 'Project Neev' initiative enriches the lives of the differently-abled by offering specially-designed training programmes that enable them to obtain gainful employment and turn financially independent.

Vocational training for women:

L&T introduced vocational training programmes in the areas of tailoring,

SKILL DEVELOPMENT PROGRAMME

Formwork Carpentry	Pipe Welding
Masonry	Electrical Wireman
Bar Bending & Steel Fixing	Tiling and Plumbing
Construction Electrical	Tailoring
Rural Electrification	Beautician
Solar Electrical	Nursing
Quality Control	Food Processing

36,327

rural and urban youth, along with women and physically challenged persons from underprivileged communities, are being imparted skills that will improve their employability



beautician skills, home-nursing and food processing for women from underprivileged communities.

INITIATIVE

2,000 women hone their skills

A programme was undertaken in L&T Kolkata, to empower women from slums in the city, and villages nearby. The programme provides them with alternative employment, by helping them manufacture products for the local and overseas markets. The objective is to improve the status of women and girls in the society.

More than 2,000 women are engaged in activities like tailoring garments and home furnishings, crochet, weaving, knitting, block printing and Kantha Stitch. They were also taught beauty salon procedures, preparation of spices, jams and pickles etc. This programme not only empowered the women financially, but also helped instil a sense of self-confidence. The average monthly income of the women who took part in the programme, is between ₹ 5,000 to ₹ 8,000.



Currently, 28 SHGs are actively functioning in the villages, with a membership strength of 350.

INITIATIVE

Nilesh Kumar Kothari, Village Teharka, Madhya Pradesh

Even after the successful completion of ITI, Nilesh Kumar was not able to find a job. To improve his prospects, he took his uncle's advice to join CSTI in Jadcherla, Telangana. During his three-month training, he acquired knowledge on construction electrical work from experienced instructors.

He secured a job at a construction project at Dindigul. After a few months, he received a call from CSTI Jadcherla itself, with requirement for an electrical demonstrator, and passed the interview in flying colours.



"I never expected a call from CSTI. I am very happy to say that I am working as an electrical demonstrator at the very place where I was trained. Now, I am able to share my knowledge with others at CSTI. I would like to thank L&T, which provided me with free training to achieve this position."

Nilesh Kumar Kothari

EMPLOYEE VOLUNTEERING INITIATIVE

L&T has a growing army of employee volunteers or L&Teers who support the Company's CSR programmes. They partake in initiatives like teaching at community schools to writing examination papers for the visually challenged. L&Teers are passionate, sensitive to social causes, and committed to community development.

This year, 4,652 employees volunteered and worked for various initiatives.



RELATIONSHIP CAPITAL

Understanding and responding to the concerns of our stakeholders is integral to the way we work. We regularly engage with our stakeholders and strive to match their expectations.

Our key stakeholders are customers, shareholders and investors, suppliers, contractors, employees, government bodies, media and the community in and around our establishments. Our stakeholder engagement framework stands on the pillars of transparency, inclusiveness and trust. Various formal and informal channels of communication are used for a continuing dialogue with stakeholders.

The Company's Corporate Brand Management & Communications Department (CBMC) is the custodian of 'Brand L&T'. It is responsible for brand building and communications for Corporate L&T and its varied businesses and departments. The Department holds the dual responsibility of ensuring that L&T speaks with 'one voice' to all stakeholders and supports varied businesses in their marketing communication activities.

SHAREHOLDERS & INVESTORS

Our responsibility to shareholders is reflected in the way we operate. The contribution of shareholders and investors in the growth of the Company is deeply valued and we work hard to ensure that we deliver positive returns to the shareholders. Every year, L&T releases an Annual report, Business responsibility Report, Sustainability Report and Quarterly Financial Reports to provide shareholders with comprehensive information about the Company's performance and capabilities. From FY 2017-18 the Company started publishing Integrated Report in place of Sustainability Report. Also, Company makes presentations to institutional investors and equity analysts on its quarterly performance.

Regular information updates are provided to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, along with updates on L&T's corporate website, www.Larsentoubro.com

We have a robust grievance handling and redressal framework. Investor queries are handled by our Company Secretary & Compliance Officer through igrc@Larsentoubro.com

As part of our effort towards environment conservation and in accordance with the circular issued by the Ministry of Corporate Affairs, Govt. of India, shareholders have been given the option of receiving documents related to General Meetings (including AGM), Audited Financial Statements, etc., through electronic mail.

Our Integrated Report is also available on an interactive website sustainabilityreport.Larsentoubro.com



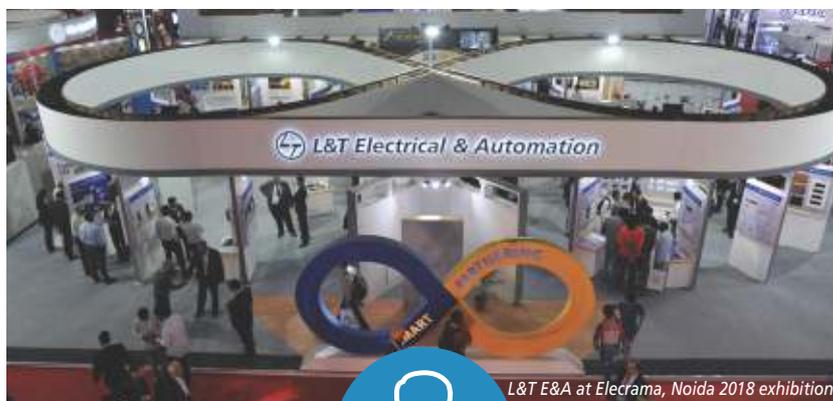
Annual General Meeting, 2017

CUSTOMERS

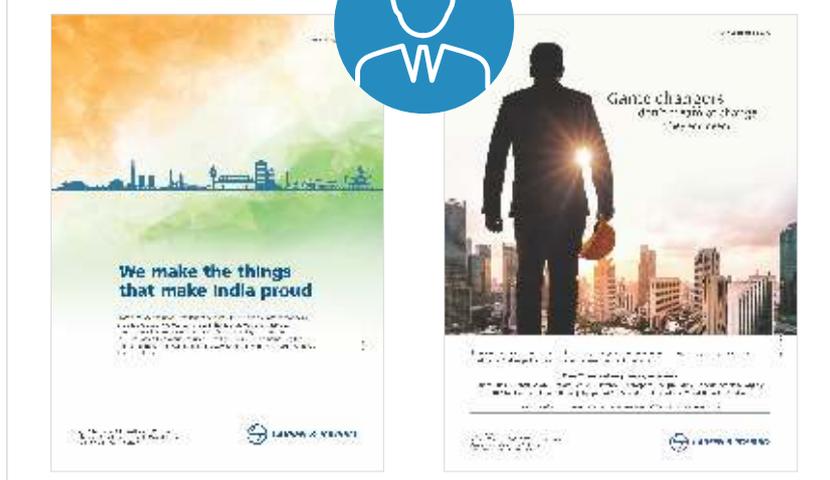
We have continual dialogues through customer meets, workshops and conferences, exhibitions and trade fairs, product advertising campaigns, corporate print and TV campaigns, bulletins and news, one-on-one interactions and periodic reviews. This brings in a customer perspective to our work and helps us meet expectations better.

L&T also releases the Annual Review of the Company, which is a capability statement, with highlights of the year, specifically for customers. The L&T Infodesk infodesk@Larsentoubro.com is a single-point contact for information and feedback on the entire range of L&T products and services. Customer satisfaction surveys are regularly conducted by each business and feedback forms are analysed to understand the areas of improvement.

The Buildings and Factories business has established a formal system for collection and review of customer feedback about its project sites. In this business, customer feedback is collected every quarter on a scale of 1 to 10 (10 = Excellent, 1 = Poor) and the feedback is reviewed during Management Review Meetings. Corresponding action plans are drawn up to improve the performance in the areas rated below the average 8.0.



L&T E&A at Electrama, Noida 2018 exhibition



EMPLOYEES

A nurturing environment and a climate conducive to personal well-being and professional growth are intrinsic to the L&T culture. The engagement framework is built on the organisation's values which contribute a lot towards making the Company a great place to work.

L&T's vision states that it shall foster a culture of care and trust. This vision is translated and integrated into our HR processes. Regular communication from the management forms an important driver for employee engagement.

E-mail communications also share information with all employees on the various contracts awarded to L&T and details of some of our best-in-class projects. Internal magazines focus on individual achievements of employees/teams, which serve as encouragement to all.

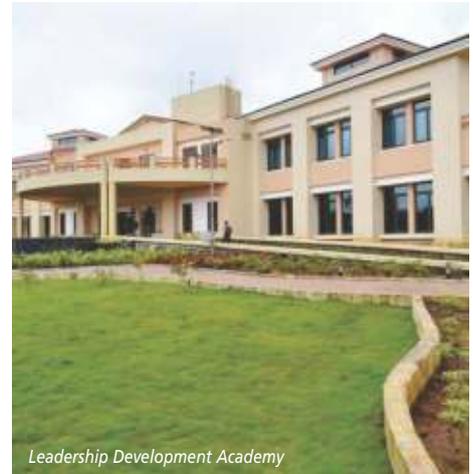


E-mail communications also share information with all employees on the various contracts awarded to L&T and details of some of our best-in-class projects. Internal magazines focus on individual achievements of employees/teams, which serve as encouragement to all.

L&T Success Stories encourages employees to participate at such forums and showcase path-breaking product / process improvements they have executed. The success stories competition that is conducted across the organisation is also instrumental in instilling a sense of pride among the employees. Apart from these initiatives, we conduct Town Hall sessions and departmental meetings for employees to communicate with the management. There are also 'HR connect sessions' wherein employees across various levels get an opportunity to communicate their ideas and concerns regarding various HR processes/services. Companywide competitions are organised for showcasing technical and creative ideas, and important festivals are celebrated together.

L&T Scape – a collaborative, enterprise-wide portal, provides employees with an opportunity to communicate, collaborate and access all employee welfare benefits provided by the Company. ATL – 'Any Time Learning' facilitates online learning and knowledge sharing at the employee's convenience. The Working on Wellness (WoW) initiative spearheaded by our Medical Health and Welfare team conducts regular programmes for employees to drive preventive healthcare practices.

At L&T, we believe that it is employees who shape the organisation's character and drive its performance. This year our workforce participated in an Annual Engagement Survey conducted by Corporate Human Resource department, which provided us with valuable insights into employee satisfaction, their jobs and other aspects of their workplace experience. They were encouraged to provide honest feedback; based on which an action plan was prepared. This is incorporated into the business planning review processes.



Leadership Development Academy

The Leadership Development Academy (LDA) has been recognised by Symbiosis International University as a 'Research Centre' which enables L&T-ites to pursue their doctoral programmes.

SUPPLIERS & CONTRACTORS



Suppliers Meet held at Leadership Development Academy

Suppliers, contractors and service providers are important partners for business growth and we engage with them on a continual basis. Our key suppliers, contractors and service providers include raw material vendors, machine suppliers, contract workmen providers and other service providers. We engage with them periodically through partner meets. L&T uses the e-tendering system which is an e-procurement model for paperless buying, systematic information flow and reverse auctioning.

Supplier meets act as an important platform to discuss their concerns, issues and expectations and the Company then plans to address the same. During these

At L&T we respect human rights and our practices follow prohibition of child labour, prohibition of forced and compulsory labour, non-discrimination on the basis of gender, caste and nationality.

meets, the suppliers are also updated about the Company's progress and plans on aspects relating to business, sustainability and CSR. Our best practices are extended to our suppliers, contractors and service providers, through combined Environmental and Social Code of Conduct which is included in our contract agreements and purchase orders.

This encourages our suppliers to work in an eco-friendly way and make a lasting contribution to the society.

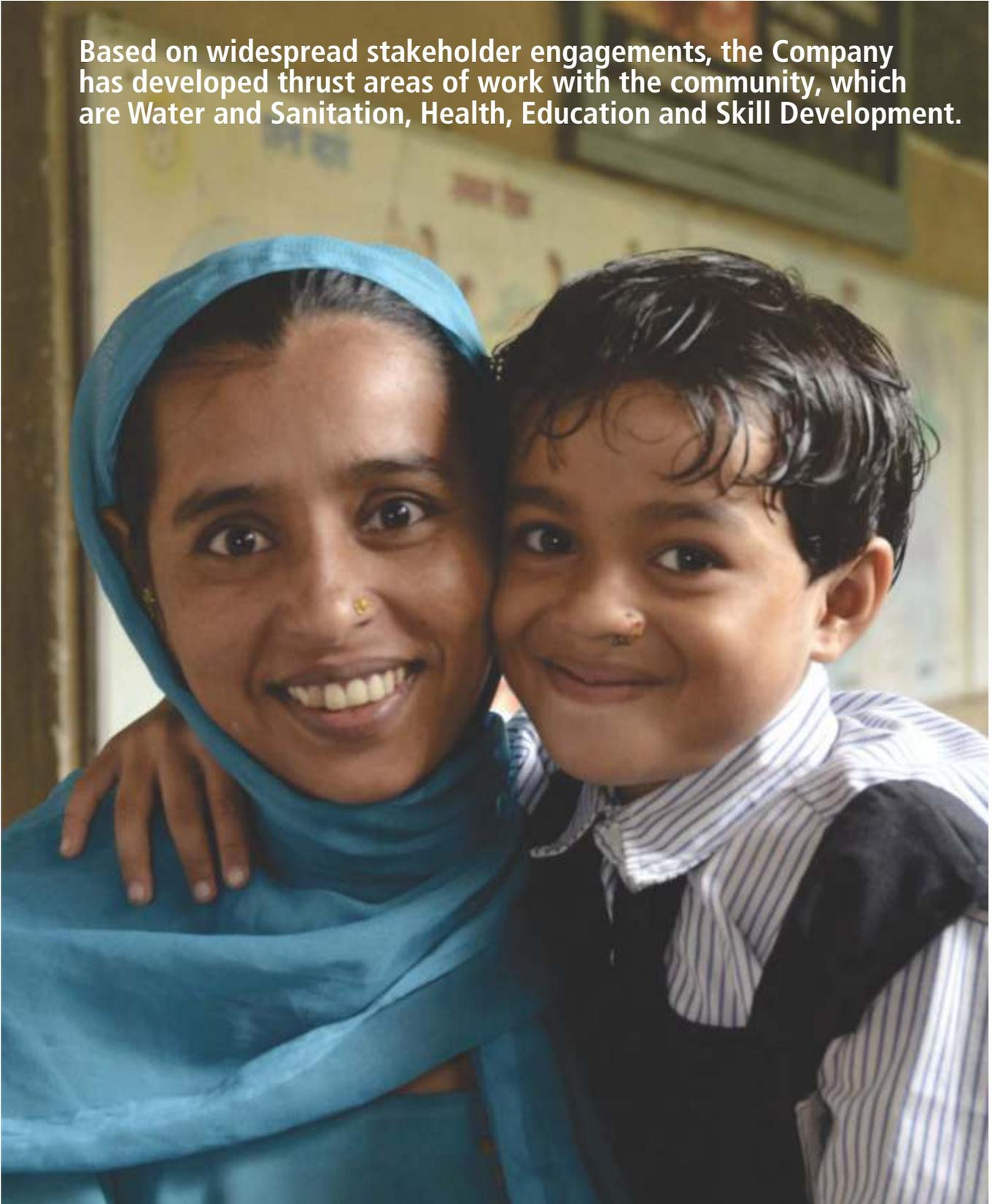
RESPONSES TO STAKEHOLDER CONCERNS

Key topics and concerns that have been raised through stakeholder engagement and our response to these are as follows:

STAKEHOLDERS	CONCERN AREAS	L&T'S INITIATIVES
SHAREHOLDERS & INVESTORS	<ul style="list-style-type: none"> • Business performance • Improved ROI • Effective financial and non-financial risk controls • Fair business practices • No defamation 	<ul style="list-style-type: none"> • Transparency of business plans to investors • Uninterrupted dividend • Showcasing performance on non-financial disclosures in Sustainability Report • Carbon Disclosure Projects • Dow Jones Sustainability Index
SUPPLIERS / CONTRACTORS	<ul style="list-style-type: none"> • Timely payments • Repeat orders • Price reduction • Different purchase processes by businesses as per the projects / establishment requirements 	<ul style="list-style-type: none"> • Regular visits to suppliers' and contractors' facilities • Combined Environmental and Social Code of Conduct for suppliers included in the Supplier Agreements • Screening, assessment, audits related to quality and EHS aspects are conducted, providing support to implement resource conservation initiatives at select suppliers' premises • Cost effective-price negotiations
EMPLOYEES	<ul style="list-style-type: none"> • Career growth • Employee benefits • Skill development • Effective/high-quality training programmes 	<ul style="list-style-type: none"> • Attracting and retaining talent • Promoting people wellness • Functional and soft-skill development programmes • Improving leadership skills • Development and continual improvement in programmes for structured learning and development of workforce
COMMUNITY	<ul style="list-style-type: none"> • Expectation of livelihood creation • Improvement in overall living standards • Water and sanitation • Development of community infrastructure 	<ul style="list-style-type: none"> • Education, health and skill development to benefit communities around L&T establishments and project sites • Access to drinking water and sanitation in water stressed regions • Implementing Integrated Community Development Programmes • 9 Construction Skills Training Institutes (CSTI) impart training in formwork, carpentry, bar-bending, steel-fixing, masonry, construction, electrician skills and welding
CUSTOMERS	<ul style="list-style-type: none"> • Timely completion of projects • Confidentiality • Competitive contract price bid • Innovation and state-of-the-art engineering techniques • High safety standards • Transparency in energy, water, GHG emissions performance 	<ul style="list-style-type: none"> • On-time project completion • Deeper customer connect at multiple levels • Tighter project monitoring and control • Increased after-sales support • Regular monitoring of Project KPIs – Safety, water, energy, GHG emissions etc.
GOVERNMENT	<ul style="list-style-type: none"> • Practicing fair and ethical business trade in all spheres - Economic, Environment and Social aspects 	<ul style="list-style-type: none"> • Continual improvement in efforts for ensuring transparency in the triple bottom-line (people, planet and profit) disclosures through various mandatory and non-mandatory disclosures like BRR, DJSI and CDP

COMMUNITY

Based on widespread stakeholder engagements, the Company has developed thrust areas of work with the community, which are Water and Sanitation, Health, Education and Skill Development.





Regular interactive sessions with the community stakeholders

The community is an important stakeholder to us and we believe in inclusive development.

Regular engagement is an essential part of our approach to community development. We field concerns from a broad range of community stakeholders including village panchayats, school authorities and District Health Officials. We take their input seriously and make every effort towards addressing

Over the years, L&T has developed an ethos that is deeply rooted in the welfare of its stakeholders, the country and the planet at large; while enhancing productivity and growth through technology leadership.

concerns and building relationships.

Our efforts are focused towards enhancing the quality of life and livelihoods. A quarterly review of our Integrated Community Development projects is done with the Village Panchayats and local authorities.

MEDIA

The media is regularly updated about our business along with information on developments across the Company. Through regular media engagement, we reach out to our stakeholders and keep them informed about critical business developments. Four media briefings and two media visits were organised during the year.

GRI 102-21, GRI 102-40

GOVERNMENT

Local Governments are our key stakeholders at L&T. In all the geographies that we operate, we abide by the laws of the land. We regularly interact with regulatory bodies and keep up to date with the latest laws and policy changes. We are a member of many industry associations and participate in national and international policy formulation and economic forums.

SUSTAINABLE DEVELOPMENT GOALS (SDG)

Sustainable Development Goals (SDG) define global priorities and aspirations for 2030, with objectives to achieve conservation and ecological balance. They present an opportunity for businesses to develop and provide solutions and technologies to address the world's sustainable development challenges. The following points demonstrate L&T's alignment with SDGs and details its initiatives towards climate change mitigation, environmental conservation and corporate social responsibility.



1 NO POVERTY

- Vocational, life-skills training and job placements for skilled youth
- Encouraging entrepreneurship
- Farm field schools
- Increased agriculture income due to water sufficiency and multi-cropping

Page 74, 102, 109, 110



2 ZERO HUNGER

- Encouraging sustainable agricultural practices by use of zero budget natural farming, drip irrigation, discouraging plantation of water-intensive crops, introducing horticulture, use of indigenous pesticides, seed treatment, balanced dose of fertilisers
- Kitchen gardens
- Nutrition awareness campaign and counselling for women, pre-school teachers and school children from the community
- Daily distribution of multi-vitamins/milk at Anganwadis / schools

Page 102, 103, 108



3 GOOD HEALTH AND WELL-BEING

- Multi-speciality community health centers providing access to maternal, family welfare, pediatric and general healthcare
- Mobile health vans and health camps for school children, women and elderly from underprivileged communities
- Health awareness for adolescents
- Blood donation camps
- Care and counselling programmes for differently-abled children
- Training of frontline healthcare workers
- Integration with national health programmes and welfare teams at the workplace

Page 74, 101, 102, 108



4 QUALITY EDUCATION

- Technical-aided education with e-learning facilities in Government schools
- Promoting education of the girl child
- Life skills and extra-curricular activities for overall development of students
- Community-based learning centres to prevent dropouts and prepare children for board exams
- Prepare tribal students to gain admission to various public schools
- Teacher training programme to improve pedagogy for effective learning
- Science-on-wheels, mini science centres and science laboratories to develop interest in sciences
- School infrastructure development, enhancing curriculum and impacting classroom learning through nurturing talent

Page 99, 101, 103, 106



5 GENDER EQUALITY

- Awareness regarding women's health and menstrual hygiene
- Toilet facilities in schools for girls
- Creating livelihood opportunities and encouraging entrepreneurship among women through skill development, vocational training programmes and market linkages
- Drudgery reduction activities for women
- Formation of women's self-help groups (SHGs), ensuring women's participation in village development committees and school management committees in villages

Page 72, 102, 108



6 CLEAN WATER AND SANITATION
Ensure availability and sustainable management of water and sanitation-for-all

- Achieving water sufficiency for drinking, sanitation and agriculture through watershed projects, as a part of Integrated Community Development (ICD) programmes
- Sanitation awareness campaigns followed with construction of toilets, to make rural India 'open defecation-free'
- Supporting Swachh Bharat Abhiyan
- Creating water bodies for communities

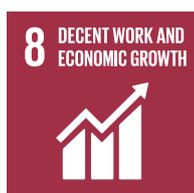
Page 87, 101, 102, 103



7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all

- Providing solar lamps to underprivileged communities and off-grid solar system with backup for communities and schools
- Increasing renewable energy use within campuses and project sites
- Green products and services portfolio for customers

Page 82, 83, 84, 104



8 DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- Employable skill training and placements for youth from underprivileged communities, physically and mentally challenged persons
- Transform fresh ITI candidates to multi-skilled workmen
- Certified computer courses for students
- Television and digital media workshops for youth empowerment
- Empowering the workforce through learning, development and welfare initiatives
- Construction Skills Training Institutes for skilling youth

Page 47, 74, 76, 99



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

- Embolden automation with focus on application for patents/Intellectual Property Rights (IPR) to inspire innovation
- Resilient infrastructure creation and sustainable industrialisation for our clients, through our product offerings – green products and services portfolio
- Focus on 'Make in India' initiatives to create employment opportunities and focus on import substitution

Page 48, 63 - 66



10 REDUCED INEQUALITIES
Reduce inequality within and among countries

- Merit-based hiring with recognition for equal opportunities
- Established policies and practices to empower employees irrespective of gender, age, disability, race and religion

Page 68, 69, 71, 72



11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient and sustainable

- Create comprehensive smart technology solutions for critical infrastructure, covering airports, power plants, metro rails and IT parks
- Offer specialised turnkey GIS-based network management solutions for city surveillance, traffic monitoring and analysis
- Road barriers and guards to control traffic areas at project sites, especially busy junctions in the city; along with road safety awareness campaigns
- Garden maintenance in cities and flood relief interventions
- ICD Programme for water-stressed rural settlements

Page 37, 65, 97, 99, 102, 103



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns

- Proactively set measurable targets and initiatives through sustainability roadmaps, since 2009
- Implement material conservation initiatives, energy efficiency improvement projects and sustainable production practices

Page 35 - 37, 83, 85, 94 - 98



13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts

- Climate change mitigation and adaptation initiatives: GHG intensity reduction projects, promoting use of renewable energy, green buildings, energy efficiency and tree plantation
- Measurable targets for reduction in energy and carbon intensity at campuses and project sites
- Carbon footprint mapping at the organisational level
- Alignment with National Action Plan on Climate Change (NAPCC), Government of India

Page 35 - 37, 85, 86, 90, 96 - 98



14 LIFE BELOW WATER
Conserve and sustainable use the oceans, seas and marine resources for sustainable development

- Business processes risk review to ensure that negative impacts are avoided / minimised / controlled



15 LIFE ON LAND
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- Building soil conservation to prevent soil erosion in the ICD programme
- Rainwater harvesting in schools
- Lake clean-up drives, reserve forest clean-up drives and de-silting of water bodies
- Planted more than 500,000 saplings in last five years and over 150,000 fully-grown trees are nurtured across major campuses
- In-house guidelines on scientific tree plantation and maintenance
- Felicitation of guests with a Tree Certificate, instead of a floral bouquets
- Optimising the use of natural resources

Page 87, 96 - 98, 102, 103



16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

- Associating with industry forums and Government bodies for promoting sustainable development

Page 31, 98



17 PARTNERSHIPS FOR THE GOALS
Strengthen the means of implementation and revitalise Global Partnership for Sustainable Development

- Collaboration and partnership with state and national Governments, NGOs and ITIs.

- In accordance with United Nations Global Compact and following Global Reporting Standards (GRI Standard) for sustainability reporting
- Skill-building programmes in the Middle East
- Sharing best practices with stakeholders

Page 31, 109, 139 - 143



GEARED TO

THRIVE

**Strategy & Resource Allocation
Outlook & Opportunities**

STRATEGY, BUSINESS MODEL & RESOURCE ALLOCATION

STRATEGY FORMULATION

The company has embedded business strategy formulation as part of its long term sustainability plans. Business strategy is evolved every 5 years through a collaborative and consultative process that also includes financial parameters as guideposts for different elements of strategic plans.

While 5 year business outlook and broad financial goals are embedded as an overarching strategic plan, shorter term annual targets are framed before the commencement of every financial year which, in turn, get folded into a rolling medium term plan.

The current 5 year strategic plan commenced in 2016-17 and is slated to end on 2020-21 during which time the group level shareholder value creation measured by Return on Equity (RoE) is targeted to grow significantly.

OBJECTIVE	STRATEGIC PLAN <ul style="list-style-type: none"> • Long Term Business Outlook • Assessment of Global Macro Environment • View on Domestic Economy • Key Strategic Initiatives • Assessment of Emerging Technologies 	BUSINESS PLAN <ul style="list-style-type: none"> • Rolling Plan to adapt to change in environment • Course Corrections 	OPERATING PLAN <ul style="list-style-type: none"> • Annual Business Plan • KPIs: Order Wins, Revenues, Profits, Working Capital and RoE Targets • Productivity Targets
	5 YEARS	2-3 YEARS	ANNUAL
SCOPE	<ul style="list-style-type: none"> • Organisation Structure • Business Portfolio • Geographical Business Strategy • Leadership Pipeline • Long Term Capex Outlay • Investment in Emerging Businesses • Strategic Partnerships 	<ul style="list-style-type: none"> • Realignment of Plans • Assessments of Macro Investment Momentum • CRM Plan • Employee Engagement • Medium Term Opportunities 	<ul style="list-style-type: none"> • Annual Budgets • Order Prospect Pipeline • Bid Management Policies • Key Account Management • Order Book Execution Plan • Capex & Liquidity Plan • Quality Control

BUSINESS PORTFOLIO STRATEGY

The Company focuses on its proven and core competencies of conceptualising, executing and commissioning large complex infrastructure projects in the areas of Roads & Bridges, Power Transmission & Distribution, Thermal / Hydel / Solar / Nuclear Power Plants, Water & Irrigation Infrastructure, Residential / Commercial / Institutional / Factory Buildings, Real Estate Development, Airports, Metro & Conventional Railways, Onshore & Offshore Hydrocarbon facilities and Metallurgical installations. An integrated EPC (Engineering, Procurement & Construction) business strategy forms the core backbone of the Company's business portfolio.

The diversified but cyclical nature of EPC business is counterbalanced through a portfolio of manufacturing and services business. Manufacturing is mainly concentrated around electrical products and systems (made-to-stock and made-to-order), heavy custom-built equipment catering to process industries and defence, material handling equipment and industrial products & machinery. Services business caters to sectors of Information Technology, Engineering R&D and Financial Services.

The business portfolio spans across domestic and international markets in line with the strategy of having a well-balanced geographically diversified business.

STRATEGIC THRUST AND DIRECTION

At the core of the Company's strategy is the overarching aim to create shareholder value through enhanced Return on Equity (RoE). The RoE improvement strategy encompasses strategic, tactical and operational elements such as:

- Focusing on timely and cost-effective execution of the Company's unexecuted Order Book (Backlog) while ensuring adequate backfill through order wins
- Ensuring translation of healthy margin profile in the Order Book into financial statements through execution, operational excellence and digitalisation initiatives
- Incubating new businesses to tap future growth opportunities
- Maintaining an optimum mix between domestic and international business
- Ensuring efficient and optimal utilisation of assets and facilities
- Optimising capex and working capital levels
- Value monetisation for unlocking capital
- Maintaining and enhancing shareholder payouts
- Optimising financial leverage

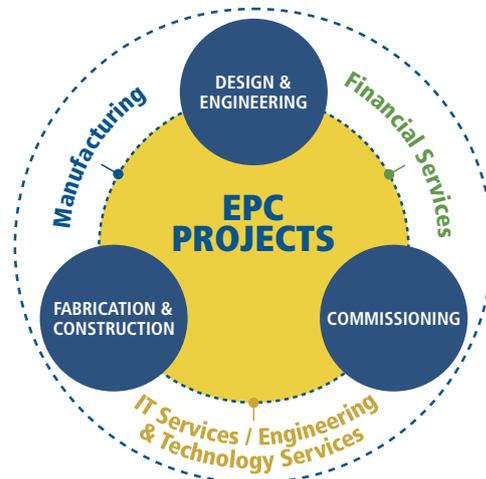
In the first 2 years of the plan, RoE has improved from 9.9% in 2016-17 (base year) to 13.9% in 2017-18 and is in line with the plan.

RESOURCE ALLOCATION

The Company has a well laid-out plan of resource allocation to meet its strategic objectives. These include:

- Maintaining adequate liquidity on the Balance Sheet to exploit organic and inorganic growth opportunities and fund emerging businesses such as Smart City Infrastructure, Nuclear Power and Defence equipment manufacturing.
- Prudent allocation of resources (Capex and Working Capital) to fund growth in businesses
- Maintaining strong financial health to facilitate access to the Capital Markets as and when required
- Attracting and retaining a robust and thriving talent pool through employee engagement programs, monetary and non-monetary incentives, leadership

Schematics of the business portfolio strategy:



development initiatives, offering professional development opportunities and fostering a conducive organisation climate. The company has evolved a series of structured HR policies to enable this resource allocation.

- Sustainable and long term engagements with labour sub-contractors to ensure steady augmentation of resources at project sites
- Ensuring judicious allocation of manpower and monetary resources to company-wide sustainability and growth initiatives such as CSR, Digitisation and operational excellence programs

OUTLOOK & OPPORTUNITIES

BUILDINGS & FACTORIES

With GDP expected to grow between 7 to 7.8% and Government's focus on reform, improved world Bank ranking for 'Doing Business' and Moody's rating upgrade is expected to lift investor sentiment and accelerate FDI inflows in the long-term. A few positive factors are as below:

- 1 Airport traffic growth in the country will necessitate airport expansions.
- 2 With growth in medical tourism, healthcare industry is expected to double its size by end-2018.
- 3 The Government has provided infrastructure status to affordable housing. Relaxation of FDI in real estate expected to boost investments.
- 4 Bangladesh and the GCC offer promising opportunities
- 5 With increase in crude oil prices, there is a healthy sign of growth in the GCC; reviving stalled investment plans.



L&T's buildings and factories business is an established player in the construction industry. It holds an exemplary record of handling major design-and-build projects and executing them within stringent timelines. Overall, the environment is promising, yet challenging, with long process duration and increased competition.

TRANSPORTATION INFRASTRUCTURE

The transportation infrastructure business is a well-diversified business in terms of its product range and geography of operations. The business spans across roads, runways (airside infrastructure) and elevated corridors (RREC), railways (mainline and mass transit systems) and international infrastructure.

1 ROADS, RUNWAYS AND ELEVATED CORRIDORS (RREC) BUSINESS

The Government aims to spend around ₹ 7,000 billion over the next five years to develop 83,677 kms of roads including Bharatmala Pariyojana worth ₹ 5,400 billion.

The Government aims to build 45 km of roads per day in 2018-19 - higher than the daily average of around 27 km constructed last year. The Ministry also set a target to award orders covering 20,000 km of National Highways, and construct a total of 16,420 km in 2018-19. This is higher than last year's orders awarded for 17,055 km of highways, and 9,829 km constructed.

2 RAILWAY BUSINESS

Indian Railways has planned a high outlay of ₹ 1,460 billion for 2018-19, an increase over last year's outlay of ₹ 1,310 billion. While the projects from Western and Eastern Dedicated Freight Corridors are concluding, the investment in rail the sector will see the bidding process for the 508 km Mumbai-Ahmedabad High Speed Rail Corridor (MAHSR). L&T's railway business will focus on track, electrification and signaling and telecommunications part of the order.



Indian Railways continues thrust on conventional rail projects as well. One of them is 'Mission Electrification' under which 25,000 kms of electrification is to be completed in four years. The business intends to participate in a major portion of capacity augmentation projects (involving construction of 17,000 km of additional tracks) through EPC tendering.

Opportunities in the mass transit segment continue to be driven in Tier-II cities and 'extension lines' in large metros. Leveraging its overseas experience, the business is advocating the Light Rail Transit (LRT) solution on an EPC turnkey basis for cities like Vijayawada, Indore, Kozhikode and Thiruvananthapuram.

INTERNATIONAL BUSINESS

Since mid-2007, the outlook on the Middle East construction industry is improving rapidly with an uptick in oil prices. Tendering for mainline railway projects in Middle East is likely to resume. L&T has been part of a major urban transit system in Riyadh, which has progressed significantly; allowing the business to gear up for new opportunities. Infrastructure investment (such as the UAE Expo 2020) and other reforms to promote non-oil sector activity, are expected to offer more opportunities. The business is exploring opportunities in a mainline railway funded by an Indian Line of Credit (LoC) and multilateral agencies in select countries of South Asia (Sri Lanka and Bangladesh) and the African continent.

POWER TRANSMISSION & DISTRIBUTION

On the power distribution front, several large-scale programmes continue to remain significant. It includes the centrally-driven scheme for last-mile connectivity viz. Sahaj Bijli Har Ghar Yojana (Saubhagya); distribution reforms by State Distribution Companies (DISCOMs) to reduce Aggregate Technical & Commercial (AT&C) losses; power factor improvement, and network strengthening in disaster prone areas.

The urban power infrastructure is expected to get a makeover, with underground cable networks, advanced metering facilities, due to the thrust on smart cities and heritage cities. The power T&D capacities are increasing to cater to the growing demand of urban centres. As a result, new opportunities will arise for EHV (Extra High Voltage) cabling projects in large cities keeping in view of the right-of-way, aesthetics and operation and maintenance aspects. The increasing cost of land acquisition related delays have led power grids and state utilities to increasingly opt for GIS sub-stations, which occupy a smaller footprint.



1

A much-needed impetus is expected to be provided by power quality improvement projects such as Static Compensator (STATCOM); new clientele from TBCB (Tariff-Based Competitive Bidding) players; state utilities strengthening their networks with funding from multilateral funding agencies; and infrastructure projects like metros and airports etc. The financial health of state utilities, the political situation in several states, and availability of funding however will remain key determinants.

2

In addition to the domestic market, the business is expecting opportunities from SAARC countries like Bangladesh, Nepal etc., which are funded by international funding agencies such as JICA, Asian Development Bank (ADB), Islamic Development Bank (IsDB) etc.

3

System strengthening in state utilities will provide a major impetus to transmission line prospects. Several inter- and intra-state transmission lines are expected to go through the tariff-based competitive bidding route. In certain states, capacity enhancement using the pre-existing corridors may provide opportunities, as it eliminates the need for fresh acquisition of right-of-way, thereby saving costs and time.

4

The next phase of green energy corridors is also on the anvil. Substantial activity with many prospects is evident in the SAARC countries viz. Bangladesh and Nepal, as they hold the promise of several high-value prospects.

Renewable generation is yet another area that holds potential for the business. After having established a credible track record with the sub-contractor and vendor ecosystem, the business is expected to significantly scale up, under the right conditions. The rising demand for power in the ASEAN region paves the way for significant investments in grid interconnectivity, grid development and strengthening. In addition, an interconnected ASEAN power grid is beneficial in many ways such as generation, demand balancing and renewable integration. With increasing share in Thailand and Malaysia, the business is hoping to exploit potential in Myanmar and other countries in the region.

5

The solar power market is poised to remain upbeat, with annual solar capacity additions pursuing an upward trajectory. The private Power Purchase Agreement (PPA) market in select states will pick up, supported by encouraging open access policies and growing solar power viability. As clarity emerges on GST and duties, it will help the sector immensely.

6

Advanced battery energy storage solutions will rise thanks to thrust on grid stability, and rural electrification. With upcoming state solar policies focusing on rooftop projects with net metering schemes, the prospects for the rooftop segment looks positive. To harness solar power for rural India, the Government of India has formulated Kisan Urja Suraksha evam Utthaan Mahabhayan (KUSUM) scheme, which aims to modernise the agriculture sector with ubiquitous use of solar power for tube wells and lift irrigation projects. Emerging and new areas like floatovoltaics also hold promise.



7

In the Middle East, the business outlook is cautiously optimistic. The stable recovery of the oil price is expected to boost investments in the T&D sector. Infrastructure development will continue to be driven by mega events like Dubai EXPO 2020, FIFA 2022 and grand programmes such as Saudi Vision 2030, and Qatar National Vision 2030. Further GCC grid formation, upgradation to higher voltage levels, integration of renewable energy sources to the existing power grid and interconnections of transmission networks are expected to fuel growth in power distribution throughout the Middle East. The revival of the transmission and distribution scenario in Abu Dhabi is a positive sign.

8

In the Kingdom of Saudi Arabia (KSA), Saudi Electricity Company (SEC) continues to invest in power infrastructure projects. In addition, investment in the renewable sector and plans to develop a transnational city augur well for the KSA market. In Qatar and Oman, power system capacity expansion to cater to infrastructure growth, is proceeding as per plan. Riding on its strong execution track record in Kuwait, the business is at an advantageous position to exploit opportunities from key customers. Input costs are bound to increase with the introduction of VAT and removal of subsidies on fuel, power and water. However, these will have a similar impact on all the players.

9

Prioritisation of spending and budgetary allocation, friction between Qatar and other Gulf countries, the slowdown in Oman, and related delays in project finalisation pose potential risks. The business is concentrating on key African economies that have a clear roadmap to build transmission and distribution networks to meet increasing demand. Grid strengthening, regional interconnectivity and rural electrification opportunities are also being pursued in select countries.

The overall outlook for the PT&D sector remains promising on both on the domestic and international front. The business looks forward to consolidating its position in established markets and gain significantly in new growth areas, ably supported by its initiatives on cost, leadership and delivery excellence.

HEAVY CIVIL INFRASTRUCTURE

1

The Government sanctioned ₹ 5,970 billion (USD 94 billion) as the budgetary allocation for infrastructure in 2018-19, which is approximately 21% more than an estimated expenditure of ₹ 4,940 billion in 2017-18. This confirms the Government's focus on the sector.

2

According to the Finance Minister's estimates, investments in excess of ₹ 50,000 billion in infrastructure is necessary to augment the economy. A majority of this allocation has been earmarked to build metros, bridges, hydropower projects and tunnels, which provide opportunities for the heavy civil infrastructure business.



Some of the major projects in the sector taking shape include high-speed rail between Mumbai and Ahmedabad, the Bharatmala and Sagarmala river-linking projects, hydel projects on the Indus and its tributaries etc. The business is confident of achieving its revenue targets backed by a strong orderbook and promising prospects. The Middle East construction market too is expected to pick up pace this year, with promising prospects.

WATER & EFFLUENT TREATMENT

The Government is pursuing an integrated Ganga conservation plan 'Namami Gange' which envisages investments for sewage infrastructure across several urban habitations, along the river.

1

The Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) has been formulated with the vision of extending the coverage of irrigation with 'Har Khet ko pani' and improving water use efficiency with 'More crop per drop'. The scheme has a focused approach with end-to-end solutions on source creation, distribution, management, field application and extension activities.

2

The ambitious Delhi-Mumbai Industrial Corridor (DMIC) intends to transform industrial cities into 'Smart Cities' and converge next-gen technologies with infrastructure linkages like power and water supply, high capacity transportation and logistics. Due to the same, projects related to drinking water, wastewater and irrigation are expected to provide strong inflow.

3

Sector-specific focus is expected to shift to rural drinking water, Effluent Treatment Plants (ETPs), Sewage Treatment Plants (STPs) and irrigation projects. Some of the major outlays expected based on the current status and priorities, are water projects in Gujarat, Karnataka, Uttar Pradesh, Bihar, Tamil Nadu and Rajasthan. Others include irrigation projects in Tamil Nadu, Telangana; and STPs in UP and Bihar.



4

There is a push towards PPP mode via hybrid annuity mode (HAM) for STPs, leading the entry of large infra players into the sector. This push could be extended to water treatment plants (WTPs) and ETPs as well.

5

Currently, the competitive landscape is such that L&T, along with few select players are competing for national projects. Smaller players are focusing on their home turf. Competitors tend to form joint ventures with regionally strong players and technology licensors for project qualification and execution.

Internationally, opportunities have been identified for water treatment, sewage treatment and desalination plants in Middle East. The business has already made its mark in Tanzania and Sri Lanka, and more orders are expected. Efforts are in place to expand into other parts of Africa and Bangladesh.

SMART WORLD & COMMUNICATIONS

The 2018-19 looks promising for the business, given the boost the Government has given to safe and smart cities, and other digital initiatives. The Union Budget for 2018-19 has allocated over ₹ 250 billion, an increase of 22% over last year's allocation, towards several smart and digital initiatives. This augurs very well for the business.

1 SECURITY SOLUTION BUSINESS

As several Tier-II cities move towards surveillance systems, projects in this regard provide a promising opportunity for the business. The transportation sector is also moving towards surveillance and traffic management systems. A few Request for Proposals (RFPs) in this regard, are in an advanced stage of preparation; like railway surveillance and highway traffic management systems.

The Central Government's Smart City Mission to develop 109 smart cities is progressing. The cities have already been shortlisted, and several of them are at advanced stages of RFPs. Some others have received Central Government funding, and are expected to call for RFPs shortly. The others are likely to follow suit in 2018-19. Equipped with diversified smart offerings, L&T is well-placed to address all these opportunities.

2 COMMUNICATION NETWORK & TELECOM INFRASTRUCTURE BUSINESS

In addition to the above, there is special focus on the modernisation of defence and homeland security. In the defence sector, perimeter surveillance systems to the Navy and Air Force are also shaping up.

The Bharat Net programme is one of the world's largest network infrastructure projects. It aims to digitally connect 250,000 villages (gram panchayats) across the country and unite India, digitally. The second phase of the Bharat Net programme has been floated and aims to deploy network infrastructure to the 140,000 gram panchayats on a fast-track mode. The objective of the Bharat Net programme is to facilitate the delivery of e-governance, e-health, e-education, e-banking, Internet and other services to the rural India, enhancing the quality of rural life.



In the energy sector, the Government is driving replacement of old analogue electric meters with new, tamper-proof, digital smart meters, for domestic consumers.

3 SMART INFRASTRUCTURE BUSINESS

Along with rural digital initiatives, the Government is also focussing on increasing the number of wi-fi hotspots across the country. BSNL is planning to increase the number of hotspots by half a million, by the end of December 2018. Their aim is to digitally connect India's vast population of 1.25 billion.

In the transportation sector, the metro initiative is gaining further impetus. The number of metros projects are expected to increase in the next few years, across cities like Mumbai, Bengaluru, Hyderabad, Nagpur, Ahmedabad, Chennai, Jaipur and Kochi.

There are proposals in place for mass rapid transport systems for Pune, Chandigarh, Ahmedabad, Kanpur, Ludhiana, Bhopal, Indore and Faridabad. Both technically and financially, the Government has been supporting the set-up and upgrade of State Wide Area Networks (SWAN). The business also expects opportunities in state-wide surveillance.

POWER BUSINESS

Going ahead, the power sector in the country is all set to expand to meet the increased demand, buoyed by GDP growth.

1

Industrialisation is key to economic growth, which in turn will seek capacity expansion in the power sector, as electricity is a key input and requirement. Government initiatives like Ujwal DISCOM Assurance Yojana (UDAY), rural electrification programmes, the programme on 24x7 power for all, and centralised purchase of 2,500 MW of power from stressed power projects by the Central Government for three years; are some of the measures under implementation to increase electricity demand. This will enable the power sector to embark on a sustained path of recovery.

2

The power sector is expected to unfold many more positive trends in the areas of generation, transmission and distribution to increase the demand. Coal will continue to be the key source for the domestic power sector to provide stable, reliable and robust base load power supply. However, the emergence of alternative sources in the form of renewables is another challenge for the business.

3

The business sees opportunities in the 'replacement market' and in 'Flue Gas Desulfurization (FGD) systems' in the near future. The business is ready to capitalise on any opportunity in these diversified areas. Excess capacity and aggressive pricing will continue to haunt EPC players, and would reflect in the pricing and financials.



South East Asia continues to offer good opportunities for gas-based power plants, which are not expected to revive in India, in the near future. The business has taken various steps to enter targeted markets like Bangladesh, Sri Lanka, the UAE and Indonesia for gas-based power projects.

ELECTRICAL & AUTOMATION

Since private capex is yet to show any positive signs of growth, liquidity continues to remain a worry. As core sectors hold no promise, fresh order booking continues to remain a challenge. UDAY and other centrally funded schemes like DDUJY and IPDS might improve the financial status of utilities.

1

As per industry estimates, the LV Switchgear market is expected to grow by 8-10 % and reach ₹ 76 billion by 2020. With the increase in commodity prices and consolidation of procurement for state DISCOMs, profitability in the metering business is expected to remain under pressure. The market for conventional meters is expected to remain flat. However, in view of the Saubhagya scheme, the market for smart meters could grow. The market is moving towards high technology products like Automatic Meter Reading (AMR), pre-paid and smart meters.

2

Government regulations have made the use of RCCB mandatory, aiding the growth of modular device business. Union Budget 2018-19 announced the replacement of existing pumps with energy efficient pumps and increase in area under drip irrigation; which can drive growth in agricultural product business.

3

With its new medium voltage products, the switchboard business will be in a better position to increase its market share. Telecom enclosures look promising, and are expected to generate revenue.



4

The marine business envisages a positive sentiment with the 'Make in India' initiative supporting indigenous businesses, giving an edge over foreign suppliers. In 2018-19, orders for the electrical and degaussing equipment for 24 ships of the Indian Navy; are expected. This can improve the orderbook after a long lean patch.

5

GCCs continue to invest in the oil and gas sector. Growth in the MENA region is expected to accelerate to 3% in 2018. Within MENA, GCC economies are expected to lead due to stronger growth supported by easing fiscal adjustment; infrastructure investment such as the UAE Expo 2020; and reforms to promote non-oil-sector activity.

In Kuwait and Oman, for all major EPC awards, In-country Value (ICV) content and Export Credit Agencies (ECA) are likely to impact the businesses. With the addition of focused products for infrastructure in the product basket, we are hopeful of getting a significant share of the infra business.

HEAVY ENGINEERING BUSINESS

With the uptick in crude oil prices, there is revival in the demand for oil in international markets. Global growth started picking up towards the end of 2017-18, and the business outlook for the process plant sector looks optimistic, with major investment proposals expected in South East Asia, MENA and the domestic market.

1

Major investments are expected in five to six refineries around the world, keeping increases in global demand, in view. Key opportunities could come from Takreer in Abu Dhabi, DUQM in Oman, KNPC in Kuwait, and Thai Oil in Thailand.

2

The domestic market is also showing signs of revival of the capex cycle by major players in the petrochemical sector. Investments are expected in the domestic sector by IOCL, HPCL, HMEL, and BPCL for capacity enhancement and BS-VI upgradation, to comply with the applicable fuel standards. This is going to benefit the business in the form of steady order inflow in the medium term.

3

In the fertiliser sector, major opportunities include revival of sick companies like Fertilizer Corporation of India (FCI) and Hindustan Fertilizer Corporation Limited (HFCL) units. Energy saving and capacity enhancement projects will be driven by the New Urea Policy 2015 (NUP 2015). The upcoming opportunities in Talcher Fertilizer will also open fresh avenues of business growth. In the nuclear sector, fleet procurement opportunities in 700 MWe PHWR projects will provide large growth opportunities in 2018-19.



L&T is prepared for a proactive role in ensuring self-reliance of our nation through a successful 'Make in India' initiative.

DEFENCE & AEROSPACE

The draft Defence Production Policy highlights the Government vision 'to make India among the top five countries of the world in aerospace and defence industries, with active participation of public and private sector...'. Subsequently, the preference for indigenously designed and developed systems will result in opportunities in adjacent domains.

- 1 Over the medium-term, significant opportunities are envisaged in programmes for new-build naval (surface as well as underwater) platforms, refit of conventional submarines, artillery and air defence guns, close-in weapons systems, military bridging systems, missile programmes (repeat orders), and sub-systems for space launch vehicles.
- 2 With regards to implementation of the Strategic Partnership Policy, Request for Information (RFIs) for conventional submarines (P75I) and the Future Ready Combat Vehicle (FRCV) armored platform were issued this year to foreign OEMs. EOIs to Indian as well as foreign OEMs too are expected to be issued. L&T is likely to be selected as a strategic partner in key segments.
- 3 The JV with MBDA is well positioned to address IDDM opportunities, 'Buy Indian' programmes as well as 'Buy and Make Indian' programmes with access to latest state-of-the-art technologies like the fifth-generation technology for Anti-Tank Guided Missile (ATGM). With sharper focus on gaining growth momentum, the business reiterates its commitment to nation building.



HYDROCARBON BUSINESS

As crude oil prices increase, the capex of International Oil Companies (IOCs) and National Oil Companies (NOCs) is expected to go up. A major section of this investment is expected to come from North America and the Middle East markets.

Despite lack of appetite from Korean competitors, competitive intensity is expected to remain high until 2019, due to European and Chinese competitors. Clients expect EPC contractors to share the benefit of value addition over the tenure of the project. Project schedules too are tightening.



1

In the domestic offshore sector, ONGC has reported significant oil and gas discovery in its Mumbai High fields, with potential reserves of 29.74 MTOE. Under the Open Acreage Licensing Policy (OALP), GoI received EOLs from private players for shallow water basins. These developments will translate into EPC tendering by 2020-22.

2

ONGC is progressing on its investment for development of deep-water field KG/98-2 on the East coast of India. This will provide significant opportunities to the Company's offshore and fabrication verticals over the medium term, given its strategically located Kattupalli yard on the East coast, and its tie-up with McDermott and General Electric to develop cost-effective subsea solutions.

3

A number of brownfield and decommissioning projects are expected to come up in the near future. Saudi Aramco is expected to spend USD 3 billion each year on offshore capital projects to maintain production.

4

The gas energy component is also expected to shift from the current level of 6.5%, to about 15% by 2022. The demand for petrochemicals is expected to go up by 10 MMTPA by 2020. Over 11,800 km of PNGRD-authorized pipeline projects, are yet to be implemented. The Government is focusing on setting up LNG infrastructure and investments in LNG receiving plants. Both land-based terminals as well as Floating Storage Regasification Units (FSRU) are on the anvil.

5

India has an ambitious plan to almost double its refining capacity to about 438 MMTPA by 2030. Indian public sector refineries embarked on capacity expansion plans. Some of these refineries also have plans to integrate petrochemical projects along with refinery upgrades. This will offer opportunities to the onshore and construction services verticals.

6

The roll-out of a comprehensive Urea Policy by the Government has led to the revival of public sector urea plants at Gorakhpur, Sindri and Barauni. Energy-efficiency improvement projects are being actively pursued by fertiliser units.



7

The GCC will see higher outlays for downstream and petrochemical projects, particularly in Saudi Arabia, the UAE and Kuwait. Saudi Aramco plans to spend over USD 300 billion over the next 10 years, while UAE and Kuwait are planning to spend USD 109 billion and USD 112 billion respectively over the next five years. The integrated refinery and petrochemical complex model continues to gain momentum.

8

Towards providing geographical risk diversification, the Company is looking to explore newer markets which offer good long-term business potential, and has undertaken intense pre-qualification efforts. Algeria, Iraq and Indonesia will see increased levels of activity, and will potentially offer differentiated margins.

9

Shale gas/oil will drive petrochemical and fertiliser investments in the US, offering opportunities for high-value engineering and modular fabrication services. With strong capabilities and capacities built over the years, the business is well-positioned to leverage these opportunities.



BUREAU VERITAS (INDIA) PVT. LTD.
Certification Business
72 Business Park, 9th Floor
MIDC Cross Road 'C', Opposite SEEPZ Gate #2
Andheri (East)
Mumbai- 400 093

INDEPENDENT ASSURANCE STATEMENT

INTRODUCTION AND OBJECTIVES OF WORK

BUREAU VERITAS has been engaged by **Larsen & Toubro Limited (L&T)** to conduct an independent assurance of its **Integrated Report for the year 2017-18**. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the Integrated Report Report 2017-18 are the sole responsibility of the management of L&T. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

SCOPE OF WORK

The assurance process was conducted based on the requirements of the **International Standard for Assurance Engagements (ISAE 3000)** for 'Limited' assurance. The scope of work included:

- Data and information included in Integrated Report 2017-18 for the reporting period 1st April, 2017 to 31st March, 2018
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported
- The report was also evaluated against the principles of AA1000 Assurance Standard 2008¹, viz., Inclusivity, Materiality, Responsiveness & Impact

METHODOLOGY

As part of its independent assurance, Bureau Veritas undertook the following activities:

- 1 Visited selected locations of L&T and interviewed relevant personnel of L&T
 - Heavy Engineering, Hazira
 - Defence, Hazira
 - Defence, Coimbatore
 - L&T Hydrocarbon MFF, Hazira
 - L&T Hydrocarbon Engineering., Domestic Projects, Mumbai
 - L&T Hydrocarbon Engineering. Construction, Mumbai
 - L&T Hydrocarbon Engineering., Offshore
 - Buildings & Factories, Chennai
 - Heavy Civil Infrastructure, Chennai

- Power Transmission & Distribution, Chennai
- Smart World Communication, Chennai
- Water & Effluent Treatment, Chennai
- Power & Knowledge City, Vadodara
- Electrical & Automation, Coimbatore
- Electrical & Automation, Ahmednagar
- Transportation Infrastructure, Mumbai
- Defence, Talegaon

- 2 Interviews at these locations were conducted on video-conference
 - Metallurgical & Material Handling, Kolkata
 - Heavy Engineering, Vizag and Ranoli
 - L&T Shipbuilding

The assurance process involved carrying out an assessment by assessors from Bureau Veritas with experience in Environment, Health, Safety, Social Accountability and Sustainability. We interviewed Project and Plant Operations and Maintenance, managerial and supervisory personnel at various locations. The Sustainability & CSR team of L&T at Powai was also interviewed.

- 3 L&T had submitted performance data on reported GRI indicators. The data pertaining to each location visited was audited by Bureau Veritas through the process above described. The credibility of the reported data was confirmed by Bureau Veritas assessors through a comparison with data management platforms maintained by L&T such as SoFi, ERP, EIP, MIS & HR portals. Where necessary, relevant documentary records were also reviewed to confirm data trails up to reporting.

- 4 The data was audited on a sampling basis. It was confirmed that the same verified data for all locations went into preparation of the final data within the Integrated Report 2017-18.

- 5 Bureau Veritas reviewed stakeholder engagement activities that had been undertaken by L&T prior to the preparation of the Integrated Report. The Stakeholder Engagement process was reviewed. Various records of the stakeholder engagement activities were reviewed to confirm how aspects material to L&T stakeholders had been determined.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external assurance of Integrated Report, based on current best practices in the independent assurance.

REPORTING BOUNDARY

The reporting boundary of L&T's Integrated Report 2017-18 covers the business activities of **Larsen & Toubro Ltd.** (standalone) and its subsidiaries and associates **L&T Hydrocarbon Engineering Ltd.** and **L&T Valves**.

REPORTING CRITERIA

- 1 The reporting criteria for L&T's Integrated Report 2017-18 is the **International Integrated Reporting Council (IIRC) <IR> Framework²**
- 2 The reporting criteria for the Integrated Report 2017-18 is also the **Global Reporting Initiative (GRI) Standards³**
 - GRI 101 Foundation Standard
 - GRI 102 General Disclosures Standard
 - GRI 103 Management Approach Standard
 - GRI 200 Economic Disclosures Standards Series
 - GRI 300 Environment Disclosures Standards Series
 - GRI 400 Social Disclosures Standards Series

¹ Published by Accountability: The Institute of Social and Ethical Accountability <http://www.accountability.org.uk> (AA 1000 AS 2008 is the latest version of the assurance standard)

² The <IR> Framework is published by IIRC and can be downloaded from <http://integratedreporting.org/the-iirc-2/>

³ The GRI Standards are issued by the Global Sustainability Standards Board (GSSB) and can be downloaded at www.globalreporting.org/standards

EVALUATION AGAINST THE DEFINED REPORTING CRITERIA

Bureau Veritas undertook an evaluation of L&T **Integrated Report 2017-18 against the International Integrated Reporting Council (IIRC) <IR> Framework** and the current

versions of the **GRI Standards**. This included

- 1) The report was evaluated against the 7 guiding principles of the <IR> Framework
 - a. Strategic Focus and future orientation
 - b. Connectivity of information
 - c. Stakeholder relationships
 - d. Materiality
 - e. Conciseness
 - f. Reliability and Completeness
 - g. Consistency and Comparability
- 2) The report content was evaluated against the 8 content elements defined in the <IR> Framework
 - a. Organisational overview and external environment
 - b. Governance
 - c. Business model
 - d. Risks and Opportunities
 - e. Strategy and resource allocation
 - f. Performance
 - g. Outlook
 - h. Basis of presentation
- 3) The report was also evaluated for conformance to the current versions of the GRI Standards by cross checking the GRI index table in the report against all the reference documents to provide an opinion on the self-declared GRI reporting option.

Based on our work, it is our opinion that the Integrated Report 2017-18 is aligned with the above mentioned 8 guiding principles and 7 content elements of the **<IR> Framework** and meets the self-declared **"In accordance- Comprehensive"** reporting option of the GRI Sustainability Reporting Standards including appropriate consideration of the reporting principles and necessary indicators.

OUR FINDINGS

We summarise our key findings on the disclosures made by L&T regarding the various capitals impacted as a result of its business activities during the reporting period.

Financial Capital

During the reporting year, the company made a Profit After Tax (PAT) of ₹ 73.70 billion⁴ from its operations. It holds net current assets of ₹ 269.65 billion⁵ on its books. The business activities have resulted in an increase in its financial capital.

Human Capital

The company has identified key enablers for the management of its human capital. It has policies in place to increase employee capabilities through training and reports satisfactory employee-employer relations because of the implementation of employee friendly policies. It has reported more than 3 million training hours for its employees.

Manufactured Capital

The company has added to its manufactured capital through infrastructure assets created by the company in the roads (2975 lane-km), railways (222 track-km), buildings (424 million square feet), electricity transmission lines (3101 km), water pipelines (15346 km) and treatment solutions (956 MLD) as well as its manufactured

products in the heavy engineering, shipbuilding, power transmission and distribution and other industry sectors.

Intellectual Capital

L&T has invested in R&D. It has filed for 81 patents and was granted 22 patents in the reporting period. It has a green portfolio of products that forms about 30% of its overall sales (at L&T Standalone level).

Social & Relationship Capital

The company's CSR spending for the F.Y. 2017-18 was ₹ 1.00 billion. It has engaged with local communities through numerous initiatives in health, education, water and sanitation and skill development. The CSR activities have touched a large number of beneficiaries. It has engaged with its shareholders, investors, employees, customers, suppliers and contractors, media, government bodies and communities to develop healthy relationship. Stakeholder engagement was on-going and concerns of stakeholders were responded to.

Natural Capital

Targets were taken on environmental aspects related to L&T's business activities. Significant savings were realised in energy consumption (95 million units cumulatively). Recycle/reuse initiative also resulted in lesser material consumption, resulting in lesser depletion of natural resources. The company has made efforts towards water savings and reported 24 of its campuses to be water positive. Our assessment was directed at arriving at an understanding of L&T's business model, its internal processes and framework and resulting outputs and their impact on the six capitals hereinabove described.

OUR OPINION

On the basis of our methodology and the activities described above, it is our opinion that

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated
- We have not come across anything that indicates that the information and data included in L&T's Integrated Report is not accurate, not reliable or not free from material mistake or misstatement
- There is no instance to indicate that the Report has not provided a fair representation of L&T's activities over the reporting period
- The information within the Report is

presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over L&T's performance and status during the reporting period (F.Y. 2017-18)

- L&T has established appropriate systems for the collection, aggregation and analysis of relevant information
- L&T has processes in place for consulting and engaging with its key stakeholders
- The report provides a basis to understand the value creation by L&T in terms of the various capitals used by its business model and the resulting output and their effects on the capitals

ALIGNMENT WITH THE PRINCIPLES OF AA1000AS (2008)

Inclusivity

L&T has processes in place for engaging with a range of key stakeholders including socially responsible investors, Government officials, local community representatives and has undertaken stakeholder engagement activities that have served as inputs for its Integrated Report 2017-18, covering a range of topics such as Customer satisfaction, Employee welfare, Supply Chain, Community Welfare and Environment.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that L&T and its stakeholders have identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues were identified by a process of stakeholder engagement and interaction and the entire process was conducted through materiality survey system.

Responsiveness

L&T is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its

stakeholders as a reasonable basis for their opinions and decision-making. The company has taken various initiatives towards delivering environmentally friendly services along with occupational health and safety, appropriate measures for emergency handling, control and risk management in its operations.

Impact⁶

There is no finding from our assessment that L&T had not monitored, measured or has not been accountable for its actions related to its material topics and their effect on the broader ecosystem

LIMITATIONS AND EXCLUSIONS

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period stated herein above
- Positional statements (expressions of opinion, belief, aim or future intention) by L&T and statements of future commitment
- Competitive claims in L&T's report of being "first in India", "first time in India", "first of its kind", "first in the industry" and such other claims
- Our assurance does not extend to the activities and operations of L&T outside of the scope and geographical boundaries mentioned in the report as well as the operations undertaken by any other remaining subsidiaries or joint ventures of the Company
- Our assurance on the financial indicators and financial performance of L&T during the reporting period is drawn from and is based entirely on the performance reported in the audited annual accounts⁷ of L&T for F.Y. 2017-18 and we have not conducted any separate assessment for the same.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

STATEMENT OF INDEPENDENCE, IMPARTIALITY AND COMPETENCE

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with L&T, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health&safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Integrated Reports.



Sanjay Patankar

Lead Assurer

Manager - Sustainability & Climate Change Services
Bureau Veritas (India) Pvt. Ltd.



Rupam Baruah

Technical Reviewer

General Manager (East Region)
Bureau Veritas (India) Pvt. Ltd.

Date: 17th August 2018



AA1000
Licensed Assurance Provider
000-137

⁶ The principle of "Impact" is indirectly implied. Though it has come as a result of a revision in the Assurance Principles Standard (APS) to its 2018 version; the AA 1000 AS version continues to remain the same (2008) but refers to the APS previous version of 2008

⁷ The Annual accounts of Larsen & Toubro Ltd. which contains information on L&T's financial performance for the financial year 2017-18 can be accessed at the web site <https://www.bseindia.com/corporates/Results.aspx?Code=500510&Company=LARSEN+&+TOUBRO+LTD.&qtr=97.50&RType=>

GRI STANDARD CONTENT INDEX

'IN ACCORDANCE - COMPREHENSIVE'



GRI STANDARD	DISCLOSURE NUMBER	PAGE NUMBER	REASON FOR OMISSION	EXTERNAL ASSURANCE
GRI 102: GENERAL DISCLOSURES 2016				
1. Organisational profile	102-1	12	-	Yes
	102-2	63	-	Yes
	102-3	Back Page	-	Yes
	102-4	14	-	Yes
	102-5	14	-	Yes
	102-6	18	-	Yes
	102-7	47, 70	-	Yes
	102-8	70	-	Yes
	102-9	49, 50	-	Yes
	102-10	50	-	Yes
	102-11	28, 30	-	Yes
	102-12	9	-	Yes
	102-13	9	-	Yes
2. Strategy	102-14	1-8, 121-136	-	Yes
	102-15	1-8, 38, 121-136	-	Yes
3. Ethics and integrity	102-16	21, 27	-	Yes
	102-17	28, 30	-	Yes
4. Governance	102-18	21	-	Yes
	102-19	21, 27, 28, 30	-	Yes
	102-20	21, 27, 28, 30	-	Yes
	102-21	21, 27, 28, 30, 112, 113, 114, 116	-	Yes
	102-22	21, 28, 30	-	Yes
	102-23	21, 23, 28, 30	-	Yes
	102-24	21, 24, 28, 30	-	Yes
	102-25	28, 30	-	Yes
	102-26	21, 27	-	Yes
	102-27	21, 27	-	Yes
	102-28	27	-	Yes
	102-29	21, 27, 28, 30, 32	-	Yes
	102-30	38-45	-	Yes
	102-31	28, 30, 35, 36	-	Yes
	102-32	28, 30	-	Yes
102-33	28, 30, 38-45	-	Yes	
102-34	28, 30, 38-45	-	Yes	
102-35	26	-	Yes	
102-36	26	-	Yes	
102-37	26	-	Yes	

GRI STANDARD	DISCLOSURE NUMBER	PAGE NUMBER	REASON FOR OMISSION	EXTERNAL ASSURANCE
4. Governance	102-38	21-30, Annual Report 2017-18 Page 100 https://investors.larsentoubro.com/AnnualReports.aspx	-	Yes
	102-39	21-30, Annual Report 2017-18 Page 100 https://investors.larsentoubro.com/AnnualReports.aspx	-	Yes
5. Stakeholder engagement	102-40	112, 113, 114, 116	-	Yes
	102-41	70, 74	-	Yes
	102-42	111-116	-	Yes
	102-43	111-116	-	Yes
	102-44	114	-	Yes
6. Reporting practice	102-45	09	-	Yes
	102-46	09	-	Yes
	102-47	31, 32	-	Yes
	102-48	09	-	Yes
	102-49	09	-	Yes
	102-50	09	-	Yes
	102-51	09	-	Yes
	102-52	09	-	Yes
	102-53	10	-	Yes
	102-54	9	-	Yes
	102-55	139	-	Yes
	102-56	137	-	Yes
MATERIAL TOPICS				
GRI 103: Management Approach 2016	103-1: (201: Economic Performance, 202: Market Presence, 203: Indirect Economic Impacts, 204: Procurement Practices, 205: Anti-corruption, 206: Anti-competitive Behavior)	32	-	Yes
	103-2 (201: Economic Performance, 202: Market Presence, 203: Indirect Economic Impacts, 204: Procurement Practices, 205: Anti-corruption, 206: Anti-competitive Behavior)	32	-	Yes
	103-3 (201: Economic Performance, 202: Market Presence, 203: Indirect Economic Impacts, 204: Procurement Practices, 205: Anti-corruption, 206: Anti-competitive Behavior)	32	-	Yes
GRI 200: ECONOMIC				
GRI 201: Economic Performance 2016	201-1	47-56	-	Yes
	201-2	47-56	-	Yes
	201-3	47-56, 74	-	Yes
	201-4	47-56	-	Yes
GRI 202: Market Presence 2016	202-1	13, 14	-	Yes
	202-2	13, 14, 70	-	Yes
GRI 203: Indirect Economic Impacts 2016	203-1	103	-	Yes
	203-2	49, 101, 103	-	Yes

GRI STANDARD	DISCLOSURE NUMBER	PAGE NUMBER	REASON FOR OMISSION	EXTERNAL ASSURANCE
GRI 102: GENERAL DISCLOSURES 2016				
GRI 204: Procurement Practices 2016	204-1	50	-	Yes
GRI 205: Anti-corruption 2016	205-1	30	-	Yes
	205-2	30	-	Yes
	205-3	30	-	Yes
GRI 206: Anti-competitive Behavior 2016	206-1	30, 50	-	Yes
MATERIAL TOPICS				
GRI 103: Management Approach 2016	103-1 (301: Materials, 302: Energy, 303: Water, 304: Biodiversity, 305: Emissions, 306: Effluents and Waste, 307: Environmental Compliance, 308: Supplier Environmental Assessment)	33, 34	-	Yes
	103-2 (301: Materials, 302: Energy, 303: Water, 304: Biodiversity, 305: Emissions, 306: Effluents and Waste, 307: Environmental Compliance, 308: Supplier Environmental Assessment)	33, 34	-	Yes
	103-3 (301: Materials, 302: Energy, 303: Water, 304: Biodiversity, 305: Emissions, 306: Effluents and Waste, 307: Environmental Compliance, 308: Supplier Environmental Assessment)	33, 34	-	Yes
GRI 300: ENVIRONMENT				
GRI 301: Materials 2016	301-1	32, 92	-	Yes
	301-2	32, 92	-	Yes
	301-3	32, 92	-	Yes
GRI 302: Energy 2016	302-1	32, 83	-	Yes
	302-2	32, 83	-	Yes
	302-3	32, 83	-	Yes
	302-4	32, 83	-	Yes
	302-5	32, 85	-	Yes
GRI 303: Water 2016	303-1	32	-	Yes
	303-2	32	-	Yes
	303-3	32	-	Yes
GRI 304: Biodiversity 2016	304-1	32, 92	-	Yes
	304-2	32, 92	-	Yes
	304-3	32, 92	-	Yes
	304-4	32, 92	-	Yes
GRI 305: Emissions 2016	305-1	32, 90	-	Yes
	305-2	32, 90	-	Yes
	305-3	32, 90	-	Yes
	305-4	32	-	Yes
	305-5	32	-	Yes
	305-6	32, 90	-	Yes
	305-7	32, 90	-	Yes

GRI STANDARD	DISCLOSURE NUMBER	PAGE NUMBER	REASON FOR OMISSION	EXTERNAL ASSURANCE
GRI 306: Effluents and Waste 2016	306-1	32	-	Yes
	306-2	32	-	Yes
	306-3	32	-	Yes
	306-4	32	-	Yes
	306-5	32	-	Yes
GRI 307: Environmental Compliance 2016	307-1	32, 92	-	Yes
GRI 308: Supplier Environmental Assessment 2016	308-1	32, 50	-	Yes
	308-2	32, 50	-	Yes
MATERIAL TOPICS				
GRI 103: Management Approach 2016	103-1 (401: Employment, 402: Labor/Management Relations, 403: Occupational Health and Safety, 404: Training and Education, 405: Diversity and Equal Opportunity, 406: Non-discrimination, 407: Freedom of Association and Collective Bargaining, 408: Child Labor, 409: Forced or Compulsory Labor, 410: Security Practices, 411: Rights of Indigenous Peoples, 412: Human Rights Assessment, 413: Local Communities, 414: Supplier Social Assessment, 415: Public Policy, 416: Customer Health Safety, 417: Marketing and Labeling, 418: Customer Privacy, 419: Socioeconomic Compliance)	33, 34	-	Yes
	103-2 (401: Employment, 402: Labor/Management Relations, 403: Occupational Health and Safety, 404: Training and Education, 405: Diversity and Equal Opportunity, 406: Non-discrimination, 407: Freedom of Association and Collective Bargaining, 408: Child Labor, 409: Forced or Compulsory Labor, 410: Security Practices, 411: Rights of Indigenous Peoples, 412: Human Rights Assessment, 413: Local Communities, 414: Supplier Social Assessment, 415: Public Policy, 416: Customer Health Safety, 417: Marketing and Labeling, 418: Customer Privacy, 419: Socioeconomic Compliance)	33-34	-	Yes
	103-3 (401: Employment, 402: Labor/Management Relations, 403: Occupational Health and Safety, 404: Training and Education, 405: Diversity and Equal Opportunity, 406: Non-discrimination, 407: Freedom of Association and Collective Bargaining, 408: Child Labor, 409: Forced or Compulsory Labor, 410: Security Practices, 411: Rights of Indigenous Peoples, 412: Human Rights Assessment, 413: Local Communities, 414: Supplier Social Assessment, 415: Public Policy, 416: Customer Health Safety, 417: Marketing and Labeling, 418: Customer Privacy, 419: Socioeconomic Compliance)	33-34	-	Yes
GRI 400: SOCIAL				
GRI 401: Employment 2016	401-1	73, 74	-	Yes

GRI STANDARD	DISCLOSURE NUMBER	PAGE NUMBER	REASON FOR OMISSION	EXTERNAL ASSURANCE
GRI 401: Employment 2016	401-2	74	-	Yes
	401-3	72, 74	-	Yes
GRI 402: Labour/Management Relations 2016	402-1	74	-	Yes
GRI 403: Occupational Health and Safety	403-1	72, 76	-	Yes
	403-2	76	-	Yes
	403-3	76	-	Yes
	403-4	76	-	Yes
GRI 404: Training and Education 2016	404-1	73, 74, 75	-	Yes
	404-2	73, 75	-	Yes
	404-3	70	-	Yes
GRI 405: Diversity and Equal Opportunity 2016	405-1	70	-	Yes
	405-2	70	-	Yes
GRI 406: Non-discrimination 2016	406-1	70	-	Yes
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	50	-	Yes
GRI 408: Child Labour 2016	408-1	50, 71	-	Yes
GRI 409: Forced or Compulsory Labour 2016	409-1	50, 71	-	Yes
GRI 410: Security Practices 2016	410-1	72	-	Yes
GRI 411: Rights of Indigenous Peoples 2016	411-1	72	-	Yes
GRI 412: Human Rights Assessment 2016	412-1	72	-	Yes
	412-2	72	-	Yes
	412-3	72	-	Yes
GRI 413: Local Communities 2016	413-1	71, 101	-	Yes
	413-2	71, 101	-	Yes
GRI 414: Supplier Social Assessment 2016	414-1	50	-	Yes
	414-2	50	-	Yes
GRI 415: Public Policy 2016	415-1	28, 30	-	Yes
GRI 416: Customer Health and Safety 2016	416-1	64	-	Yes
	416-2	64	-	Yes
GRI 417: Marketing and Labeling 2016	417-1	34, 64, 112	-	Yes
	417-2	34, 64, 112	-	Yes
	417-3	34, 64, 112	-	Yes
GRI 418: Customer Privacy 2016	418-1	32, 112	-	Yes
GRI 419: Socio-economic Compliance 2016	419-1	28, 30, 63	-	Yes

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS

UNGC PRINCIPLE	CATEGORY	DESCRIPTION	PAGE
Principle 1	Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	71
Principle 2	Human Rights	Businesses should make sure that they are not complicit in human rights abuses.	71
Principle 3	Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	71
Principle 4	Labour	Businesses should uphold the elimination of all forms of forced and compulsory labour.	71
Principle 5	Labour	Businesses should uphold the effective abolition of child labour.	71, 113
Principle 6	Labour	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	71, 113
Principle 7	Environment	Businesses should support a precautionary approach to environmental challenges.	30
Principle 8	Environment	Businesses should undertake initiatives to promote greater environmental responsibility.	81-96
Principle 9	Environment	Businesses should encourage the development and diffusion of environmentally friendly technologies.	81-96
Principle 10	Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	30

ACRONYMS

AA1000AS	Accountability 1000 Assurance Standard	GIS	Geographic Information System	MHL	Metal Halide Lamp
AC	Alternating Current	GJ	Giga Joule	MIS	Management Information System
AGM	Annual General Meeting	GNSS	Global Navigation Satellite System	MLD	Million Litres per Day
AHU	Air Handling Unit	GPS	Global Positioning System	MS	Mild Steel
APDRP	Accelerated Power Development and Reform Programme	GRI	Global Reporting Initiative	MW	Megawatt
ASEAN	The Association of South East Asian Nations	HDPE	High-Density Polyethylene	NEBOSH	National Examination Board in Occupational Safety & Health
ASSE	American Society of Safety Engineers	HIV/AIDS	Human Immunodeficiency Virus/ Acquired immune deficiency syndrome)	NGO	Non Governmental Organisation
ASSOCHAM	Associated Chamber of Commerce and Industry of India	HR	Human Resource	NPCIL	Nuclear Power Corporation of India
ATL	Any Time Learning	HSE	Health, Safety and Environment	NSE	National Stock Exchange
BCCI	Bombay Chamber of Commerce & Industry	HVDC	High-Voltage Direct Current	NTPC	National Thermal Power Corporation
BIS	Bureau of Indian Standards	IC	Independent Company	NVG	National Voluntary Guidelines
Bn	Billion	ICC	Indian Chamber of Commerce	ODS	Ozone Depleting Substance
BOP	Balance of Plant	ICD	Integrated Community Development	PGCIL	Power Grid Corporation of India Limited
BRR	Business Responsibility Reporting	IEC	International Electrotechnical Commission	PM	Particulate Matter
BSE	Bombay Stock Exchange	IGAAP	Indian Generally Accepted Accounting Principles	PNG	Pipelined Natural Gas
C&A	Control & Automation	IIChE	Indian Institute of Chemical Engineers	PP	Polypropylene
CCTV	Closed Circuit Television	IIM	Indian Institute of Management	PPE	Personal Protective Equipment
CDM	Clean Development Mechanism	ILO	Indian Labour Organisation	R&D	Research & Development
CDP	Carbon Disclosure Project	IMEA	Indian Manufacturing Excellence Award	RFID	Radio Frequency Identification
CEO	Chief Executive Officer	Ind AS	Indian Accounting Standard	RO	Reverse Osmosis
CFL	Compact Fluorescent Light	INSEAD	European Institute for Business Administration	RoCE	Return on Capital Employed
CFO	Chief Financial Officer	IOSH	Institution Of Occupational Safety & Health	RoSPA	Royal Society for Prevention of Accidents
CII	Confederation of Indian Industry	ISAE	Indian Standard on Assurance Engagement	ROW	Right of Way
CO₂	Carbon dioxide	IT	Income Tax	SAARC	The South Asian Association for Regional Cooperation
COP-21	Conference of the Parties 21st Meeting	ITI's	Industrial Training Institutes	SEB	Sustainability Executive Board
CSR	Corporate Social Responsibility	K-COT	KBR Catalytic Olefins Technology	SEBI	Securities & Exchange Board of India
CSTI	Construction Skills Training Institute	LED	Light-Emitting Diode assembled into a lamp	SHG's	Self Help Groups
DJSI	Dow Jones Sustainability Indices	LEED	Leadership in Energy and Environmental Design, widely used as green building rating system	SOFI	Data Management Software
EPC	Engineering, Procurement and Construction	LiDAR	Light Detection and Ranging	SOP's	Safe Operating Procedures
ERP	Enterprise Resource Planning	LNG	Liquefied Natural Gas	TL	Transmission Line
ETP	Effluent Treatment Plant	LPG	Liquefied Petroleum Gas	UAE	United Arab Emirates
FICCI	Federation of Indian Chambers of Commerce and Industry	MCS	Mumbai City Surveillance Project	UK	United Kingdom
FR	Frequency Rate	MGD	Millions of gallons per day	USGBC	U.S. Green Building Council
FY	Financial Year			VRV	Variable Refrigerant Volume
GCC	Gulf Cooperation Council			Wi-Fi	Wireless Fidelity
GHG	Greenhouse Gas			YoY	Year on Year

FEEDBACK ON INTEGRATED REPORT 2018

Thank you for your interest in L&T's Integrated Report 2018. Your feedback is important to us as it helps to improve our reporting on sustainability performance. Please do spend a few minutes to give us your feedback on this report. It will help us make it even more engaging and relevant to your needs.

1. Which of the following describes your affiliation with L&T ?

- Employee
 Customer
 Vendor/Supplier
 Regulatory Agency
 Other, Please specify

2. Your rating of the entire report

- Excellent
 Good
 Fair
 Poor

2.1 If you ticked 'Excellent' or 'Good', what did we do well? (Choose relevant options)

- Navigation
 Design & Layout
 Readability
 Comparability
 Clarity in representation
 Completeness

2.2 If you ticked 'Fair' or 'Poor', what do we need to improve most? (Choose relevant options)

- Navigation
 Design & Layout
 Readability
 Comparability
 Clarity in representation
 Completeness
 Flow of information

3. How would you rate individual sections in depth and coverage?

3.1. Stakeholder inclusiveness (Prioritisation and engagement of stakeholders)

- Depth Appropriate Too detailed Too brief
- Coverage Appropriate Too broad Too narrow

3.2. People Performance

- Depth Appropriate Too detailed Too brief
- Coverage Appropriate Too broad Too narrow

3.3. Economic Performance

- Depth Appropriate Too detailed Too brief
- Coverage Appropriate Too broad Too narrow

3.4. Environmental Performance

- Depth Appropriate Too detailed Too brief
- Coverage Appropriate Too broad Too narrow

3.5. Social Performance

- Depth Appropriate Too detailed Too brief
- Coverage Appropriate Too broad Too narrow



3.6. Product Stewardship

- Depth Appropriate Too detailed Too brief
- Coverage Appropriate Too broad Too narrow

3.7. Case Studies

- Depth Appropriate Too detailed Too brief
- Coverage Appropriate Too broad Too narrow

4. How would you rate L&T's Integrated Report as compared to our peers ?

- Excellent Good Fair Poor

5. Any other comments / suggestions (inclusions / exclusions).

Please provide your contact details for updates.

Name _____ Company: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Fax/Email your responses to:

Mr. Gautam Kar
Head, Corporate Infrastructure & Administrative Services
Email: sustainability-ehs@larsentoubro.com

Mr. Arnob Mondal
Vice President, Corporate Accounts & Investor Relation
Email: integrated.report@larsentoubro.com

Fax no: **091-22-6705 1001**

Mailing address: **Corporate Infrastructure & Administrative Services**
Larsen & Toubro Limited, Saki-Vihar Road, Powai, Mumbai 400 072, India.



Reg. Office: L&T House, Ballard Estate, Mumbai - 400 001 | www.larsentoubro.com



Printed on environment friendly FSC certified paper.

GRI 102-3

LTCBMC/30092018