





## VISION

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

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

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



LARSEN & TOUBRO



**A. M. Naik**  
Group Executive Chairman

Dear Shareholders,

The Indian economy across the last year, has demonstrated a high order of resilience and remains an island of stability amidst global volatility. Meanwhile, setting its sights on the future, the Government has initiated a number of structural reforms whose positive outcomes should be tangible in long term growth.

The global scenario is being coloured by protectionist policies in various hues adopted by a few developed countries. While such populist measures tend to impede trade and discourage revival of the investment cycle, it is up to international industry to address these challenges by reconfiguring its offerings and recasting its operations. In the Middle East, relatively low oil prices and consequent fiscal pressure has led to contraction of developmental spends.

Against this backdrop, the projected GDP growth of India at around 7% is encouraging, despite being temporarily impacted by demonetisation. I believe that the medium term prospects in India are favourable and that the structural reform process will continue over the next few years, culminating in an uptick in the investment momentum.

The Government's increased emphasis on infrastructure development through a number of flagship programmes has been widely welcomed. Infrastructure spends have a multiplier effect, enabling pan-industry growth, while contributing to an enhanced quality of life. Your Company is uniquely positioned to respond to these initiatives of the Government. Our capabilities in turnkey execution of large scale infrastructure are virtually unmatched, and we look forward to the speedy transition of these publicly-announced proposals into implementation mode.

We also await progress in the Government's Smart City programme. Our integrated capabilities, covering all aspects of security, mobility, intelligent infrastructure, etc., will help in maximizing the benefits of this initiative and ensure accelerated execution. Another significant area of interest for your Company is 'Make-in-India'. We aim to leverage our proven manufacturing capabilities at the upper end of the technological spectrum, to manufacture complex equipment and systems in sectors such as defence, aerospace and thermal and nuclear power.

### **Performance Overview**

The Company has performed well in all key performance parameters during 2016-17. Despite facing delays in bidding and award processes, the Company bagged fresh orders of ₹ 142,995 crore recording a growth of 5%. Group Revenues at ₹ 110,011 crore grew by 8% during 2016-17 despite impediments due to demonetisation, tardy realisations from customers in some projects and delays in obtaining clearances and work-front availability. The Order Book of the Company stands at a robust level of ₹ 261,241 crore, providing good revenue visibility for 2017-18. The Company recorded an impressive growth of 43% in the Group Profit After Tax for the year at ₹ 6,041 crore.

The Company successfully listed two of its subsidiaries, L&T Infotech Limited (LTI) and L&T Technology Services Limited (LTTS) during 2016-17 in its pursuit of creation and unlocking of value for the shareholders of the Company. It gives me immense pleasure to share with you that the Board of Directors of your Company has recommended a bonus issue in the ratio of 1:2 and a pre-bonus dividend of ₹ 21 per share. The corresponding dividend in the previous year was ₹ 18.25 per share.

### **Internationalisation**

The Company continues to pursue international business opportunities in select geographies with a view to diversify geographical concentration risks. The Company has an established presence in GCC countries, predominantly in the Infrastructure and Hydrocarbon sectors. While capex spends in

the Middle East have generally contracted, some areas in hydrocarbon and core infrastructure are still witnessing investments and these provide a favourable opportunity basket for your Company's growth in the region. Apart from the GCC region, we are looking at selective prospects in North Africa, East Africa and some countries to the east like Myanmar, Malaysia and Vietnam. The unexecuted Order Book from international markets stood at ₹ 69,757 crore, which translates to 27% of the total Order Book.

### Digital Trends

Digital technologies are fundamentally changing the way the world lives and works. While these trends may be less visible in the engineering, construction and manufacturing sectors, the Company has decided to move forward in this space. Digitalization has been identified as a core theme in our Strategic Plan, and a major program to digitize processes is already underway in our Construction business. These will be progressively extended across the Company, with the aim of achieving higher efficiencies with the resultant favourable impacts on revenues and profitability.

Our Technology companies, LTI and LTTS are significant partners in this Digitalization journey for the Group and are participating in developing solutions and implementing them.

### Talent Management and Succession Planning

Your Company views its people as central to the success of its journey of value creation. Accordingly, our Human Resources policy focuses on

creating a vibrant work environment to attract and retain talent across the organisation. The Company has a 7-step Leadership Development Program which aims to build a leadership pipeline at various levels of management. Senior executives at different levels nurture second lines of leadership.

As a firm believer in leading through example, I have put in place a succession plan at the apex level of your Company. I have actively mentored the Chief Executive Officer & Managing Director (CEO & MD) designate of L&T, which has resulted in seamless transition.

### Sustainable Development

Sustainability and Social Responsibility are an integral part of the Company's business strategy. Your Company believes in sustainable utilisation of natural resources and enhancing social equity to realise its growth objectives, while creating value for stakeholders. Significant initiatives have been undertaken in reducing carbon emissions, water management and waste water discharge. Your Company's CSR programmes also focus on health, education and skill-building to contribute to a better quality of life for the needy sections of society.

Total spends on CSR initiatives in 2016-17 by your Company amounted to ₹ 101 crore under eligible items as defined in the Companies Act which translate to 2% of the average annual net profits of the Company over the last 3 years.

### Outlook

The Government is committed to introducing structural reforms to revive the investment cycle, boosting tax revenues through widening of the tax base, strengthening indigenous manufacturing and bringing about infrastructure development in rural and urban areas. Implementation of GST is expected to have far reaching effects by inducting large parts of the informal economy into the formal system, ultimately leading to increased tax revenues. Introduction of GST is considered as progressive and a step in the right direction. Your Company does not see any adverse impact due to GST implementation.

The domestic economy is expected to steadily improve in the current year on the back of structural reforms and supportive monetary policy. The Government has reiterated its emphasis on infrastructure build-out in the areas of transportation, augmentation of water resources, power, affordable housing and smart cities. Increased private sector participation in the Defence business affords strong business opportunities for your Company. Various upcoming projects provide the Company with a broad perspective of the opportunity basket opening up in 2017-18. Segments within the group that hold promise in the current year include –

#### 1) Infrastructure

**a) Roads** – The Government has kick-started major road projects and has committed significant budgetary allocations for roads and highways development in 2017-18. The Company expects this impetus

to gain strength, aided by increased investments in specialised bridges and tunnels.

**b) Railways** – Your Company has been a major partner in the Dedicated Freight Corridor program currently being piloted by the Indian Railways. The Indian Railways has planned high levels of outlay over the next few years on track modernisation, new railway lines and supporting infrastructure. Your Company will participate in those programs as and when the opportunities arise.

**c) Metro Rail** – Your Company has been successfully executing Metro Rail projects in multiple cities in India over the last few years and is also executing two such projects in the Middle East. The Government looks at Metro Rail networks as the ideal solution to decongest urban traffic. Metro Rail projects have been planned in a number of metro and non-metro cities in India as part of the urban development program and should provide a steady stream of growth opportunities for your Company.

**d) Urban Infrastructure** – Building robust urban infrastructure and providing affordable housing are major thrust areas identified by the Government. Your Company is well placed to capitalise on major opportunities in the areas of affordable housing, hospitals, office space and facilities for educational institutions. Building Smart Cities and Digital India is a major theme pursued by the Government and your Company has been at the forefront of nation building by aligning its capabilities to meet changing needs. Your Company sees

emerging business opportunities in the areas of city surveillance, intelligent traffic management systems, smart governance systems, transport & logistics and optical fibre cabling – all of which constitute different components of smart city infrastructure. Your Company has the unique advantage of in-house domain expertise across business verticals to provide end-to-end offerings to customers and can assume the role of a Master System Integrator for the customer.

**e) Water Infrastructure** – The Government is actively pursuing plans to improve water management systems across the country in view of falling water tables and widespread water shortages. This is giving rise to large business opportunities which your Company is well positioned to exploit. Areas of focus include water storage and supply management, effluent treatment, sewage treatment, lift irrigation and emerging opportunities in inland waterways infrastructure.

**2) Thermal Power Generation**  
The thermal power sector has been facing multiple challenges in the last few years, which is aggravated by under-utilisation of capacity, particularly in manufacturing of turbines. Strong focus on power from renewables has also led to muted awards in the thermal power space. While the Company has state-of-the-art facilities for equipment manufacturing and excellent project management capabilities, it continues to face competition for projects bid out by central and state utilities. Though some of the Company's market share has been lost to competition

on aggressive pricing, the Company continues to sight reasonably large business opportunities from state and central utilities in 2017-18. The Company is also attempting to increase manufacturing capacity utilisation by engaging with our joint venture partners for increased international business.

### **3) Power Transmission & Distribution**

Domestic power distribution sector holds significant business opportunities with the thrust of the Government on augmenting and strengthening grid infrastructure at both centre and state levels. The Company is also well established in transmission & distribution projects in Middle East countries and continues to see traction in that region. The year 2017-18 holds good prospects in the area of power transmission & distribution.

### **4) Hydrocarbon**

Despite contraction of spends in the Middle East due to lower oil prices, your Company is still seeing opportunities in the areas of gas production and downstream petrochemical projects. Strong customer connect with a few selected clients in the region has yielded some significant order wins and the outlook for the business in the region is positive. The domestic market is also seeing business potential in the areas of offshore capex, refinery upgradation and expansion, new fertilizer plants, LNG re-gasification terminals and cross country pipeline jobs. The Hydrocarbon business has turned around in the year 2016-17 on the back of close-out of challenging international legacy projects, profitable execution of on-going



orders on hand and increased operational excellence measures undertaken by the business.

The Company has built up a good Order Book and has capabilities in harnessing upcoming prospects.

### **5) Defence Sector**

Thrust on import substitution through indigenisation of defence equipment manufacture and the Make-in-India initiative is opening up the Defence sector to significantly enhanced private sector participation, facilitated by conducive policy measures. Multiple programs earmarked for domestic private sector players are being kick-started in all branches of the armed forces. Your Company is a leading player in collaborating with the Ministry of Defence in building up indigenous expertise on various defence platforms for the past many years. The Company collaborates with technology partners wherever required and is currently well poised to participate in some large programs being launched for augmentation of defence equipment for the Army and the Navy. In 2016-17, the Company also received a large order for manufacture of tracked artillery guns, the largest such order given to the private sector till date. The Company's shipyard at Kattupalli augments the ability of the Group to bid for large naval orders. Defence is a major focus area for the Company and the business expects large prospects in the coming years.

### **6) Heavy Engineering**

The Heavy Engineering business has been facing shrinking prospects due to muted oil prices, coupled with

global over-capacity in the process plant equipment segment. Nuclear power sector is still grappling with the aftermath of the Fukushima accident, though India remains committed to the expansion of nuclear power installed capacity for developing a clean source of energy. The issues of Civil Liability for Nuclear Damages are now being resolved and would pave the way for establishing new nuclear power plants in the near future. The Company is well placed to harness the opportunities when they come up.

### **7) Electrical & Automation (E&A)**

The Electrical & Automation business recorded stable performance in 2016-17 despite sluggish industrial demand, challenges posed by liquidity crunch and aggressive competition. The Company presents an array of best-in-class low-voltage and medium-voltage products which provide a competitive edge in the domestic market. The Electrical business has launched new products to cater to the theme of Smart Cities. It focuses on renewable and alternative energy generation by introduction of smart/premium meters, solar solutions, a new range of Moulded Case and Modular Circuit Breakers, and a contemporary range of Bus Bar trunking solutions. With investment in R&D efforts, a number of patents to its name, a country-wide network of distributors, presence in the Middle East region through subsidiary companies and focus on operational excellence, the business expects to continue delivering profitable growth.

### **8) Realty**

This business, launched by your Company a few years ago, continues to deliver steady revenues and profits despite the sector being impacted by excess inventory, flat realisations and lower absorption rates. The Company's Realty portfolio comprises residential and commercial real estate development activity, mainly centred in Mumbai and development of own land parcels in Powai, Bangalore and Chennai. Demonetisation led to a major slowdown in retail real estate sales during 2016-17. The real estate segment is gradually recovering from this downturn and sale of apartments is nearly back to pre-demonetisation levels. The Company managed to close two major transactions of divestment from a residential project at Chennai and a retail mall at the Company's Seawoods project in Navi Mumbai. The Government has recently introduced legislation aimed at regulating the sector which augurs well for the business.

### **9) Information Technology and Technology Services (IT&TS)**

As mentioned earlier, the Company has successfully completed Initial Public Offerings of Larsen & Toubro Infotech Limited (LTI) and L&T Technology Services Limited (LTTTS) during the year 2016-17. The exceptional gains of ₹ 1,709 crore from divestment of the Company's part stakes in these subsidiaries have accrued to the shareholders' funds. With the focus on client mining, talent management, enhanced utilisation of resources and superior service offering, these listed subsidiaries are geared to face global headwinds and increasing protectionist policies in developed

world markets while maintaining healthy shareholder returns.

### **10) Financial Services**

This business, which was listed in 2011, continues to grow and had a loan book of ₹ 64,500 crore at the end of FY17. The business has adopted prudential norms for provisioning of the non-performing assets and is taking efforts to reduce the cost-to-income ratio. It is focusing on portfolio rationalisation, right-sizing of manpower, and improving the quality of assets in an effort to enhance Return on Equity.

### **11) Development Projects**

Your Company currently has a portfolio of concession assets in the areas of roads, power generation & transmission, a container port and a metro rail. While the container port, a thermal power plant and most of the road projects are operational, the metro rail project at Hyderabad is under construction. This is the largest 'transit-oriented-development' project in the country and execution is progressing satisfactorily. The project is likely to be fully commissioned in FY19. As a part of its Lakshya objectives, the Company is evaluating various options of divestment and restructuring of the road concessions business.

### **Strategic Plan**

Your Company has embarked on its five year strategic plan (Lakshya) for achieving improvement in key performance parameters leading to enhanced Return on Equity over the plan period. The strategic plan lays emphasis on profitable growth, harnessing emerging opportunities in defence, nuclear power and smart cities, productivity improvements


through digitalisation, reduction in working capital levels and unlocking of shareholder value through divestments of non-core businesses.

The Company completed the first year of its Lakshya Plan in 2016-17 and is on course to achieving various objectives of the plan. The Company divested its General Insurance business during 2016-17 in line with its stated objective of exiting non-core businesses. Apart from recording improved profitability, the Company has achieved higher Return on Equity also aided by reduction of net working capital levels.

Over the next few months, I will be handing over my executive charge to the CEO & MD designate Mr. S.N.Subrahmanyam and will continue as Chairman of the Group.

Before I conclude, I would like to acknowledge the contributions made by team L&T and thank our customers, vendors and other stakeholders who made it possible for the Company to maintain its growth momentum and improve financial performance. I also take this opportunity to thank my fellow Board Members for their steadfast support and the confidence they have reposed in our pursuit of delivering high quality, sustainable growth.

Thank You



A.M.Naik  
*Group Executive Chairman*

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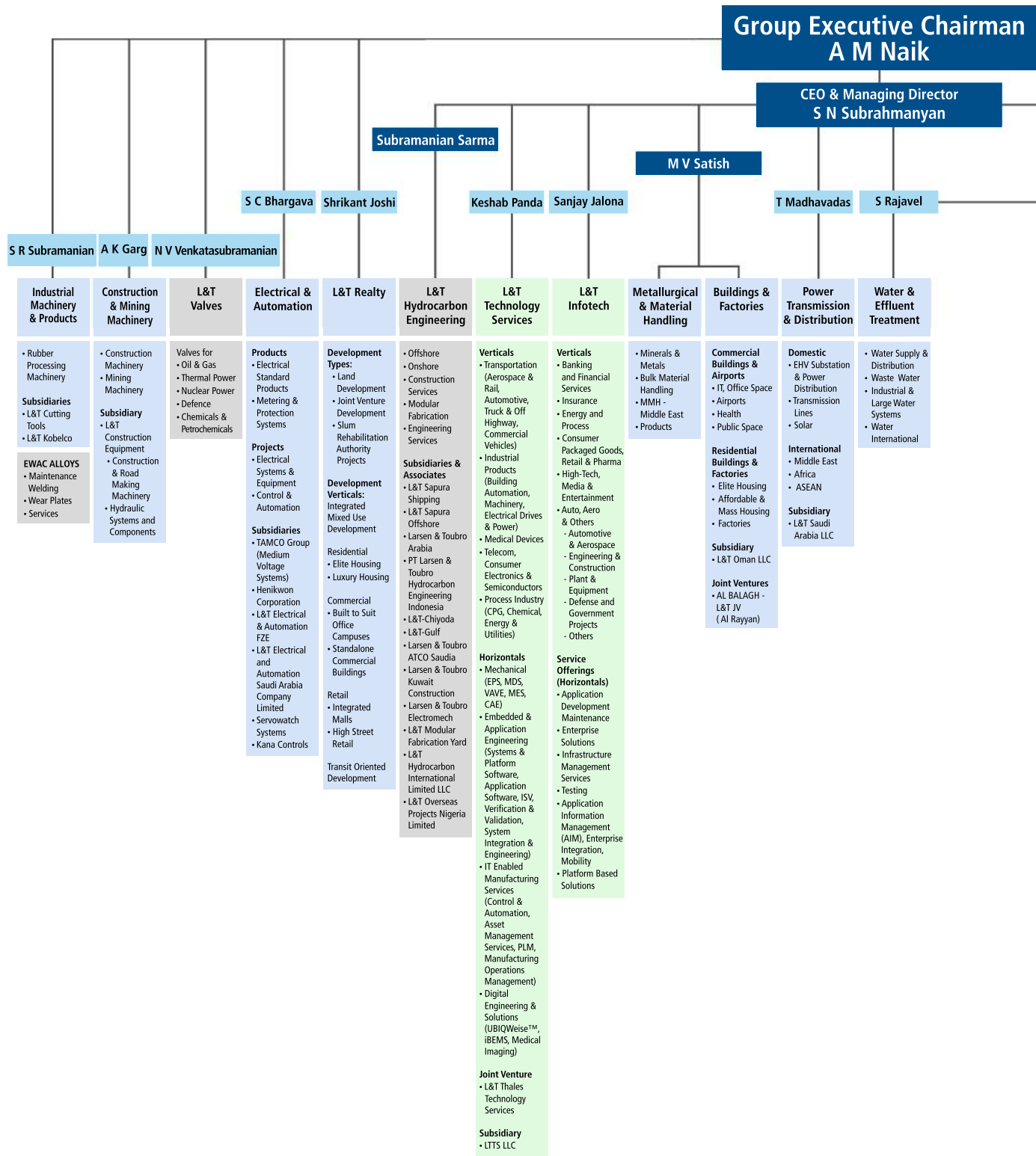


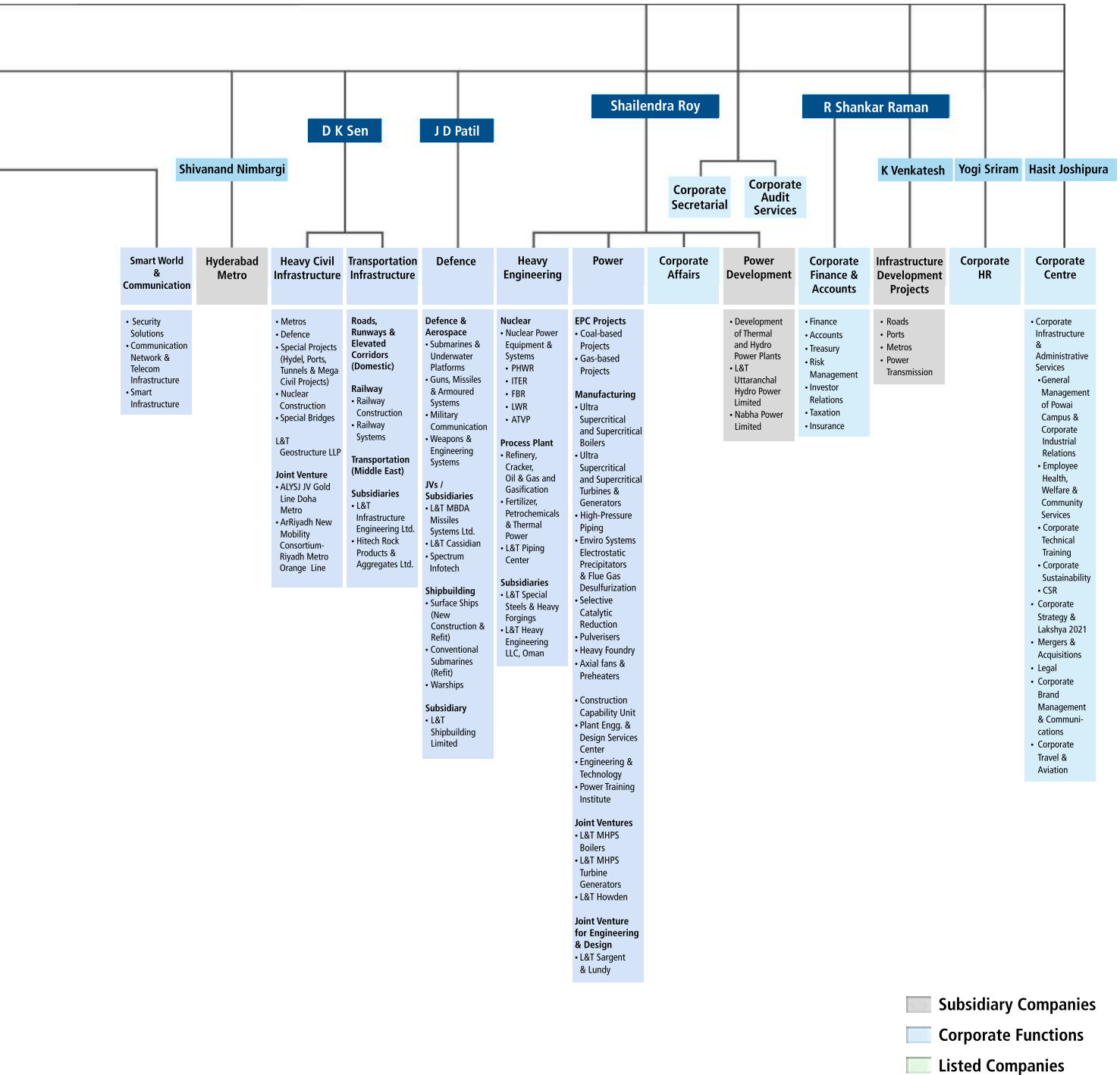
## Company Information

### Board of Directors

<b>MR. A.M. NAIK</b>	<i>Group Executive Chairman</i>
<b>MR. S.N. SUBRAHMANYAN</b>	<i>Deputy Managing Director &amp; President</i>
<b>MR. R. SHANKAR RAMAN</b>	<i>Whole-time Director &amp; Chief Financial Officer</i>
<b>MR. SHAILENDRA NARAIN ROY</b>	<i>Whole-time Director &amp; Senior Executive Vice President (Power, Heavy Engg. &amp; Defence)</i>
<b>MR. D.K. SEN</b>	<i>Whole-time Director &amp; Sr. Executive Vice President (Infrastructure)</i>
<b>MR. M.V. SATISH</b>	<i>Whole-Time Director &amp; Sr. Executive Vice President (Buildings, Minerals &amp; Metals)</i>
<b>MR. M.M. CHITALE</b>	<i>Independent Director</i>
<b>MR. SUBODH BHARGAVA</b>	<i>Independent Director</i>
<b>MR.M.DAMODARAN</b>	<i>Independent Director</i>
<b>MR.VIKRAM SINGH MEHTA</b>	<i>Independent Director</i>
<b>MR.SUSHOBHAN SARKER</b>	<i>Nominee of LIC</i>
<b>MR. ADIL SIRAJ ZAINULBHAI</b>	<i>Independent Director</i>
<b>MR. AKHILESH KRISHNA GUPTA</b>	<i>Independent Director</i>
<b>MRS. SUNITA SHARMA</b>	<i>Nominee of Life Insurance Corporation of India</i>
<b>MR. THOMAS MATHEW T.</b>	<i>Independent Director</i>
<b>MR. AJAY SHANKAR</b>	<i>Independent Director</i>
<b>MR. SUBRAMANIAN SARMA</b>	<i>Non-Executive Director</i>
<b>MRS. NAINA LAL KIDWAI</b>	<i>Independent Director</i>
<b>MR. SANJEEV AGA</b>	<i>Independent Director</i>
<b>MR. N. KUMAR</b>	<i>Independent Director</i>

<b>Company Secretary</b>	Mr. N. Hariharan
<b>Registered Office</b>	L&T House, Ballard Estate, Mumbai - 400 001
<b>Auditors</b>	M/s. Sharp & Tannan and M/s.Deloitte Haskins & Sells LLP
<b>Registrar &amp; Share Transfer Agents</b>	Kavy Computershare Private Limited





As on 1<sup>st</sup> July, 2017

# Leadership Team



**A. M. Naik**  
Group Executive Chairman



**S. N. Subrahmanyam**  
CEO & Managing Director



**R. Shankar Raman**  
Chief Financial Officer



**S. N. Roy**  
Sr. Executive Vice President  
(Power, Heavy Engineering  
& Nuclear)



**Subramanian Sarma**  
CEO & Managing Director  
(L&T Hydrocarbon Engineering)



**D. K. Sen**  
Sr. Executive Vice President  
(Infrastructure)



**M. V. Satish**  
Sr. Executive Vice President  
(Buildings, Minerals & Metals)



**J. D. Patil**  
Sr. Executive Vice President  
(Defence)



**S. C. Bhargava**  
Sr. Vice President  
(Electrical & Automation)



**Hasit Joshipura**  
Head - Corporate Centre

# Technology Leadership

## Smart Cities

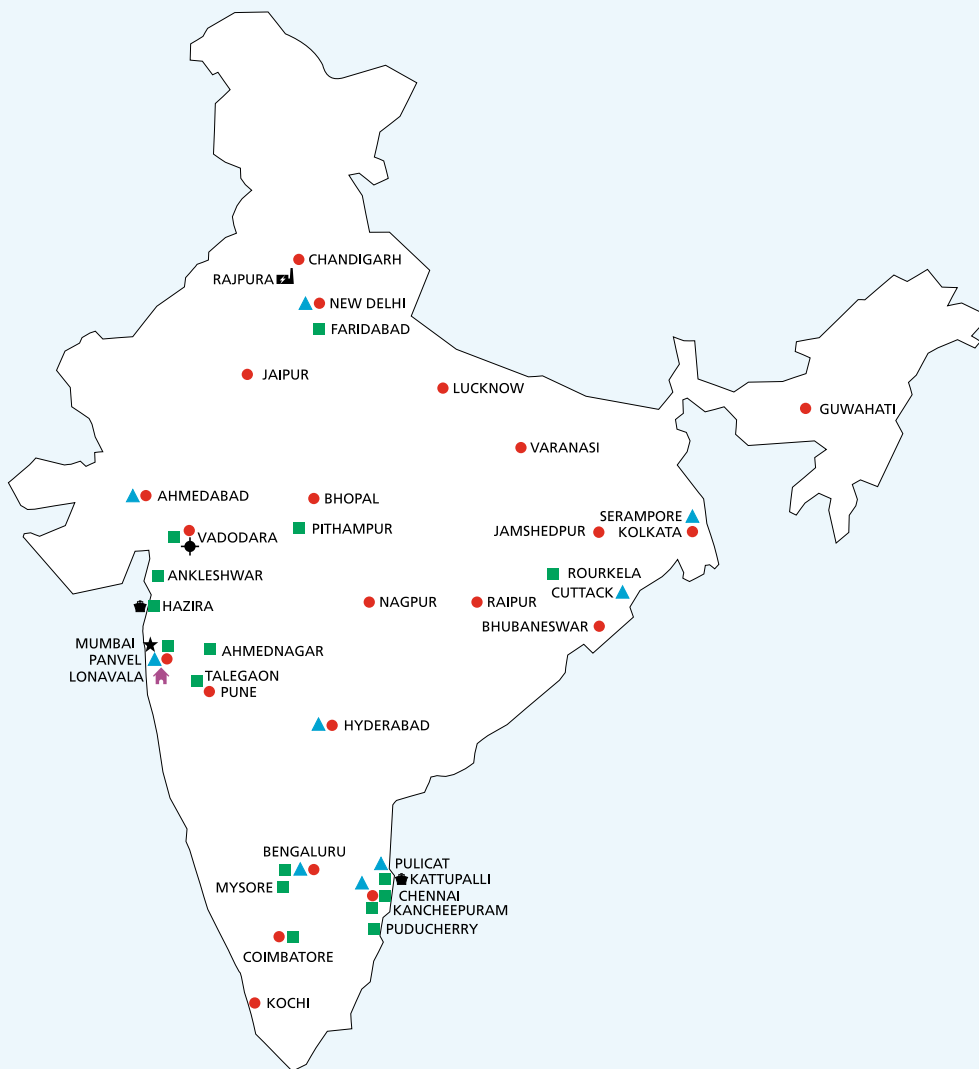


L&T partners the nation, industry and people to build a newer, brighter future. In critical sectors, such as security and surveillance, we provide the technology as well as the engineering and construction expertise to transform vision into reality.

**Technology | Engineering | Projects**  
**Construction | Manufacturing**



# Nationwide Network



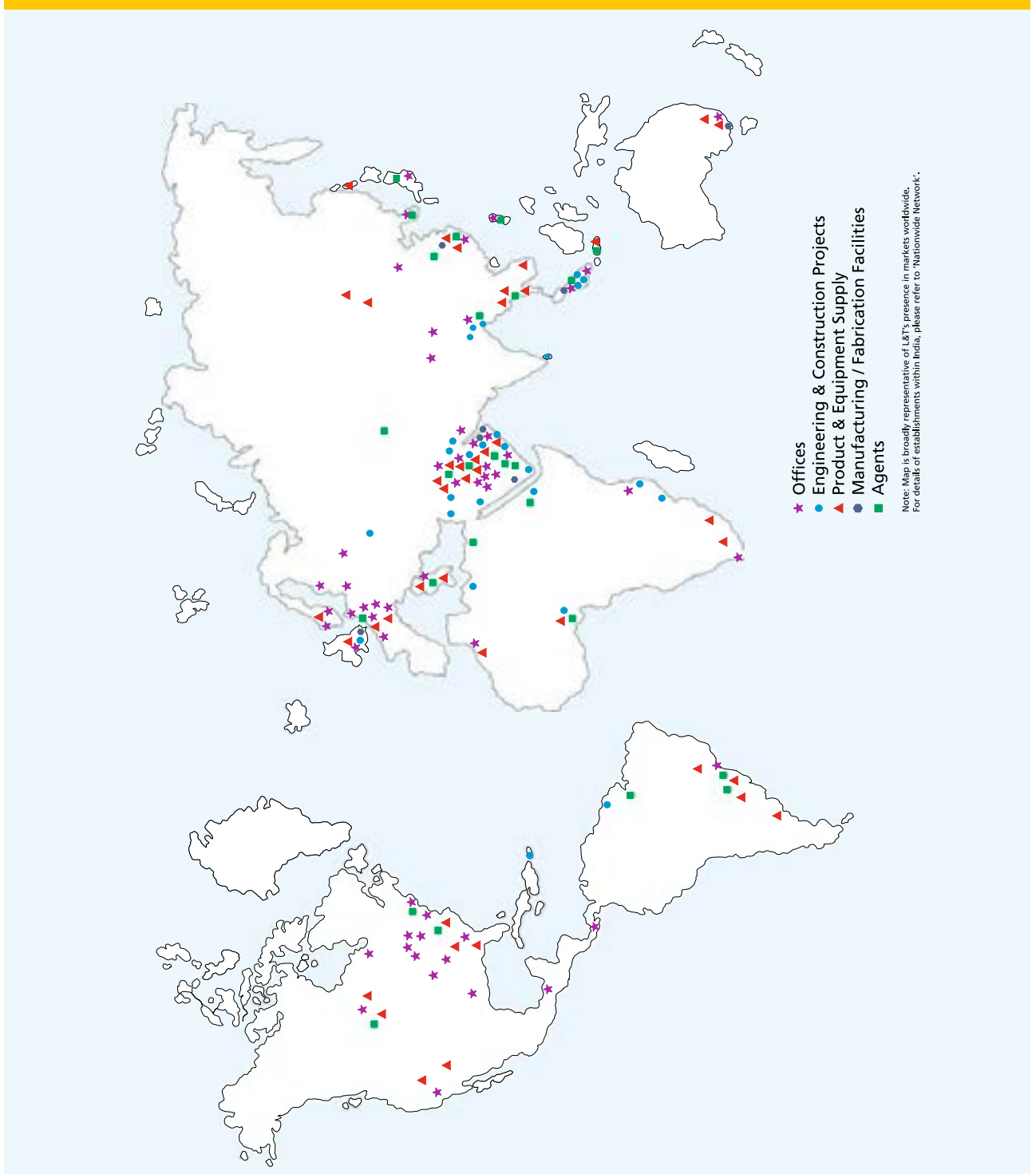
This pictorial representation does not purport to be the political map of India.

- ★ Registered Office
- Campus\*
- ▣ Power Plant
- 🏠 Shipyards
- Offices
- ◆ Knowledge City
- 🏡 Leadership Development Academy
- ▲ Construction Skills Training Institutes\*

\* 'Campus' denotes facilities for design and manufacture  
 \* Part of L&T's Corporate Social Initiatives



# Global Presence



# CORPORATE SOCIAL RESPONSIBILITY

## Creating a Better Tomorrow

L&T is an engineering and construction conglomerate with a heart. One that resonates with the philosophy that growth is the means to achieve the greater good of the greatest number.

At L&T, the imperative of balancing financial, environmental and social interests predates industrywide acceptance of concepts such as 'CSR' and 'Sustainability Reporting'. Building on over seven decades of social responsibility activities, the Company contributes to inclusive growth by empowering communities and accelerating development through interventions in water & sanitation, health, education and skill development. L&T-eering, a structured volunteering programme, encourages and enables employee volunteers or L&T-eers to contribute their spare time to community development programmes supported by the Company, thereby enhancing social impact even further.



### Enhancing impact

The Companies Act 2013 provided a unique opportunity for L&T to realign its CSR initiatives with the nation's developmental requirements and create more impactful community-development programmes. Weaving together the company's business vision and

communities in a phased manner for the next 5 years to improve the overall quality of life. This is closely linked with the UN's Global Sustainable Development Goals (SDGs). These areas of activity yield returns with cascading benefits that have a ripple effect on dependents and associates.

### Water & Sanitation

- meeting the bare necessities

Launching its Integrated Community Development Programme in FY 2014-15, L&T identified locations as 'water-stressed' on the basis of availability, quality and uncertainty



**Water & Sanitation**  
1,07,253 Beneficiaries



**Health**  
9,93,878 Beneficiaries



**Education**  
3,32,013 Beneficiaries



**Skill Development**  
34,696 Beneficiaries



its responsibility towards the social sector, the CSR theme of **'Building India's Social Infrastructure'** was chosen.

Towards this end, L&T began working for the development of water-stressed rural communities. It undertakes community-based interventions to make water available for drinking, sanitation and agriculture. Using an integrated approach, interventions in education, health and skill building have been planned in the same rural

At the grassroots level, L&T's CSR activities are aligned to specific Governmental welfare programmes and projects, strengthening the execution of projects in progress and avoiding needless duplication of effort. This ensures the judicious allocation and use of resources such as money, time and talent. L&T executes CSR projects directly or partners with Non-Government Organisations (NGOs).

of supply to enable these locations to become water-sufficient for drinking, sanitation and agriculture. L&T envisages these communities leading better quality lives through an integrated and holistic approach which will provide access to improved healthcare, education and higher income levels. To begin with, L&T, in consultation with external domain experts, identified water-stressed village clusters that were not beneficiaries of any previous interventions in four



states – Rajasthan, Tamil Nadu, Maharashtra and Gujarat. This covers 11006 households across an area of 9337 hectares.

### Key deliverables

- Watershed interventions such as construction of check dams, anicuts, contour trenches, farm bunds, farm ponds, and well restoration to increase ground water levels and soil moisture content
- Drudgery-free access to clean drinking water ensuring improved health and sanitation
- Availability of fodder for livestock
- Empowerment of communities and sustaining programme benefits through self-help groups with women's participation

### Key highlights so far:

- Project formulation through extensive community participation using Participatory Rural Appraisal
- A strong feeling of ownership and involvement instilled within community members
- Increase in ground water level, conversion of land from fallow to cultivable, and checking of soil erosion through various watershed interventions
- Creation of community-level organisations like Village Development Committee (VDC), Self Help Groups (SHGs) and User groups for project sustainability. VDCs have been formed in all 30 villages under our coverage

- 30-50% of participants in all VDC and watershed interventions are women, ensuring their participation in project planning and execution.
- Sanitation awareness drives among the community members and community-based monitoring committees will ensure that these villages are well on their way to becoming free of open defecation.

## Health – the wellspring of joy

Good health is the cornerstone of social well-being. L&T is helping create healthier communities by providing the underprivileged with affordable healthcare services in various areas – with a focus on mother-and-child care.



*L&T's healthcare initiatives focus on mother and child care among the disadvantaged sections of society.*

**Health Centres:** L&T has set up multi-specialty health centres which provide diagnostic, curative and preventive services in the areas of general medicine, gynaecology, paediatrics, pulmonology (including

chest and TB) ophthalmology, orthopaedics, nephrology, psychiatry, ENT, dermatology and dentistry. Immunisation and dialysis services are also provided. Emerging lifestyle diseases, such as diabetes and cardiac problems are also addressed at these centres. The HIV/AIDS issue is addressed through diagnostic and counselling facilities, as well as distribution of the Government's free anti-retroviral therapy at L&T's Mumbai Health Centre. Counselling services are offered in the areas of mother-and-child care, as well as problems faced by teenagers.

**Mobile Clinics:** The mobile clinics operated by L&T penetrate deep into rural and tribal areas, bringing the benefits of basic health facilities and modern health technology to these marginalised communities.

**Health Camps:** L&T organises diagnostic, clinical and awareness health camps. Diagnostic and clinical camps are held pertaining to general medicine as well as specialties such as ophthalmology,

dentistry, gynaecology and TB detection. Diagnostic camps are also held for specific groups, such as women and school children. Awareness camps disseminate information on critical issues such as hygienic practices and HIV/AIDS prevention. Blood donation camps are held, usually at L&T's establishments, in partnership with hospitals or blood banks.

**Dialysis Centres:** L&T has set up Artificial Kidney Dialysis Centres at its health centres for benefit of the underprivileged.

## Education – the mainstay of progress

L&T's social interventions covering educational initiatives are focused on providing primary education, infrastructure development and enhancing the learning experience for children in several schools in the vicinity of its facilities across India.

**Education infrastructure:** L&T provides infrastructure support to Government schools. It provides furniture, sets up and equips laboratories, libraries and playgrounds, refurbishes and digitises classrooms and builds toilet blocks for rural schools. All these lay the foundation for good education.

### Learning enrichment

Learning enrichment programmes are conducted in schools through NGO partners, with a focus on science, language and maths. 'Science on Wheels' vans visit schools to provide young, enquiring minds with exciting

opportunities to perform hands-on science experiments and fire their imagination.

A toy van for children – 'Nanha Munna Express' – makes learning fun for children, and helps develop motor, cognitive and social skills. After-school support is provided to children in community learning centres by trained community teachers. These centres help children to cope with their school curriculum, thereby reducing school drop-out rates, and enhancing

their academic performance as they progress from one standard to the next.

Preschools or Balwadis are run in low-income communities to lay a strong foundation for many vulnerable children and facilitate enrolment in neighbourhood schools.

Children from underprivileged backgrounds are also provided with basic computer education, to prepare them for a digitalised world.



*From community learning centres to computer labs, L&T helps spread education in rural areas and around its facilities.*

## Skill-building

– creating a world of possibilities

**Construction skills:** India's infrastructural demands call for quality workmanship and deployment of the latest techniques in construction methodology. L&T has set up and runs eight Construction Skills Training Institutes (CSTIs) across the country. These Institutes provide formal, free vocational training in construction skills for the largely unorganised workforce in this sector. School dropouts and illiterate village youth are taught skills like bar-bending, formwork carpentry, masonry, scaffolding and welding. A stipend, hostel facility and Certificate of Proficiency on completion, give participants an added incentive to complete the course. These short courses – ranging from three to six months – transform these once-unemployable youth into certified,

skilled, self-reliant young men, ready to join the workforce and support themselves and their families.

**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 enhance their sense of self-worth.

**Vocational training for women:** To make underprivileged women self-reliant, L&T has introduced

vocational training programmes in the areas of tailoring, beautician skills, home-nursing and food processing.

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### What it all adds up to in the year gone by:

- Over 1 million beneficiaries
- 2.5 lakh students in 250 schools – better infrastructure, fewer dropouts, better grades
- 7000 youth from underprivileged backgrounds made employable through CSTIs
- 32 water-stressed villages in 4 states benefited from 'Integrated Community Development' - water, sanitation, health education and improved standard of living

Over one million people benefitted from L&T's social interventions in 2016-17 alone.



Vocational training in skills like tailoring help boost both confidence and independence among women in rural areas.



# ANNUAL BUSINESS RESPONSIBILITY REPORT 2016-17

At L&T we believe Sustainability is an important element of the way we work. We continue to be resource efficient and put efforts towards better environment management. People are our assets and their safety and well-being is of prime importance. Through our projects, products and services, we aim to build a better society, while maintaining that delicate ecosystem balance and helping communities prosper.

This report conforms to Business Responsibility Reporting (BRR) requirement of Securities & Exchange Board of India (SEBI) based on the National Voluntary Guidelines (NVG) released by the Ministry of Corporate Affairs, India. Furthermore, L&T publishes comprehensive sustainability performance in its Sustainability Report, which is prepared in accordance with Global Reporting Initiative (GRI) guidelines and is externally assured.

L&T's Sustainability Reports can be accessed at [www.lntsustainability.com](http://www.lntsustainability.com).

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: **L99999MH1946PLC004768**
2. Name of the Company: **Larsen & Toubro Limited**
3. Registered address: **L&T House, Ballard Estate, Mumbai 400 001, India**
4. Website: **www.Larsentoubro.com**
5. E-mail id: **sustainability-ehs@Larsentoubro.com**
6. Financial Year reported: **1<sup>st</sup> April 2016 - 31<sup>st</sup> March 2017**
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub-Class	Description
271	2710	27104	Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus
282	2824	28246	Manufacture of parts and accessories for machinery / equipment used by construction and mining industries
301	3011	30111	Building of commercial vessels, passenger vessels, ferry boats, cargo ships, tankers, tugs, hovercraft (except recreation type hovercraft), etc.
		30112	Building of warships and scientific investigation ships, etc.
		30114	Construction of floating or submersible drilling platforms
410	4100	41001	Construction of buildings carried out on own-account basis or on a fee or contract basis
421	4210	42101	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways.
		42102	Construction and maintenance of railways and rail-bridges
422	4220	42201	Construction and maintenance of power plants
		42202	Construction / erection and maintenance of power, telecommunication and transmission lines
		42901	Construction and maintenance of industrial facilities such as refineries, chemical plants, etc.
465	4659	46594	Wholesale of construction and civil engineering machinery and equipment
681	6810	68100	Real estate activities with own or leased property
711	7110	71100	Architectural and engineering activities and related technical consultancy

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

1. **Construction and project-related activity**
2. **Manufacturing and trading activity**
3. **Engineering services**

9. Total number of locations where business activity is undertaken by the Company

- i. **Number of International Locations: 35**
- ii. **Number of National Locations: 100**

10. Markets served by the Company – Local/State/National/International/: **All**

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## SECTION B: FINANCIAL DETAILS OF THE COMPANY

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1. Paid up Capital: ₹ 186.59 Crores

2. Total Turnover: ₹ 66301.35 Crores

3. Total Profit After Taxes: ₹ 5453.74 Crores

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax: 1.85 %.  
*As per the Section 135 of The Companies Act 2013, the CSR spend is 2.04% of average Net Profit of the previous three financial years*

5. List of activities in which expenditure in 4 above has been incurred:

Our focus areas in Corporate Social Responsibility are as follows:

- i. Water & Sanitation
- ii. Health
- iii. Education
- iv. Skill Development

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## SECTION C: OTHER DETAILS

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1. Does the Company have any Subsidiary Company/ Companies?

**Yes.**

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

**Yes. The Business Responsibility (BR) initiatives of the company are extended to the Subsidiary/Associate Companies including major subsidiaries like L&T Hydrocarbon Engineering. In addition, these subsidiaries are also encouraged to take various other initiatives. L&T Infotech made its stock market debut on July 21, 2016 at the National Stock Exchange in Mumbai and its shares have been listed on NSE and BSE. Since 2016-17 L&T Infotech will have a separate Business Responsibility Report as part of its annual report.**

3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities. [Less than 30%, 30-60%, More than 60%]:

**Yes. The Company promotes BR initiatives in its value chain. At present, less than 30% of its suppliers/ distributors participate in BR initiatives.**

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

- DIN Number: **Not Applicable, being an EMC member**
- Name: **Dr. Hasit Joshipura**
- Designation: **Head - Corporate Centre & Member of the Executive Management Committee (EMC)**

b) Details of the BR head

S. No	Particulars	Details
1	DIN Number (If applicable)	<b>Not Applicable</b>
2	Name	<b>Major General Gautam Kar (Retd.)</b>
3	Designation	<b>Head Corporate Infrastructure &amp; Administrative Services</b>
4	Telephone Number	<b>+91-22-67052447</b>
5	Email ID	<b>sustainability-ehs@Larsentoubro.com</b>

### 2a. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

#### Name of principles:

- P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability  
P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle  
P3 – Businesses should promote the well-being of all employees  
P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized  
P5 – Businesses should respect and promote human rights  
P6 – Businesses should respect, protect, and make efforts to restore the environment  
P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner  
P8 – Businesses should support inclusive growth and equitable development  
P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

S. No	(A) Details of Compliances (Reply in Yes/No)	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify. (50 words)	<b>Yes. The policies are aligned with the principles of NVG guidelines and conform to international standards of ISO 9001, ISO 14001, OHSAS 18001 and ILO principles.</b>								
4	Has the policy been approved by the Board? <b>Yes.</b> Has it been signed by MD/Owner/CEO/ Appropriate Board Director? <b>Signed by the Group Executive Chairman</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? <b>Yes.</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<b>www.Lntsustainability.com</b>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2b. **If answer to question at Serial No. 1 against any principle, is 'No', please explain why. (Tick up to 2 options)**

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principles	<b>Not Applicable</b>								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	<b>Not Applicable</b>								
3.	The Company does not have financial or manpower resources available for the task	<b>Not Applicable</b>								
4.	It is planned to be done within next 6 months	<b>Not Applicable</b>								
5.	It is planned to be done within the next 1 year	<b>Not Applicable</b>								
6.	Any other reason (please specify)	<b>Not Applicable</b>								

### 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually, More than 1 year:

**Annually**

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

**Yes, the Company has been publishing its Sustainability Report annually as per the Global Reporting Initiative (GRI) framework since 2008. The sustainability reports are externally assured. We are following GRI – G4 Standard and 2016 report is 'In Accordance – Comprehensive' report. The reports can be accessed at [www.Lntsustainability.com](http://www.Lntsustainability.com) and [sustainabilityreport.larsentoubro.com](http://sustainabilityreport.larsentoubro.com)**

## SECTION E

### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Larsen and Toubro stands on a strong base built by our founders and continues a rich legacy of fair & transparent governance system, disclosure practices and integrity. L&T is a professionally managed Indian multinational, committed to total customer satisfaction & enhancing stakeholders' value. The Company's Vision and Policies extend to its commitment to fair practices. These are applicable to all our operations, subsidiaries and associate companies.

All our employees are guided by the L&T Code of Conduct, including the Board Members and Senior Management. The Group Executive Chairman makes an Annual Declaration to the shareholders on compliance with the Company's CoC by the senior management. L&T is committed to the philosophy of conducting business in an ethical manner with respect for human values, individual dignity and professional conduct. The Code of Conduct is featured on the Company's website – [www.larsentoubro.com](http://www.larsentoubro.com) and Intranet. New employees are introduced and trained on the Code of Conduct through a detailed online module of the Company's Any Time Learning (ATL) System. The critical areas of the Code of Conduct are also included in the HR Orientation Training – Swagat and Prayag for GET/PGET. In a unique initiative, each employee of the Company is required to confirm their acceptance of the 'Code of Conduct' through a web-portal, this 'once a year' mandatory requirement creates awareness on the Code of Conduct, policies and guidelines and imbibes a sense of responsibility in employees for their actions.

The Code of Conduct (CoC) Apex Committee has the responsibility to ensure implementation of the Code of Conduct across the Company, deals with the instances of non-compliance, and oversees the functioning of the Unit Level CoC Committees.

This committee also functions as the Apex Body to interact, inform, advice and coordinate with the Executive Management Committee (EMC) on all issues relating to the Code of Conduct. The committee constitutes of a minimum of five senior members and meets at least twice a year. The Compliance officer acts as the Ex-Officio Secretary of the Apex Committee. At the unit level we have Unit Level CoC Committee consisting of at least four members, headed by the Unit Head with Head of Accounts, Head of HR and a senior person from Operations. The Unit Level Committee meets at least once in a quarter. The Role of the Committee is creating awareness, motivating employees to follow Code of Conduct, monitoring compliance of Code of Conduct and investigating instances of non-compliance.



*Codified policies publicly affirm the organisation's commitment, govern actions and provide clarity of direction*



*Artist's impression of football stadium being built in Qatar, incorporating design and processes to minimize environmental impact*

The Company has established a vigil mechanism for employees and directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Whistle Blower Policy facilitates employees to report without fear, any wrongdoings or unethical or improper practice which may adversely impact the image and/or the financials of the company to Whistle Blowing Investigation Committee. The management assures maintaining anonymity of the whistle-blower at all times. During the year 2016-17 a total of 15 complaints were received, 100% of these were investigated and dealt with in accordance with the Company's protocol and none are under review. Details relating to stakeholder complaints are included in the Director's Report Section of this Annual Report.

In line with the Company's Green Supply Chain Policy, we formulated an 'Environmental & Social Code of Conduct for Suppliers' covering specific clauses on environmental management and compliance, human rights, labour practices, prohibition of child labour, freedom of association & collective bargaining, prohibition of forced & compulsory labour, ethics and transparency, and impact on society. This was applicable during the period 2012-16, since 2016-17 the 'Environmental & Social Code of Conduct for Suppliers' has been integrated with the business code of conduct for suppliers. All new and existing vendors/

suppliers are required to follow the same. Since 2016 the Company has initiated the environment assessment of suppliers along with organizing awareness sessions on sustainability for suppliers and transporters. The Company conducts capacity-building programmes for vendors and sub-contractors and provides training on safety, business efficiency and sustainability.

The brand L&T has been built by implementing good Corporate Governance practices; which are imbibed by our employees as a way of life and create an elevated governance culture.

## **PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE**

At L&T, in all our businesses, it is our constant endeavour to extend safe goods and services that contribute to sustainability throughout their Life cycle. Our portfolio includes projects, products and services covering Infrastructure projects, Power projects, Heavy Engineering products, Electrical & Automation (E&A) products, Metallurgical & Material Handling (MMH) products and services, Hydrocarbon Projects, IT & Technological Services, and Financial Services. We ensure that sustainability aspects, risks and opportunities are integrated into our engineering and design. L&T also offers comprehensive training to our customer's personnel.

Our construction & infrastructure projects along with our campuses ensure minimal environmental footprint and safe operations and enhance community value. At our campuses we currently have 17 green buildings including one Green Factory, all our 24 campuses are now water positive and have achieved zero waste water discharge status. Energy efficiency and carbon footprint reduction are given substantial importance during the course of production.



Apart from these initiatives, the Company offers products and services focused on sustainability and infrastructure with low environmental impact. These include technology solutions with lower carbon emissions, less water consumption, lesser air pollution, energy efficiency improvement, clean energy and resource conservation. These products help reduce the customers environmental impact. The portfolio covers Green Buildings, Mass Rapid Transit Systems like metro and mono rails, Solar power plants built on EPC basis, fuel switch projects, coal gasifiers, super critical thermal power plant & equipment, power transmission & distribution systems, energy saving electrical & automation solutions etc. Energy efficient products and systems from the Electrical & Automation business cover Power Management Systems, AC drives, smart metering systems etc.

The Company promotes recycling and use of alternate materials. As a part of sustainability roadmap of increasing recycling of products and industrial waste are practiced at our campuses and project sites. We utilize alternate materials such as fly ash, crushed sand, blast furnace slag, steel scrap, zinc waste etc. Our products are 'engineered to order' based on specific customer requirements, limiting the scope for material recycling.



*Terminal 2 - Mumbai Airport built by L&T has won numerous awards for user-friendliness, sustainability and innovative construction techniques.*

### **PRINCIPLE 3: BUSINESS SHOULD PROMOTE WELL-BEING OF EMPLOYEES**

Our people are the key to truly leveraging the potential of the Company's growth. The continuous zeal and commitment of our people powers L&T and we nurture this with training, motivation, leadership development and performance rewards. The Company's Corporate Human Resource Policy sets a robust framework for people management. Apart from this, we have the Corporate Environment, Health & Safety (EHS) Policy, Whistle Blower Policy, Protection of Women's Rights at Workplace Policy, and code of conduct for protection of human rights.

L&T is a merit-based organisation and discrimination of any form based on caste, religion, region, gender or physical disability is not permitted. We remain committed to the United Nations Global Compact principles and Human Rights clauses are also included in the contracts with vendors and partners, extending these to our supply chain. L&T directly employs 85 persons with disabilities. The value chain also employs 48 persons with disabilities. The Company recognizes employee unions and associations affiliated with different trade unions at its manufacturing facilities and 7.82% of permanent employees are covered under this category. No complaints were received during the year, relating to child labour, forced labour, involuntary labour or sexual harassment at the workplace.

<b>L&amp;T employees</b>	<b>Refer "Standalone financials – 10-year Highlights" section of Annual Report</b>
<b>Number of permanent women employees</b>	<b>2,029</b>
<b>Contract workmen</b>	<b>282,311</b>



*L&T's Learning & Development Academy is a one of its kind destination, designed to power corporate training at various levels.*

At L&T regular training and exposure to the challenges of tomorrow are important elements of an employee's career graph. Employees are provided with adequate continuous trainings on functional and behavioural areas. L&T offers its employees with opportunities to pursue higher education through corporate tie-ups and sponsorships with reputed colleges.

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 a global exposure. Apart from this, a wide range of technical, functional as well as managerial training is imparted to the employees through Technical training centres at Mumbai (Madh, Mahape) & Project Management Institute (Vadodara & Chennai).

Safety is another area of significance and we work towards continuous improvement for Zero Harm. With 'Zero Harm' we aim to build a workplace environment which supports the health and safety of our people and minimises the impact our business has on the environment. Zero harm means no harm to anyone, anytime, anyone associated with us. Regular safety training, tool box talks, mock drills and specific safety interventions are undertaken to build a safe work culture within the organization. New employees are introduced on the aspects of safety and all contract workmen receive mandatory safety

training before commencing work. More than 3.7 million man hours of safety training was provided in FY 2016-17 to our workforce. The safety performance of the Company is reviewed by the L&T Board during the quarterly Board meetings.

Working on Wellness is our exclusive platform through which we offer programs, counselling, awareness sessions, diagnostic camps, workshops, activities targeted at employee health and wellness at office. The interventions are grouped in six critical areas – cancer, diabetes, cardiac disease, obesity, ergonomic issues and stress.

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED**

The Company has mapped its internal and external stakeholders along with the disadvantaged, vulnerable & marginalized stakeholders. This mapping gives us an understanding that our stakeholders form a vast and heterogeneous community with wide-ranging expectations. It is our constant endeavor to match these. Our stakeholders are at the core of our decision-making process and the Company engages with them regularly through various engagement programs. At L&T we conduct business professionally to create value for all stakeholders ensuring that we are a responsible partner that serves the wider interests of society. The Company has a dedicated Corporate Brand Management & Communications department which facilitates an on-going dialogue between the organization and its stakeholders.

We run specific programs under our "Corporate Social Responsibility (CSR)" umbrella focused on benefitting the disadvantaged, vulnerable and marginalized communities. Our CSR projects not only run around our operations, but are extended much beyond that. One of our key focus areas is the 'Integrated Community Development'

programme in which we are working to improve the overall quality of life of the people living in the most water stressed regions of India. We work on providing clean drinking water, sanitation, education, health and skill building. L&T is a pioneer in launching an anti-depression help-line for its employees in India, in collaboration with TISS.

External Stakeholders	
Stakeholders	Engagement Modes
Shareholders and investors	Press Releases, Info desk - an online service, dedicated Email Id for investor grievances, Quarterly Results, Annual Reports, Sustainability Reports, AGM (Shareholders interaction), Investors meet and shareholder visit to works, corporate website.
Suppliers/ Contractors	Regular supplier, dealer and stockiest meets
Media	Press Releases, Quarterly Results, Annual Reports, Sustainability Reports, AGM (Shareholders interaction), Access information & respond to queries
Community	Periodic feedback mechanism
Customers	Regular business interactions, Client satisfaction surveys
Government	Press Releases, Quarterly Results, Annual Reports, Sustainability Reports

For Internal Stakeholders	
Employees	Employee satisfaction surveys
	Employee engagement surveys for further improvement in employees' engagement process
	Circulars, Messages from Corporate and Line Management
	Corporate Social initiatives
	Welfare initiatives for employees and their families
	Online news bulletins to convey topical developments
	A large bouquet of print and on-line in-house magazines - some location-specific, some business-specific, a CSR program newsletter.
	L&T Helpdesk, toll free number

## PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

With global activities and customers in over 30 countries around the world, L&T will inevitably be confronted with human rights issues. The Company is a member of the Global Compact Network India and commits to honor human rights within its operations. Further, the Human Rights policies are extended and strictly adhered to within our Subsidiary and Associate companies.

Human rights are an important part of the Code of Conduct and Corporate Human Resource Policy of the Company. Human Rights cover the issues of prohibition of child labour, prohibition of forced & compulsory labour, nondiscrimination, freedom of association and collective bargaining. We also have the Policy on Protection of Women's Rights at workplace for addressing sexual harassment at workplace. We follow the Universal Declaration of Human Rights, the ILO Core Conventions on Labour Standards and the UN Global Compact.



Workforce taking the Safety Pledge at one of L&T's campuses.

We ensure that employees are sensitized to human rights clauses through training programs, interactive sessions, Intranet, policy manuals and posters. Apart from this, the Company complies with the applicable local laws and regulatory requirements such as the Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998 and Industrial Disputes Act 1947. There were no reported complaints related to human rights violations during the year.

We propagate our human rights values across the supply chain through our 'Environmental & Social Code of Conduct' for our suppliers and extend the same to our sub-contractors as part of their contract documents.

## **PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

L&T recognizes the importance of environment preservation. Our Corporate Environment, Health and Safety (EHS) Policy plays a vital role in defining the choices we make. Since 2009, we have been setting measurable targets and developing action plans for successive three-year Sustainability Roadmaps covering efforts to mitigate our impact. The Company identifies potential environmental risks and opportunities in its operations and its Subsidiary and Associate Companies and acts towards these. Key suppliers are also encouraged to follow our practices.

With all our efforts across the years, we are able to achieve a 'Water Positive' Status for all 24 campuses of L&T in India. Water Assessment was conducted for all campuses, rain water harvesting structures, and community based water harvesting structures covering check dams and other water storage structures. We were able to demonstrate significant water conservation efforts at campuses along with well-planned and implemented community water harvesting, benefitting society.

Also, all our campuses continue to be zero wastewater discharge units since 2014.

We are committed to the eight missions of the National Action Plan on Climate Change (NAPCC) instituted by the Government of India. Progressively, we have been investing in products and processes that promote sustainable growth - enhancing energy security, developing low-carbon technologies for building infrastructure, spreading sustainability knowledge and increasing green cover. The Company annually reports its carbon emissions to the Carbon Disclosure Project since 2009.

The Company works in compliance with applicable laws. Regular checks are conducted by independent auditors to ensure compliance with environmental regulations and compliance reports are submitted to Central Pollution Control Board (CPCB) / State Pollution Control Boards (SPCB) as applicable. During the financial year, there are no pending or unresolved show cause/legal notices from CPCB/SPCB.

We strive to increase the share of renewable energy in our overall energy mix. Three campuses are sourcing wind energy from external suppliers, while 18 campuses are generating renewable energy on-site.

At L&T, we understand the importance of biodiversity. Every year we plant trees at our



*L&T is leading the way in renewable energy as India's largest solar power systems integrator*



campuses and engage with organisations to conduct plantation at National Parks within the Country. This year we have planted more than 1.85 lakh trees across L&T's campuses and project sites, taking the tally to 5 lakh trees in last five years. Also, the Company has embarked on a journey towards creating self-sustaining forests through the Miyakwaki Technique and has planted its first forest.

## PRINCIPLE 7: RESPONSIBLE PUBLIC ADVOCACY

L&T actively participates in industrial forums and professional bodies to engage in proactive dialogue and have an understanding of policies and expectations of stakeholders. The senior leadership team offers their expertise and insights during public policy formulation. Following are some of the Institutes and industrial forums where L&T actively participates.

- Association of Business Communicators of India
- Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Bombay Chamber of Commerce & Industry (BCCI)
- Bureau of Indian Standards
- 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
- Indian Institute of Chemical Engineers (IICHe)
- National Safety Council
- National Fire Protection Institution



*Tree-planting is an ongoing activity at L&T - from VIP visitors to community and mass plantation initiatives.*

The Company also interacts regularly with Indian Institute of Corporate Affairs (IICA) for CSR related aspects, Confederation of Indian Industry Centre of Excellence for Sustainable Development (CII-CESD) on Sustainability policies and regulations. We are also part of the working teams on Environmental & recycling council of CII, CII – Green Business Centre (GBC), Environment, Health & Safety (EHS), energy conservation and Corporate Social Responsibility (CSR).

## PRINCIPLE 8: SUPPORT INCLUSIVE GROWTH

L&T has the following corporate policies that support inclusive growth and equitable development:

- Sustainability Policy
- Corporate Environment, Health & Safety (EHS) Policy
- Corporate Social Responsibility (CSR) Policy
- Corporate Human Resource Policy
- Code of Conduct

It is an integral part of L&T's business model to plough back a portion of the wealth generated into the society. The Company's CSR Programs are derived from the theme 'Building India's Social Infrastructure' with an objective to contribute to society and make a meaningful, sustainable and positive impact. We work in 4 thrust areas: water & sanitation, education, health and skill-building.

### Water & Sanitation

- Efforts to provide access to safe drinking water
- Working in water-stressed communities of Tamil Nadu, Maharashtra and Rajasthan.
- Integrated Community Development Programme
- Building check dams, field bunds, and soil and water conservation structures.
- Enabling the community to build and utilize sanitation facilities.

### Education

- Providing primary education
- Developing infrastructure
- Enhancing learning experience & learning rates
- Innovative learning methodologies, computer laboratories, teaching aids and build teacher capacity.
- Science-on-Wheels van
- Summer camps, sports activities & Extra curricular outings to widen children's horizons.
- Employee volunteering

### Health

- Affordable community health centres
- Focus on reproductive health, diagnostic and clinical camps, maternal and child health care, immunization and health education, HIV/AIDS management
- Artificial kidney dialysis centres
- Mobile health vans.

### Skill Development

- Free training to rural and urban youth
- Construction Skills Training Institutes (CSTIs)
- Collaboration with ITIs.
- Vocational institutes programs for women: Tailoring, beautician's courses, home nursing and food processing

Thrust area-wise CSR beneficiaries are as follows,

**Water & Sanitation: 1,07,253**

**Health: 9,93,878**

**Education: 3,32,013**

**Skill Development** (Including CSTI, vocational training and Neev): **34,696**

**Total 14,67,840**

The Company contributed ₹ 100.77 crores in 2016-17 towards social development as per The Company's Act 2013.



*L&T helps build India's Social Infrastructure through health, education and skill-building initiatives.*



## PRINCIPLE 9: ENGAGE WITH AND PROVIDE VALUE TO CUSTOMERS

At L&T, we constantly innovate to offer the latest engineering, technological and service solutions, to provide value to our customers. Our offerings diversify with the changing market trends and we keep abreast with the way world moves through investment in R&D, training, design facilities, superior manufacturing and testing processes.

Health & Safety concerns are integral throughout product /services life cycle. Our products carry suitable labeling and are accompanied by operation and maintenance manuals in line with relevant codes and specifications. Similar clarity is maintained across all our projects through signage systems. Products are tested and benchmarked against stringent national and international standards such as Bureau of Indian Standards, International Organization for Standardization and International Electro Technical Commission. L&T's green products and services portfolio helps customer to reduce their energy and water consumption and help them to follow low carbon approach.

We engage with customers through regular customer meets, customer satisfaction surveys, training programs for customer representatives and market based research. Customer complaints, comments and suggestions are systematically addressed. The high percentage of our repeat orders is a reliable indication of customer satisfaction and confidence in L&T's products, projects and services.

All norms, standards and voluntary codes and guidelines related to marketing communication are adhered to. The brand management guidelines institutionalized by L&T's Corporate Brand Management & Communications (CBMC) department authenticate communications and help customers identify and distinguish the Company's products.



*From engineering design to high-tech testing facilities, L&T offers end-to-end solutions that create value for our customers.*

Regarding unfair trade practices, irresponsible advertising and or anti-competitive behavior, no stakeholder has filed a case against the Company in the last five years and there are no pending cases as on 31<sup>st</sup> March, 2017.

## ANNEXURE: MAPPING TO THE SEBI FRAMEWORK

Question	Reference	
	Section	Page Number
<b>Section A : General Information about the Company</b>		
1. Corporate Identity Number (CIN) of the Company	AR	19
2. Name of the Company	AR	19
3. Registered Address	AR	19
4. Website	AR	19
5. Email id	AR	19
6. Financial Year Reported	AR	19
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	AR	19
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	AR	20
9. Total number of locations where business activity is undertaken by the Company		
i. Number of International Locations (Provide details of major 5	AR	20
ii. Number of National Locations	AR	20
Markets served by the Company – Local/State/National/International	AR	20
<b>Section B: Financial Details of the Company</b>		
1. Paid up Capital (INR)	AR	20
2. Total Turnover (INR)	AR	20
3. Total profit after taxes (INR)	AR	20
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	AR	20
5. List of activities in which expenditure in 4 above has been incurred: -	AR	20
<b>Section C : Other Details</b>		
1. Does the Company have any Subsidiary Company/ Companies?	AR	20
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	AR	20
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities. [Less than 30%, 30-60%, More than 60%]		
<b>Section D: BR Information</b>		
1. Details of Director/Directors responsible for BR	AR	21
a) Details of the Director/Director the BR policy/policies <ul style="list-style-type: none"> <li>• DIN Number</li> <li>• Name</li> <li>• Designation</li> </ul>		
b) Details of the BR head <ul style="list-style-type: none"> <li>• DIN Number (if applicable)</li> <li>• Name</li> <li>• Designation</li> <li>• Telephone number</li> <li>• e-mail ID</li> </ul>		
3. Governance Related to BR Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	AR	22

Question	Reference	
	Section	Page Number
Does the Company publish a BR or a Sustainability Report? What is the Hyperlink for viewing this report? How frequently it is published?	AR	22
<b>Section E : Principle-wise Performance</b>		
<b>Principle1: Ethics, Transparency and Accountability</b>		
Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	AR	23-24
How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	The details related to stakeholder complaints are included in the Director's Report Section of this Annual Report	
<b>Principle 2 : Sustainable Products and Services</b>		
List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	AR	24-25
For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	AR	24-25
Does the company have procedures in place for sustainable sourcing (including transportation)?	AR	24-25
Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	AR	24-25
If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	AR	24-25
Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Green buildings constructed by the Building & Factories business part of Construction Business help customers to reduce energy and water consumption, utilize recycled material and locally source most of construction material. The Company is a leading EPC solution provider for Solar Photo Voltaic (PV) based power plants helping customers save on the energy bills and contribute to reduction of GHG emissions from consumption of indirect energy.	24-25

Question	Reference	
	Section	Page Number
<b>Principle 3: Employee Well Being</b>		
Total number of employees. Total number of employees hired on temporary/contractual/casual basis. Number of permanent women employees. Number of permanent employees with disabilities Do you have an employee association that is recognized by management? What percentage of your permanent employees is members of this recognized employee association?	AR	25-26
Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	AR	25-26
What percentage of your undermentioned employees were given safety and skill upgradation training in the last year?	AR	25-26
<b>Principle 4: Valuing Marginalized Stakeholders</b>		
Has the company mapped its internal and external stakeholders?	AR	26-27
Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	AR	26-27
<b>Principle 5: Human Rights</b>		
Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	AR	27-28
How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	AR	27-28
<b>Principle 6: Environment</b>		
Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/others?	AR	28-29
Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?	AR	28-29
Does the company identify and assess potential environmental risks?	AR	28-29
Does the company have any project related to Clean Development Mechanism?	No	-
Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N.	AR	28-29
Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?  Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	AR	28-29

Question	Reference	
	Section	Page Number
<b>Principle 7: Policy Advocacy</b>		
Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: Have you advocated/lobbied through above associations for the advancement or improvement of public good?	AR	29
<b>Principle 8: Inclusive Growth</b>		
Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?	AR	29
Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?	AR	30
Have you done any impact assessment of your initiative?	AR	30
What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.	AR	30
Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	AR	30
<b>Principle 9: Customer Welfare</b>		
What percentage of customer complaints/consumer cases are pending as on the end of financial year.	The details related to stakeholder complaints are included in the Director's Report Section of this Annual Report.	
Does the company display product information on the product label, over and above what is mandated as per local laws?	AR	31
Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as of end of financial year?	AR	31

## STANDALONE FINANCIALS-10 YEAR HIGHLIGHTS

₹ crore

Description	← Ind AS →		← IGAAP →							
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Statement of Profit and Loss</b>										
Gross revenue from operations	66301	63813	57558	57164	52196	53738	44296	37356	34337	25342
PBDIT <sup>^^</sup>	6425	5829	6488	6667	5473	6283	5640	4816	3922	2969
Profit after tax (excluding extraordinary/exceptional items)	4560	4454	4699	4905	4169	4413	3676	3185	2709	2099
Profit after tax (including extraordinary/exceptional items)	5454	5000	5056	5493	4384	4457	3958	4376	3482	2173
<b>Balance Sheet</b>										
Net worth	46013	42135	37085	33662	29291	25223	21846	18312	12460	9555
Deferred tax liability/(asset) [net]	(285)	(156)	363	410	290	133	263	77	48	61
Loan funds	10581	13924	12936	11459	8478	9896	7161	6801	6556	3584
Capital employed	56309	55903	50384	45531	38059	35252	29270	25190	19064	13200
<b>Ratios and statistics</b>										
PBDIT as % of net revenue from operations @	9.78	9.23	11.38	11.78	10.60	11.82	12.84	13.00	11.56	11.87
PAT as % of net revenue from operations \$	8.30	7.91	8.87	9.71	8.50	8.38	9.01	11.82	10.26	8.69
RONW % *	12.37	12.39	14.30	17.46	16.06	18.95	19.73	28.49	31.71	29.21
Gross Debt: Equity ratio	0.23:1	0.33:1	0.35:1	0.34:1	0.29:1	0.39:1	0.33:1	0.37:1	0.53:1	0.38:1
Basic earnings per equity share (₹) #^	58.49	53.71	54.46	59.36	53.33	48.61	43.55	49.18	39.67	25.20
Book value per equity share (₹) ##^	493.19	452.35	398.78	362.95	317.09	274.35	238.96	202.46	141.54	108.63
Dividend per equity share (₹) ##^	21.00	18.25	16.25	14.25	12.33	11.00	9.67	8.33	7.00	5.67
No. of equity shareholders	923628	10,28,541	8,53,824	832,831	854,151	926,719	8,53,485	8,14,678	9,31,362	5,78,177
No. of employees	41,466	43,354	44,081	54,579	50,592	48,754	45,117	38,785	37,357	31,941

Figures for 2016-17 & 2015-16 are as per Ind AS and for earlier periods as per IGAAP and hence not directly comparable

<sup>^^</sup> Profit before depreciation, interest and tax (PBDIT) is excluding extraordinary/exceptional items wherever applicable and other income.

@ PBDIT as % of net revenue from operations = [(PBDIT)/(gross revenue from operations less excise duty)].

\$ Profit After Tax (PAT) as % of net revenue from operations = [(PAT including extraordinary /exceptional items)/(gross revenue from operations less excise duty)].

\* RONW [(PAT including extraordinary/exceptional items)/(average net worth excluding revaluation reserve and miscellaneous expenditure)].

# Basic earnings per equity share have been calculated including extraordinary/exceptional items and adjusted for all the years for issue of bonus shares/restructuring during the respective years.

## After considering adjustments for issue of bonus shares/restructuring during the respective years upto 2015-16.

\$\$ Figures for the year 2007-08 to 2011-12 include Hydrocarbon business which has been transferred w.e.f April 1, 2013 to a wholly owned subsidiary.

^ The Board of Directors has recommended for the approval of shareholders, the issue of bonus equity shares in the ratio of 1:2 (one bonus equity share of ₹ 2 each for every two equity shares of ₹ 2 each held). Accordingly, the figures for 2016-17 are based on number of equity shares before the proposed bonus issue.



## CONSOLIDATED FINANCIALS-10 YEAR HIGHLIGHTS

₹ crore

Particulars	← Ind AS →		← IGAAP →							
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Statement of Profit and Loss</b>										
Gross revenue from operations	110011	101975	92762	85889	75195	64960	52470	44310	40932	29819
PBDIT <sup>^^</sup>	11075	10463	11258	10730	9929	8884	7677	6423	5024	3706
Profit attributable to Group shareholders (excluding extraordinary/exceptional items)	5920	4154	4470	4547	4911	4649	4238	3796	3007	2304
Profit attributable to Group shareholders (including extraordinary/exceptional items)	6041	4233	4765	4902	5206	4694	4456	5451	3789	2325
<b>Balance Sheet</b>										
Net worth	50217	44180	40909	37712	33860	29387	25051	20991	13988	10831
Non-controlling interest	3564	2893	4999	3179	2653	1753	1026	1087	1059	923
Deferred tax liability/(asset) [net]	(1125)	(736)	(185)	337	184	82	311	153	131	122
Loan funds	93976	88135	90571	80330	62672	47150	32798	22656	18400	12120
Capital employed	146632	134472	136294	121558	99369	78372	59186	44887	33578	23996
<b>Ratios and statistics</b>										
PBDIT as % of net revenue from operations @	10.13	10.35	12.24	12.60	13.33	13.81	14.75	14.61	12.40	12.58
PAT as % of net revenue from operations \$	5.53	4.19	5.18	5.76	6.99	7.30	8.56	12.40	9.35	7.89
RONW % **	12.80	9.91	12.13	13.71	16.47	17.26	19.38	31.23	30.64	26.92
Gross Debt: Equity ratio	1.75:1	1.87:1	2.21:1	2.13:1	1.85:1	1.61:1	1.31:1	1.08:1	1.32:1	1.12:1
Basic earnings per equity share (₹) # ^	64.80	45.48	51.33	52.97	56.53	51.21	49.04	61.27	43.17	26.96
Book value per equity share (₹) ## ^	538.25	474.30	439.93	406.65	366.59	319.64	273.97	232.04	158.84	122.87
Dividend per equity share (₹) ## ^	21.00	18.25	16.25	14.25	12.33	11.00	9.67	8.33	7.00	5.67

Figures for 2016-17 & 2015-16 are as per Ind AS and for earlier periods as per IGAAP and hence not directly comparable

<sup>^^</sup> Profit before depreciation, interest and tax [PBDIT] is excluding extraordinary/exceptional items wherever applicable and other income.

@ PBDIT as % of net revenue from operations = [PBDIT/gross revenue from operations less excise duty].

\$ PAT as % of net revenue from operations = [PAT including extraordinary/exceptional items/gross revenue from operations less excise duty].

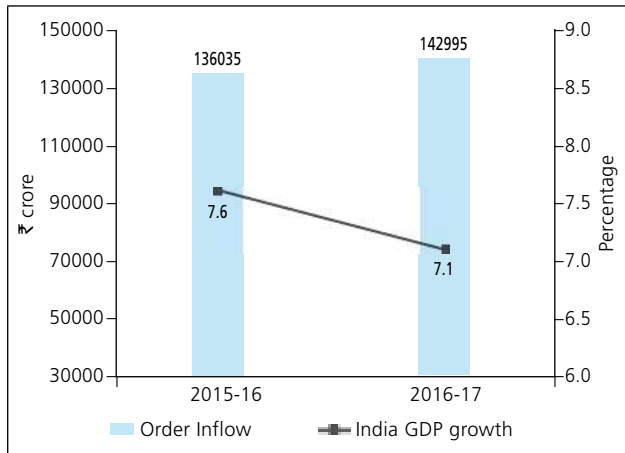
\*\* RONW [(profit attributable to group shareholders including extraordinary/exceptional items)/(average net worth excluding revaluation reserve and miscellaneous expenditure)].

# Basic earnings per equity share has been calculated including extraordinary/exceptional items and adjusted for all the years for issue of bonus shares/restructuring during the respective years.

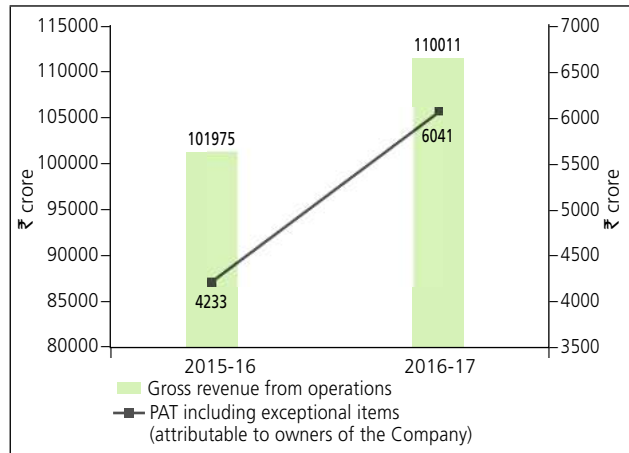
## After considering issue of bonus shares/restructuring during the respective years upto 2015-16.

^ The Board of Directors has recommended for the approval of shareholders, the issue of bonus equity shares in the ratio of 1:2 (one bonus equity share of ₹ 2 each for every two equity shares of ₹ 2 each held). Accordingly, the figures for 2016-17 are based on number of equity shares before the proposed bonus issue.

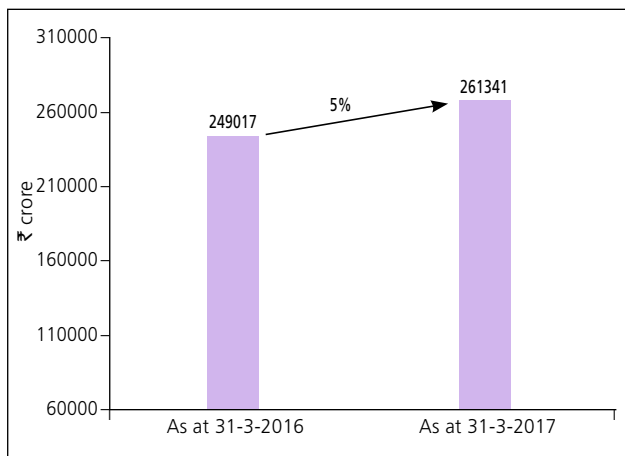
**L&T CONSOLIDATED - ORDER INFLOW**



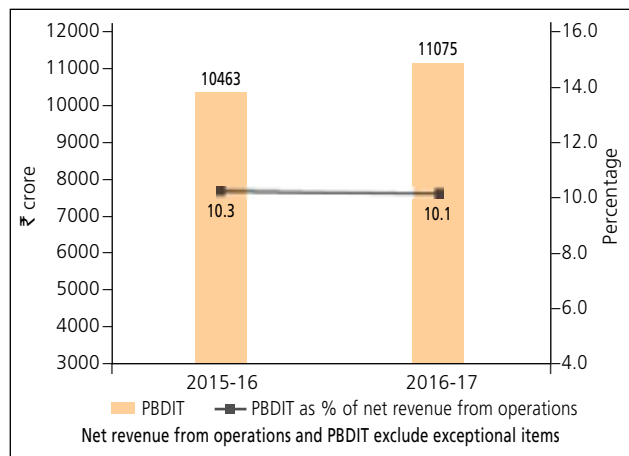
**L&T CONSOLIDATED - GROSS REVENUE FROM OPERATIONS AND PAT**



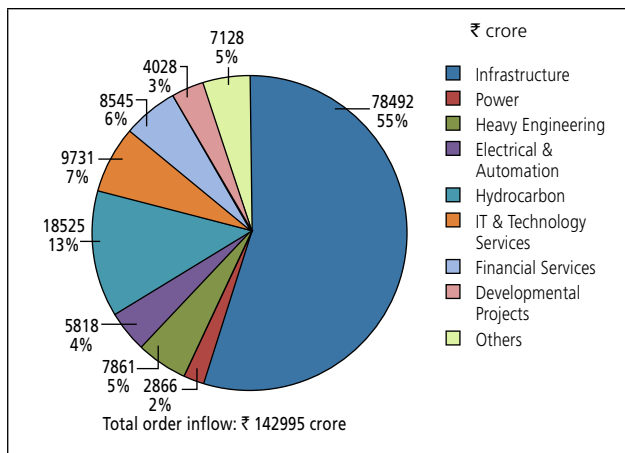
**L&T CONSOLIDATED - ORDER BOOK**



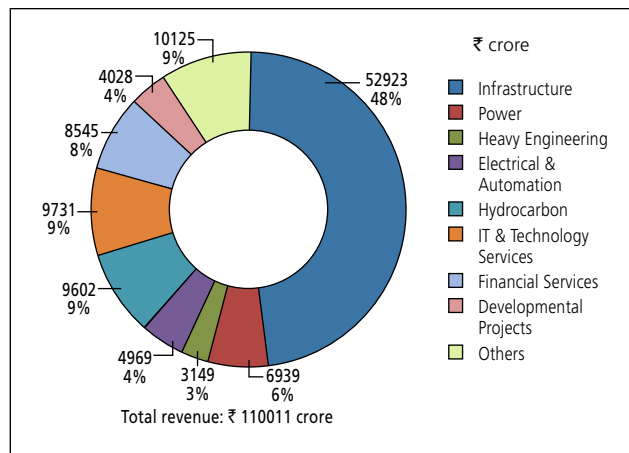
**L&T CONSOLIDATED - PBDIT AS % OF NET REVENUE FROM OPERATIONS**

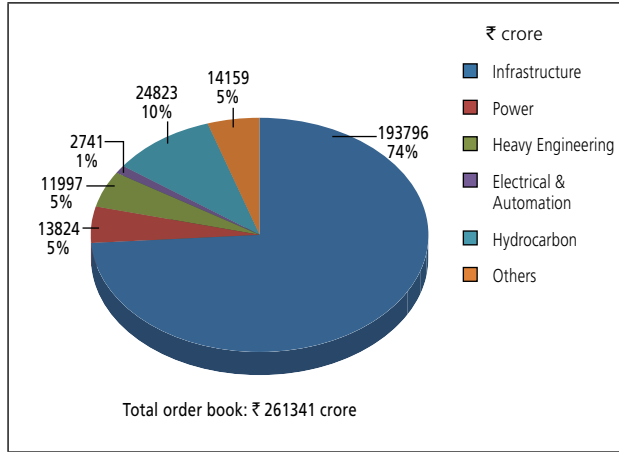
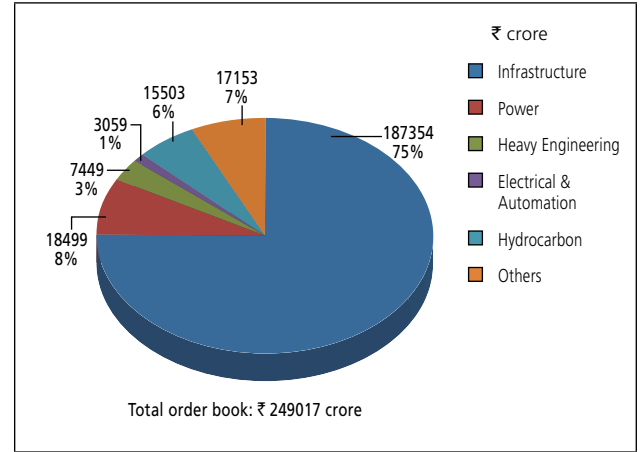
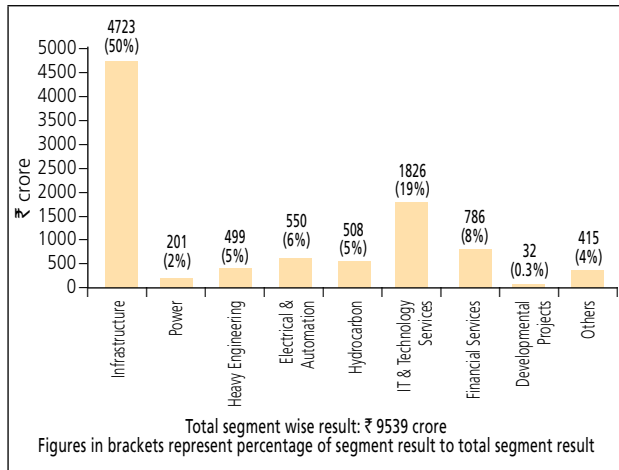
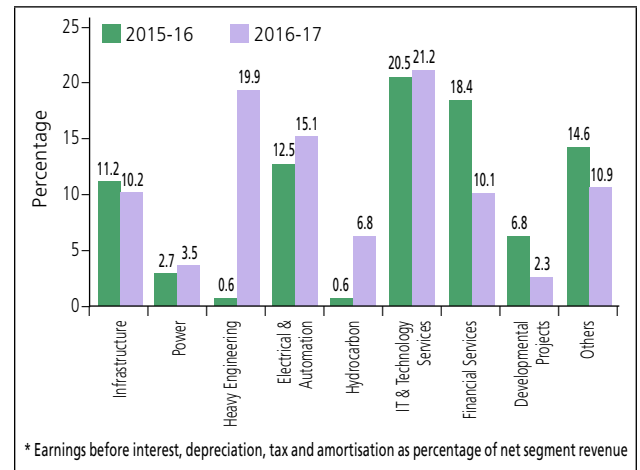
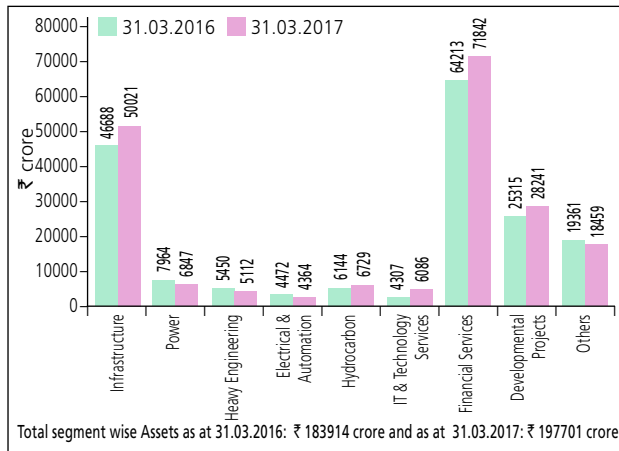
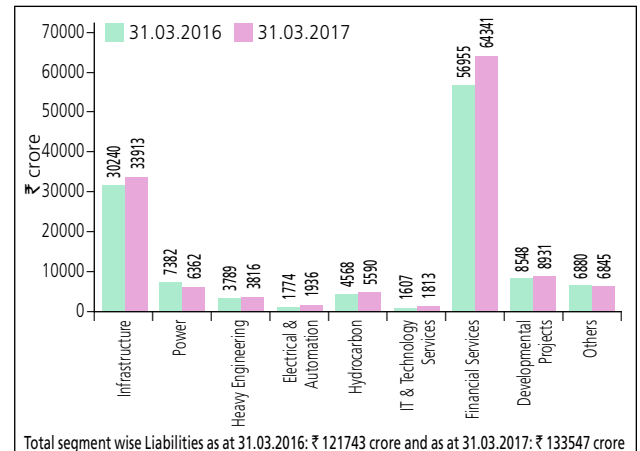


**L&T CONSOLIDATED - SEGMENT-WISE ORDER INFLOW 2016-17**



**L&T CONSOLIDATED - SEGMENT-WISE REVENUE 2016-17**




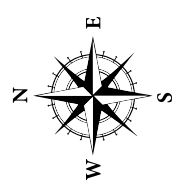
**L&T CONSOLIDATED - SEGMENT-WISE ORDER BOOK AS AT 31-3-2017**

**L&T CONSOLIDATED - SEGMENT-WISE ORDER BOOK AS AT 31-3-2016**

**L&T CONSOLIDATED - SEGMENT-WISE RESULT 2016-17**

**L&T CONSOLIDATED - SEGMENT-WISE EBIDTA MARGINS\***

**L&T CONSOLIDATED - SEGMENT-WISE TOTAL ASSETS**

**L&T CONSOLIDATED - SEGMENT-WISE TOTAL LIABILITIES**


Total liabilities for Financial Services and Developmental Projects predominantly comprises of borrowings

# Route Map to the AGM Venue



 **St. Andrew's Auditorium**  
St. Dominic Road, Bandra (West)  
Mumbai - 400 050



## LARSEN & TOUBRO LIMITED

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

CIN : L99999MH1946PLC004768

Email: lgrc@Larsentoubro.com • Website: www.Larsentoubro.com

Tel. No.: 022-67525656 • Fax No.: 022-67525893

### Notice

#### NOTICE IS HEREBY GIVEN

**THAT** the Seventy Second Annual General Meeting of **LARSEN & TOUBRO LIMITED** will be held at **St. Andrews Auditorium, St. Dominic Road, Bandra (West), Mumbai - 400050 on Tuesday, August 22, 2017 at 3.00 P.M.** to transact the following business :-

- 1) To consider and adopt the audited financial statements of the Company for the year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company and the report of the auditors thereon for the year ended March 31, 2017;
- 2) To declare a dividend on equity shares;
- 3) To appoint a Director in place of Mr. Sushobhan Sarker (DIN: 00088276), who retires by rotation and is eligible for re-appointment;
- 4) To appoint a Director in place of Mr. Shailendra Roy (DIN: 02144836), who retires by rotation and is eligible for re-appointment;
- 5) To appoint a Director in place of Mr. R. Shankar Raman (DIN: 00019798), who retires by rotation and is eligible for re-appointment;
- 6) To consider and, if thought fit, to pass with or without modification(s) as a **SPECIAL RESOLUTION** the following:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Subodh Bhargava (DIN: 00035672) who was appointed as an Independent Director of the Company for a term upto March 29, 2017 by the shareholders and in respect of whom the Company has received a notice in writing from the Director under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director be and is hereby re-appointed as an Independent Director of the Company for a term of five years with effect from March 30, 2017 to March 29, 2022”
- 7) To consider and, if thought fit, to pass with or without modification(s) as an **ORDINARY RESOLUTION** the following:  
“**RESOLVED THAT** pursuant to Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act and the rules made thereunder, approval be and is hereby granted to the appointment of Mr. S.N. Subrahmanyam (DIN: 02255382) as the Chief Executive Officer and Managing Director of the Company with effect from July 1, 2017 to June 30, 2022.  
**RESOLVED FURTHER THAT** Mr. S.N. Subrahmanyam in his capacity as Chief Executive Officer and Managing Director, be paid remuneration as may be fixed by the Board, from time to time, as prescribed under the Companies Act, 2013 and within the limits approved by the members as per the details given in the explanatory statement.”
- 8) To consider and, if thought fit, to pass with or without modification(s) as an **ORDINARY RESOLUTION** the following:

**“RESOLVED THAT** Mr. Jayant Damodar Patil (DIN: 01252184) who was appointed as an Additional Director with effect from July 1, 2017 and holds office upto the date of this Annual General Meeting of the Company, and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director.”

- 9) To consider and, if thought fit, to pass with or without modification(s) as an **ORDINARY RESOLUTION** the following:

**“RESOLVED THAT** Mr. Arvind Gupta (DIN: 00090360) who was appointed as an Additional Director with effect from July 1, 2017 and holds office upto the date of this Annual General Meeting of the Company, and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director.”

- 10) To consider and, if thought fit, to pass with or without modification(s) as an **ORDINARY RESOLUTION** the following:

**“RESOLVED THAT** pursuant to Sections 196,197,203 and other applicable provisions, if

any, of the Companies Act, 2013 read with Schedule V of the said Act and the rules made thereunder, approval be and is hereby granted to the appointment of Mr. Jayant Damodar Patil (DIN: 01252184) as the Whole-time Director of the Company with effect from July 1, 2017 upto and including June 30, 2022.

**RESOLVED FURTHER THAT**

Mr. Jayant Damodar Patil in his capacity as Whole-time Director, be paid remuneration as may be fixed by the Board, from time to time, as prescribed under the Companies Act, 2013 and within the limits approved by the members as per the details given in the explanatory statement.”

- 11) To consider and, if thought fit, to pass with or without modification(s) as a **SPECIAL RESOLUTION** the following:

**“RESOLVED THAT** in supersession of the resolution no. 17 passed by the Members at the 71<sup>st</sup> Annual General Meeting of the Company held on August 26, 2016 in this regard and in accordance with the provisions of Sections 41, 42, 62 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) as amended from time to time, Foreign Exchange Management Act, 1999, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (‘SEBI Regulations’), SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, enabling provisions in the Memorandum and Articles of Association of the Company as also provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (SEBI), Government of India (GOI), Reserve Bank of India (RBI) and all other appropriate and/or concerned authorities, or bodies and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (‘Board’) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), the Board be and is hereby authorized to offer, issue and allot in one or more tranches, to Investors whether Indian or Foreign, including Foreign Institutions, Foreign Institutional Investors, Foreign Portfolio Investors, Foreign Venture Capital Fund Investors, Venture Capital Funds, Non-resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, through an issue of convertible bonds



and/or equity shares through depository receipts, including by way of Qualified Institutions Placement ('QIP'), to Qualified Institutional Buyers ('QIB') in terms of Chapter VIII of the SEBI Regulations, through one or more placements of Equity Shares (hereinafter collectively referred to as "Securities"), whether by way of private placement or otherwise as the Board may determine, where necessary in consultation with the Lead Managers, Underwriters, Merchant Bankers, Guarantors, Financial and/or Legal Advisors, Rating Agencies/Advisors, Depositories, Custodians, Principal Paying/Transfer/ Conversion agents, Listing agents, Registrars, Trustees, Auditors, Stabilizing agents and all other Agencies/Advisors so that the total amount raised through issue of the Securities shall not exceed ₹ 4000 Crore (Rupees Four Thousand Crore) or US \$600 Mn (US Dollars Six Hundred Million), if higher.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby also authorised to determine the form, terms and timing of the issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount in issue/conversion/exercise/redemption, rate of interest, redemption period, listings on one or more stock exchanges in India or abroad as the Board may in its absolute discretion

deems fit and to make and accept any modifications in the proposals as may be required by the authorities involved in such issue(s) in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s).

**RESOLVED FURTHER THAT** in case of QIP issue it shall be completed within 12 months from the date of passing of this resolution.

**RESOLVED FURTHER THAT** in case of QIP issue the relevant date for determination of the floor price of the Equity Shares to be issued shall be -

- i) in case of allotment of equity shares, the date of meeting in which the Board decides to open the proposed issue
- ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as may be determined by the Board.

**RESOLVED FURTHER THAT** the Equity Shares so issued shall rank pari passu with the existing Equity Shares of the Company in all respects.

**RESOLVED FURTHER THAT** the Equity Shares to be offered and allotted shall be in dematerialized form.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Securities, the Board, be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deems fit.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint Lead Manager(s) in offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with Lead Manager(s) and to seek listing of such securities.

**RESOLVED FURTHER THAT** the Company do apply for listing of the new Equity Shares as may be issued with the BSE Limited and National Stock Exchange of India Limited or any other Stock Exchange(s).

**RESOLVED FURTHER THAT** the Company do apply to the National Securities Depository Limited and/or Central Depository Services (India) Limited for admission of the Securities.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to create necessary charge on such of the assets and properties (whether present or future) of the Company in respect of Securities and to approve, accept, finalize and execute facilities, sanctions, undertakings, agreements, promissory notes, credit limits and any of the documents and papers in connection with the issue of Securities.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers in such manner as they may deem fit.”

- 12) To consider and, if thought fit, to pass with or without modification(s) as a **SPECIAL RESOLUTION** the following:

“**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the provisions of the Articles of Association

of the Company, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for listed/unlisted/secured/unsecured/ redeemable/non-convertible debentures, in one or more series/tranches/currencies, aggregating up to ₹ 6000 crore (Rupees Six thousand crore), on private placement basis, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said Debentures be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

- 13) To ratify the appointment of M/s. Deloitte Haskins & Sells Statutory Auditors and fix their remuneration and for that purpose to pass with or without modification(s) as an **ORDINARY RESOLUTION** the following:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s)

or re-enactment(s) thereof for the time being in force) and pursuant to the resolution passed by the Members of the Company at the 70<sup>th</sup> Annual General Meeting (AGM) held on September 9, 2015 in respect of the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, ICAI Registration No. 117366W/W-100018(DHS) till the conclusion of the 75<sup>th</sup> AGM, the Company hereby ratifies the appointment of DHS as the Statutory Auditors of the Company, to hold office from the conclusion of the 72<sup>nd</sup> Annual General Meeting till the conclusion of the 73<sup>rd</sup> Annual General Meeting.

**RESOLVED FURTHER THAT** the Board of Directors or the Audit Committee thereof, be and are hereby authorized to decide and finalise the terms and conditions of appointment, including remuneration of the Statutory Auditors.”

- 14) To consider and ratify the remuneration payable to Cost Auditors and for that purpose to pass with or without modification(s) as an **ORDINARY RESOLUTION** the following:

“**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the remuneration of ₹ 11.75 lakhs plus applicable service tax and out of pocket expenses at actuals for travelling and boarding/lodging for the

financial year ending on March 31, 2018 to M/s. R. Nanabhoy & Co. Cost Accountants (Regn. No. 00010), who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2017-18.”

By Order of the Board of Directors  
**For LARSEN & TOUBRO LIMITED**

**N. HARIHARAN**  
**COMPANY SECRETARY**  
**M.NO – A3471**

**Mumbai, May 29, 2017**

**Notes:**

- [a] The information required to be provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard 2 on General Meetings, regarding the Directors who are proposed to be appointed/re-appointed and the relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under items 6 to 12 and 14 set out above are annexed hereto.
- [b] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THAT A PROXY NEED NOT BE A MEMBER. Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than

10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

Proxies, in order to be effective, must be received at the Registered office of the Company at L&T House, Ballard Estate, Mumbai 400 001, not later than forty-eight hours before the commencement of the AGM i.e. by 3.00 p.m. on Sunday, August 20, 2017.

- [c] The Register of Members and Transfer Books of the Company will be closed from **Wednesday, August 16, 2017 to Tuesday, August 22, 2017 (both days inclusive)**.
- [d] Members are requested to furnish bank details, Email address, change of address etc. to Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, who are the Company's Registrar and Share Transfer Agents so as to reach them latest by **Monday, August 14, 2017**, in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by the Depositories as at the close of the aforesaid date will be considered by the Company. Hence, Members holding shares in demat mode should update their records at the earliest.

- [e] In order to receive copies of Annual Reports and other communication through e-mail, Members holding shares in physical form are requested to register their e-mail addresses with the Company by sending an e-mail to [Lntgogreen@Larsentoubro.com](mailto:Lntgogreen@Larsentoubro.com).
- [f] All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
- [g] Members/Proxies should bring their attendance slips duly completed for attending the Meeting.
- [h] Pursuant to Section 124 of the Companies Act, 2013 the unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follows:

Dividend No.	Date of Declaration	For the year ended	Due for Transfer on
81	26.08.2010	31.03.2010	02.10.2017
82	26.08.2011	31.03.2011	02.10.2018
83	24.08.2012	31.03.2012	29.09.2019
84	22.08.2013	31.03.2013	27.09.2020
85	22.08.2014	31.03.2014	27.09.2021
86	09.09.2015	31.03.2015	15.10.2022
87	26.08.2016	31.03.2016	02.10.2023

**Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company/ its Registrar, for obtaining payments thereof atleast 20**

**days before they are due for transfer to the said fund.**

[i] **Investor Grievance Redressal:**

The Company has designated an exclusive e-mail id viz. lgrc@Larsentoubro.com to enable Investors to register their complaints, if any.

[j] **E-voting**

The businesses as set out in the Notice may be transacted through electronic voting system and the Company will provide a facility for voting by electronic means. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard 2 on General Meetings and Reg. 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (remote e-voting) will be provided by National Securities Depository Limited(NSDL).

The facility for voting shall be made available at the AGM and the Members attending the Meeting who have not cast their vote through remote e-voting shall be able to exercise their right at the meeting. Please note that the voting through

electronic means is optional for shareholders.

A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date of **Monday, August 14, 2017** shall be entitled to avail the facility of remote e-voting or voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purposes only.

The Notice will be displayed on the website of the Company [www.Larsentoubro.com](http://www.Larsentoubro.com) and on the website of NSDL.

The members who have cast their vote through remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on Saturday, August 19, 2017 at 9.00 A.M and ends on Monday, August 21, 2017 at 5.00 P.M. During this period members of the Company holding shares either in physical or dematerialised form, as on the cut-off date of **Monday, August 14, 2017** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Monday, August 14, 2017**, i.e. the commencement of the book closure date are entitled to vote on the Resolutions set

forth in this Notice. Eligible members who have acquired shares after the despatch of the Annual Report and holding shares as on the cut-off date i.e **Monday, August 14, 2017** may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

Members who are already registered with NSDL for remote e-voting can use their existing User ID and Password for casting their vote. In case they don't remember their Password, they can reset their Password by using "Forgot User Details/ Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

The Company has appointed Mr. S. N. Ananthasubramanian, Practicing Company Secretary, (Membership No. 4206) or failing him Mrs. Aparna Gadgil, Practicing Company Secretary, (Membership No. 14713), to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

Members are requested to follow the instructions below to cast their vote through e-voting:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/ Depository Participants):
  - i. Open the e-mail and also open PDF file namely "**L&T remote e-voting.pdf**" with your Client ID or Folio

- No. as Password. The said PDF file contains your User ID and Password for remote e-voting. Please note that the Password is an initial Password.
- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
  - iii. Click on Shareholder — Login.
  - iv. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password.
  - v. If you are logging in for the first time, please enter the User ID and Password provided in the PDF file attached with the e-mail as initial Password. Click Login.
  - vi. The Password Change Menu will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your Password confidential.
  - vii. Once the remote e-voting home page opens, click on remote e-voting> Active Voting Cycles.
  - viii. Select “EVEN” (E-Voting Event
- Number) of Larsen & Toubro Limited. Now you are ready for e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when, prompted.
  - x. Upon confirmation, the message “Vote cast successfully” will be displayed.
  - xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
  - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [scrutinizer@snaco.net](mailto:scrutinizer@snaco.net), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and remote e-voting user manual - Shareholders, available at the
- downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depository Participants):
    - i. Initial Password, is provided as below, in the enclosed attendance slip:
 

EVEN (E-Voting Event Number)	User ID	Password
    - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.
- Based on the report received from the scrutiniser the Company will submit within 48 hours of the conclusion of the Meeting to the stock exchanges details of the voting results as required under Reg. 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- A Member can opt for only one mode of voting i.e. either through remote e-voting or at the Meeting. If a Member casts votes by both modes, then voting done through e-voting shall prevail.
- The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorized by him immediately after the results are declared.



The results declared alongwith the Scrutinizer's report, will be posted on the website of the Company [www.Larsentoubro.com](http://www.Larsentoubro.com) and on the website of NSDL and will be displayed on the Notice Board of the Company at its Registered Office as well as Corporate Office immediately after the declaration of the result by the Chairman or any person authorised by him in writing and will be communicated to the Stock Exchanges.

The Company proposes to live webcast the proceedings of the AGM in collaboration with NSDL. The shareholder may view the same by logging into the link [www.evoting.nsdl.com](http://www.evoting.nsdl.com) using their e-voting credentials. Questions may be raised on this platform, which will be answered appropriately.

#### **EXPLANATORY STATEMENT**

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the business under items 6 to 12 and 14 of the accompanying Notice dated **May 29, 2017**.

#### **Item No. 6:**

Mr. Subodh Bhargava (DIN: 00035672) was appointed as an Independent Director of the Company with effect from April 1, 2014 to March 29, 2017. As per the then prevailing listing agreement and on account of his prior term with the Company, Mr. Bhargava was re-appointed for only one term. However, the amendment to the listing agreement/listing regulations which are in line with the Companies Act, 2013 provides two terms for all Independent Directors. Hence it is proposed to appoint Mr. Subodh Bhargava for one more term of five years.

The Board of Directors at its meeting held on January 28, 2017 on the recommendation of the Nomination and Remuneration Committee, approved the re-appointment of Mr. Bhargava as Independent Director of the Company for a second and final term of five years with effect from March 30, 2017 to March 29, 2022 based on his skills, experience, knowledge and report of his performance evaluation. His re-appointment is subject to the approval of the shareholders at this Annual General Meeting by way of a Special Resolution.

Pursuant to the provisions of the Companies Act, 2013 and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR Regulations") an Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a Special Resolution by the Company and disclosure of such appointment in the Board Report.

The Company has received a notice in writing from the Director alongwith deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Independent Director of the Company.

In the opinion of the Board, Mr. Bhargava fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and LODR Regulations for his re-appointment as an Independent Director of the Company and is independent of the management. The copy of the letter for appointment of Mr. Bhargava as an Independent Director setting out

the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company.

The Board considers that his association would be of immense benefit to the Company as it has been beneficial in the past and it is desirable to avail services of Mr. Bhargava as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Bhargava as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Subodh Bhargava, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 6.

#### **Item No. 7:**

Shareholders had approved the appointment of Mr. S.N Subrahmanyam (DIN: 02255382) as Deputy Managing Director and President of the Company for a period of five years, with effect from October 1, 2015 upto and including September 30, 2020.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at its Meeting held on April 7, 2017, appointed Mr. S. N. Subrahmanyam (DIN: 02255382), as Chief Executive Officer and the Managing Director of the Company with effect from July 1, 2017 upto and including June 30, 2022, subject to the approval of the members in the Annual General Meeting.

Mr. S. N. Subrahmanyam, 57, is a civil engineer with post graduate qualifications in business

management. He joined L&T in 1984 starting off as project planning engineer, and was soon handpicked for senior responsibilities.

He successfully set up the Ready Mix Concrete business for the first time in India. Apart from completing several challenging infrastructure projects across verticals over the years, he has played a crucial role in securing and managing EPC contracts for the construction of four major international airports in India at Bengaluru, Hyderabad, Delhi and Mumbai. Among his list of accomplishments are the mandates to build the tallest statue in the world – the Statue of Unity - and the development of dedicated freight corridors that will realign the dynamics of freight movement in the country. The construction division is among the top 30 global contractors and by far the largest construction organisation in the country.

Largely responsible for establishing L&T Construction as a significant EPC player in the Middle East, Mr. Subrahmanyam has spearheaded and won several large projects in Oman, Qatar, Abu Dhabi and Saudi Arabia like the Salalah Airport in Oman and a big interchange and road project in UAE. The Riyadh Metro project is one of the largest international orders bagged by L&T thus far; while the Doha Metro, the AL-Wakrah Road Project both in Qatar and the Abu Dhabi Airport airside works have been won in the face of stiff international competition. He has also led the spread into Africa and L&T Construction is already making its presence felt especially in North and East Africa.

He brought to the fore the expertise of 'Design and Build' construction solutions on an EPC (Engineer Procure Construct) basis and is one of the first exponents of aluminum formwork systems and an early adopter of precast technology for housing projects.

Mr. Subrahmanyam is the Non-Executive Vice Chairman of Larsen & Toubro Infotech Limited and L&T Technology Services Limited and the Non-Executive Chairman of L&T Metro Rail (Hyderabad) Limited.

Part III, of Schedule V of the Companies Act, 2013 and Secretarial Standard 2 on General Meetings provide that the appointment and remuneration of Managing Directors and Whole-time Directors in accordance with Part I and Part II of the Schedule V shall be subject to approval by resolution of the shareholders in a General Meeting.

At the Annual General Meeting of the Company held on August 26, 2011, August 22, 2013 and August 26, 2016 the shareholders had fixed the maximum limits within which the Board was delegated authority to decide the remuneration of the Chief Executive Officer and Managing Director of the Company. Pursuant to this, the Board has fixed the remuneration payable to Mr. S. N. Subrahmanyam during his tenure as Chief Executive Officer and Managing Director.

The Company has entered into an Agreement with Mr. S.N. Subrahmanyam appointing him as a Chief Executive Officer and Managing Director for the period of five years from July 1, 2017 to June 30, 2022. During the period of this agreement and so long as the Chief Executive Officer and Managing

Director performs his services as per the terms and conditions provided by this agreement, he shall be entitled to the following:

Salary : ₹ 18,40,000 (Rupees Eighteen Lac Forty Thousand only) per month in the scale of ₹ 12,00,000 - ₹ 1,60,000 - ₹ 21,60,000 with the annual increment due on April 1 every year.

Commission : The commission will be paid as per the parameters fixed by the Nomination and Remuneration Committee and the Board of Directors within the overall limits approved by the shareholders of the Company.

Perquisites : ₹ 20 lakh per annum excluding free furnished accommodation or house rent in lieu thereof.

The above perquisites will exclude value of Stock Option benefits, if any, computed as per Income Tax Act/Rules, tax on which will be borne by the Company.

Others : Company's contribution to retirement funds, official use of car / driver and communication facilities for Company's business, as per rules of the Company.

Disclosures as required under Secretarial Standard 2 on General Meetings are provided as an Annexure to this Notice.

The agreement entered into by the Company with Mr. S. N. Subrahmanyam, in respect of his appointment as Chief Executive Officer and Managing Director, contains terms and conditions of his appointment including remuneration.

Accordingly, the Resolution at Item No. 7 is proposed for approval of the members for appointment

of Mr. S. N. Subrahmanyam, as the Chief Executive Officer and Managing Director as contemplated by Part III of Schedule V of the Companies Act, 2013 and other applicable provisions, if any.

Pursuant to Article 136(C) of the Articles of Association of the Company, Mr. S. N. Subrahmanyam in his capacity as Chief Executive Officer and Managing Director will not be liable to retire by rotation.

The Agreement entered into with Mr. S. N. Subrahmanyam will be open for inspection by members at the Registered Office of the Company on all working days [except Saturday] between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

The Board recommends approval of the appointment and remuneration of Mr. S. N. Subrahmanyam, as Chief Executive Officer and Managing Director of the Company.

Except Mr. S.N. Subrahmanyam, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 7.

#### **Item No. 8 & 10:**

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors appointed Mr. Jayant Damodar Patil (DIN: 01252184) as an Additional Director with effect from July 1, 2017. In terms of Section 161(1) of the Companies Act, 2013, Mr. Patil holds office as additional director upto the date of this Annual General Meeting. The Company has received a notice in writing from a member alongwith deposit

of requisite amount under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company.

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Jayant Damodar Patil (DIN: 01252184) as a Whole-time Director of the Company with effect from July 1, 2017 upto and including June 30, 2022, subject to the approval of the members in the Annual General Meeting.

Mr. Patil graduated in Mechanical Engineering from Nagpur University in 1976 with top Honours. He chose to pursue higher studies at the Indian Institute of Technology Mumbai & attained the Top rank in M Tech Mechanical Engineering, before joining L&T in 1978.

Mr. Patil has a nearly four decade long career in L&T during which he was instrumental in growing the nascent Technology and Product Development Group of L&T's corporate R&D with a focus on Top end interdisciplinary Product Development. Mr. Patil actively pursued L&T's foreys into the Defence sector since late 80's. Over these years L&T, under his leadership, built a portfolio of indigenous products and technologies by teaming up with DRDO and with Indian Navy. Currently, Mr. Patil heads Defence and Aerospace Strategic Business Sectors for L&T with focus on Naval and Land Weapon Launch & Engineering Systems, Submarines, Guns, Missiles & Armoured Systems, Radar Systems, Military Communication Systems, Avionics. He also oversees Technology Development Centers for the Defence & Aerospace Sector,

Prototype Development center at Powai & Bangalore as well as Defence Production Centers at Talegaon (near Pune), Coimbatore and Visakhapatnam, besides specific work centers at L&T's Powai, Hazira and Vadodara manufacturing complexes.

Part III, of Schedule V of the Companies Act, 2013 and Secretarial Standard 2 on General Meetings provides that the appointment and remuneration of Managing Directors and Whole-time Directors in accordance with Part I and Part II of the Schedule V shall be subject to approval by resolution of the shareholders in a General Meeting.

At the Annual General Meeting of the Company held on August 26, 2011, August 22, 2013 and August 26, 2016 the shareholders had fixed the maximum limits within which the Board was delegated authority to decide the remuneration of the Whole-time Directors of the Company. Pursuant to this, the Board has fixed the remuneration payable to Mr. Jayant Damodar Patil during his tenure as Whole-time Director.

The Company will enter into an Agreement with Mr. Jayant Damodar Patil appointing him as a Whole-time Director for the period from July 1, 2017 to June 30, 2022. During the period of this agreement and so long as the Whole-time Director performs his services as per the terms and conditions provided by this agreement, he shall be entitled to the following:

Salary : ₹ 8,00,000 (Rupees Eight Lac only) per month in the scale of ₹ 6,50,000 - ₹ 75,000 - ₹ 10,25,000 - ₹ 1,00,000 - ₹ 15,25,000 with the

annual increment due on April 1 every year.

**Commission :** The commission will be paid as per the parameters fixed by the Nomination and Remuneration Committee and the Board of Directors within the overall limits approved by the shareholders of the Company.

**Perquisites :** ₹ 12 lakh per annum excluding free furnished accommodation.

The above perquisites will exclude value of Stock Option benefits, if any, computed as per Income Tax Act/Rules, tax on which will be borne by the Company.

**Others :** Company's contribution to retirement funds, official use of car / driver and communication facilities for Company's business, as per rules of the Company.

Disclosures as required under Secretarial Standard 2 on General Meetings are provided as an Annexure to this Notice.

The draft agreement to be entered into by the Company with Mr. Jayant Damodar Patil, in respect of his appointment as Whole-time Director, contains the terms and conditions of his appointment including remuneration.

The draft agreement to be entered into with Mr. Jayant Damodar Patil will be open for inspection by members at the Registered Office of the Company on all working days [except Saturday] between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

The Board recommends approval of the appointment and remuneration of Mr. Jayant Damodar Patil,

as Whole-time Director of the Company.

Except Mr. Patil, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 8 & 10.

**Item No. 9:**

On the recommendation of the Nomination & Remuneration Committee, Mr. Arvind Gupta (DIN: 00090360), a nominee of the administrator of the Specified Undertaking of the Unit Trust of India (SUUTI), was appointed as an Additional Director of the Company with effect from July 1, 2017. In terms of Section 161(1) of the Companies Act, 2013, Mr. Gupta holds office as additional director upto the date of this Annual General Meeting. The Company has received a notice in writing from a member alongwith deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company.

Mr. Gupta has over 24 years of experience in diverse sectors in variety of leadership, policy and entrepreneurial profiles in India and Silicon Valley, USA. He has been on the Global FinTech top 100 list of Influencers and also the Member of World Economic Forum's Global Futures Council on Digital Economy and Society. He is the head and co-founder of Digital India Foundation, a policy think tank working in the areas of Digital Inclusion, Smart Cities, Internet Governance, Cyber Security, Electronics Manufacturing and Indian Software Products.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Gupta as an Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Gupta as a Director, for the approval by the shareholders of the Company.

Except Mr. Arvind Gupta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 9.

**Item No. 11:**

The Company requires adequate capital to meet the needs of growing business. While it is expected that the internal generation of funds would partially finance the need for capital and debt raising would be another source of funds, it is thought prudent for the Company to have enabling approvals to raise a part of the funding requirements for the said purposes as well as for such other corporate purposes as may be permitted under applicable laws through the issue of appropriate securities as defined in the resolution, in Indian or international markets.

The fund raising may be through a mix of equity/equity-linked instruments, as may be appropriate. Members' approval is sought for the issue of equity shares, securities linked to or convertible into Equity Shares or depository receipts of the Company. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also provide that the Company

shall, in the first instance, offer all Securities for subscription pro-rata to the Shareholders unless the Shareholders in a general meeting decide otherwise. Members' approval is sought for issuing any such instrument as the Company may deem appropriate to parties other than the existing shareholders. Whilst no specific instrument has been identified at this stage, in the event the Company issues any equity linked instrument, the issue will be structured in a manner such that the additional share capital that may be issued would not be more than 5% of the paid-up capital of the Company (as at the date when the Board recommended passing of the Special Resolution). The equity shares, if any, allotted on issue, conversion of Securities shall rank in all respects pari passu with the existing Equity Shares of the Company.

The Company may also opt for issue of securities through Qualified Institutions Placement (QIP). A QIP of the securities of the Company would be less time consuming and more economical than other modes of raising capital.

Accordingly, the Company may issue securities by way of a QIP in terms of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI Regulations'). These securities will be allotted only to Qualified Institutional Buyers (QIBs) as per the SEBI Regulations and there will be no issue to retail individual investors and existing retail shareholders. The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities will be decided by the Board based on an analysis

of the specific requirements after necessary consultations. Therefore the proposal seeks to confer upon the Board the absolute discretion to determine the terms of issue in consultation with the Lead Managers to the Issue.

As per Chapter VIII of the SEBI Regulations, an issue of securities on QIP basis shall be made at a price not less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the "relevant date." The Board may, at its absolute discretion, issue equity shares at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the 'floor price' as determined in terms of the SEBI Regulations, subject to Section 53 of the Companies Act, 2013.

As the pricing of the offer cannot be decided except at a later stage, it is not possible to state the price of shares to be issued.

However, the same would be in accordance with the provisions of the SEBI Regulations, the Companies Act, 2013, or any other guidelines/regulations/consents as may be applicable or required.

In case of issue of convertible bonds and/or equity shares through depository receipts the price will be determined on the basis of the current market price and other relevant guidelines.

The "relevant date" for the above purpose, shall be -

- i) in case of allotment of equity shares, the date of meeting in which the Board decides to open the proposed issue

- ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as may be determined by the Board.

The Stock Exchange for the same purpose is the BSE Limited/National Stock Exchange of India Limited.

The Shareholders through a resolution passed at their meeting held on August 26, 2016, had approved issue of Securities for an aggregate sum up to US\$600 Million or ₹ 3600 Crore, if higher. However, Shareholders' resolution for QIP issuance is valid for a period of 12 months from the date of passing of the resolution. Accordingly, the Shareholders' approval is sought for this proposal.

The Directors recommend this Resolution for approval of the Shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 11.

**Item No. 12:**

The Company is into the business inter alia of manufacturing of industrial goods, heavy engineering, infrastructure projects and other activities which require a sizeable investment and continuous expenditure. The Company intends to explore different avenues for garnering this financing requirement including by way of issuance of debt instruments.



Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation for subscription to non-convertible debentures on private placement basis, the Company shall obtain prior approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year.

In order to meet the financial needs of business in a prudent manner the Company may offer or invite subscription for secured/unsecured/redeemable/non-convertible debentures, in one or more series/tranches/currencies on private placement, issuable/redeemable at par or otherwise.

The shareholders through a resolution passed at their meeting held on August 26, 2016, approved issue of debentures upto an amount not exceeding ₹ 6000 crore in aggregate. However, such resolution is valid only for a period of 12 months from the date on which the approval is granted by the shareholders. Accordingly, the Shareholders' approval is sought for the period of next 12 months from the date of passing this resolution.

This resolution is an enabling resolution and authorizes the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a year from the date of passing this resolution.

The Directors recommend this Resolution for approval of the Shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 12.

**Item No. 14:**

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules") the Company is required to appoint a cost auditor to audit the cost records of the Company, for products and services, as specified under the Companies (Cost Record and Audit) Rules, 2014. On the recommendation of the Audit Committee, the Board of Directors had approved the appointment of M/s. R. Nanabhoy & Co, Cost Accountants (Regn. No. 00010), as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2017-18, at a

remuneration of ₹ 11.75 lakhs plus applicable service tax and out of pocket expenses at actuals for travelling and boarding/lodging for both the years.

M/s. R. Nanabhoy & Co., Cost Accountants, have furnished certificates regarding their eligibility for appointment as Cost Auditors of the Company. In accordance with the provisions of Section 148 of the Act read with the Rules, the remuneration payable to the cost auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for the aforesaid proposal.

The Directors recommend this resolution for approval of the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 14.

By Order of the Board of Directors  
**For LARSEN & TOUBRO LIMITED**

**N. HARIHARAN**  
**COMPANY SECRETARY**  
**M.NO – A3471**

**Mumbai, May 29, 2017**

**(ANNEXURE TO NOTICE DATED MAY 29, 2017)**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE  
FORTHCOMING ANNUAL GENERAL MEETING**

**[Pursuant to Regulation 36(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015  
and Secretarial Standard 2 on General Meetings]**

<b>Name of the Director</b>	<b>Mr. Sushobhan Sarker</b>	<b>Mr. Shailendra Roy</b>	<b>Mr. R. Shankar Raman</b>	<b>Mr. Subodh Bhargava</b>
<b>Date of Birth</b>	March 29, 1954	September 18, 1952	December 20, 1958	March 30, 1942
<b>Date of Appointment on the Board</b>	December 15, 2012	March 9, 2012	October 1, 2011	July 3, 2007
<b>Qualifications</b>	B.Sc Diploma in Management Studies, Masters in Financial Management	B. Tech	B.Com, ACA and Grad. CWA	Mechanical Engineering [University of Roorkee]
<b>Expertise</b>	Vast Experience in Insurance and Housing Finance	Vast experience in Thermal Power, Heavy Engineering, Defence & Aerospace Industry	Vast experience in Finance, Taxation, Risk Management, Legal and Investor Relations	He has held and continues to hold many important positions with various government committees and in the field of education with close association in technical and management education in India.
<b>Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign companies)</b>	<ol style="list-style-type: none"> <li>L&amp;T Infrastructure Development Projects Limited</li> <li>Corporation Bank</li> </ol>	<ol style="list-style-type: none"> <li>L&amp;T Power Development Limited</li> <li>L&amp;T-Sargent &amp; Lundy Limited</li> <li>Nabha Power Limited</li> <li>L&amp;T-MHPS Boilers Private Limited</li> <li>L&amp;T-MHPS Turbine Generators Private Limited</li> <li>Raykal Aluminium Company Private Limited</li> <li>L&amp;T Special Steels and Heavy Forgings Private Limited</li> <li>L&amp;T-Howden Private Limited</li> <li>L&amp;T Power Limited</li> </ol>	<ol style="list-style-type: none"> <li>L&amp;T Infrastructure Development Projects Limited</li> <li>L&amp;T Finance Holdings Limited</li> <li>L&amp;T Investment Management Limited</li> <li>Larsen &amp; Toubro Infotech Limited</li> <li>L&amp;T Hydrocarbon Engineering Limited</li> <li>L&amp;T Seawoods Limited</li> <li>L&amp;T Realty Limited</li> <li>L&amp;T Metro Rail (Hyderabad) Limited</li> </ol>	<ol style="list-style-type: none"> <li>Glaxo Smithkline Consumer Healthcare Limited</li> <li>Batliboi Limited</li> <li>Nicco Parks and Resorts Limited</li> <li>International Institute of CSR Foundation</li> </ol>
<b>Memberships/ Chairmanships of committees across all companies</b>	<p><b>Member Audit Committee</b> Larsen &amp; Toubro Limited</p> <p><b>Stakeholders Relationship Committee</b> Corporation Bank</p>	<p><b>Member Nomination and Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>L&amp;T-Sargent &amp; Lundy Limited</li> <li>L&amp;T-MHPS Turbine Generators Private Limited</li> <li>L&amp;T-MHPS Boilers Private Limited</li> <li>L&amp;T Power Development Limited</li> <li>Nabha Power Limited</li> <li>L&amp;T Special Steels and Heavy Forgings Private Limited</li> <li>L&amp;T Howden Private Limited</li> </ol> <p><b>Stakeholders Relationship Committee</b> Larsen &amp; Toubro Limited</p>	<p><b>Member Audit Committee</b></p> <ol style="list-style-type: none"> <li>L&amp;T Finance Holdings Limited</li> <li>L&amp;T Infrastructure Development Projects Limited</li> <li>L&amp;T Investment Management Limited</li> <li>L&amp;T Realty Limited</li> <li>L&amp;T Seawoods Limited</li> <li>L&amp;T Metro Rail (Hyderabad) Limited</li> </ol> <p><b>Nomination &amp; Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>L&amp;T Seawoods Limited</li> <li>L&amp;T Realty Limited</li> <li>L&amp;T Investment Management Limited</li> </ol>	<p><b>Chairman Nomination and Remuneration Committee</b> Larsen &amp; Toubro Limited</p> <p><b>Member Audit Committee</b> Batliboi Limited</p> <p><b>Nomination and Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>Batliboi Limited</li> <li>Glaxo Smithkline Consumer Healthcare Limited</li> </ol>

Name of the Director	Mr. Sushobhan Sarker	Mr. Shailendra Roy	Mr. R. Shankar Raman	Mr. Subodh Bhargava
		<b>Corporate Social Responsibility Committee</b> L&T Power Development Limited	4. L&T Infrastructure Development Projects Limited  <b>Stakeholder Relationship Committee</b> L&T Finance Holdings Limited  <b>Corporate Social Responsibility Committee</b> 1. Larsen & Toubro Limited 2. L&T Seawoods Limited 3. L&T Investment Management Limited 4. L&T Infrastructure Development Projects Limited 5. L&T Realty Limited 6. L&T Finance Holdings Limited	
<b>Number of Meetings attended during the year</b>	9 out of 10	10 out of 10	10 out of 10	9 out of 10
<b>Shareholding of Non-Executive Directors</b>	150*	Not Applicable	Not Applicable	750
<b>Relationships between directors inter-se</b>	Nil	Nil	Nil	Nil

\* Jointly with LIC

**(ANNEXURE TO NOTICE DATED MAY 29, 2017)**  
**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE**  
**FORTHCOMING ANNUAL GENERAL MEETING**

**[Pursuant to Regulation 36(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings]**

<b>Name of the Director</b>	<b>Mr. S.N Subrahmanyam</b>	<b>Mr. Arvind Gupta</b>	<b>Mr. Jayant Damodar Patil</b>
<b>Date of Birth</b>	March 16, 1960	March 24, 1970	December 16, 1954
<b>Date of Appointment on the Board</b>	July 1, 2011	July 1, 2017	July 1, 2017
<b>Qualifications</b>	B.Sc., Engg. (Civil) & MBA Finance	B.Tech, Masters of Computer Science, MBA	B.Tech (Mech.) M. Tech (Prod.)
<b>Expertise</b>	Vast Experience in Design and Build (D&B) contracts, PPP Projects, Engineering and Construction Industry	Considerable experience in the field of Consumer Internet, Digital Payment, Payment System, Big Data and Analytics	Vast Experience in Defence and Aerospace Industry
<b>Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign companies)</b>	<ol style="list-style-type: none"> <li>1. Larsen &amp; Toubro Infotech Limited</li> <li>2. L&amp;T Technology Services Limited</li> <li>3. L&amp;T Metro Rail (Hyderabad) Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. State Trading Corporation of India Limited</li> <li>2. Truevalue Opinions and Advisors Private Limited</li> <li>3. Aryan Brothers Private Limited</li> <li>4. Safeway Enterprises Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. L&amp;T Cassidian Limited</li> <li>2. L&amp;T Shipbuilding Limited</li> <li>3. L&amp;T Special Steels and Heavy Forgings Private Limited</li> <li>4. Spectrum Infotech Private Limited</li> <li>5. L&amp;T MBDA Missile Systems Limited</li> </ol>
<b>Memberships/ Chairmanships of committees across all companies</b>	<p><b>Chairman</b>  <b>Stakeholders Relationship Committee</b>  Larsen &amp; Toubro Infotech Limited</p> <p><b>Corporate Social Responsibility Committee</b>  Larsen &amp; Toubro Infotech Limited</p> <p><b>Member</b>  <b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. Larsen &amp; Toubro Infotech Limited</li> <li>2. L&amp;T Technology Services Limited</li> </ol> <p><b>Nomination and Remuneration Committee</b>  Larsen &amp; Toubro Infotech Limited</p>	<p><b>Chairman</b>  <b>Nomination and Remuneration Committee</b>  State Trading Corporation of India Limited</p> <p><b>Corporate Social Responsibility Committee</b>  State Trading Corporation of India Limited</p>	Nil
<b>Number of Meetings attended during the year</b>	10 out of 10	Not Applicable	Not Applicable
<b>Shareholding of Non-Executive Directors</b>	Not Applicable	Nil	Not Applicable
<b>Relationships between directors inter-se</b>	Nil	Nil	Nil

## Board Report

Dear Members,

The Directors have pleasure in presenting their 72nd Annual Report and Audited Financial Statements for the year ended March 31, 2017.

### FINANCIAL RESULTS:

Particulars	2016-17 ₹ crore	2015-16 ₹ crore
Profit Before Depreciation, exceptional items & tax	7079.06	6692.74
Less: Depreciation, amortization, impairment and obsolescence	1215.19	997.40
Profit before exceptional items and tax	5863.87	5695.34
Add: Exceptional Items	893.97	560.28
Profit before tax	6757.84	6255.62
Less: Provision for tax	1304.10	1256.04
Profit for the period carried to Balance Sheet	5453.74	4999.58
Add: Balance brought forward from previous year	7710.27	4522.65
Less: Dividend paid during the year (Including dividend distribution tax)	1842.71	1647.02
Add: Gain/(loss) on remeasurement of the net defined benefit plans	(8.02)	(8.44)
Balance available for disposal (which the Directors appropriate as follows)	11313.28	7866.77
Debt Redemption Reserve	87.75	156.50
Balance to be carried forward	11225.53	7710.27

The Directors recommend payment of final dividend of ₹ 21 per share of ₹ 2/- each on 93,29,65,803 shares.

### CAPITAL & FINANCE:

During the year under review, the Company allotted 14,86,958 equity shares of ₹ 2/- each upon exercise of stock options by the eligible employees under the Employee Stock Option Schemes.

The Company reduced long-term borrowings during the year under review by way of repayment of Non-Convertible Debentures (NCD) worth ₹ 550 crore and External Commercial Borrowings (ECB) worth US\$126 million on scheduled due dates. The Company did not raise any long-term borrowings during FY2016-17.

CRISIL Limited has assigned AAA (Stable) rating for L&T's long-term debt facilities. In addition, ICRA Limited also has assigned AAA (Stable) rating for certain borrowings of the Company.

### HIVE-OFF OF COIMBATORE UNDERATKING:

Subsequent to the year under review, on April 20, 2017 the Company has received order of National Company Law Tribunal for hive-off of its Coimbatore undertaking engaged in valves manufacturing through a scheme of Arrangement between Larsen & Toubro Limited and L&T Valves Limited, a wholly-owned subsidiary of the Company and their respective shareholders and creditors under the provisions of section 230 to 232 of the Companies Act, 2013. The appointed date of the scheme was April 1, 2016 and the effective date of the scheme was April 22, 2017.

### BONUS:

The Board of Directors of your Company at its Meeting held on May 29, 2017, has recommended for approval of the shareholders issue of bonus shares to the holders of the equity shares of the Company in the ratio of 1: 2 (i.e. 1 (One) Bonus Equity Share of ₹ 2/- for every 2 (Two) fully paid-up Equity Shares of ₹ 2/- each held) by capitalisation of its Reserves. The approval of the shareholders will be sought through Postal Ballot.

### CAPITAL EXPENDITURE:

As at March 31, 2017 the gross property, plant and equipment, investment property and other intangible assets including leased assets, stood at ₹ 9820.17 crore and the net property, plant and equipment, investment property and other intangible assets, including leased assets, at ₹ 7548.37 crore. Capital Expenditure during the year amounted to ₹ 749.02 crore.

### DEPOSITS:

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013. The Company does not have any unclaimed deposits as of date. All unclaimed deposits have been transferred to Investor Education & Protection Fund.

### DEPOSITORY SYSTEM:

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2017, 98% of the Company's total paid up capital representing 91,42,69,231 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.



## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company sends letters to all shareholders, whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made in co-ordination with the Registrar to locate the shareholders who have not claimed their dues.

During the year, the Company has transferred a sum of ₹ 2,59,71,351 to Investor Education & Protection Fund (IEPF), the amount which was due & payable and remained unclaimed and unpaid for a period of seven years as provided in section 125 of the Companies Act, 2013 and the rules made thereunder. Despite the reminder letters sent to each shareholder, this amount remained unclaimed and hence was transferred. Cumulatively, the amount transferred to the said fund was ₹ 17,16,31,755 as on March 31, 2017.

In accordance with the provisions of the Section 124(6) and Rule 6(3)(a) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules), the Company is required to transfer 12,13,804 equity shares of ₹ 2 each held by 11,057 shareholders to IEPF. The said shares correspond to the dividend which has remained unclaimed for a period of seven consecutive years from the financial year 2008-09. However, the equity shares wherein, disputes are pending and Court Order(s) are available with the Company, shall be retained by the Company. All the remaining shares, as mentioned above, shall be transferred to IEPF. Subsequent to the transfer, the concerned shareholders can claim the said shares along with the dividend(s) from IEPF in accordance with the prescribed procedure and on submission of such documents as prescribed under the IEPF Rules.

The Company has already sent a specific communication to the concerned shareholders at their address registered with the Company and also published notice in Financial Express and Loksatta providing the details of the shares due for transfer and to enable shareholders to take appropriate action. The Company is awaiting further directions on the transfer formalities from the Ministry of Corporate Affairs in terms of the amendment to the IEPF Rules dated 28th February, 2017. In the meantime, the concerned shareholders can approach the Company or its Registrar & Transfer Agent with necessary documents supporting their claims.

## SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES:

During the year under review, the Company subscribed to / acquired equity / preference shares in various subsidiary

/ associate / joint venture companies. These subsidiaries include companies in general insurance, power, real estate and infrastructure sectors. The details of investments/ divestments in subsidiary companies during the year are as under:

### A) Shares acquired during the year:

Name of the Company	Type of Shares	No. of shares
L&T General Insurance Company Limited	Equity	4,70,00,000
L&T Global Holdings Limited	Equity	79,000
L&T Metro Rail (Hyderabad) Limited	Equity	2,04,18,86,554
L&T Technology Services Limited	Equity	2,66,90,392
Marine Infrastructure Developer Private Limited (Note 1)	Equity	38,80,00,000
Seawoods Realty Private Limited	Equity	10,000
Seawoods Retail Private Limited	Equity	10,000
L&T Shipbuilding Limited (Note 1)	Preference	38,80,00,000
L&T Uttaranchal Hydropower Limited	Preference	9,65,00,000
L&T Electrical & Automation Limited (Note 5)	Equity	73,88,796

### B) Equity shares sold/transferred during the year:

Name of the Company	No. of shares
Larsen & Toubro Infotech Limited (Note 2)	1,75,00,000
L&T Technology Services Limited (Note 3)	1,04,00,000
L&T General Insurance Company Limited (Note 4)	75,20,00,000
Larsen Toubro Arabia LLC	7,500

#### Note:

1. Pursuant to the Scheme of Demerger approved by National Company Law Tribunal (NCLT), the existing share capital of Marine Infrastructure Developer Limited held by L&T Shipbuilding Limited stands cancelled. The Company has now acquired 38,80,00,000 equity shares of Marine Infrastructure Developer Limited for a consideration of ₹ 388 crore from L&T Shipbuilding Limited. The acquisition has been completed on 31st March, 2017. Further, 38,80,00,000 equity shares of L&T Shipbuilding Limited held by the Company have been extinguished and 38,80,00,000, 9% non-cumulative, optionally convertible and redeemable preference shares of ₹ 10

each have been issued to the Company in lieu of the same on 29th March, 2017.

2. The Company has sold its 10.30% stake in Larsen & Toubro Infotech Limited (LTI), a subsidiary, through an Initial Public offering of LTI equity shares. LTI got listed on July 21, 2016.
3. The Company has sold its 10.23% stake in L&T Technology Services Limited (LTTS), a subsidiary, through an Initial Public offering of LTTS equity shares. LTTS got listed on 23rd September, 2016.
4. The Company has sold its entire stake in L&T General Insurance Company Limited, a wholly-owned subsidiary, to HDFC ERGO General Insurance Company Limited.
5. The scheme of arrangement between L&T Valves Limited and L&T Electrical & Automation Limited was approved by National Company Law Tribunal on April 27, 2017 with appointed date as November 1, 2016. Pursuant to the scheme L&T Electrical & Automation Limited issued 73,88,796 shares to Larsen & Toubro Limited as a consideration towards transfer of certain assets by L&T Valves Limited. Accordingly the value of investment in L&T Electrical and Automation Limited was increased by ₹ 40.31 crore and reduced in L&T Valves Limited by ₹ 40.31 crore during the year 2016-17.

The Company has formulated a policy on identification of material subsidiaries in line with Regulation 16(c) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same is placed on the website at <http://investors.larsentoubro.com/Listing-Compliance.aspx>. The Company does not have any material subsidiaries.

### **C) Performance and Financial Position of each subsidiary/associate and joint venture companies:**

A statement containing the salient features of the financial statement of subsidiary/associate/joint venture companies is provided on pages 471 to 480 of this Annual Report.

### **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided as required under Section 186 of the Companies Act, 2013 and Regulation 34(3) and Schedule V of the

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in Note 37 and 38 forming part of the financial statements

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same has been uploaded on the Company's website <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

The Company has a process in place to periodically review and monitor Related Party Transactions.

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all related party transactions for the FY 2016-17 and estimated transactions for FY 2017-18.

There were no materially significant related party transactions that may have conflict with the interest of the Company.

### **STATE OF COMPANY AFFAIRS:**

The total income for the financial year under review was ₹ 68,273 crore as against ₹ 66,154 crore for the previous financial year registering an increase of 3%. The profit before tax from continuing operations including exceptional items was ₹ 6,758 crore for the financial year under review as against ₹ 6,256 crore for the previous financial year, registering a increase of 8%. The profit after tax from continuing operations including exceptional items was ₹ 5,454 crore for the financial year under review as against ₹ 5,000 crore for the previous financial year, registering an increase of 9%.

### **AMOUNT TO BE CARRIED TO RESERVE:**

The Company has not transferred any amount to the reserves during the current financial year.

### **DIVIDEND:**

The Directors recommend payment of dividend of ₹ 21 (1050%) per equity share of ₹ 2/- each on the pre-bonus share capital which works out to ₹ 14 per equity share post issue of bonus shares.

The Board of Directors of the Company has approved the Dividend Distribution Policy on 22nd November, 2016 in line with regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is provided in Annexure 'G' forming part of this Board Report and also uploaded on the Company's website at <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information as required to be given under Section 134(3) (m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure 'A' forming part of this Board Report.

**RISK MANAGEMENT POLICY:**

The Apex Risk Management Committee comprises of Mr. A. M. Naik, Mr. S. N. Subrahmanyam and Mr. R. Shankar Raman. Mr. A. M. Naik is the Chairman of the Committee.

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

A detailed note on risk management is given under financial review section of the Management Discussion and Analysis on pages 225 to 227 of this Annual Report.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Corporate Social Responsibility Committee comprises of Mr. Vikram Singh Mehta, Mr. R. Shankar Raman and Mr. D. K. Sen as the Members. Mr. Vikram Singh Mehta is the Chairman of the Committee.

The details of the various projects and programs which can be undertaken by the Company as a part of its CSR policy framework is available on its website <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure 'C' forming part of this Board Report.

**DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/ RESIGNED DURING THE YEAR:**

Mr. Bahram Navroz Vakil resigned as Director of the Company on 1st August, 2016. The Board places on

record its appreciation of the contribution by Mr. Vakil as Director of the Company.

Mr. Subodh Bhargava was appointed as an Independent Director of the Company with effect from April 1, 2014 to March 29, 2017. Pursuant to the recommendation of Nomination and Remuneration Committee, the Board at its Meeting held on January 28, 2017 has approved the re-appointment of Mr. Subodh Bhargava as an Independent Director for a further term of 5 years from March 30, 2017 to March 29, 2022, subject to the approval of the shareholders, since the Board was of the opinion that his association would be of immense benefit to the Company and it was desirable to avail services of Mr. Bhargava as an Independent Director.

The Board has appointed Mr. Arvind Gupta as an Additional Director representing Administrator of the Specified Undertaking of the Unit Trust of India with effect from July 1, 2017. Mr. Gupta will hold office till the ensuing Annual General Meeting (AGM) and is eligible for appointment.

The Board has appointed Mr. J. D. Patil as an Additional Director of the Company at its Meeting dated 29th May, 2017 with effect from 1st July, 2017. Mr. Patil will hold office till the ensuing AGM and is eligible for appointment. The Board has also appointed him as the Whole-time Director of the Company with effect from 1st July, 2017, for a period of five years subject to approval of the shareholders.

Mr. Sushobhan Sarker, Mr. R. Shankar Raman and Mr. Shailendra Roy retire by rotation at the ensuing AGM and being eligible offer themselves for re-appointment.

The current term of Mr. A. M. Naik as Group Executive Chairman ends on September 30, 2017. Your Board of Directors had requested Mr. Naik to provide advice, guidance and mentorship to the Company's executive management in the capacity of Non-Executive Chairman. Mr. Naik has acceded to the Board's request and shall continue as Non-Executive Chairman with effect from October 1, 2017 for a period of three years.

The Board has appointed Mr. S.N. Subrahmanyam as Chief Executive Officer and Managing Director with effect from 1st July, 2017, for a period of five years subject to approval of the shareholders.

The notice convening the AGM includes the proposal for appointment / re-appointment of Directors.

The terms and conditions of appointment of the Independent Directors are placed on the website

of the Company <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

The Company has also disclosed on its website <http://investors.larsentoubro.com/Listing-Compliance.aspx> details of the familiarization programs formulated to educate the Directors regarding their roles, rights and responsibilities in the Company and the nature of the industry in which the Company operates, the business model of the Company, etc.

#### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

This information is given in Annexure 'B' - Report on Corporate Governance forming part of this Report. Members are requested to refer to pages 74 and 75 of this Annual Report.

#### **AUDIT COMMITTEE:**

The Company has in place an Audit Committee in terms of the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details relating to the same are given in Annexure 'B' - Report on Corporate Governance forming part of the Board Report. Members are requested to refer to pages 77 to 79 of this Annual Report.

#### **COMPANY POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

The Company has in place a Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details relating to the same are given in Annexure 'B' - Report on Corporate Governance forming part of the Board Report. Members are requested to refer to pages 79 to 81 of this Annual Report.

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees, board diversity, composition and the criteria for determining qualifications, positive attributes and independence of a Director. The Committee has also formulated a policy on Board Diversity.

#### **DECLARATION OF INDEPENDENCE:**

The Company has received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from Independent Directors confirming that he/she is not disqualified from appointing/continuing as Independent Director. The same are also displayed on the

website of the Company <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

#### **EXTRACT OF ANNUAL RETURN:**

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in Form MGT-9 is attached as Annexure 'F' to this Report.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have laid down an adequate system of internal financial control to be followed by the Company and such internal financial controls are adequate and operating efficiently;
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

#### **ADEQUACY OF INTERNAL FINANCIAL CONTROL:**

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5) (e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

### **PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:**

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

All Directors responded through a structured questionnaire giving feedback about the performance of the Board, its Committees, Individual directors and the Chairman. The questionnaire included inputs on composition, culture, functioning, information availability, compliance and governance, effectiveness etc. Questionnaire also covered, in the case of individual directors, qualitative assessment and in the case of Chairman additional criteria like leadership qualities and other key aspects of his role.

The Individual Directors' responses to the questionnaire on the performance of the Board, Committee(s), Directors and Chairman, were analyzed by an independent consultant, to arrive at unbiased conclusions.

The inputs, including areas of improvement, given by all the directors were discussed in the meeting of the Independent Directors held on April 6, 2017 and in the subsequent Meetings of Nomination and Remuneration Committee and the Board. The Group Executive Chairman had a discussion with all the Directors individually.

### **DISCLOSURE OF REMUNERATION:**

The details of remuneration as required to be disclosed under the Companies Act, 2013 and the rules made thereunder are given in Annexure 'D' forming part of this Board report.

The information in respect of employees of the Company required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is provided in Annexure 'H' forming part of this report. In terms of Section 136(1) of the Act and the rules made thereunder, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

### **COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

### **PROTECTION OF WOMEN AT WORKPLACE:**

The Company has formulated a policy on 'Protection of Women's Rights at Workplace' as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. This has been widely disseminated. There were no cases of sexual harassment complaints received by the Company in the financial year 2016-17.

### **OTHER DISCLOSURES:**

- **ESOP Disclosures:** There has been no material change in the Employee Stock Option Schemes (ESOP schemes) during the current financial year. The ESOP Schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations").

The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the rules made thereunder and the SBEB Regulations together with a certificate obtained from the Statutory Auditors, confirming compliance, is provided on the website of the Company <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

A certificate obtained from the Statutory Auditors, confirming compliance with the Companies Act, 2013 and the SBEB Regulations is provided in Annexure 'B' forming part of this Report.

- **Corporate Governance:** Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance and a certificate obtained from the Statutory Auditors confirming compliance, is provided in Annexure 'B' forming part of this Report.
- No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said section are not applicable.

### **VIGIL MECHANISM:**

As per the provisions of Section 177(9) of the Companies Act, 2013 ('Act'), the Company is required to establish an effective Vigil Mechanism for directors and employees to report genuine concerns.

The Company has a Whistle-Blower Policy in place since 2004 to encourage and facilitate employees to report concerns about unethical behaviour, actual/ suspected

frauds and violation of Company's Code of Conduct or Ethics Policy. The Policy has been suitably modified to meet the requirements of Vigil Mechanism under the Act. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the Chairperson of the Audit Committee. The Audit Committee of the Company oversees the implementation of the Whistle-Blower Policy.

The Company has disclosed information about the establishment of the Whistle-Blower Policy on its website <http://investors.larsentoubro.com/corporategovernance.aspx>. During the year, no person has been declined access to the Audit Committee, wherever desired.

#### **BUSINESS RESPONSIBILITY REPORTING:**

The Company has been one of the first engineering and construction companies in India to publish its report on Corporate Sustainability.

As per Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a separate section on Business Responsibility Reporting forms a part of this Annual Report (refer pages 19 to 35).

The detailed Corporate Sustainability Report is also available on the Company's website <http://www.larsentoubro.com/corporate/sustainability.aspx>.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

#### **CONSOLIDATED FINANCIAL STATEMENTS:**

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

The Auditors' report to the shareholders does not contain any qualification, observation or adverse comment.

#### **SECRETARIAL AUDIT REPORT:**

The Secretarial Audit Report issued by S. N. Ananthasubramanian & Co., Company Secretaries is attached as Annexure 'E' to this Annual Report.

The Secretarial Auditor's report to the shareholders does not contain any qualification.

#### **AUDITORS:**

In accordance with provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Sharp & Tannan (firm registration number 109982W) will complete their term as Statutory Auditors of the Company at the conclusion of the forthcoming Annual General Meeting. The Board places on record its appreciation for the services rendered by Sharp & Tannan as the Statutory Auditors of the Company.

In view of the mandatory rotation of auditor requirement and in accordance with the provisions of Companies Act, 2013, Deloitte Haskins & Sells LLP were appointed as Statutory Auditors for a period of 5 continuous years from the conclusion of 70th Annual General Meeting till the conclusion of 75th Annual General Meeting of the Company. A proposal for ratifying their appointment from the conclusion of the 72nd AGM till the conclusion of the 73rd AGM has been included in the Notice of the ensuing AGM.

Deloitte Haskins & Sells LLP, have informed the Company that their appointment would be within the limits prescribed under section 141 of the Companies Act, 2013.

The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of the ICAI.

The Audit Committee reviews the independence and objectivity of the Auditors and the effectiveness of the Audit process.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company.

#### **REPORTING OF FRAUD:**

The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

#### **COST AUDITORS:**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and as per the Companies (Cost Records and Audit) Rules, 2014 and amendments



thereof, the Board, on the recommendation of the Audit Committee, at its meeting held on May 29, 2017, has approved the appointment of R. Nanabhoy & Co., Cost Accountants as the Cost Auditors for the Company for the financial year ending March 31, 2018 at a remuneration of ₹ 11.75 lakhs.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and shall be filed with the MCA within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2017-18 is placed before the shareholders.

**DISCLOSURE ON SPECIFIED BANK NOTES:**

The information is covered in Note 59 forming part of the Financial Statements forming part of this Annual Report.

**ACKNOWLEDGEMENT:**

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

*For and on behalf of the Board*

**A. M. Naik**

*Group Executive Chairman*  
(DIN: 00001514)

Mumbai, May 29, 2017

## Annexure 'A' to the Board Report

Information as required to be given under Section 134(3) (m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

### [A] CONSERVATION OF ENERGY:

#### (i) Steps taken or impact on conservation of energy:

- Use of Induction lamps in place of mercury vapor lamps for bay lighting at Kancheepuram factory
- Replacement of electrical heating coil vaporizer used in the galvanizing plant to vaporize the liquefied LPG from cylinders with heater less hot water vaporizer at Puducherry factory
- Conversion of DOL Starter to Variable Frequency Drives (VFD) for Admin Building Chiller Primary pumps
- Use of automatic switching off 50% Streetlights during night
- Installation of L&T VFD for moulding machine
- Implementation of ISO 50001 across ESP MFG Plants
- Energy audit and Energy training provided at Ahmednagar Switchgear Works
- Replacement of Natural gas heating with electrical heating for heat treatment of jobs
- Optimization of DG set capacity in Furnace
- Process cooling tower Fan operation converted from manual mode to Automatic mode operation through low cost automation
- Upgradation of coolant system of Asquith machine to eliminate 8 no's of motor along with VFD installation
- Replacement of conventional MH Lamps and fluorescent tube lights by LED lamps in working areas at projects as well as for street lights
- Installation of HVLS Fan
- Use of Flood light LED and power efficient Metal Halide lamps instead of Halogen in campuses
- Retrofitting of LED fixtures in place of CFL Fixtures
- Cooling Tower Pump Energy Optimization
- Conducted "Save Electricity" campaign on campus
- Installation of motion sensors at floor areas to reduce the overall electricity consumption
- Installation of auto water level controller for domestic pumps
- Use of Eco Fuel, which is a direct substitute to High Speed Diesel in Hot Mix Plant
- Optimization of Air Compressor operation by connecting 200 CFM Air Compressor exclusively for Shot Blasting Operation
- Replacing existing aged inefficient Split AC units with energy efficient units
- Utilization of Chiller for HVAC System – Campus FMD initiated and control the chiller running hour for HVAC need during holidays and extended working hours
- Clubbing of charges in furnace during rolling process to improve loading factor
- Replacement of rotor resistance controlled starter to Drive controller starter for EOT cranes resulting smooth operation and energy saving
- Introduction of VSD based compressor
- Compressed air optimization
- Installation of diffusers and blowers in waste water treatment plants instead of conventional surface aerators, which will lead to energy savings by 12 - 15%
- Use of photo electric sensors for lighting control in Integrated Urban Utility Projects / Industrial Township Projects
- Use of Hybrid Lighting Masts
- Use of Recycled water from STP for sanitation and gardening
- Use of Motion sensors and RTC timers fixed at paint booth blowers, HVAC, clock room, Rest Rooms, Garden lights and Food courts
- Introduced RTC timer for Domestic Water pump to avoid high pressure leakages in the existing system
- Dedicated team for monitoring the lighting system and staff trained for preventing excessive usage of power
- Use of VFDs with auto monitoring of pressure and temperature for compressor and blower

- Implementation of Cold phosphating pre-treatment process (Oxsilan process) in the paint shop
- Usage of Variable Speed Drive for better efficiency
- Installation of PLC controlled "Auto Mode" Plant and Office Lighting
- Use of CNG for Bitumen Heating as a substitute to High Speed Diesel in Hot Mix Plant at Delhi Agra Road Project
- Usage of EB power supply instead of DG for construction power supply
- Installation of Digital gateways at various P&M assets which enables us to monitor power consumption and reduce maintenance cost
- Installation of Fuel sensors to monitor the fuel consumption and optimize its usage
- Annual energy Savings in Kansbhal Factory, Odisha is 8.19 Lacs KWH
- Replacement of Air Cooled Chiller with Water Cooled Chiller

**(ii) Steps taken by the Company for utilizing alternate sources of energy:**

- Shift towards usage of windmill power in the place of State Electricity Board at Kancheepuram factory
- Installing Solar panels on rooftop
- Solar street at ESE campus
- Use of solar energy and natural lights in cafeteria
- Purchase of Green Power from third party wind farm to reduce carbon footprint
- Solar Panels installed at project sites
- Power generation through Solar Roof top PV installation at campus
- Shift towards usage of power generated through windmill power
- Use of high velocity burners in place of low velocity burners
- Implementation of hoods for the pre heating
- Conversion of weld edge preparation process from planning to milling operation

- Re-design impeller of industrial blower from backward curve to airfoil curve
- In-house development of remote operated scissor arm for shifting and aligning the hot plate into rolling machine
- Improvement in NUB design done to reduce weld deposition

**(iii) Capital investment on energy conservation equipments:**

- Energy conservation in Air handling units
- Replacement of old welding machines with new machines with inverter technology to reduce no load loss and overall consumption
- Use of 100 kVA UPS for furnace to reduce diesel consumption of DG set for uninterrupted power supply
- Replacement of existing 400W MH lamps with 137W LED lamps for highbay lighting in HE East & West shops
- Migrating from HPSV to LED light for BOT (Build Operate Transfer) projects with ESCOs (Energy Saving Companies) for energy conservation in Peripheral Lighting
- PLC installation in heating process of LSR to have precise control and saving in NG consumption
- Purchase of green power (Hydropower) for HE East & West
- Use of grid supply for LSR to replace DG set hiring and running cost thereby saving diesel consumption
- Feasibility for infrared heating to be explored and implemented for heating operation
- IOT projects for ESSC, SAW and nozzle welding process to save energy and reduce cycle time

The measures taken have resulted in savings in cost of production, power consumption and processing time at all locations.

**[B] TECHNOLOGY ABSORPTION:**

**(i) Efforts made towards technology absorption:**

- Introduction of Digital Interfaces to monitor progress & cost of work through ERP System
- Development M20 and M40 structural grades of concrete with Recycled concrete aggregate (RCA)

- for residential, commercial and infrastructure construction
- Development of IoT techniques for embankment structures near sea coast for continuous monitoring
- Re-commissioning of State of art testing and analysis equipment for rebar, strands, concrete, soil, rock and asphalt after Chennai floods
- In-house developed self-compacting concrete was used in pile foundations of HEP Chitapur Solar power project in Karnataka
- Development of evaluation and qualification of physical and mechanical properties of Embankment materials for SOU project
- Implementation of specially designed cement modified WMM mix in the internal roads of Apollo Proton Therapy and Cancer Treatment Hospital Project site which shall help to move heavy duty medical equipment into the hospital building
- Development of A2O process at the 318 MLD Waste Water Treatment Plant (WWTP) at Coronation Pillar, New Delhi, wherein the Nitrogen & Phosphorus content in wastewater is treated to desirable limits
- Installation of Biomethanation of sewage sludge in the 318 MLD WWTP at Coronation Pillar, New Delhi which produces biogas used to generate electricity and run the WWTP facility
- Installation of Micro-filtration (MF) system at Raichur power Plant which is designed to treat the river water without any conventional pre-treatment to give filtered water
- Implementation of Virtual reality (VR) / Mixed reality (MR) digital technologies for projects which will enable the engineers from different disciplines to view their design as its final product and visualise the structure in real time scale
- Implementation of HTC Vive technology in projects which creates a virtual reality headset designed to utilize "room scale" technology to turn a room into 3D space via sensors, with the virtual world allowing the user to navigate naturally
- Implementation of Microsoft HoloLens which embraces virtual reality and augmented reality to create a mixed reality
- In-house development of MIS Dashboard to monitor project costs, departmental overheads, inventory and vendor payables
- Development of 3D model of components of ship, in off shore patrol vessels, to have better clash free interface between design and production
- Adoption of Modular Construction Technology for the erection of 6mm thick carbon steel liner panels for IC wall and top dome lining for Kakrapar Nuclear Power Plant in Gujarat
- Designed Bridge builder to erect precast segments by cantilever construction method for straight spans and curved spans upto 128m radius of curvature
- Developed segmental bridge launching girder with hinge mechanism and adopted in metro construction projects
- Implementing BIM at EDRC – Metros which aims at mapping on a GIS platform, the various aspects and features of Metro Rail with their associated information
- Launched emergency response mobile surveillance control and command centre vehicle in Mumbai, first of its kind in India which is capable of recording & transmitting live feed to the police control room
- Implemented BIM for road project on pilot basis for a 5 Km stretch
- Utilisation of Digital technology for topographic surveys such as vehicle based LIDAR survey
- Implemented the 2D Grade Control system on few motor graders in Delhi Agra Road Project
- Manufacturing latest technology products in material handling equipment namely Tandem Tippler & Side Arm Charger, High Capacity Stacker cum Reclaimer, Underslung Paddle Feeder, Drag Plough for Coke Oven, Bin Extractors
- Introduced New Product Intensity (NPI) index which measures the sales of products introduced in the market in last five years to the total sales in the financial year

- Development of various new products in the power distribution and motor control sector namely AU range of final distribution products, sub-main Distribution boards, new ratings in Omega range of Air Circuit Breakers and Busbar Trunking systems
- Launched submersible pump controllers for agriculture market and DC contactors in telecom applications
- Launched comprehensive product portfolio to provide solution for Power Quality Management
- Development of new, cost-optimized meter platforms that offer better features, development and integration of modules to facilitate remote communication of meter data over Radio / GSM and development of Pre-Paid Meters, Smart Meters, Protective Relays and Panel Meters
- Developed Smart and Pre-paid meter where each and every instance in power distribution will be recorded
- Launch MV drives thus completing LV & MV drive range
- Development of new, cost-optimized meter platforms that offer better features, development and integration of modules to facilitate remote communication of meter data over Radio / GSM
- Introduction of "SMART Comm" solution
- Introduction of 67" Hydraulic Tire Curing Press, 750 T Bladder Press and Mixing mill
- Introduction of New state-of-the-art Loader for Off The Road (OTR) Tire Curing Presses and automatic Mold Height Adjustment for OTR Presses
- Development of newer variants of Power Packs & Tipper Wet Kit
- Development of Paver, Pneumatic Tired Roller & Skid Steer Loaders
- Introduction of 56.5" -2 position PCI for Domestic order
- Introduction of 64" -2 Position PCI with safety fence
- Indigenization of various components for Rubber Processing Machinery by designing, developing specifications and adapting to international conditions
- Development of cement grouted bituminous macadam for high speed corridors, expressways, aprons and ports
- Development of NABL accredited testing facility for geotextiles and geo-synthetics used in sub soil strengthening
- Industrial scale production of stockpile, all weather cold pot-hole mix for infra project sites
- Development of low cement and impermeable Plastic concrete for Dam structures
- Mechanical Studies on light weight concrete for structural application and specially designed double blend structural grade
- Development of polymer modified repair mortar for multilevel carparks
- Execution of Technology Licensing & Assistance (TLA) Agreement with Chiyoda Corporation for Flue Gas Desulphurization Technology
- Development of Armored vehicle mobility simulation capability, Laser based optics simulation capability, Intelligent Collaborative Robotics System, Unmanned / Autonomous Platforms & Systems, Waterjet Propulsion Systems, Field & Air Defence Gun Systems, Laser based Beam directing, tracking and pointing system, Trisonic Wind Tunnel Systems and other technics in the HED Sector
- Introduction of portable flux recycler at welding point to avoid ovens
- Development of EFNARC and RILEM methodologies in energy absorption of shotcrete panels.
- Triple blend shotcrete mix M40 has been used in Special projects for tunnels
- Optimized concrete mix design solutions were implemented in PTD-IC
- Development of pre-packed concrete for remote site and inaccessible areas
- Development of NABL accredited testing facility for fineness by Blaine, Alkali Silica aggregates, Non Destructive Tests on concrete
- Development of NABL test facilities for evaluating sealents used in expansion joints of structures
- Mechanical studies on water barrier disc tie rods

- Development of test facilities for MIG and TIG welded specimens for Fatigue and tensile strength on bronze alloy sculpture specimens
- Creep studies on M65 grade self-compacting concrete
- Development of NABL testing facility for Bituminous Emulsions used in flexible pavement construction
- Development of High volume fly-ash concrete for mass foundations
- Development of lime and fly-ash stabilized mixes with recycled concrete aggregates for base and sub-base layers for light, medium and heavy traffic pavements
- Development of high flexural strength PQC with alternate materials for durable rigid pavements
- Development of comprehensive online geotechnical databank as an effective tool for designers and contract teams across ICs
- Development of standard concrete mixes for cold weather concreting at sub-zero temperature
- Development of Surface Technologies like Alodine, Chromic acid anodization and Electroless Nickel Plating to meet International standards
- Establishment of Facility & Development of Painting process to meet International Military standards with precise thickness and gloss requirements
- In-house Development of Form Rolling process with combination of Metallic and Non-metallic Rollers
- Development of Manufacturing process of High precision Gears with our Business partners
- Development of precision mechanical & electronics integration, testing & tuning of Fin Actuation Systems
- Introduction of HIL (Hardware-in-the-loop) Simulation & Equipment validation - Equipment's testing under various environmental & load conditions
- Development of High Wear resistance process of Hard anodizing with Teflon impregnation for Aluminium Parts with business partners
- In-house Development of Resistance spot welding of Thin Stainless Steel Sheet metal sections
- In-house Process development for manufacturing of Precision Thin Section Aero Structural parts
- Development of Low Hydrogen Embrittlement Cadmium Plating process of Carbon Steels
- Development of Hot Bending Process for Fabrication of Titanium Sections for HSTDV program
- Development of Micro-electronics assembly & testing for TGET Fuses
- Completed Airworthiness Qualification of Integrated Life Support System - On-board Oxygen Generation System for fighter aircrafts
- Completed development and qualification of Oxygen System for Military Helicopters
- L&T – HE IC has entered into technology transfer agreement with a leading Global technology provider for Titanium Clad equipment
- Buildup capability in static and dynamic stability of amphibious tracked vehicle
- Development of plasma welding of Maraging steel and Titanium
- Launch of Automatic Tube and Tubesheet welding for Urea applications
- Development of weld overlay procedures for super duplex stainless steels, alloys 825 and alloy C-276
- Development of Ultra Narrow gap GTAW process for closing seams of process plant equipment
- Development of Flux-less Arc Spot Welding with mixed gases for Nuclear export orders
- Development of Auto-TIG Overlay on Gasket Face and Split Ring for heat exchangers
- Development of Robotic FCAW of trunnions for Trans Nuclear projects
- Development of Automated High Sagitta Nozzle Welding System
- Development of Trisonic Wind Tunnel Systems, Thermal Management system for high pressure and high temperature flow environment



- Development of Underwater Weapon Launch Systems and Ka Band Feed using additive manufacturing techniques
- Development of Driver Vision Enhancement for Armoured Vehicles
- Development of Railless Helo Traversing Systems
- Environment Protection measures introduced through Process change in bridging system Painting at Talegaon i.e BLT, Sarvatra, SSBS and Modular Bridge were changed from Zinc Chromate primer to Zinc Phosphate primer
- Changed the design of pins using stainless steel material to reduce the rework/rejection at site due to corrosion of pins in Bridging projects
- Development of 3D Printing for design and development of Micro wave guide component for Ka band telemetry through Metal 3D printing
- Adoption of bend plates and negotiating with Mills for supply of extended length of plates for reducing welding in the Tilt beam of TCT-5 production order
- Automated Welding process established for 7.5m long RT quality Aluminum Butt joint
- Development of Laser cutting process using Diode Laser machine for HSLA Steel & Aluminum
- Developed in-house SPM for Hinge boring of BLT
- In-house development by modification in IGM Robot, Gantry & Gulco trolley
- Development of Hydro-squeezing fixture development in HDP for riveting operation.
- Developed U & Z extrusion cutting, slot milling & drilling fixtures for HDP
- Development of remote controlled motorized fixture for hot plate handling on rolling machine
- Development of internal T-ring (Web to Flange) welding station using Auto GMAW and laser based seam tracking system
- Process development for long seam welding and overlay using mechanized system for Coke Drum repairs
- Import substitution for hydrostatic expansion process of tube to tube-sheet joints in Heat Exchangers and EO Reactors
- Indigenous development of twin head Auto GMAW station with TAB based wireless control and seam tracking mechanism for welding of tube to ring joints in TWC project
- Indigenous development of SCADA based system for Hydro Pressure Test Automation
- Development of Military Communication Products namely network simulation and emulation for Tactical applications, network Management System for TCS, user services fall back on TDM Network, Desk Access Unit, Radio Relay Modules, manet based Wireless Node points, Radio Gateway for CNR Radios, legacy system interface and NEWN system interface for VLF
- Development of India's first indigenous chemical agent monitoring system in association with DRDE, Gwalior viz. Portable Chemical Agent Detector (PCAD) and Fixed Chemical Agent Detector (FCAD) which can be used by the Army, Navy, Air Force, and NDMA, Para-military forces, SPG and other security agencies
- Development for Network simulation and emulation for Battlefield Management System applications
- Indigenously developed RF modules like Up Converter, Down Converter, High Power Amplifier, Power Monitor and Switched Filter Bank Modules
- Developed a complete rugged field deployable Network Interface Unit (NIU) along with its Technology Partner used for Ethernet to Fiber Optic Media conversion
- Developed man-portable communication gateway unit for Indian Navy called Interoperable Communication System FAK which can be used for joint operations with foreign navy and humanitarian aid – disaster relief activities
- Developed Capabilities in High-end Finite Element Analysis including advanced FEA, Explicit Dynamic Simulation and Non-Linear Analysis
- Developed capability for CFD simulation in areas such as two-phase flow analysis for boiling applications
- Development of Technology for Simulation of Manufacturing processes such as, simulation of Welding process and its application for various projects such as fabrication of ITER Cryostat

vessel and fabrication of various Chemical Equipment

- Development of improved High Temperature Heat Recovery (HTHR) for Ethylene Production plants
- Development of improved design of Feed Water Heaters for Supercritical Power Plants
- Development of Shell & Tube type LNG Vaporizers for land based LNG Regasification terminals
- Development of end to end Sales & Procurement cycles through Centralized ERP Server
- Introduction of advanced features like Click to Call, Click to Chat on Website, Portal for Customer interaction

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Introduction of new products like New 1-phase Meter with IrDA, 3-Phase Meter with IrDA, 1-Phase Pre-Paid Meter (Taurus), 3-phase Pre-Paid Meter (Atria), 1-Phase Smart Meter (Aurora), 3-Phase Smart Meter (Regor), 3-Phase Digital Panel Meter (Nova), New Trip Supervision Relay (TCS01-nX) & Motor Protection Relay (MPR200)
- Introduction of L&T's Outdoor Compact substation- N-Qube following Franchisee model
- Introduction of a new variant to the GIS (Gas insulated switchgear) family
- Continuous product development in the switchgear business at its various Department of Scientific & Industrial Research, Ministry of Science & Technology accredited R&D facilities in India and filing 101 Patent, 3 Trademark, 4 Design in India and 2 foreign patent applications and 18 foreign trade mark applications
- Expansion of switchgear product range and offerings to the infrastructure sector
- Strategic alignment with IOmniscient (Australian company) for its video analytics specialty
- Use of Emulsion based cold mixes with Reclaimed Asphalt Pavement materials as they are more environmental friendly over conventional bituminous mixes
- Use of alternate curing techniques to reduce / eliminate the usage of water for concrete curing.

- Use of Geo polymer concrete which ensures elimination of cement from construction activities
- Economical and cost effective piles in solar projects thus saving time
- The use of clean water for producing aggregates (fine and coarse) drops the price of aggregates by 50% as compared to virgin aggregates use
- The recycling process can make the aggregate crushers self –sufficient
- The high flexural strength PQC with alternate materials reduces the crust thicknesses of rigid pavements and inturn reduces the overall construction cost of rigid pavements
- The enhancement in NABL accredited testing facility with geotextile, geosynthetic, bitumen emulsion, sealants, ASR, fineness by Blaines and NDT tests will improve the Company's brand image and give competitive advantage over its peers
- Development of pre-packed dry concrete is a ready solution for quick concreting in remote project sites and it minimizes manual labour along with improvement in the speed of construction
- The special fatigue and tensile tests on bronze alloy specimens were the major criteria for material qualification for prestigious SOU project
- The IoT based monitoring system developed for solar trackers, cooling tower remote units, special coastal structures will automate critical data collection and its analysis
- Positioning for Futuristic Programs for Indian MoD under 'Make' and 'IDDM' category
- 10% reduction in welding in the Tilt beam of TCT-5 production order due to adopting bend plates and extended length of plates pallet and lower costs due to in-house machining of sub-assemblies
- QRSAM first prototype on-time delivery by taking constraints under control in-house pallet
- Increased self-reliance and savings in Foreign Exchange in process plant and power plant equipment sector

- Improvement in manufacturing processes resulting in reduction in production cycle time, cost and rework

**(iii) Information regarding technology imported during the last 3 years:**

S. No.	Technology Imported	Year of Import	Status of absorption & reasons for non-absorption, if any
a)	Flue Gas Desulphurization	2016	Absorption has been initiated in FY 2016-17. Its completion is linked with the completion of the first project where L&T Power would install FGDs.
b)	UV disinfection system	2015 2016	Absorbed successfully in the 2 MLD President estate STP. Implementing for the India's largest gravity channel UV disinfection system in 120 MLD Varanasi STP. Implementation of Ultra Violet (UV) disinfection system for secondary treated wastewater. This is preferred over the conventional chlorination system which has harmful side effects due to the presence of carcinogens in residual chlorine.
c)	Vortex Grit Removal in Sewage Treatment Plant	2015 2016	Absorbed successfully in the 2 MLD STP at President's Estate, New Delhi. Works for the 5 new pumping stations of Greater Colombo project is in progress.

S. No.	Technology Imported	Year of Import	Status of absorption & reasons for non-absorption, if any
			It is the first of its kind to be installed in India for sewage application. It operates on VORTEX Principle where the grit removal happens by tangential Centrifugal force. Grit removal efficiency is about 95 %. The major advantage of this system is that they occupy less area and thus leads to easy maintenance. This is preferred over the conventional grit removal system for its high grit removal efficiency and compactness.

**(iv) Expenditure incurred on Research & Development:**

₹ crore

	2016-17
Capital	53.53
Recurring	145.98
<b>Total</b>	<b>199.51</b>
Total R&D expenditure as a percentage of total turnover	0.30%

**[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:**

₹ crore

	2016-17
Foreign Exchange earned	16133.05
Foreign Exchange saved / deemed exports	999.00
<b>Total</b>	<b>17132.05</b>
Foreign Exchange used	15588.43

## Annexure 'B' to the Board Report

### A. CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which govern a company. The elements of Corporate Governance are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

The Company believes that sound Corporate Governance is crucial for enhancing and retaining investor trust and your Company always seeks 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 fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders' value. The Company has adopted many ethical and transparent governance practices even before they were mandated by 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.

### B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

### C. THE GOVERNANCE STRUCTURE

The Company has four tiers of Corporate Governance structure, viz.:

- (i) **Strategic Supervision** – by the Board of Directors comprising the Executive, Non-Executive Directors and Independent Directors.
- (ii) **Executive Management** – by the Corporate Management comprising of Group Executive Chairman, the Deputy Managing Director & President, 4 Executive Directors, 1 Non-Executive Director and 3 Senior Managerial Personnel.
- (iii) **Strategy & Operational Management** – by the Independent Company Boards of each Independent Company (IC) (not legal entities) comprising of representatives from the Company Board, Senior Executives from the IC and independent members.
- (iv) **Operational Management** – by the Business Unit (BU) Heads.

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

### D. ROLES OF VARIOUS CONSTITUENTS OF CORPORATE GOVERNANCE IN THE COMPANY

#### a. 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 ensuring its effectiveness and enhancement of shareholder value. The Board also reviews and approves management's strategic plan & business objectives and monitors the Company's strategic direction.

#### b. Executive Management Committee (EMC):

The EMC plays an important role in maintaining the linkage between IC's and the Company's Board as well as in realizing inter-IC synergies and benefits across ICs. The key responsibilities of the EMC include approval of policies cutting across IC's and also at Corporate level, covering capital investments, expansions, customer and supplier synergy, Corporate Social Responsibility (CSR) and reviewing the consolidated financials and budgets before they are presented to the Company Board.

**c. Group Executive Chairman (GEC):**

The GEC is the Chairman of the Board and the Executive Management Committee. His primary role is to provide leadership to the Board and the Corporate Management for realizing the approved strategic plan and business objectives. He presides over the Board and the Shareholders' meetings. The GEC provides leadership and devotes his full attention to certain core actions which include, inter alia, focus on restructuring, mentoring of senior executives, succession planning and corporate governance. He is the interface for critical Government entities and major customers of the Company and Group Companies. He provides support to the Company and its Group Companies, wherever necessary.

**d. Executive Directors (ED) / Senior Management Personnel:**

The Executive Directors, as members of the Board, along with the Senior Management Personnel in the Executive Management 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.

**e. 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 judgement on issues of strategy, performance, resources, standards of conduct, etc., besides providing the Board with valuable inputs.

**f. Independent Company Board (IC Board):**

As a part of Lakshya 2016, the Company decided to have 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 Boards with certain modifications. The modified mandate of ICs have been implemented/ is under implementation. Needless to mention that the IC structure has enabled the Company to empower people and achieve substantial growth in their businesses.

Since 1999, developing and implementing five-year strategy plan is a regular process followed by the Company. This process called Lakshya has helped the Company to achieve its growth aspirations and created value for all stakeholders. During the year, the strategic plan for the period 2016 – 2021 named Lakshya 2021 was developed and approved by the Board. Necessary processes and review mechanism have been established to ensure implementation of the plan.

**E. BOARD OF DIRECTORS**

**a. Composition of the Board:**

The Company's policy is to have an appropriate mix of Executive, Non-Executive & Independent Directors. As on March 31, 2017, the Board comprises of the Group Executive Chairman, the Deputy Managing Director & President, 4 Executive Directors, 3 Non-Executive Directors (including 2 representing financial institutions), and 11 Independent Directors. The composition of the Board, as on 31st March, 2017, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**b. 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 also if 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 the year under review, 10 meetings were held on April 11, 2016, April 12, 2016, May 25, 2016, May 26, 2016, May 27, 2016, May 28, 2016, July 29, 2016, November 7, 2016, November 22, 2016 and January 28, 2017.

The Independent Directors met on April 6, 2017 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 Executive Chairman and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once every quarter, inter alia, to review the quarterly results. The Company also provides 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 Company / 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 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. Thereafter, the minutes are signed by the Chairman of the Board at the next meeting.

The following is the composition of the Board of Directors as on March 31, 2017. Their attendance at the Meetings during the year and at the last Annual General Meeting is as under:

Name of Director	Category	Meetings held during the year	No of Board Meetings attended	Attendance at last AGM
Mr. A. M. Naik	GEC	10	10	YES
Mr. S. N. Subrahmanyam	DMD	10	10	YES
Mr. R. Shankar Raman	ED	10	10	YES
Mr. Shailendra Roy	ED	10	10	YES
Mr. D. K. Sen	ED	10	10	YES
Mr. M. V. Satish	ED	10	10	YES
Mr. M. M. Chitale	ID	10	10	YES
Mr. Subodh Bhargava	ID	10	9	YES
Mr. M. Damodaran	ID	10	7	NO
Mr. Vikram Singh Mehta	ID	10	9	YES
Mr. Sushobhan Sarker (Note 1)	NED	10	9	NO
Mr. Adil Zainulbhai	ID	10	9	YES
Mr. Akhilesh Gupta	ID	10	10	YES
Mr. Bahram Vakil *	ID	7	7	NA
Mr. Swapan Dasgupta (Note 2)!	NED	2	2	NA
Ms. Sunita Sharma (Note 1)	NED	10	7	NO
Mr. Thomas Mathew T.	ID	10	10	YES
Mr. Ajay Shankar	ID	10	10	YES
Mr. Subramanian Sarma	NED	10	10	YES
Ms. Naina Lal Kidwai	ID	10	10	YES
Mr. Sanjeev Aga \$	ID	8	7	YES
Mr. Narayanan Kumar@	ID	6	5	YES

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

Note: 1. Representing equity interest of LIC  
2. Representing equity interest of SUUTI

@ appointed as a Director w.e.f. 27.5.2016      \$ appointed as a Director w.e.f. 25.5.2016  
\* ceased to be a Director w.e.f. 1.8.2016      ! ceased to be a Director w.e.f. 15.5.2016

GEC – Group Executive Chairman      DMD – Deputy Managing Director & President  
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 March 31, 2017, the number of other Directorships & Memberships / Chairmanships of Committees of the Board of Directors are as follows:

<b>Name of Director</b>	<b>No. of other Company Directorships</b>	<b>No. of Committee Memberships</b>	<b>No. of Committee Chairmanships</b>
Mr. A. M. Naik	3	0	0
Mr. S. N. Subrahmanyam	3	2	1
Mr. R. Shankar Raman	8	7	0
Mr. Shailendra Roy	9	1	0
Mr. D. K. Sen	1	0	0
Mr. M. V. Satish	0	0	0
Mr. M. M. Chitale	7	3	4
Mr. Subodh Bhargava	3	1	0
Mr. M. Damodaran	4	5	2
Mr. Vikram Singh Mehta	7	1	0
Mr. Sushobhan Sarker	2	2	1
Mr. Adil Zainulbhai	7	2	5
Mr. Akhilesh Gupta	0	0	0
Ms. Sunita Sharma	6	1	2
Mr. Thomas Mathew T.	4	3	0
Mr. Ajay Shankar	1	2	0
Mr. Subramanian Sarma	1	0	0
Ms. Naina Lal Kidwai	3	3	0
Mr. Sanjeev Aga	7	5	1
Mr. Narayanan Kumar	8	2	4

- Other Company Directorships includes directorships in all entities whose securities are listed and excludes unlisted private limited companies, foreign companies and Section 8 companies.
- The details of Committee Chairmanships / Memberships are disclosed as per Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**c. 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 & 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.

**d. 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.

**F. 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 governed 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.

**1) Audit Committee**

**i) 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 sub-section (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 utilized 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;
- 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 & 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.

**ii) Composition:**

The Audit Committee of the Board of Directors was formed in 1986 and as on March 31, 2017 comprised 3 Independent Directors and 1 Non-Executive Director.

**iii) Meetings:**

During the year ended March 31, 2017, 9 meetings of the Audit Committee were held on April 23, 2016, May 13, 2016, May 24, 2016, July 28, 2016, September 28, 2016, November 7, 2016, November 21, 2016, January 27, 2017 and February 20, 2017.

In addition to the above, 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	No. of Meetings during the year	No. of Meetings Attended
Mr. M. M. Chitale	Chairman	9	9
Mr. M. Damodaran	Member	9	9
Mr. Sushobhan Sarker	Member	9	6
Mr. Bahram Vakil @	Member	4	2
Mr. Sanjeev Aga #	Member	4	4
Meetings held during the year are expressed as number of meetings eligible to attend. # appointed as a Member w.e.f. 4.10.2016 @ ceased to be a Member w.e.f 1.8.2016			

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

The 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.

**iv) 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 & procedures, which knowledge is now institutionalized. The Company's Internal Audit function is ISO 9001:2008 certified. The Head of Corporate Audit Services is responsible to the Audit Committee. The staff of Corporate Audit department is rotated periodically.

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)**

**i) 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).

**ii) Composition:**

The Committee has been in place since 1999. As at March 31, 2017, the Committee comprised of 3 Independent Directors and the Group Executive Chairman.

**iii) Meetings:**

During the year ended March 31, 2017, 6 meetings of the Nomination & Remuneration Committee were held on April 12, 2016, May 19, 2016, May 28, 2016, July 29, 2016, November 22, 2016 and January 28, 2017.

The attendance of Members at the Meetings was as follows:

Name	Status	No. of Meetings during the year	No. of Meetings Attended
Mr. Subodh Bhargava	Chairman	6	6
Mr. A. M. Naik	Member	6	6
Mr. Adil Zainulbhai	Member	6	5
Mr. Thomas Mathew T.	Member	6	6
Meetings held during the year are expressed as number of meetings eligible to attend.			

**iv) 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 & other expertise, integrity, managerial qualities, practical wisdom, ability to read & understand financial statements, commitment to ethical standards and values of the Company and ensure healthy debates & sound decisions.

While evaluating the suitability of a Director for re-appointment, besides the above criteria, the NRC considers the past performance, attendance & 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 Regulation 16(1)(b) of the 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>.

#### **v) Remuneration Policy:**

The remuneration of the Board members is based on the Company's size & global presence, its economic & 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 & retirement benefits (fixed components) & commission (variable component), based on recommendation of the NRC, approval of the Board and the shareholders. The commission payable is based on the 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 & sitting fees. The Company was paying sitting fees of ₹ 50,000 per meeting of the Board and ₹ 25,000 per meeting of the Committee to the Independent Directors / Non-Executive Directors for attending the meetings of the Board & Committees. Since November 22, 2016, the sitting fees were revised to ₹ 75,000 for Board meetings and ₹ 40,000 for Audit Committee and Nomination and Remuneration Committee meetings during the year. The sitting fees for the other committees remain the same. 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 commission to 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 & Committee composition, structure, culture, effectiveness of the Board and Committees, functioning of the Board and Committees, information availability, etc. It also contains specific criteria for evaluating the Chairman and individual Directors. Members are requested to refer to page 62 of this Annual Report.

**vi) Details of remuneration paid / payable to Directors for the year ended March 31, 2017:**

₹ crore

**(a) Executive Directors:**

The details of remuneration paid / payable to the Executive Directors is as follows:

₹ crore

Names	Salary	Perquisites	Retirement Benefits	Commission
Mr. A. M. Naik	3.36	19.27*	38.04**	18.24
Mr. S. N. Subrahmanyam	1.73	7.18	3.51	11.29
Mr. R. Shankar Raman	1.41	3.15	2.38	7.41
Mr. Shailendra N. Roy	1.29	2.98	1.93	5.84
Mr. D. K. Sen	1.01	0.37	1.57	4.82
Mr. M. V. Satish	1.01	0.63	1.44	4.32

The above amounts also include perquisite on exercise of ESOPs and tax on ESOPs borne by employer

\* Perquisites include perquisite value related to employee stock options exercised during the year in respect of stock options granted over the past several years by a subsidiary company - ₹ 19.01 crore.

\*\* Retirement Benefits include encashment of accumulated past service leave ₹ 32.21 crore

- Notice period for termination of appointment of Deputy Managing Director and other Whole-time Directors is six months on either side.
- No severance pay is payable on termination of appointment.
- Details of Options granted under Employee Stock Option Schemes are provided on the website of the Company [www.larsentoubro.com](http://www.larsentoubro.com).

**(b) Non-Executive Directors:**

The details of remuneration paid / payable to the Non-Executive Directors is as follows:

₹ crore

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. M. M. Chitale	0.055	0.026	0.380	0.461
Mr. Subodh Bhargava	0.050	0.017	0.495	0.562
Mr. M. Damodaran	0.040	0.026	0.339	0.405
Mr. Vikram Singh Mehta	0.050	0.010	0.322	0.382
Mr. Sushobhan Sarker	0.050	0.017	0.223#	0.290
Mr. Adil Zainulbhai	0.048	0.014	0.342	0.404
Mr. Akhilesh Gupta	0.055	–	0.150	0.205
Mr. Bahram Vakil *	0.035	0.005	0.165	0.205

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. Swapan Dasgupta%	0.010	–	0.050#	0.060
Ms. Sunita Sharma	0.035	0.003	0.108#	0.146
Mr. Thomas Mathew T.	0.055	0.017	0.310	0.382
Mr. Ajay Shankar	0.055	0.010	0.220	0.285
Mr. Subramanian Sarma	NIL	NIL	NIL	NIL
Ms. Naina Lal Kidwai	0.055	–	0.150	0.205
Mr. Sanjeev Aga \$	0.040	0.013	0.191	0.244
Mr. Narayanan Kumar@	0.028	–	0.104	0.132

\$ appointed as a Director w.e.f. 25.5.2016

@ appointed as a Director w.e.f. 27.5.2016

\* ceased to be a Director w.e.f. 1.8.2016

% ceased to be a Director w.e.f. 15.5.2016

# Payable to respective Institutions they represent.

Details of shares and convertible instruments held by the Independent Directors / Non-Executive Directors as on March 31, 2017 are as follows:

Names	No. of Shares held
Mr. M. M. Chitale	1629
Mr. Subodh Bhargava	750
Mr. M. Damodaran	150
Mr. Vikram Singh Mehta	885
Mr. Sushobhan Sarker *	150
Mr. Adil Zainulbhai	100
Mr. Akhilesh Gupta	200
Ms. Sunita Sharma *	100
Mr. Thomas Mathew T.	100
Mr. Ajay Shankar	100
Mr. Subramanian Sarma	21100
Ms. Naina Lal Kidwai	100
Mr. Sanjeev Aga	3000
Mr. Narayanan Kumar	1000

\* held jointly with the Institution they represent.

**3) Stakeholders' Relationship Committee:**

**i) Terms of reference:**

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

- Redressal of Shareholders' / Investors' complaints;
- Allotment, transfer & 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.

**ii) Composition:**

As on March 31, 2017 the Stakeholders' Relationship Committee comprised of 1 Non-Executive Director, 1 Independent Director and 1 Executive Director.

**iii) Meetings:**

During the year ended March 31, 2017, 4 meetings of the Stakeholders' Relationship Committee were held on May 25, 2016, July 29, 2016, November 22, 2016 and January 28, 2017.

The attendance of Members at the Meetings was as follows-

Name	Status	No. of Meetings during the year	No. of Meetings Attended
Ms. Sunita Sharma	Chairperson	4	1
Mr. Ajay Shankar	Member	4	4
Mr. Shailendra Roy	Member	4	4
Meetings held during the year are expressed as number of meetings eligible to attend.			

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

**iv) 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 Registrar's 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*
<b>Complaints:</b>				
SEBI / Stock Exchange	2	60	58	4
<b>Shareholder Queries:</b>				
Dividend Related	441	6988	6943	486
Transmission / Transfer	3	2055	1987	71
Demat / Remat	0	347	320	27

\* Investor queries shown outstanding as on March 31, 2017 have been subsequently resolved. The substantial increase in number of queries is on account of the Company's repeated reminders to shareholders regarding unclaimed shares and dividends.

The Board has delegated the powers to approve transfer of shares to a Share Transfer Committee of Executives comprising of four Senior Executives. This Committee held 41 meetings during the year and approved the transfer of shares lodged with the Company.

**4) Corporate Social Responsibility Committee:**

**i) Terms of reference:**

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

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

**ii) Composition:**

As on March 31, 2017 the CSR Committee comprised of 1 Independent Director and 2 Executive Directors.

**iii) Meetings:**

During the year ended March 31, 2017, 4 meetings of the CSR Committee were held on July 19, 2016, August 11, 2016, November 17, 2016 and March 14, 2017.

The attendance of Members at the Meetings was as follows:

Name	Status	No. of Meetings during the year	No. of Meetings Attended
Mr. Vikram Singh Mehta	Chairman	4	4
Mr. R. Shankar Raman	Member	4	4
Mr. D. K. Sen	Member	4	4
Meetings held during the year are expressed as number of meetings eligible to attend.			



## G. OTHER INFORMATION

### a) Directors' Familiarisation Programme:

All our directors are aware and are also updated as and when required, of their role, responsibilities & liabilities.

The Company holds Board meetings at its registered office and also if necessary, in locations, where it operates. Site / factory visits are organized at various locations for the Directors.

The internal newsletters of the Company, the press releases, etc. are circulated to all the Directors so that they are updated about the operations of the Company.

This information is also available on the website of the Company <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

### b) Information to directors:

The Board of Directors has complete access to the information within the Company, which inter alia, includes items as mentioned on Pages 76 and 77 in this Annexure to the Directors' Report.

Presentations are made regularly to the Board / NRC / Audit Committee (AC) (minutes of AC, NRC, SRC and CSR Committee are circulated to the Board), where Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, HR policy, management development and succession planning, quarterly and annual results, budgets, treasury policy, review of Internal Audit, risk management framework, operations of subsidiaries and associates, etc.

Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when senior company personnel are asked to make presentations about performance of their Independent Company / Business Unit, to the Board. Such interactions also happen when these Directors meet senior management in IC meetings and informal gatherings.

### c) Risk Management Framework:

Please refer to Page 60 of the Board Report.

### d) Vigil Mechanism / Whistle-Blower Policy :

Please refer to Pages 62 and 63 of the Board Report.

### e) Statutory Auditors:

Please refer to Page 63 of the Board Report.

### f) 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.larsentoubro.com](http://www.larsentoubro.com). The declaration of Group Executive Chairman 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.

**A. M. Naik**  
Group Executive Chairman

Date: May 29, 2017

Place: Mumbai

### g) General Body Meetings:

The last three Annual General Meetings of the Company were held at Birla Matushri Sabhagar, Mumbai as under:

Financial Year	Date	Time
2015-2016	August 26, 2016	3.00 p.m.
2014-2015	September 9, 2015	3.00 p.m.
2013-2014	August 22, 2014	3.00 p.m.

The following Special Resolutions were passed by the members during the past 3 Annual General Meetings:

Annual General Meeting held on August 26, 2016:

- To approve raising of capital through QIP's by issue of shares / convertible debentures / securities upto an amount of USD 600 million or ₹ 3600 crore.
- To approve raising of debentures upto ₹ 6000 crore.

Annual General Meeting held on September 9, 2015:

- To approve raising of capital through QIP's by issue of shares / convertible debentures

/ securities upto an amount of USD 600 million or ₹ 3600 crore.

- To approve raising of debentures upto ₹ 6000 crore.

Annual General Meeting held on August 22, 2014:

- No special resolutions were listed in the agenda for the meeting.

A meeting of the equity shareholders of the Company was convened on March 14, 2017 as per the directions of National Company Law Tribunal at Mumbai to approve the Scheme of Arrangement between the Company and L&T Valves Limited and their respective shareholders and creditors.

#### h) Postal Ballot:

During the year, no matters were transacted through postal ballot.

Approval of the Members has been sought vide Postal Ballot Notice dated May 29, 2017, under Section 110 of the Act to issue Bonus Shares in the ratio 1:2 (that is 1 (One) Bonus Equity Share of ₹ 2/- for every 2 (Two) fully paid-up Equity Shares of ₹ 2/- each held) by capitalisation of its Reserves.

The E-voting facility will also be made available to the Members. The Board of Directors of the Company, appointed Mr. S. N. Ananthasubramanian, Practicing Company Secretary, (M. No: FCS 4206) and failing him Ms. Aparna Gadgil, Practicing Company Secretary (M.No: ACS 8430), as Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. The results of the Postal Ballot will be announced on July 5, 2017 at the Registered Office of the Company as per the Scrutinizer's Report.

#### i) Disclosures:

1. During the year, there were no transactions of material nature with the Directors or the Management or relatives or the subsidiaries that had potential conflict with the interests of the Company.
2. Details of all related party transactions form a part of the accounts as required under IND AS 24 and the same is given in Note 51 forming part of the financial statements.
3. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules,

2006/ Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.

4. The Company makes presentations to Institutional Investors & Equity Analysts on the Company's performance on a quarterly basis. The same is also available on our website <http://investors.larsentoubro.com/Announcements.aspx>.
5. There were no instances of non-compliance, penalties, strictures imposed on the Company by the Stock Exchanges on any matter related to the capital markets, during the last three years.
6. The policy for determining material subsidiaries and related party transactions is available on our website <http://investors.larsentoubro.com/Listing-Compliance.aspx>.
7. Details of risk management including foreign exchange risk, commodity price risk and hedging activities form a part of the Management Discussion & Analysis. Please refer to pages 225 to 227 of this Annual Report.

#### j) Means of communication:

Financial Results	Quarterly & Annual Results are published in prominent daily newspapers viz. The Financial Express, The Hindu Business Line & Loksatta. The results are also posted on the Company's website: <a href="http://www.larsentoubro.com">www.larsentoubro.com</a> .
News Releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: <a href="http://www.larsentoubro.com">www.larsentoubro.com</a> .
Website	The Company's corporate website <a href="http://www.larsentoubro.com">www.larsentoubro.com</a> provides comprehensive information about its portfolio of businesses. Section on "Investors" serves to inform and service the Shareholders allowing them to access information at their convenience. The quarterly shareholding pattern of the Company is available on the website of the Company as well as the stock exchanges. The entire Annual Report and Accounts of the Company and subsidiaries are available in downloadable formats. The entire Annual Report and Accounts of the Company will also be made available on the websites of the Stock Exchanges.

Filing with Stock Exchanges	Information to Stock Exchanges is now being also filed online on NEAPS for NSE and BSE Online for BSE.
Annual Report and Annual General Meeting	Annual Report is circulated to all the members and all others like auditors, equity analysts, etc. In order to enable a larger participation of shareholders for the Annual General Meeting, the Company provided Webinar facility of its 71st Annual General Meeting in co-ordination with NSDL. The Company suitably responded to the queries raised by the shareholders through the webinar.
Management Discussion & Analysis	This forms a part of the Annual Report which is mailed to the shareholders of the Company.
Presentations made to Institutional Investors and Analysts	The schedule of analyst / institutional investor meets and presentations made to them on a quarterly basis are displayed on the website.

## B. UNCLAIMED SHARES

The Company does not have any unclaimed shares lying with it from any public issue. However certain shares resulting out of the bonus shares issued by the Company are unclaimed by the shareholders. As required under Regulation 39(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has already sent reminders in the past to the shareholders to claim these shares. These share certificates are regularly released on requests received from the eligible shareholders after due verification.

All corporate benefits on such shares viz. bonus shares, etc. shall be transferred in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Companies Act, 2013. The eligible shareholders are requested to note the same and take action for claiming the shares from the said account upon giving necessary documents.

## C. GENERAL SHAREHOLDERS' INFORMATION

### a) Annual General Meeting:

The Annual General Meeting of the Company has been convened on Tuesday, August 22, 2017 at **St. Andrews Auditorium, St. Dominic Road, Bandra (West), Mumbai – 400050** at 3.00 p.m.

### b) Financial calendar:

1. Annual Results of 2016-17	May 29, 2017
2. Mailing of Annual Reports	Third week of July, 2017
3. First Quarter Results	During the last week of July, 2017 *
4. Annual General Meeting	August 22, 2017
5. Payment of Dividend	August 24, 2017
6. Second Quarter results	During first week of November, 2017*
7. Third Quarter results	During last week of January, 2018 *

\* Tentative

### c) Book Closure:

The dates of Book Closure are from Wednesday, August 16, 2017 to Tuesday, August 22, 2017 (both days inclusive) to determine the members entitled to the dividend for financial year 2016-2017.

### d) Listing of equity shares / shares underlying GDRs on Stock Exchanges:

The shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

GDRs are listed on Luxembourg Stock Exchange and traded on London Stock Exchange.

### e) Listing Fees to Stock Exchanges:

The Company has paid the Listing Fees for the year 2017-2018 to the above Stock Exchanges.

### f) Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2017-2018 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### g) Stock Code / Symbol:

The Company's equity shares / GDRs are listed on the following Stock Exchanges and admitted for trading in London Stock Exchange:

BSE Limited(BSE)	: Scrip Code - 500510
National Stock Exchange of India Limited (NSE)	: Scrip Code - LT
ISIN	: INE018A01030
Reuters RIC	: LART.BO
Luxembourg Exchange Stock Code	: 005428157
London Exchange Stock Code	: LTOD

The Company's shares constitute a part of BSE 30 Index of the BSE Limited as well as NIFTY Index of the National Stock Exchange of India Limited.

**h) Stock market data for the year 2016-2017:**

Month	L&T BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
<b>2016</b>						
April	1288.00	1177.00	1253.55	26100.54	24523.20	25606.62
May	1495.00	1224.00	1474.30	26837.20	25057.93	26667.96
June	1515.00	1401.40	1496.20	27105.41	25911.33	26999.72
July	1615.00	1499.00	1558.00	28240.20	27034.14	28051.86
August	1584.95	1420.00	1513.85	28532.25	27627.97	28452.17
September	1545.75	1412.55	1431.65	29077.28	27716.78	27865.96
October	1520.00	1432.20	1476.65	28477.65	27488.30	27930.21
November	1480.15	1295.30	1382.55	28029.80	25717.93	26652.81
December	1401.00	1302.00	1349.40	26803.76	25753.74	26626.46
<b>2017</b>						
January	1469.70	1350.00	1444.75	27980.39	26447.06	27655.96
February	1510.00	1444.75	1470.25	29065.31	27590.10	28743.32
March	1593.00	1460.25	1577.60	29824.62	28716.21	29620.50



Month	L&T NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
<b>2016</b>						
April	1288.75	1177.80	1254.60	7992.00	7516.85	7849.80
May	1496.45	1223.30	1473.55	8213.60	7678.35	8160.10
June	1517.00	1401.00	1496.50	8308.15	7927.05	8287.75
July	1615.00	1500.70	1558.85	8674.70	8287.55	8638.50
August	1586.00	1419.20	1512.95	8819.20	8540.05	8786.20
September	1545.95	1411.50	1433.15	8968.70	8555.20	8611.15

Month	L&T NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
October	1520.00	1431.30	1475.25	8806.95	8506.15	8625.70
November	1481.05	1295.10	1382.75	8598.45	7916.40	8224.50
December	1402.50	1302.50	1349.10	8274.95	7893.80	8185.80
<b>2017</b>						
January	1470.25	1349.15	1446.25	8672.70	8223.70	8561.30
February	1511.00	1446.30	1469.20	8982.15	8685.80	8879.60
March	1593.65	1460.00	1574.90	9218.40	8891.95	9173.75



**i) Registrar and Share Transfer Agents (RTA):**

Kary Computershare Pvt. Ltd.  
Unit: Larsen & Toubro Limited  
Kary Selenium Tower B, Plot number 31 & 32,  
Financial District, Gachibowli, Nankramguda,  
Hyderabad, Telangana - 500 032.

**j) Share Transfer System:**

The share transfer activities under physical mode are carried out by the RTA. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time. The share related information is available online.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt. Bad deliveries are promptly returned to Depository Participants (DP's) under advice to the shareholders.

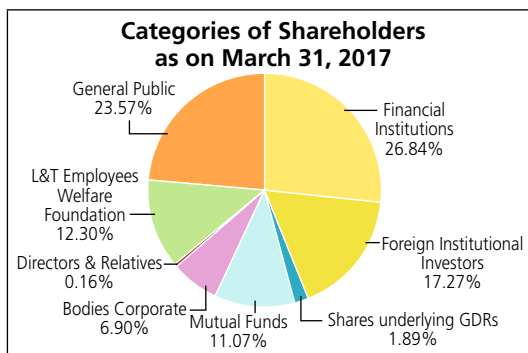
As required under Regulation 40 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

**k) Distribution of Shareholding as on March 31, 2017:**

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	8,52,118	92.26	6,92,23,095	7.42
501 – 1000	38,971	4.22	2,76,73,608	2.97
1001 – 2000	17,959	1.94	2,53,31,424	2.72
2001 – 3000	5,560	0.60	1,38,08,145	1.48
3001 – 4000	2,351	0.25	82,06,168	0.88
4001 – 5000	1,505	0.16	67,96,977	0.73
5001 – 10000	2,690	0.29	1,87,50,380	2.01
10001 & Above	2,474	0.27	76,31,76,006	81.80
<b>TOTAL</b>	<b>9,23,628</b>	<b>100.00</b>	<b>93,29,65,803</b>	<b>100.00</b>

**l) Categories of Shareholders is as under:**

Category	31.03.2017		31.03.2016	
	No. of Shares	%	No. of Shares	%
Financial Institutions	25,04,43,440	26.84	27,55,72,334	29.58
Foreign Institutional Investors	16,11,32,756	17.27	15,13,62,292	16.25
Shares underlying GDRs	1,76,21,579	1.89	1,92,13,684	2.06
Mutual Funds	10,32,87,263	11.07	7,67,74,808	8.24
Bodies Corporate	6,43,39,638	6.90	6,50,66,088	6.99
Directors & Relatives	15,09,274	0.16	14,49,515	0.16
L&T Employees Welfare Foundation	11,47,52,281	12.30	11,47,52,281	12.32
General Public	21,98,79,572	23.57	22,72,87,843	24.40
<b>TOTAL</b>	<b>93,29,65,803</b>	<b>100.00</b>	<b>93,14,78,845</b>	<b>100.00</b>

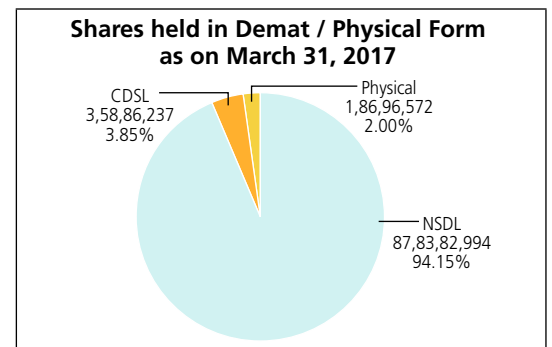


**m) Dematerialization of shares & Liquidity:**

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. The Company had sent letters to shareholders holding shares in physical form emphasizing the benefits of dematerialization.

The number of shares held in dematerialized and physical mode is as under:

	No. of shares	% of total capital issued
Held in dematerialized form in NSDL	87,83,82,994	94.15
Held in dematerialized form in CDSL	3,58,86,237	3.85
Physical	1,86,96,572	2.00
<b>Total</b>	<b>93,29,65,803</b>	<b>100.00</b>



**n) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

The outstanding GDRs are backed up by underlying equity shares which are part of the existing paid-up capital.

The Company has the following Foreign Currency Convertible Bonds outstanding as on March 31, 2017:

0.675% USD 200 million Foreign Currency Convertible Bonds due 2019		
(i)	Principal Value of the Bonds issued	USD 200 million
(ii)	Principal Value of Bonds converted to GDRs since issue.	NIL
(iii)	Principal Value of Bonds outstanding as at March 31, 2017	USD 200 million
(iv)	Underlying Equity Shares / GDR's issued pursuant to conversion as per (ii) above	NIL
(v)	Underlying Equity Shares / GDR's that may be issued pursuant to conversion notices in respect of (iii) above	63,46,986 shares

These Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

**o) Listing of Debt Securities:**

The redeemable Non-Convertible debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE) and / or BSE Limited (BSE).

**p) Debenture Trustees (for privately placed debentures):**

IDBI Trusteeship Services Limited  
Ground Floor, Asian Building,  
17, R. Kamani Marg,  
Ballard Estate,  
Mumbai – 400 001.

**q) Plant Locations:**

The L&T Group's facilities for design, engineering, manufacture, modular fabrication and production are based at multiple locations within India including Ahmednagar, Ankleshwar, Bengaluru, Chennai, Coimbatore, Faridabad, Hazira (Surat), Kattupalli (near Chennai), Kanchipuram, Mumbai, Navi Mumbai, Mysore, Pithampur, Puducherry, Rajpura, Kansbahal (Rourkela), Talegaon and Vadodara. L&T's international manufacturing footprint covers the Gulf (Oman, Saudi Arabia, U.A.E), South East Asia (Malaysia and Indonesia) and the U.K. The L&T Group also has an extensive network of offices in India and around the globe. The presence of these offices appear on pages 12 and 13 of this Annual Report.

**r) Address for correspondence:**

Larsen & Toubro Limited,  
L&T House, Ballard Estate, Mumbai 400 001.  
Tel. No. (022) 6752 5656,  
Fax No. (022) 6752 5893

Shareholder correspondence may be directed to the Company's Registrar and Share Transfer Agent, whose address is given below:

1. Karvy Computershare Pvt. Ltd.  
Unit: Larsen & Toubro Limited  
Karvy Selenium Tower B,  
Plot 31 & 32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad, Telengana - 500 032.  
Tel : (040) 6716 2222  
Toll free number: 1-800-3454-001  
Fax: (040) 2342 0814  
Email: einward.ris@karvy.com  
Website: www.karvycomputershare.com
2. Karvy Computershare Pvt. Ltd.  
Unit: Larsen & Toubro Limited  
24-B, Raja Bahadur Mansion,  
Ground Floor, Ambalal Doshi Marg,  
Behind BSE Limited,  
Fort, Mumbai – 400 023.  
Tel : (022) 6623 5454/5412/5427

**s) Investor Grievances:**

The Company has designated an exclusive e-mail id viz. [IGRC@LARSENTOUBRO.COM](mailto:IGRC@LARSENTOUBRO.COM) to enable investors to register their complaints, if any. The Company strives to reply to the complaints within a period of 3 working days.

**t) Securities Dealing Code:**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations), the Company has suitably modified its Securities Dealing Code for prevention of insider trading with effect from May 15, 2015. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons (Directors, Advisors, Officers and other concerned employees / persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company's shares.

Mr. N. Hariharan, Company Secretary has been designated as the Compliance Officer.

The Company has appointed Mr. Arnob Mondal, Vice President (Corporate Accounts & Investor Relations), as Chief Investor Relations Officer. The Company also formulated Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which is available on Company's Website <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

**u) Awareness Sessions / Workshops on Governance practices:**

Employees across the Company as well as the group are being sensitized about the various policies and governance practices of the Company. The Company had designed in-house training workshops on Corporate Governance with the help of an external faculty

covering basics of Corporate Governance as well as internal policies and compliances under Code of Conduct, Whistle Blower Policy, Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, SEBI Insider Trading Regulations, etc. Workshops were conducted during the last year to create a batch of trainers across various businesses. These trainers have in turn conducted training / awareness sessions within their business and covered almost all employees in supervisory and above cadre since last year. A similar session was also conducted for senior management by external experts on Compliance & Governance.

The Company will continue to conduct such workshops / sessions on a regular basis.

**v) ISO 9001:2008 Certification:**

The Company's Secretarial Department which provides secretarial services and investor services for the Company and its Subsidiary and Associate Companies, is ISO 9001:2008 certified.

**w) Secretarial Audit as per SEBI requirements:**

As stipulated by SEBI, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities

Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

The secretarial department of the Company at Mumbai is manned by competent and experienced professionals. The Company has a system to review and audit its secretarial and other statutory compliances by competent professionals, who are employees of the Company. Appropriate actions are taken to continuously improve the quality of compliance.

The Company also has adequate software and systems to monitor compliance.

**x) Secretarial Audit as per Companies Act, 2013:**

Pursuant to the provisions of section 204(1) of the Companies Act, 2013, S. N. Ananthasubramanian & Co., Company Secretaries, conducts the secretarial audit of the compliance of applicable statutory provisions and the adherence of good corporate practices by the Company.



**To the Board of Directors of Larsen & Toubro Limited**

Dear Sirs,

**Sub: CEO / CFO Certificate**  
**{Issue in accordance with provisions of Regulation 17(8) of SEBI**  
**(Listing Obligations & Disclosure Requirements) Regulations, 2015}**

We have reviewed the consolidated financial statements, read with the consolidated cash flow statement of Larsen & Toubro Limited for the year ended March 31, 2017 and that to the best of our knowledge and belief, we state that;

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware and steps taken or propose to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) that there were no significant changes in internal controls over financial reporting during the year; and
  - (ii) the significant changes in accounting policies made during the year pursuant to adoption of accounting standards prescribed vide Companies (Indian Accounting Standards) Rules, 2015 and
  - (iii) that there were no instances of significant fraud of which we have become aware.

Yours sincerely,

**R. Shankar Raman**  
Chief Financial Officer

**A. M. Naik**  
Group Executive Chairman

Place: Mumbai

Date: May 29, 2017

## **Independent Auditors' certificate on Employee Stock Option Schemes**

1. We have examined Employees Stock Option Schemes ("the Schemes") of Larsen & Toubro Limited ("the Company"), books of accounts and other relevant records to determine whether the Schemes are in accordance with the rules specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) ("the Regulations") and in accordance with the resolutions passed in the general meetings held on 26 August 1999, 22 August 2003 and 25 August 2006 ("the General Meetings).

### **Management's responsibility**

2. Management is responsible for maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations and implementing the Schemes in accordance with the Regulations and the resolutions passed at the General Meetings.

### **Auditors' responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring implementation of the Schemes in accordance with the Regulations and the resolutions passed at the General Meetings. It is neither audit nor expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the implementation of the Schemes by the Company in accordance with the Regulations and the resolutions passed at the General Meetings.
5. We have carried out an examination of the schemes, books of accounts and other relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016) issued by the Institute of Chartered Accountants of India ("the ICAI"), which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and related services engagements.

### **Opinion**

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has implemented the Schemes in accordance with the Regulations and the resolutions passed at the General Meetings.

### **Restriction on use**

8. The certificate is issued solely for the purpose of complying with the Regulations and may not be suitable for any other purpose.

SHARP & TANNAN  
Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

FIRDOSH D. BUCHIA  
Partner  
Membership No.038332

Mumbai, 29 May 2017

# Independent Auditors' certificate on corporate governance

## To the members of Larsen & Toubro Limited

1. We have examined the compliance of conditions of corporate governance by Larsen & Toubro Limited ("the Company"), for the year ended on 31 March 2017, as stipulated in regulation 17 to 27 and clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

## Management's responsibility

2. The compliance of conditions of corporate governance is the responsibility of management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of corporate governance stipulated in the SEBI Listing Regulations.

## Auditors' responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither audit nor expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has complied with the conditions of corporate governance as specified in regulation 17 to 27, clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations, as applicable during the year ended 31 March 2017.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

## Restriction on use

9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

SHARP AND TANNAN  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

FIRDOSH D. BUCHIA  
Partner  
Membership No. 038332

Mumbai, 29 May 2017

## Annexure 'C' to the Board Report

### CSR ACTIVITIES FOR 2016-17

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The CSR projects of the Company are focused on communities that are disadvantaged, vulnerable and marginalized. We strive to contribute positively to improve their standard of living; through our interventions in water & sanitation, health, education and skill development.

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act, 2013 (the Act) for the benefit of the community.

The Company will primarily focus on **'Building India's Social Infrastructure'** as part of its CSR programme which will include, amongst others, the following areas, viz.

- Water & Sanitation - may include but not limited to watershed development, making clean drinking water available, promoting rain water harvesting, soil and moisture conservation, enhancing ground water levels by facilitating community management of water resources for improving conditions related to sanitation, health, education and livelihoods of communities through an integrated approach.
- Education - may include but not limited to education infrastructure support to educational Institutions, educational programs & nurturing talent at various levels.
- Health - may include but not limited to community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programs, support to HIV / AIDS, Tuberculosis control programs.
- Skill Development - may include but not limited to vocational training such as skill building, computer training, women empowerment, support to ITI's, support to specially abled (infrastructure support & vocational training), Construction Skills Training Centres and providing employability skills to women and youth.

Governance, Technology and Innovation would be the Key enabling factors across all these verticals.

The detailed CSR Policy Framework is given in the Governance section on the website of the Company. Please see the link <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

**2. Composition of the CSR Committee.**

The CSR Committee of the Board comprises of one Independent Director and two Executive Directors. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. Vikram Singh Mehta as Chairman, Mr. R. Shankar Raman and Mr. D.K. Sen as members and Mr. N. Hariharan as the Secretary of the Committee.

**3. Average net profit of the Company for the last three financial years.**

The average net profit of the Company for the last three financial years ₹ 4948.63 crore.

**4. Prescribed CSR expenditure (two percent of the amount as in item 3 above).**

The Company was required to spend an amount of ₹ 98.97 crore as CSR expenditure during the financial year 2016-17.

**5. Details of CSR spent during the financial year:**

**a. Total amount to be spent for the financial year**

The Company was required to spend ₹ 98.97 crore during the financial year 2016-17. As against this mandate, the Company spent ₹ 100.77 crore towards various activities for the benefit of the community. This exceeds the required spend by ₹ 1.8 crore. The CSR spend for FY 2016-17 is 2.04% of the average net profit under Section 135 of the Companies Act, 2013.

**b. Amount unspent, if any**

Nil

**c. Manner in which the amount was spent in the financial year is detailed below:**

As per table enclosed

**6. Reasons for not spending the amount during the financial year.**

NA

**7. CSR Committee Responsibility Statement:**

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;

- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

**S. N. Subrahmanyam**

Deputy Managing Director  
& President  
DIN: 02255382

**Vikram Singh Mehta**

Chairman – CSR  
Committee  
DIN: 00041197

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the state and district where projects or program was undertaken	Amount outlay (budget) project or Program-wise (₹ In Lakh)	Direct expenditure on projects or programs (₹ In Lakh)	Overhead (₹ In Lakh)	Cumulative expenditure upto to the reporting period (₹ In Lakh)	Amount spent: direct or through implementing agency*
1	School support programme- Enhancing the quality of education and learning levels in government schools/ schools running for children from underprivileged backgrounds (teachers training, innovative teaching methodology , support for English and Mathematics, capacity building, promoting extra curricular activities)	Education	Punjab & Haryana (Chandigarh, Faridabad), Gujarat (Surat, Vadodara, Ahmedabad), Karnataka (Bangalore, Mysore), Maharashtra (Pune, Mumbai), New Delhi, Orissa (Kansbhal, Sundargarh), Tamil Nadu (Coimbatore, Kancheepuram, Chennai), Uttar Pradesh (Lucknow), West Bengal (Kolkata)	721.86	706.69	48.43	755.12	Implementing agencies
2	Community based programmes- Study Centres/ balwadis/ anganwadis run for developing pre school foundation, promoting healthy and hygienic environment for education, developing the learning levels of children at par with their mainstream grades and providing nutritional supplements	Education	Maharashtra (Mumbai), Orissa (Raygada), Uttar Pradesh (Bulandshahr)	167.27	158.33	15.89	174.22	Implementing agencies
3	Providing infrastructure support for education (drinking water and sanitation facilities,renovation of classrooms, water proofing of school buildings, providing furniture and light fittings, e-learning facilities, upgradation of libraries, playground development)	Education	Telangana (Ranga Reddy, Medak), Andhra Pradesh (Visakahapatnam), Assam (Guwahati), Bihar (Patna), Gujarat (Surat, Jamnagar, Surendranagar), Punjab & Haryana (Faridabad, Chandigarh), Jharkhand (East Singhbhum), Karnataka (Bangalore), Kerala (Kochi), Madhya Pradesh (Bhopal, Khandwa), Maharashtra (Mumbai, Ahmednagar, Nagpur, Talegaon), New Delhi, Orissa (Rourkela, Sundargarh, Bhubaneshwar, Sambalpur, Cuttack), Rajasthan (Jaipur,Barmer, Pali), Tamil Nadu (Coimbatore, Chennai, Cadalore, Dindugul, Pudukottai), Uttar Pradesh (Lucknow, Allahabad, Chandoli, Rampur), West Bengal (Kolkata, Darjeeling, Murshidabad, North 24 parganas, South 24 parganas)	504.36	467.52	19.52	487.04	Direct
4	Providing educational aids to children- books, stationery, sports equipments, uniforms, school bags, shoes, wollen clothes, raincoats etc	Education	Andra Pradesh (Hyderabad), Gujarat (Vadodara), Karnataka (Bangalore), Madhya Pradesh (Khargone), Maharashtra (Nagpur, Talegaon), Orissa (Sundargarh), Rajasthan (Pali), Tamil Nadu (Coimbatore, Chennai), Uttar Pradesh (Lucknow) Chattisgarh (Janjgir Champa), West Bengal (Kolkata)	28.65	26.35	1.46	27.81	Direct

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the state and district where projects or program was undertaken	Amount outlay (budget) project or Program-wise (₹ In Lakh)	Direct expenditure on projects or programs (₹ In Lakh)	Overhead (₹ In Lakh)	Cumulative expenditure upto to the reporting period (₹ In Lakh)	Amount spent: direct or through implementing agency*
5	Community Health Centres (running multi-specialty centers offering diagnostic services including family planning, gynecological, pediatric, immunization, chest & TB, ophthalmic consultation, dialysis services, HIV/AIDS awareness, detection, treatment, counseling services to the community)	Health	Maharashtra (Ahmednagar, Mumbai, Thane), Gujarat (Surat)	452.37	410.16	31.82	441.98	Direct
6	Health Camps (general, eye, dental, vaccinations) and health awareness	Health	Jharkhand (Jamshedpur), Madhya Pradesh (Bhopal), Maharashtra (Nagpur), New Delhi, Orissa (Bhubaneswar), West Bengal (Kolkata)	6.50	8.04	0.49	8.53	Direct
7	Community Health Initiatives (Support for preventive, diagnostic and curative services, awareness & camps)	Health	Andhra Pradesh (Vishakhapatnam), Gujarat (Surat, Ranoli, Vadodara), Haryana (Faridabad), Jharkhand (Ranchi), Karnataka (Bangalore), Madhya Pradesh (Singrauli), Maharashtra (Mumbai, Ahmednagar, Talegaon), Orissa (Kansbahal, Rayagada), Rajasthan (Chhabra, Banswara, Nagaur), Tamil Nadu (Kancheepuram, Chennai), West Bengal (Kolkata)	220.68	204.67	17.75	222.42	Implementing agencies
8	Blood donation camps	Health	Andhra Pradesh (Hyderabad), Gujarat (Vadodara), Jharkhand (Jamshedpur, Ranchi), Kerala (Kochi), Madhya Pradesh (Bhopal), Maharashtra (Nagpur, Pune), Rajasthan (Jaipur, Banswara, Nagur), Tamil Nadu (Coimbatore, Chennai), Uttar Pradesh (Lucknow), West Bengal (Kolkata)	3.60	3.35	0.22	3.57	Implementing agencies
9	Infrastructure support to medical centres	Health	Telangana (Ranga Reddy), Gujrat (Karamsad), Haryana (Faridabad), Karnataka (Kudgi), West Bengal (Kolkata), Madhya Pradesh (Malwa, Jabalpur), Tamil Nadu (Chennai), Uttarakhand (Rudraprayag), West Bengal (Kolkata)	981.00	975.68	75.00	1,050.68	Direct
10	Construction Skill Training Institute - CSTI	Skill Building	Andhra Pradesh (Hyderabad), Gujarat (Ahmedabad), Maharashtra (Panvel), Karnataka (Bangalore), Orissa (Cuttack), Tamil Nadu (Kanchipuram, Pulicat), Delhi (Pilkhuwa), West Bengal (Srirampore)	3,536.90	3,510.61	60.94	3,571.55	Direct
11	Computer training for youth	Skill Building	Gujarat (Surat)	47.00	46.89	1.14	48.03	Implementing agencies



S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the state and district where projects or program was undertaken	Amount outlay (budget) project or Program-wise (₹ In Lakh)	Direct expenditure on projects or programs (₹ In Lakh)	Overhead (₹ In Lakh)	Cumulative expenditure upto the reporting period (₹ In Lakh)	Amount spent: direct or through implementing agency*
12	Vocational Training	Skill Building	Gujarat (Vadodara), Madhya Pradesh (Malwa), Maharashtra (Mumbai), Rajasthan (Chhabra), Tamil Nadu (Coimbatore, Chennai), Uttar Pradesh (Lucknow)	137.95	128.13	15.53	143.66	Implementing agencies
13	Women empowerment through vocational training	Skill Building	Orissa (Raygada), Rajasthan (Jaipur), Tamil Nadu (Chennai), West Bengal (Kolkata)	17.89	16.33	1.59	17.92	Implementing agencies
14	Skill building for differently abled	Persons with disabilities	Andhra Pradesh (Vishakhapatnam), Gujarat (Surat), Madhya Pradesh (Bhopal), Maharashtra (Nagpur, Pune), New Delhi, Orissa (Bhubaneswar), Tamil Nadu (Coimbatore, Chennai), West Bengal (Kolkata)	43.09	43.74	3.69	47.43	Implementing agencies
15	Basic infrastructure support in the community (Water, Health, Sanitation, roads etc.)	Community Development	Gujarat (Surat), Jharkhand (Bokaro, Jamshedpur, Ranchi), Madhya Pradesh (Khargone), Maharashtra (Thane, Talegaon), Orissa (Kansbhal, Balangir), Rajasthan (Jodhpur, Barmer), Uttar Pradesh (Lucknow), Uttarakhand (Rudra Prayag)	937.49	924.88	48.45	973.33	Direct
16	Integrated Community Development Programme	Community Development	Maharashtra (Ahmednagar), Rajasthan (Rajsamand, Udaipur), Tamil Nadu (Coimbatore)	1,329.71	1,115.70	86.70	1,202.40	Implementing agencies
17	Greening of public spaces	Environment	Maharashtra (Mumbai, Nasik, Ahmednagar, Talegaon), Gujarat (Vadodara), Tamil nadu (Chennai)	638.54	596.37	55.07	651.44	Direct
18	Tree plantation and environment protection	Environment	Andhra Pradesh (Hyderabad, Vishakhapatnam), Haryana (Chandigarh), Gujarat (Surat, Vadodara, Jamnagar, Surendranagar), Jharkhand (Jamshedpur, Ranchi), Kerla (Kochi), Madhya Pradesh (Bhopal), Maharashtra (Talegaon), New Delhi, Orissa (Rourkela, Cuttack, Sundergarh, Salepur), Rajasthan (Naguar, Jaipur, Banswara, Jaisalmer ), Tamil Nadu (Chennai, Cuddalore), Uttar Pradesh (Lucknow)	42.70	42.62	1.59	44.21	Direct
19	Awareness programmes- environment, energy conservation, road safety	Environment	Maharashtra (Nagpur, Ahmednagar), Andhra Pradesh (Vishakhapatnam), Gujarat (Vadodara), Rajasthan (Jhunjhunun)	10.63	8.08	0.54	8.62	Implementing agencies

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the state and district where projects or program was undertaken	Amount outlay (budget) project or Program-wise (₹ In Lakh)	Direct expenditure on projects or programs (₹ In Lakh)	Overhead (₹ In Lakh)	Cumulative expenditure upto to the reporting period (₹ In Lakh)	Amount spent: direct or through implementing agency*
20	Employee led community initiatives	Employee Volunteering	Andhra Pradesh (Hyderabad, Vishakhapatnam), Maharashtra (Mumbai, Pune, Ahmednagar, Nagpur) Gujarat (Surat, Vadodara), Orrisa (Sundergarh), Karnataka (Bangalore), Tamil Nadu (Chennai), West Bengal (Kolkata), Jharkhand (Jamshedpur)	193.81	182.86	14.18	197.04	Direct
			<b>Total</b>	<b>10,022.00</b>	<b>9,577.00</b>	<b>500.00</b>	<b>10,077.00</b>	

**Key Implementing Agencies**

Arpan Seva Sansthan , Seva Mandir, Watershed Organisation Trust , National Agro Foundation, Pratham Education Foundation, Save the Children , NavNirmitti Eduquality, Angel Xpress Foundation , Children Toy Foundation ,Prayas Trust , St Jude India Childcare Centre, Swami Vivekananda Rural Development Society , Balamandir Kamraj Trust , Environmentalist Foundation of India ,Deaf enabled foundation of India , Tanker foundation ,Swami Vivekananda Youth Movement, Sankara Nethralaya Medical Research Foundation , Deendayal Foundation , Womens India Association ( Adyar Cancer Institute), Charutar Arogya Mandal.

## Annexure 'D' to the Board Report

### A) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17, the percentage increase in remuneration of each Director & Company Secretary during the financial year 2016-17:

₹ crore

Name of the Director/KMP	Designation	2016-17		
		Total Remuneration	Ratio of remuneration of director to the median remuneration \$	Percentage increase in Remuneration
A. M. Naik	Group Executive Chairman	78.91~	1101.12	19.29
S. N. Subrahmanyam	Deputy Managing Director & President	23.71	330.85	7.17
R. Shankar Raman	Whole-time Director & Chief Financial Officer	14.35	200.32	4.83
Shailendra Roy	Whole-time Director & Senior Executive Vice President (Power, Heavy Engineering & Defence)	12.04	168.00	19.80
D. K. Sen	Whole-time Director & Senior Executive Vice President (Infrastructure)	7.77	108.36	@
M. V. Satish	Whole-time Director & Senior Executive Vice President (Buildings, Minerals & Metals)	7.40	103.23	@
M. M. Chitale	Independent Director	0.46	6.43	(11.44)
Subodh Bhargava	Independent Director	0.56	7.84	(9.07)
M. Damodaran	Independent Director	0.41	5.65	(6.92)
Vikram Singh Mehta	Independent Director	0.38	5.32	(5.00)
Sushobhan Sarker ^	Nominee of Life Insurance Corporation of India	0.29	4.04	1.83
Adil Zainulbhai	Independent Director	0.40	5.63	(17.76)
Akhilesh Gupta	Independent Director	0.21	2.86	(15.74)
Narayanan Kumar	Independent Director	0.13	1.84	*
Bahram Vakil	Independent Director	0.21	2.86	#
Swapam Dasgupta	Non-Executive Director	0.06	0.84	##
Sanjeev Aga	Independent Director	0.24	3.41	**
Sunita Sharma^	Nominee of Life Insurance Corporation of India	0.15	2.02	(13.02)
Thomas Mathew T.	Independent Director	0.38	5.32	@
Ajay Shankar	Independent Director	0.29	3.98	@
Subramanian Sarma	Non-Executive Director	NIL	NIL	NIL
Naina Lal Kidwai	Independent Director	0.21	2.86	@
N. Hariharan	Company Secretary	1.11	15.56	14.23

\$ Ratio of remuneration of director to the median remuneration is calculated on pro-rata basis for those directors who served for only part of the financial year 2016-17

^ Part of the remuneration has been paid to the financial institution he/she represents

@ Details not given as Mr. D. K. Sen, Mr. M. V. Satish, Mr. Thomas Mathew T., Mr. Ajay Shankar and Ms. Naina Lal Kidwai were Directors for only part of the financial year 2015-16

# Details not given as Mr. Bahram Vakil was a Director for only a part of the financial year 2016-17 i.e. upto August 1, 2016

## Details not given as Mr. Swapam Dasgupta was a Director for only a part of the financial year 2016-17 i.e. upto May 15, 2016

\* Details not given as Mr. Narayanan Kumar was a director only from 27th May, 2016

\*\* Details not given as Mr. Sanjeev Aga was a director only from 25th May, 2016

~ Includes encashment of accumulated past service leave ₹ 32.21 crore and perquisite value related to employee stock options exercised during the year in respect of stock options granted over the past several years by a subsidiary company - ₹ 19.01 crore.

### B) Percentage increase in the median remuneration of all employees in the financial year 2016-17:

The median remuneration of employees of the Company during the financial year was ₹ 7.17 lakh. In the financial year, there was an increase of 8.85% in the median remuneration of employees;

**C) Number of permanent employees on the rolls of Company as on March 31, 2017:**

There were 41,466 permanent employees on the rolls of Company as on March 31, 2017;

**D) Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:**

Average percentage increase made in the salaries of employees other than the managerial personnel for the year 2016-17 was 4.54% whereas there is increase in the managerial remuneration by 11.6% because a substantial portion of managerial remuneration is linked to Company performance during the financial year 2016-17. The Profit after Tax for the year 2016-17 increased by 9% directly impacting the variable component of managerial remuneration. Further, the managerial remuneration for this purpose also includes perquisite value of employee stock options exercised during the year and the encashment of accumulated past service leave but excludes gratuity and leave encashment benefits payable on retirement;

**E) Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## **Annexure 'E' to the Board Report**

To,  
The Members,  
Larsen & Toubro Limited  
CIN L99999MH1946PLC004768  
L&T House,  
Ballard Estate,  
Mumbai – 400 001.

Our Secretarial Audit Report for the Financial Year ended 31st March, 2017, of even date is to be read along with this letter.

### **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### **Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### **Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **S. N. ANANTHASUBRAMANIAN & CO.**  
Company Secretaries

### **S. N. ANANTHASUBRAMANIAN**

PARTNER  
C.P No: 1774

Date: May 18, 2017  
Place: Thane.

## Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Larsen & Toubro Limited**  
CIN: L99999MH1946PLC004768  
L&T House, Ballard Estate,  
Mumbai - 400 001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Larsen & Toubro Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March 2017** according to the provisions of:

- i. The Companies Act, 2013 (the Act), the Companies Act, 1956 and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable as the Company has not issued further capital during the financial year under review;**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted/ proposed to delist its equity shares from any Stock Exchange during the financial year under review;**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back/proposed to buy-back any of its securities during the financial year under review.**
- vi. The Company has informed that there are no laws, which are specifically applicable to the Company.

We have also examined compliance with the applicable provisions of the following:

- (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that: -**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors including Independent Directors and Women Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions of Board and Committee meetings were carried with requisite majority.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company

which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

- As informed, the Company has responded to notices for demands, claims, penalties, etc., levied by various statutory /regulatory authorities and initiated actions for corrective measures, wherever found necessary.

**We further report that during the audit period**

- The shareholders at the General Meeting convened by National Company Law Tribunal, Mumbai Bench ("NCLT") on 14th March 2017, approved a Scheme of **Arrangement ("Scheme") between the Company and L&T Valves Limited and their respective shareholders and Creditors** for transfer of Coimbatore Undertaking (as defined in the Scheme) of the Company as a going concern to **L&T Valves Limited** for a consideration ₹ 43.79 Crore, by way of a Resolution requiring requisite majority. The NCLT approved the said Scheme vide their Order dated 20th April 2017.
- The Board of Directors at its meeting held on 28th January 2017 have approved a **Scheme of Amalgamation between the Company and Spectrum Infotech Private Limited (a Wholly owned subsidiary of the Company)** and their respective shareholders and Creditors. The Company is in the process of seeking necessary statutory and regulatory approvals.

For **S. N. ANANTHASUBRAMANIAN & CO.**  
Company Secretaries

**S. N. ANANTHASUBRAMANIAN**  
PARTNER  
C.P No: 1774

Date: May 18, 2017  
Place: Thane

## Annexure 'F' to the Board Report

### FORM NO. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i) CIN	L99999MH1946PLC004768
ii) Registration Date	February 7, 1946
iii) Name of the Company	LARSEN & TOUBRO LIMITED
iv) Category	PUBLIC LIMITED COMPANY
v) Sub-Category of the Company	COMPANY HAVING SHARE CAPITAL
vi) Address of the Registered office and contact details	L&T HOUSE, N. M. MARG, BALLARD ESTATE, MUMBAI - 400 001 TEL : 022-67525656 FAX: 022-67525893
vii) Whether listed company	LISTED
viii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Unit: Larsen & Toubro Limited Karvy Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032. Tel : (040) 6716 2222 Toll free number: 1-800-3454-001 Fax: (040) 2342 0814

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company#
1	Construction of Buildings	410	17.04%
2	Construction of Roads and Railways	421	24.89%
3	Construction of Utility Projects	422	38.49%

# On the basis of Gross Turnover

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	BHILAI POWER SUPPLY COMPANY LIMITED	9TH FLOOR, AMBADEEP BUILDING, 14, KASTURBA GANDHI MARG, CONNAUGHT PLACE, NEW DELHI-110001	U74899DL1995PLC070704	SUBSIDIARY	99.90	Section 2(87)(ii)
2	CHENNAI VISION DEVELOPERS PRIVATE LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U70101TN2008PTC068877	SUBSIDIARY	100.00	Section 2(87)(ii)
3	CONSUMER FINANCIAL SERVICES LIMITED	UNIT NO.505 & 506, DLF TOWER B, DISTRICT CENTRE, JASOLA, NEW DELHI-110025	U67120DL2001PLC199088	SUBSIDIARY	66.71	Section 2(87)(ii)
4	EWAC ALLOYS LIMITED	L&T HOUSE, BALLARD ESTATE, N. M. MARG, MUMBAI, MAHARASHTRA - 400001	U74999MH1962PLC012315	SUBSIDIARY	100.00	Section 2(87)(ii)



Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
5	GDA TECHNOLOGIES LIMITED	NO.9-A, CHINTHAMANI NAGAR, K.K. PUDUR, COIMBATORE-641038	U72200TZ1997PLC008145	SUBSIDIARY	94.96	Section 2(87)(ii)
6	HENIKWON CORPORATION SDN. BHD	2A-03-2, LORONG BATU NILAM 4A, BANDAR BUKIT TINGGI, 41200, KLANG, SELANGOR, MALAYSIA	161535-W	SUBSIDIARY	100.00	Section 2(87)(ii)
7	HI-TECH ROCK PRODUCTS & AGGREGATE LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U14290TN2008PLC065900	SUBSIDIARY	100.00	Section 2(87)(ii)
8	KANA CONTROLS GENERAL TRADING & CONTRACTING COMPANY WLL	OFFICE NO. 14, 5TH FLOOR, AL-FARWANIYA, BLOCK NO. 44, BLDG. NO. 6, GHASHAM FAHED AL-BASMAN, KUWAIT	10292	SUBSIDIARY	49.00	Section 2(87)(i)
9	KESUN IRON AND STEEL COMPANY PRIVATE LIMITED	L&T ENERGY CENTRE, NEAR CHHANI JAKAT NAKA, VADODARA, GUJARAT-390002	U27100GJ2009PTC055901	SUBSIDIARY	95.00	Section 2(87)(ii)
10	KUDGI TRANSMISSION LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U40106TN2012GOI111122	SUBSIDIARY	97.45	Section 2(87)(ii)
11	L&T - GULF PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U74140MH2008PTC177765	SUBSIDIARY	50.0002	Section 2(87)(ii)
12	L&T ACCESS DISTRIBUTION SERVICES LIMITED	PLOT NO. 177, CTS NO. 6970, 6972, VIDYANAGAR MARG, CST ROAD, KALINA, SANTACRUZ (EAST), MUMBAI, MAHARASHTRA - 400 098	U65100MH2011PLC284632	SUBSIDIARY	66.71	Section 2(87)(ii)
13	AHMEDABAD-MALIYA TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2008PLC069211	SUBSIDIARY	97.45	Section 2(87)(ii)
14	L&T ARUNACHAL HYDROPOWER LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U40300MH2010PLC204778	SUBSIDIARY	100.00	Section 2(87)(ii)
15	L&T AVIATION SERVICES PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U62100MH2009PTC196917	SUBSIDIARY	100.00	Section 2(87)(ii)
16	L&T BPP TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2011PLC080786	SUBSIDIARY	97.45	Section 2(87)(ii)
17	L&T CAPITAL COMPANY LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U67190MH2000PLC125653	SUBSIDIARY	100.00	Section 2(87)(ii)
18	L&T CAPITAL MARKETS LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U67190MH2013PLC240261	SUBSIDIARY	66.71	Section 2(87)(ii)
19	L&T CASSIDIAN LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U29253MH2011PLC216258	SUBSIDIARY	74.00	Section 2(87)(ii)
20	L&T CHENNAI TADA TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45309TN2008PLC066938	SUBSIDIARY	97.45	Section 2(87)(ii)
21	L&T CONSTRUCTION EQUIPMENT LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U29119MH1997PLC109700	SUBSIDIARY	100.00	Section 2(87)(ii)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
22	L&T CUTTING TOOLS LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U28920MH1952PLC008893	SUBSIDIARY	100.00	Section 2(87)(ii)
23	L&T DECCAN TOLLWAYS LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2011PLC083661	SUBSIDIARY	97.45	Section 2(87)(ii)
24	DEVIHALLI HASSAN TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2010PLC075491	SUBSIDIARY	97.45	Section 2(87)(ii)
25	L&T ELECTRICAL & AUTOMATION FZE	WAREHOUSE NO. FZS2ABO5 262158, JEBEL ALI FREE ZONE, DUBAI, UNITED ARAB EMIRATES	107673	SUBSIDIARY	100.00	Section 2(87)(ii)
26	L&T ELECTRICAL AND AUTOMATION SAUDI ARABIA COMPANY LIMITED LLC	MH-4, PLOT NO. 17+19, IIND INDUSTRIAL CITY, DAMMAM, P.O. BOX 77186, AL KHOBAR 31952, KINGDOM OF SAUDI ARABIA	2050051589	SUBSIDIARY	75.00	Section 2(87)(ii)
27	L&T ELECTRICALS AND AUTOMATION LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U31501MH2007PLC176667	SUBSIDIARY	100.00	Section 2(87)(ii)
28	L&T FINANCE HOLDINGS LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	L67120MH2008PLC181833	SUBSIDIARY	66.71	Section 2(87)(ii)
29	L&T FINANCE LIMITED	TECHNOPOLIS, 7TH FLOOR, A WING, PLOT NO. 4, BLOCK-BP, SECTOR-C, SALT LAKE, KOLKATA, WEST BENGAL - 700 091	U65910WB1993FLC060810	SUBSIDIARY	66.71	Section 2(87)(ii)
30	L&T HALOL-SHAMLAJI TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2008PLC069210	SUBSIDIARY	97.45	Section 2(87)(ii)
31	L&T HIMACHAL HYDROPOWER LIMITED	RAMA COTTAGE, KANLOG, SHIMLA-171001	U40102HP2010PLC031697	SUBSIDIARY	100.00	Section 2(87)(ii)
32	L&T HOUSING FINANCE LIMITED	L&T HOUSE, NAROTTAM MORARJI MARG BALLARD ESTATE MUMBAI 400001	U45200MH1994PLC259630	SUBSIDIARY	66.71	Section 2(87)(ii)
33	L&T HOWDEN PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U31401MH2010PTC204403	SUBSIDIARY	50.10	Section 2(87)(ii)
34	L&T HYDROCARBON ENGINEERING LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U11200MH2009PLC191426	SUBSIDIARY	100.00	Section 2(87)(ii)
35	L&T IDPL TRUSTEE MANAGER PTE. LTD.	8 CROSS STREET, #10-00, PWC BUILDING, SINGAPORE (048424)	201326418G	SUBSIDIARY	97.45	Section 2(87)(ii)
36	L&T INFORMATION TECHNOLOGY SERVICES (SHANGHAI) CO., LTD.	ROOM 1100, BUILDING 2, NO.1388, XINGXIAN ROAD, JIADING DISTRICT, SHANGHAI	310000400714060 (JIADING)	SUBSIDIARY	84.28	Section 2(87)(ii)
37	L&T INFOTECH FINANCIAL SERVICES TECHNOLOGIES INC	2810, MATHESON BLVD EAST SUITE 500, MISSISSAUGA, ONL4W 4X7 CANADA	770556-5	SUBSIDIARY	84.28	Section 2(87)(ii)
38	L&T INFRA DEBT FUND LIMITED	3B, LAXMI TOWERS, C - 25, 'G' BLOCK, BANDRA - KURLA COMPLEX, BANDRA (EAST), MUMBAI-400051	U67100MH2013PLC241104	SUBSIDIARY	66.71	Section 2(87)(ii)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
39	L&T INFRA INVESTMENT PARTNERS ADVISORY PRIVATE LIMITED	3B, LAXMI TOWERS, C - 25, 'G' BLOCK, BANDRA - KURLA COMPLEX, BANDRA (EAST), MUMBAI-400051	U67190MH2011PTC218046	SUBSIDIARY	66.71	Section 2(87)(ii)
40	L&T INFRA INVESTMENT PARTNERS TRUSTEE PRIVATE LIMITED	PLOT NO. 177, CTS NO. 6970, 6971, VIDYANAGARI MARG, CST ROAD, KALINA, SANTACRUZ (EAST), MUMBAI, MAHARASHTRA - 400 098	U65900MH2011PTC220896	SUBSIDIARY	66.71	Section 2(87)(ii)
41	L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LANKA (PRIVATE) LIMITED	NO.5 - 4/1, 19TH LANE, COLOMBO - 03, SRI LANKA	N(PVS)45877	SUBSIDIARY	93.44	Section 2(87)(ii)
42	L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U65993TN2001PLC046691	SUBSIDIARY	97.45	Section 2(87)(ii)
43	L&T INFRASTRUCTURE ENGINEERING LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U74140TN1998PLC039864	SUBSIDIARY	100.00	Section 2(87)(ii)
44	L&T INFRASTRUCTURE FINANCE COMPANY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U67190TN2006PLC059527	SUBSIDIARY	66.71	Section 2(87)(ii)
45	L&T INTERSTATE ROAD CORRIDOR LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2006PLC058735	SUBSIDIARY	97.45	Section 2(87)(ii)
46	L&T INVESTMENT MANAGEMENT LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U65991MH1996PLC229572	SUBSIDIARY	66.71	Section 2(87)(ii)
47	L&T KOBELCO MACHINERY PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U29253MH2010PTC210325	SUBSIDIARY	51.00	Section 2(87)(ii)
48	KRISHNAGIRI THOPUR TOLL ROAD LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2005PLC057930	SUBSIDIARY	97.45	Section 2(87)(ii)
49	KRISHNAGIRI WALAJHPET TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2010PLC075446	SUBSIDIARY	97.45	Section 2(87)(ii)
50	L&T METRO RAIL (HYDERABAD) LIMITED	HYDERABAD METRO RAIL ADMINISTRATIVE BUILDING, UPPAL MAIN ROAD, HYDERABAD - 500 039, TELANGANA	U45300TG2010PLC070121	SUBSIDIARY	97.48	Section 2(87)(ii)
51	L&T MODULAR FABRICATION YARD LLC	PO BOX 236, P.C 322, FALAZ AL QABAIL, SOHAR, SULTANATE OF OMAN	1001910	SUBSIDIARY	65.00	Section 2(87)(ii)
52	L&T MUTUAL FUND TRUSTEE LIMITED	L&T HOUSE BALLARD ESTATES, P.O. BOX 278, MUMBAI 400001	U65993MH1996PLC211198	SUBSIDIARY	66.71	Section 2(87)(ii)
53	L&T OVERSEAS PROJECTS NIGERIA LIMITED	252E, MURI OKUNOLA STREET, VICTORIA ISLAND, LAGOS, NIGERIA	601723	SUBSIDIARY	100.00	Section 2(87)(ii)
54	PANIPAT ELEVATED CORRIDOR LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2005PLC056999	SUBSIDIARY	97.45	Section 2(87)(ii)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
55	L&T PORT KACHCHIGARH LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2008PLC067551	SUBSIDIARY	97.45	Section 2(87)(ii)
56	L&T POWER DEVELOPMENT LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U40101MH2007PLC174071	SUBSIDIARY	100.00	Section 2(87)(ii)
57	L&T POWER LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U40100MH2006PLC160413	SUBSIDIARY	100.00	Section 2(87)(ii)
58	L&T RAJKOT-VADINAR TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2008PLC069184	SUBSIDIARY	97.45	Section 2(87)(ii)
59	L&T REALTY FZE	EXECUTIVE SUITE, P.O.BOX 121576, SAIF ZONE, SHARJAH, U.A.E.	02 - 01 - 05714	SUBSIDIARY	100.00	Section 2(87)(ii)
60	L&T REALTY LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U74200MH2007PLC176358	SUBSIDIARY	100.00	Section 2(87)(ii)
61	L&T SAMAKHIALI GANDHIDHAM TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2010PLC074501	SUBSIDIARY	97.45	Section 2(87)(ii)
62	L&T SAMBALPUR - ROURKELA TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45206TN2013PLC093395	SUBSIDIARY	97.45	Section 2(87)(ii)
63	L&T SAPURA OFFSHORE PRIVATE LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U11200TN2010PTC077214	SUBSIDIARY	60.00	Section 2(87)(ii)
64	L&T SAPURA SHIPPING PRIVATE LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U61100TN2010PTC077217	SUBSIDIARY	60.00	Section 2(87)(ii)
65	L&T SEAWOODS LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U45203MH2008PLC180029	SUBSIDIARY	100.00	Section 2(87)(ii)
66	L&T SHIPBUILDING LIMITED	GROUND FLOOR, TC-1 BUILDING, L&T CONSTRUCTION CAMPUS, MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U74900TN2007PLC065356	SUBSIDIARY	97.00	Section 2(87)(ii)
67	L&T SPECIAL STEELS AND HEAVY FORGINGS PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U27109MH2009PTC193699	SUBSIDIARY	74.00	Section 2(87)(ii)
68	L&T TECHNOLOGY SERVICES LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U72900MH2012PLC232169	SUBSIDIARY	89.77	Section 2(87)(ii)
69	L&T TECHNOLOGY SERVICES LLC	2035, LINCOLN HIGHWAY, SUITE # 3002, EDISON, SQUARE WEST, EDISON, NJ - 08817	0479598-9	SUBSIDIARY	89.77	Section 2(87)(ii)
70	L&T THALES TECHNOLOGY SERVICES PRIVATE LIMITED	RR V TOWER, 7TH FLOOR, 33A, DEVELOPED PLOTS, SIDCO INDUSTRIAL ESTATE, GUINDY, CHENNAI-600032	U72200TN2006PTC059421	SUBSIDIARY	66.43	Section 2(87)(ii)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
71	L&T TRANSPORTATION INFRASTRUCTURE LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN1997PLC039102	SUBSIDIARY	98.12	Section 2(87)(ii)
72	L&T TRUSTEE COMPANY PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U74990MH2009PTC193936	SUBSIDIARY	100.00	Section 2(87)(ii)
73	L&T UTTARANCHAL HYDROPOWER LIMITED	VILLAGE BEDUBAGAR P.O AUGUSTMUNI RUDRAPRAYAG Rudra Prayag UR 246421	U31401UR2006PLC032329	SUBSIDIARY	100.00	Section 2(87)(ii)
74	VADODARA BHARUCH TOLLWAYS LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2005PLC058417	SUBSIDIARY	97.45	Section 2(87)(ii)
75	L&T VALVES LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U74999MH1961PLC012188	SUBSIDIARY	100.00	Section 2(87)(ii)
76	L&T VISION VENTURES LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U74210TN2006PLC061845	SUBSIDIARY	68.00	Section 2(87)(ii)
77	L&T FINANCIAL CONSULTANTS LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U65100TN2011PLC081100	SUBSIDIARY	66.71	Section 2(87)(ii)
78	WESTERN ANDHRA TOLLWAYS LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2005PLC057931	SUBSIDIARY	97.45	Section 2(87)(ii)
79	L&T WESTERN INDIA TOLLBRIDGE LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN1999PLC042518	SUBSIDIARY	97.45	Section 2(87)(ii)
80	L&T-MHPS BOILERS PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U29119MH2006PTC165102	SUBSIDIARY	51.00	Section 2(87)(ii)
81	L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U31101MH2006PTC166541	SUBSIDIARY	51.00	Section 2(87)(ii)
82	L&T-SARGENT & LUNDY LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U74210MH1995PLC088099	SUBSIDIARY	50.0001	Section 2(87)(ii)
83	LARSEN & TOUBRO (EAST ASIA) SDN. BHD	SUITE 702, 7TH FLOOR, WISMA HANGSAM, JALAN HANG LEKIR, 50000 KUALA LUMPUR, MALAYSIA	390357-T	SUBSIDIARY	30.00	Section 2(87)(i)
84	LARSEN & TOUBRO ATCO SAUDIA LLC	AL-TURKI BUILDING, KING KHALED STREET, P.O. BOX 91, DAMMAM	2050055625	SUBSIDIARY	75.00	Section 2(87)(ii)
85	LARSEN & TOUBRO ELECTROMECH LLC	P.O. BOX 1999, RUWI, POSTAL CODE 112, MUSCAT	1/04445/1	SUBSIDIARY	65.00	Section 2(87)(ii)
86	LARSEN & TOUBRO HEAVY ENGINEERING LLC	P.O. BOX 281, POSTAL CODE 325, W LIWA, SULTANATE OF OMAN	1042928	SUBSIDIARY	70.00	Section 2(87)(ii)
87	LARSEN & TOUBRO HYDROCARBON INTERNATIONAL LIMITED LLC	P.O. BOX 6391, AL KHOBAR 34423, KINGDOM OF SAUDI ARABIA	2051053464	SUBSIDIARY	100.00	Section 2(87)(ii)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
88	LARSEN & TOUBRO INFOTECH CANADA LIMITED	2810, MATHESON BLVD EAST SUITE 500, MISSISSAUGA, ONL4W 4X7 CANADA	1415026	SUBSIDIARY	84.28	Section 2(87)(ii)
89	LARSEN & TOUBRO INFOTECH GMBH	EURO-ASIA BUSINESS CENTRE, MESSE-ALLEE 2, D-04356, LEIPZIG, GERMANY	HRB15958	SUBSIDIARY	84.28	Section 2(87)(ii)
90	LARSEN & TOUBRO INFOTECH LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U72900MH1996PLC104693	SUBSIDIARY	84.28	Section 2(87)(ii)
91	LARSEN & TOUBRO INFOTECH LLC	1220, N. MARKET ST., SUITE 806, WILMINGTON, DE 19801, USA	270596763	SUBSIDIARY	84.28	Section 2(87)(ii)
92	LARSEN & TOUBRO INTERNATIONAL FZE	OFFICE LOB 16 G 08, POST BOX 41558, HAMRIYAH FREE ZONE, SHARJAH, UNITED ARAB EMIRATES	0067	SUBSIDIARY	100.00	Section 2(87)(ii)
93	LARSEN & TOUBRO KUWAIT CONSTRUCTION GENERAL CONTRACTING COMPANY, WITH LIMITED LIABILITY	PLOT NO. 3, BUILDING NO.1, SHARQ, KUWAIT	117668	SUBSIDIARY	49.00	Section 2(87)(i)
94	LARSEN & TOUBRO LLC	113, BARKSDALE PROFESSIONAL CENTRE, NEWARK CITY, COUNTRY OF NEW CASTLE, G56 ZIP CODE-19711, U.S.A	6 DEL.C 18-101	SUBSIDIARY	100.00	Section 2(87)(ii)
95	LARSEN & TOUBRO OMAN LLC	P.O. BOX 1127, RUWI, POSTAL CODE 112, SULTANATE OF OMAN	1/40304/4	SUBSIDIARY	65.00	Section 2(87)(ii)
96	LARSEN & TOUBRO QATAR LLC	P.O. BOX 24399, SH. THAMOUR BLDG., MEZZANINE FLOOR, AL-HANDASA AREA, NEAR JAIDAH FLYOVER, B RING ROAD, DOHA, QATAR	27454	SUBSIDIARY	49.00	Section 2(87)(i)
97	LARSEN & TOUBRO READYMIX AND ASPHALT CONCRETE INDUSTRIES LLC	JEBEL ALI INDUSTRIAL AREA, JEBEL ALI, DUBAI	583119	SUBSIDIARY	49.00	Section 2(87)(i)
98	LARSEN & TOUBRO SAUDI ARABIA LLC	P.O. BOX NO.20, RIYADH 11351, KINGDOM OF SAUDI ARABIA 11351	1010154437	SUBSIDIARY	100.00	Section 2(87)(ii)
99	LARSEN & TOUBRO TANDD SA (PTY) LIMITED	2ND FLOOR, 4 PENCARROW CRESCENT, LA LUCIA RIDGE OFFICE ESTATE, SOUTH AFRICA 4019	2010/018159/07	SUBSIDIARY	72.50	Section 2(87)(ii)
100	LARSEN AND TOUBRO INFOTECH SOUTH AFRICA (PTY) LIMITED	6TH FLOOR, 119 HERTZOG BOULEVARD, FORESHORE, CAPETOWN, SOUTH AFRICA 8001	2011/007226/07	SUBSIDIARY	63.13	Section 2(87)(ii)
101	LARSEN TOUBRO ARABIA LLC	ALMADA TOWER, PRINCE TURKI STREET, AL KHOBAR, SAUDI ARABIA	2051049523	SUBSIDIARY	75.00	Section 2(87)(ii)
102	MUDIT CEMENT PRIVATE LIMITED	5TH FLOOR, DCM BUILDING, 16, BARAKHAMBHA ROAD, CANNAUGHT PLACE, NEW DELHI-110001	U26942DL1990PTC041941	SUBSIDIARY	66.71	Section 2(87)(ii)
103	NABHA POWER LIMITED	PO BOX NO-28, NEAR VILLAGE NALASH, RAJPURA, PATIALA, PUNJAB-140401	U40102PB2007PLC031039	SUBSIDIARY	100.00	Section 2(87)(ii)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
104	PNG TOLLWAY LIMITED	MOUNT POONAMALLE ROAD, POST BOX NO. 979, MANAPAKKAM, CHENNAI - 600089	U45203TN2009PLC070741	SUBSIDIARY	72.77	Section 2(87)(ii)
105	PT TAMCO INDONESIA	JALAN RAYA PASAR SERANG, NO. 15, KANDANG RODA, CIKARANG BEKASI 17330, INDONESIA	C2-18.177.HT.01.01.HT 94	SUBSIDIARY	100.00	Section 2(87)(ii)
106	PT. LARSEN & TOUBRO HYDROCARBON ENGINEERING INDONESIA	THE CITY TOWER, 12TH FLOOR, UNIT 1-N, J1.MH., THAMRIN NO.81, CENTRAL JAKARTA, INDONESIA 10310	AHU-0110258.AH.01.09	SUBSIDIARY	95.00	Section 2(87)(ii)
107	RAYKAL ALUMINIUM COMPANY PRIVATE LIMITED	ANNAPURNA COMPLEX, 559, LEWIS ROAD, BHUBANESWAR, KHANDA-751014	U13203OR1999PTC005673	SUBSIDIARY	75.50	Section 2(87)(ii)
108	SERVOWATCH SYSTEMS LIMITED	THE WOODROPE BUILDING, WOODROLFE ROAD, TOLLESBURY, MALDONESSEX CM9 8SE, UNITED KINGDOM	2159287	SUBSIDIARY	100.00	Section 2(87)(ii)
109	SPECTRUM INFOTECH PRIVATE LIMITED	L&T HOUSE, 38, CUBBON ROAD, BANGALORE, KARNATAKA-560001	U72200KA1995PTC018112	SUBSIDIARY	100.00	Section 2(87)(ii)
110	TAMCO ELECTRICAL INDUSTRIES AUSTRALIA PTY LTD	31, KITCHEN ROAD, DANDENONG, VICTORIA 3175, AUSTRALIA	ACN006140512	SUBSIDIARY	100.00	Section 2(87)(ii)
111	TAMCO SWITCHGEAR (MALAYSIA) SDN BHD	UNIT C508, BLOCK C, KELANA SQUARE, JALAN S57/26, KELANA JAYA 47301, PETALING JAYA SELANGOR DAR UL EHSAN, MALAYSIA	775268-H	SUBSIDIARY	100.00	Section 2(87)(ii)
112	THALEST LIMITED	ENDEAVOUR HOUSE, BENTALLS INDUSTRIAL ESTATE, HOLLOWAY ROAD, MALDON, ESSEX, C9 4ER, UNITED KINGDOM	01201246	SUBSIDIARY	100.00	Section 2(87)(ii)
113	L&T GLOBAL HOLDINGS LIMITED	UNIT 7, LEVEL 3, GATE PRECINCT, BUILDING 2, DUBAI INTERNATIONAL FINANCIAL CENTRE, P.O BOX 63671, DUBAI, UAE	CL2106	SUBSIDIARY	100.00	Section 2(87)(ii)
114	MARINE INFRASTRUCTURE DEVELOPER PRIVATE LIMITED	GROUND FLOOR, TC 1 BUILDING, L&T CONSTRUCTION COMPLEX, MOUNT POONAMALLE ROAD, MANAPAKKAM, CHENNAI - 600089	U74999TN2016PTC103769	SUBSIDIARY	100.00	Section 2(87)(ii)
115	L&T INFORMATION TECHNOLOGY SPAIN SOCIEDAD LIMITADA	C/JOSE ABASCAL, 56 2ND FLOOR, MADRID	B87472072	SUBSIDIARY	84.28	Section 2(87)(ii)
116	LARSEN & TOUBRO INFOTECH AUSTRIA GMBH	c/o, OBERHAMMER, RECHTSANWALTE GMBH, KARLSPLATZ, 3/1, VIENNA	FN435491D	SUBSIDIARY	84.28	Section 2(87)(ii)
117	AUGMENT IQ DATA SCIENCES PRIVATE LIMITED	GODREJ ETERNIA A, 5TH FLOOR, MUMBAI PUNE ROAD, SHIVAJINAGAR, PUNE, MAHARASHTRA - 400005	U72200PN2012PTC145539	SUBSIDIARY	84.28	Section 2(87)(ii)
118	L&T INFOTECH S. DE. RL.C.V	BOSQUE DE CIRUELOS 180, SUITE PP 101, COL.BOSQUES DE LAS LOMAS, 11700 MEXICO CITY, MEXICO	N2017020633	SUBSIDIARY	84.28	Section 2(87)(ii)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
119	SAHIBGANJ GANGES BRIDGE-COMPANY PRIVATE LIMITED	L&T HOUSE BALLARD ESTATE MUMBAI 400001	U45309MH2016PTC283661	SUBSIDIARY	100.00	Section 2(87)(ii)
120	L&T INFRA CONTRACTORS PRIVATE COMPANY LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI 400001	U45400MH2017PTC292586	SUBSIDIARY	100.00	Section 2(87)(ii)
121	LTH MILCOM PRIVATE LIMITED	L & T HOUSE, BALLARD ESTATE, MUMBAI 400001	U74999MH2015PTC267502	SUBSIDIARY	56.67	Section 2(87)(ii)
122	SEAWOODS REALTY PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U70109MH2016PTC285064	SUBSIDIARY	100.00	Section 2(87)(ii)
123	SEAWOODS RETAIL PRIVATE LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U70103MH2016PTC285466	SUBSIDIARY	100.00	Section 2(87)(ii)
1	FEEDBACK INFRAPRIVATE LIMITED	311, 3rd Floor, Vardhaman Plaza, Pocket 7, Plot No. 6, Sector 12, Dwarka, New Delhi -110078	U74899DL1990PTC040630	ASSOCIATE	16.89	Section 2(6)
2	GUJARAT LEATHER INDUSTRIES LIMITED	NO 3001, GIDC INDUSTRIAL ESTATE, ANKLESHWAR, GUJARAT	U18104GJ1978SGC003134	ASSOCIATE	50.00	Section 2(6)
3	INDIRAN ENGINEERING PROJECTS AND SYSTEMS KISH (LLC)	POST BOX 1267, NEHA APARTMENT, BAZAAR-E-DANOOS, KISH ISLAND, IRAN	3744	ASSOCIATE	50.00	Section 2(6)
4	INTERNATIONAL SEAPORTS (HALDIA) PRIVATE LIMITED	FLAT NO. 27, 5TH FLOOR, KOHINOOR BUILDING, 105, PARK STREET, KOLKATA 700016	U45205WB1999PTC090733	ASSOCIATE	21.74	Section 2(6)
5	L&T CAMP FACILITIES LLC	P. O. BOX 44357, DUBAI, UNITED ARAB EMIRATES	600640	ASSOCIATE	49.00	Section 2(6)
6	L&T-CHIYODA LIMITED	L&T HOUSE, BALLARD ESTATE, N M MARG, MUMBAI, MAHARASHTRA - 400001	U28920MH1994PLC083035	ASSOCIATE	50.00	Section 2(6)
7	LARSEN & TOUBRO QATAR & HBK CONTRACTING LLC	P. O. BOX 1362, DOHA, QATAR	28634	ASSOCIATE	24.50	Section 2(6)
8	MAGTORQ PRIVATE LIMITED	NO. 58-C, SIPCOT INDUSTRIAL COMPLEX, HOSUR, TAMIL NADU 635126	U02520TZ1989PTC002458	ASSOCIATE	42.85	Section 2(6)
9	Grameen Capital India Private Limited	402, 36 TURNER ROAD, BANDRA WEST, MUMBAI - 400050	U65923MH2007PTC168721	ASSOCIATE	23.87	Section 2(6)



**IV. SHARE HOLDING PATTERN**
**i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs -Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other –Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) =(A)(1)+(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) MutualFunds	76,771,070	3,738	76,774,808	8.24	107,273,904	12,822	107,286,726	11.50	3.26
b) Banks / FI	237,142,389	41,177	237,183,566	25.46	67,089,940	31,933	67,121,873	7.19	-18.27
c) Central Govt	1,314,715	0	1,314,715	0.14	1,874,190	0	1,874,190	0.20	0.06
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	41,071,676	0	41,071,676	4.41	185,203,662	450	185,204,112	19.85	15.44
g) FIs	101,334,166	40,068	101,374,234	10.88	20,810,053	0	20,810,053	2.23	-8.65
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>457,634,016</b>	<b>84,983</b>	<b>457,718,999</b>	<b>49.14</b>	<b>382,251,749</b>	<b>45,205</b>	<b>382,296,954</b>	<b>40.98</b>	<b>-8.16</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	65,995,102	305,763	66,300,865	7.12	66,318,379	341,383	66,634,899	7.14	0.02
ii) Overseas	0	3,432	3,432	0.00	280,167	23,431	303,598	0.03	0.03
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	182,938,555	18,745,440	201,683,995	21.65	163,335,385	17,670,044	181,005,429	19.40	-2.25

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	11,172,991	0	11,172,991	1.20	19,459,126	218,526	19,677,652	2.11	0.91
c) Others (specify)									0.00
i) Directors & Relatives	1,449,165	350	1,449,515	0.16	1,509,024	250	1,509,274	0.16	0.00
ii) Foreign Nationals	392,713	20,826	413,539	0.04	372,138	14,470	386,608	0.04	0.00
iii) Foreign Portfolio Investors	49,988,226	0	49,988,226	5.37	140,322,703	0	140,322,703	15.04	9.67
iv) Non- Residents	8,354,814	426,504	8,781,318	0.94	8,064,466	390,360	8,454,826	0.91	-0.03
v) Trust	114,734,515	17,766	114,752,281	12.32	114,734,515	17,766	114,752,281	12.30	-0.02
vi) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(2):-</b>	<b>435,026,081</b>	<b>19,520,081</b>	<b>454,546,162</b>	<b>48.80</b>	<b>514,395,903</b>	<b>18,676,230</b>	<b>533,047,270</b>	<b>57.13</b>	<b>8.33</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>892,660,097</b>	<b>19,605,064</b>	<b>912,265,161</b>	<b>97.94</b>	<b>896,647,652</b>	<b>18,721,435</b>	<b>915,344,224</b>	<b>98.11</b>	<b>0.17</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	19,213,684	0	19,213,684	2.06	17,621,579	0	17,621,579	1.89	-0.17
<b>Grand Total (A+B+C)</b>	<b>911,873,781</b>	<b>19,605,064</b>	<b>931,478,845</b>	<b>100.00</b>	<b>914,269,231</b>	<b>18,721,435</b>	<b>932,965,803</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters:**

Sl	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1		NIL			NIL			
	<b>Total</b>	NIL			NIL			

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	NIL		NIL	
3	At the End of the year	NIL		NIL	

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
<b>1</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>	Shareholding at the beginning of the Year			153172007	16.44
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	26/08/2016	5850	Transfer	153177857	16.43
		26/08/2016	-5850	Transfer	153172007	16.43
		At the end of the year			153172007	16.42
<b>2</b>	<b>L&amp;T EMPLOYEES WELFARE FOUNDATION</b>	Shareholding at the beginning of the Year			114752281	12.32
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	At the end of the year			114752281	12.30
<b>3</b>	<b>ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA</b>	Shareholding at the beginning of the Year			75926562	8.15
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	11/11/2016	-14823702	Transfer	61102860	6.55
		At the end of the year			61102860	6.55
<b>4</b>	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC EQUITY FUND</b>	Shareholding at the beginning of the Year			20473057	2.20
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	08/04/2016	92449	Transfer	20565506	2.21
		08/04/2016	-110	Transfer	20565396	2.21
		15/04/2016	183	Transfer	20565579	2.21
		22/04/2016	180100	Transfer	20745679	2.23
		22/04/2016	-2066	Transfer	20743613	2.23
		29/04/2016	1415	Transfer	20745028	2.23
		29/04/2016	-336	Transfer	20744692	2.23
		06/05/2016	288	Transfer	20744980	2.23
		06/05/2016	-162	Transfer	20744818	2.23
		13/05/2016	100218	Transfer	20845036	2.24
		13/05/2016	-80806	Transfer	20764230	2.23
		20/05/2016	35413	Transfer	20799643	2.23
		20/05/2016	-88	Transfer	20799555	2.23
		27/05/2016	-1501	Transfer	20798054	2.23

Sl. No.	Name of the Share Holder	Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	03/06/2016	550689	Transfer	21348743	2.29
		03/06/2016	-119	Transfer	21348624	2.29
		10/06/2016	35707	Transfer	21384331	2.29
		10/06/2016	-50202	Transfer	21334129	2.29
		17/06/2016	188356	Transfer	21522485	2.31
		17/06/2016	-46771	Transfer	21475714	2.30
		24/06/2016	10773	Transfer	21486487	2.31
		24/06/2016	-505	Transfer	21485982	2.31
		30/06/2016	4445	Transfer	21490427	2.31
		30/06/2016	-600	Transfer	21489827	2.31
		08/07/2016	150255	Transfer	21640082	2.32
		08/07/2016	-100215	Transfer	21539867	2.31
		15/07/2016	150090	Transfer	21689957	2.33
		15/07/2016	-51180	Transfer	21638777	2.32
		22/07/2016	116900	Transfer	21755677	2.33
		22/07/2016	-237	Transfer	21755440	2.33
		29/07/2016	205100	Transfer	21960540	2.36
		29/07/2016	-128	Transfer	21960412	2.36
		05/08/2016	180	Transfer	21960592	2.36
		12/08/2016	193880	Transfer	22154472	2.38
		12/08/2016	-176	Transfer	22154296	2.38
		19/08/2016	283000	Transfer	22437296	2.41
		19/08/2016	-160	Transfer	22437136	2.41
		26/08/2016	-145	Transfer	22436991	2.41
		02/09/2016	466134	Transfer	22903125	2.46
		02/09/2016	-99627	Transfer	22803498	2.45
		09/09/2016	293060	Transfer	23096558	2.48
		09/09/2016	-6469	Transfer	23090089	2.48
		16/09/2016	113890	Transfer	23203979	2.49
		16/09/2016	-239	Transfer	23203740	2.49
		23/09/2016	159609	Transfer	23363349	2.51
		23/09/2016	-407	Transfer	23362942	2.51
	30/09/2016	164100	Transfer	23527042	2.52	
	30/09/2016	-1299	Transfer	23525743	2.52	
	07/10/2016	403311	Transfer	23929054	2.57	
	14/10/2016	128	Transfer	23929182	2.57	
	14/10/2016	-25380	Transfer	23903802	2.56	
	21/10/2016	70219	Transfer	23974021	2.57	
	21/10/2016	-27500	Transfer	23946521	2.57	
	28/10/2016	271877	Transfer	24218398	2.60	

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
		04/11/2016	550	Transfer	24218948	2.60
		04/11/2016	-8284	Transfer	24210664	2.60
		11/11/2016	1811057	Transfer	26021721	2.79
		18/11/2016	1076874	Transfer	27098595	2.91
		25/11/2016	1114106	Transfer	28212701	3.03
		25/11/2016	-54500	Transfer	28158201	3.02
		02/12/2016	847325	Transfer	29005526	3.11
		02/12/2016	-100	Transfer	29005426	3.11
		09/12/2016	100717	Transfer	29106143	3.12
		09/12/2016	-29000	Transfer	29077143	3.12
		16/12/2016	338	Transfer	29077481	3.12
		16/12/2016	-6067	Transfer	29071414	3.12
		23/12/2016	406	Transfer	29071820	3.12
		23/12/2016	-65500	Transfer	29006320	3.11
		30/12/2016	267621	Transfer	29273941	3.14
		06/01/2017	162602	Transfer	29436543	3.16
		13/01/2017	224532	Transfer	29661075	3.18
		13/01/2017	-894	Transfer	29660181	3.18
		20/01/2017	24196	Transfer	29684377	3.18
		20/01/2017	-10413	Transfer	29673964	3.18
		27/01/2017	196482	Transfer	29870446	3.20
		27/01/2017	-14000	Transfer	29856446	3.20
		03/02/2017	212950	Transfer	30069396	3.22
		03/02/2017	-11819	Transfer	30057577	3.22
		10/02/2017	1598	Transfer	30059175	3.22
		10/02/2017	-340	Transfer	30058835	3.22
		17/02/2017	100134	Transfer	30158969	3.23
		17/02/2017	-77	Transfer	30158892	3.23
		24/02/2017	39022	Transfer	30197914	3.24
		24/02/2017	-61	Transfer	30197853	3.24
		03/03/2017	55243	Transfer	30253096	3.24
		03/03/2017	-673	Transfer	30252423	3.24
		10/03/2017	31740	Transfer	30284163	3.25
		10/03/2017	-31045	Transfer	30253118	3.24
		17/03/2017	390465	Transfer	30643583	3.28
		17/03/2017	-213	Transfer	30643370	3.28
		24/03/2017	38140	Transfer	30681510	3.29
		24/03/2017	-2409	Transfer	30679101	3.29
		31/03/2017	25807	Transfer	30704908	3.29
		31/03/2017	-150	Transfer	30704758	3.29
		At the end of the year			30704758	3.29

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
5	<b>GENERAL INSURANCE CORPORATION OF INDIA</b>	Shareholding at the beginning of the Year			17120000	1.84
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	27/05/2016	-25000	Transfer	17095000	1.83
		03/06/2016	-25000	Transfer	17070000	1.83
		11/11/2016	798124	Transfer	17868124	1.92
		13/01/2017	-83000	Transfer	17785124	1.91
		20/01/2017	-117000	Transfer	17668124	1.89
		03/02/2017	-80000	Transfer	17588124	1.89
		10/02/2017	-100500	Transfer	17487624	1.87
		17/02/2017	-19500	Transfer	17468124	1.87
		03/03/2017	-100000	Transfer	17368124	1.86
		10/03/2017	-120000	Transfer	17248124	1.85
		17/03/2017	-130000	Transfer	17118124	1.83
		24/03/2017	-235000	Transfer	16883124	1.81
		31/03/2017	-65000	Transfer	16818124	1.80
		At the end of the year			16818124	1.80
6	<b>ICICI PRUDENTIAL CAPITAL PROTECTION ORIENTED FUND</b>	Shareholding at the beginning of the Year			14633805	1.57
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	08/04/2016	4493	Transfer	14638298	1.57
		08/04/2016	-78869	Transfer	14559429	1.56
		15/04/2016	52800	Transfer	14612229	1.57
		22/04/2016	675744	Transfer	15287973	1.64
		22/04/2016	-1069213	Transfer	14218760	1.53
		29/04/2016	307	Transfer	14219067	1.53
		06/05/2016	-3447	Transfer	14215620	1.53
		13/05/2016	575753	Transfer	14791373	1.59
		13/05/2016	-847395	Transfer	13943978	1.50
		20/05/2016	-4688	Transfer	13939290	1.50
		27/05/2016	1448	Transfer	13940738	1.50
		27/05/2016	-653243	Transfer	13287495	1.43
		03/06/2016	363804	Transfer	13651299	1.46
		03/06/2016	-576970	Transfer	13074329	1.40
		10/06/2016	224	Transfer	13074553	1.40
		17/06/2016	1580	Transfer	13076133	1.40
		24/06/2016	339	Transfer	13076472	1.40
		24/06/2016	-18	Transfer	13076454	1.40
		30/06/2016	678	Transfer	13077132	1.40
		30/06/2016	-517654	Transfer	12559478	1.35
		01/07/2016	-652	Transfer	12558826	1.35

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	08/07/2016	586	Transfer	12559412	1.35
		08/07/2016	-15000	Transfer	12544412	1.35
		15/07/2016	-19581	Transfer	12524831	1.34
		22/07/2016	2147	Transfer	12526978	1.34
		22/07/2016	-840889	Transfer	11686089	1.25
		29/07/2016	904	Transfer	11686993	1.25
		29/07/2016	-976591	Transfer	10710402	1.15
		05/08/2016	1810	Transfer	10712212	1.15
		05/08/2016	-41388	Transfer	10670824	1.14
		12/08/2016	-8701	Transfer	10662123	1.14
		19/08/2016	678	Transfer	10662801	1.14
		26/08/2016	3164	Transfer	10665965	1.14
		02/09/2016	802	Transfer	10666767	1.14
		02/09/2016	-153	Transfer	10666614	1.14
		09/09/2016	-1695	Transfer	10664919	1.14
		16/09/2016	1808	Transfer	10666727	1.14
		16/09/2016	-6138	Transfer	10660589	1.14
		23/09/2016	904	Transfer	10661493	1.14
		23/09/2016	-15	Transfer	10661478	1.14
		30/09/2016	186598	Transfer	10848076	1.16
		30/09/2016	-27	Transfer	10848049	1.16
		07/10/2016	126735	Transfer	10974784	1.18
		07/10/2016	-8	Transfer	10974776	1.18
		14/10/2016	215689	Transfer	11190465	1.20
		21/10/2016	538314	Transfer	11728779	1.26
		28/10/2016	86391	Transfer	11815170	1.27
		28/10/2016	-216000	Transfer	11599170	1.24
		04/11/2016	209266	Transfer	11808436	1.27
		11/11/2016	3806248	Transfer	15614684	1.67
		18/11/2016	533085	Transfer	16147769	1.73
		25/11/2016	367426	Transfer	16515195	1.77
		02/12/2016	16228	Transfer	16531423	1.77
		02/12/2016	-22	Transfer	16531401	1.77
	09/12/2016	265753	Transfer	16797154	1.80	
	09/12/2016	-4000	Transfer	16793154	1.80	
	16/12/2016	153048	Transfer	16946202	1.82	
	16/12/2016	-90000	Transfer	16856202	1.81	
	23/12/2016	126008	Transfer	16982210	1.82	
	30/12/2016	419213	Transfer	17401423	1.87	

Sl. No.	Name of the Share Holder	Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	06/01/2017	39982	Transfer	17441405	1.87
		06/01/2017	-452	Transfer	17440953	1.87
		13/01/2017	266695	Transfer	17707648	1.90
		13/01/2017	-306015	Transfer	17401633	1.87
		20/01/2017	4845	Transfer	17406478	1.87
		27/01/2017	175816	Transfer	17582294	1.89
		03/02/2017	156544	Transfer	17738838	1.90
		03/02/2017	-6346	Transfer	17732492	1.90
		10/02/2017	230564	Transfer	17963056	1.93
		10/02/2017	-2983	Transfer	17960073	1.93
		17/02/2017	8488	Transfer	17968561	1.93
		17/02/2017	-810	Transfer	17967751	1.93
		24/02/2017	5537	Transfer	17973288	1.93
		24/02/2017	-86	Transfer	17973202	1.93
		03/03/2017	250121	Transfer	18223323	1.95
		03/03/2017	-4606	Transfer	18218717	1.95
		10/03/2017	360850	Transfer	18579567	1.99
		10/03/2017	-1554	Transfer	18578013	1.99
		17/03/2017	1027	Transfer	18579040	1.99
		17/03/2017	-206002	Transfer	18373038	1.97
		24/03/2017	9464196	Transfer	27837234	2.98
		24/03/2017	-9263023	Transfer	18574211	1.99
		31/03/2017	24619	Transfer	18598830	1.99
		At the end of the year			18598830	1.99
<b>7</b>	<b>ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED</b>	Shareholding at the beginning of the Year			14024401	1.51
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	08/04/2016	33527	Transfer	14057928	1.51
		15/04/2016	63264	Transfer	14121192	1.52
		22/04/2016	422921	Transfer	14544113	1.56
		29/04/2016	94145	Transfer	14638258	1.57
		06/05/2016	236121	Transfer	14874379	1.60
		13/05/2016	-110338	Transfer	14764041	1.58
		20/05/2016	617	Transfer	14764658	1.58
		27/05/2016	140914	Transfer	14905572	1.60
		03/06/2016	80751	Transfer	14986323	1.61
		10/06/2016	82074	Transfer	15068397	1.62
		17/06/2016	37443	Transfer	15105840	1.62
		24/06/2016	157302	Transfer	15263142	1.64
		30/06/2016	93636	Transfer	15356778	1.65
		30/06/2016	-47044	Transfer	15309734	1.64
		08/07/2016	263395	Transfer	15573129	1.67



Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
		15/07/2016	-33947	Transfer	15539182	1.67
		22/07/2016	145138	Transfer	15684320	1.68
		29/07/2016	86609	Transfer	15770929	1.69
		05/08/2016	19346	Transfer	15790275	1.69
		12/08/2016	38335	Transfer	15828610	1.70
		19/08/2016	49027	Transfer	15877637	1.70
		26/08/2016	-204120	Transfer	15673517	1.68
		02/09/2016	-47693	Transfer	15625824	1.68
		09/09/2016	302571	Transfer	15928395	1.71
		16/09/2016	-167266	Transfer	15761129	1.69
		23/09/2016	-82275	Transfer	15678854	1.68
		30/09/2016	59307	Transfer	15738161	1.69
		07/10/2016	171238	Transfer	15909399	1.71
		14/10/2016	68326	Transfer	15977725	1.71
		21/10/2016	550645	Transfer	16528370	1.77
		28/10/2016	68	Transfer	16528438	1.77
		04/11/2016	68064	Transfer	16596502	1.78
		11/11/2016	-320258	Transfer	16276244	1.75
		18/11/2016	339794	Transfer	16616038	1.78
		25/11/2016	127690	Transfer	16743728	1.80
		02/12/2016	53124	Transfer	16796852	1.80
		09/12/2016	201	Transfer	16797053	1.80
		16/12/2016	100030	Transfer	16897083	1.81
		23/12/2016	37268	Transfer	16934351	1.82
		30/12/2016	233675	Transfer	17168026	1.84
		06/01/2017	373055	Transfer	17541081	1.88
		13/01/2017	68228	Transfer	17609309	1.89
		20/01/2017	-35601	Transfer	17573708	1.88
		27/01/2017	6963	Transfer	17580671	1.88
		03/02/2017	423396	Transfer	18004067	1.93
		03/02/2017	-88250	Transfer	17915817	1.92
		10/02/2017	55326	Transfer	17971143	1.93
		17/02/2017	18036741	Transfer	36007884	3.86
		17/02/2017	-17971143	Transfer	18036741	1.93
		24/02/2017	154232	Transfer	18190973	1.95
		03/03/2017	60073	Transfer	18251046	1.96
		10/03/2017	37959	Transfer	18289005	1.96
		17/03/2017	-728	Transfer	18288277	1.96
		24/03/2017	60049	Transfer	18348326	1.97
		31/03/2017	-21748	Transfer	18326578	1.96
		At the end of the year			18326578	1.96

Sl. No.	Name of the Share Holder	Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
<b>8</b>	<b>GOVERNMENT OF SINGAPORE</b>	Shareholding at the beginning of the Year			13776467	1.48
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	08/04/2016	-97901	Transfer	13678566	1.47
		22/04/2016	-157796	Transfer	13520770	1.45
		29/04/2016	-110191	Transfer	13410579	1.44
		06/05/2016	-133937	Transfer	13276642	1.42
		03/06/2016	146632	Transfer	13423274	1.44
		10/06/2016	112383	Transfer	13535657	1.45
		08/07/2016	-86734	Transfer	13448923	1.44
		22/07/2016	-7303	Transfer	13441620	1.44
		29/07/2016	-63838	Transfer	13377782	1.44
		05/08/2016	-102391	Transfer	13275391	1.42
		12/08/2016	-34130	Transfer	13241261	1.42
		19/08/2016	-2342	Transfer	13238919	1.42
		02/09/2016	77298	Transfer	13316217	1.43
		09/09/2016	63943	Transfer	13380160	1.44
		07/10/2016	293609	Transfer	13673769	1.47
		04/11/2016	-11194	Transfer	13662575	1.47
		11/11/2016	-10745	Transfer	13651830	1.46
		02/12/2016	108758	Transfer	13760588	1.48
		30/12/2016	34173	Transfer	13794761	1.48
		06/01/2017	31884	Transfer	13826645	1.48
		03/02/2017	56562	Transfer	13883207	1.49
		10/02/2017	-66029	Transfer	13817178	1.48
		03/03/2017	-24708	Transfer	13792470	1.48
	10/03/2017	9304	Transfer	13801774	1.48	
	17/03/2017	344901	Transfer	14146675	1.52	
	24/03/2017	105243	Transfer	14251918	1.53	
	31/03/2017	-96359	Transfer	14155559	1.52	
		At the end of the year			14155559	1.52
<b>9</b>	<b>RELIANCE CAPITAL TRUSTEE COMPANY LIMITED</b>	Shareholding at the beginning of the Year			10982876	1.18
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	08/04/2016	180000	Transfer	11162876	1.20
		08/04/2016	-433	Transfer	11162443	1.20
		15/04/2016	270000	Transfer	11432443	1.23
		22/04/2016	90000	Transfer	11522443	1.24
		22/04/2016	-442	Transfer	11522001	1.24
		29/04/2016	2413869	Transfer	13935870	1.50
		29/04/2016	-2371714	Transfer	11564156	1.24
		06/05/2016	90000	Transfer	11654156	1.25

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
		06/05/2016	-230	Transfer	11653926	1.25
		13/05/2016	192	Transfer	11654118	1.25
		13/05/2016	-135000	Transfer	11519118	1.24
		20/05/2016	4200	Transfer	11523318	1.24
		20/05/2016	-90115	Transfer	11433203	1.23
		27/05/2016	-90000	Transfer	11343203	1.22
		03/06/2016	60000	Transfer	11403203	1.22
		03/06/2016	-20919	Transfer	11382284	1.22
		10/06/2016	16800	Transfer	11399084	1.22
		10/06/2016	-59747	Transfer	11339337	1.22
		17/06/2016	-51170	Transfer	11288167	1.21
		24/06/2016	37	Transfer	11288204	1.21
		24/06/2016	-48224	Transfer	11239980	1.21
		30/06/2016	200	Transfer	11240180	1.21
		30/06/2016	-9800	Transfer	11230380	1.20
		01/07/2016	90000	Transfer	11320380	1.21
		08/07/2016	90046	Transfer	11410426	1.22
		08/07/2016	-57876	Transfer	11352550	1.22
		15/07/2016	-50512	Transfer	11302038	1.21
		22/07/2016	63091	Transfer	11365129	1.22
		22/07/2016	-180049	Transfer	11185080	1.20
		29/07/2016	11500	Transfer	11196580	1.20
		29/07/2016	-1945	Transfer	11194635	1.20
		05/08/2016	231500	Transfer	11426135	1.23
		05/08/2016	-150650	Transfer	11275485	1.21
		12/08/2016	471	Transfer	11275956	1.21
		12/08/2016	-275	Transfer	11275681	1.21
		19/08/2016	4615	Transfer	11280296	1.21
		19/08/2016	-65	Transfer	11280231	1.21
		26/08/2016	187500	Transfer	11467731	1.23
		02/09/2016	838495	Transfer	12306226	1.32
		02/09/2016	-19154	Transfer	12287072	1.32
		09/09/2016	75005	Transfer	12362077	1.33
		09/09/2016	-6785	Transfer	12355292	1.33
		16/09/2016	216500	Transfer	12571792	1.35
		16/09/2016	-10256	Transfer	12561536	1.35
		23/09/2016	232000	Transfer	12793536	1.37
		23/09/2016	-680	Transfer	12792856	1.37
		30/09/2016	123000	Transfer	12915856	1.39

Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
		30/09/2016	-220454	Transfer	12695402	1.36
		07/10/2016	82503	Transfer	12777905	1.37
		07/10/2016	-155704	Transfer	12622201	1.35
		14/10/2016	7500	Transfer	12629701	1.35
		14/10/2016	-277964	Transfer	12351737	1.32
		21/10/2016	80916	Transfer	12432653	1.33
		21/10/2016	-369500	Transfer	12063153	1.29
		28/10/2016	4254	Transfer	12067407	1.29
		28/10/2016	-75000	Transfer	11992407	1.29
		04/11/2016	58198	Transfer	12050605	1.29
		04/11/2016	-6000	Transfer	12044605	1.29
		11/11/2016	513603	Transfer	12558208	1.35
		11/11/2016	-8490	Transfer	12549718	1.35
		18/11/2016	30415	Transfer	12580133	1.35
		18/11/2016	-8840	Transfer	12571293	1.35
		25/11/2016	26181	Transfer	12597474	1.35
		25/11/2016	-49	Transfer	12597425	1.35
		02/12/2016	160045	Transfer	12757470	1.37
		02/12/2016	-2964	Transfer	12754506	1.37
		09/12/2016	-193767	Transfer	12560739	1.35
		16/12/2016	-99788	Transfer	12460951	1.34
		23/12/2016	143162	Transfer	12604113	1.35
		23/12/2016	-3654	Transfer	12600459	1.35
		30/12/2016	230064	Transfer	12830523	1.38
		30/12/2016	-175	Transfer	12830348	1.38
		06/01/2017	39004	Transfer	12869352	1.38
		06/01/2017	-114	Transfer	12869238	1.38
		13/01/2017	136000	Transfer	13005238	1.39
		13/01/2017	-74001	Transfer	12931237	1.39
		20/01/2017	211500	Transfer	13142737	1.41
		20/01/2017	-810456	Transfer	12332281	1.32
		27/01/2017	135000	Transfer	12467281	1.34
		27/01/2017	-943300	Transfer	11523981	1.24
		03/02/2017	-209705	Transfer	11314276	1.21
		10/02/2017	100834	Transfer	11415110	1.22
		10/02/2017	-325551	Transfer	11089559	1.19
		17/02/2017	180000	Transfer	11269559	1.21
		17/02/2017	-249121	Transfer	11020438	1.18
		24/02/2017	17549	Transfer	11037987	1.18

Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	24/02/2017	-438145	Transfer	10599842	1.14
		03/03/2017	34753	Transfer	10634595	1.14
		03/03/2017	-410548	Transfer	10224047	1.10
		10/03/2017	286	Transfer	10224333	1.10
		10/03/2017	-52912	Transfer	10171421	1.09
		17/03/2017	48435	Transfer	10219856	1.10
		17/03/2017	-463101	Transfer	9756755	1.05
		24/03/2017	-645440	Transfer	9111315	0.98
		31/03/2017	-97980	Transfer	9013335	0.97
		At the end of the year			9013335	0.97
<b>10</b>	<b>SBI MAGNUM EQUITY FUND</b>	Shareholding at the beginning of the Year			4716815	0.51
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	08/04/2016	113173	Transfer	4829988	0.52
		08/04/2016	-4665	Transfer	4825323	0.52
		15/04/2016	2374	Transfer	4827697	0.52
		22/04/2016	21410	Transfer	4849107	0.52
		29/04/2016	18654	Transfer	4867761	0.52
		29/04/2016	-3871	Transfer	4863890	0.52
		06/05/2016	7950	Transfer	4871840	0.52
		13/05/2016	1690	Transfer	4873530	0.52
		13/05/2016	-12860	Transfer	4860670	0.52
		20/05/2016	26274	Transfer	4886944	0.52
		27/05/2016	176408	Transfer	5063352	0.54
		03/06/2016	42472	Transfer	5105824	0.55
		10/06/2016	3696	Transfer	5109520	0.55
		10/06/2016	-16162	Transfer	5093358	0.55
		17/06/2016	61956	Transfer	5155314	0.55
		24/06/2016	111722	Transfer	5267036	0.57
		30/06/2016	175758	Transfer	5442794	0.58
		30/06/2016	-110	Transfer	5442684	0.58
		01/07/2016	144	Transfer	5442828	0.58
		01/07/2016	-7615	Transfer	5435213	0.58
		08/07/2016	14355	Transfer	5449568	0.58
		15/07/2016	578	Transfer	5450146	0.58
		15/07/2016	-297	Transfer	5449849	0.58
22/07/2016	5644	Transfer	5455493	0.59		
22/07/2016	-1211	Transfer	5454282	0.59		
29/07/2016	21606	Transfer	5475888	0.59		

Sl. No.	Name of the Share Holder	Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
		05/08/2016	17140	Transfer	5493028	0.59
		12/08/2016	15398	Transfer	5508426	0.59
		19/08/2016	7226	Transfer	5515652	0.59
		26/08/2016	51168	Transfer	5566820	0.60
		26/08/2016	-212	Transfer	5566608	0.60
		02/09/2016	90347	Transfer	5656955	0.61
		09/09/2016	65528	Transfer	5722483	0.61
		16/09/2016	81430	Transfer	5803913	0.62
		23/09/2016	63313	Transfer	5867226	0.63
		23/09/2016	-3	Transfer	5867223	0.63
		30/09/2016	52882	Transfer	5920105	0.63
		30/09/2016	-3	Transfer	5920102	0.63
		07/10/2016	266010	Transfer	6186112	0.66
		14/10/2016	14357	Transfer	6200469	0.67
		21/10/2016	265731	Transfer	6466200	0.69
		28/10/2016	50788	Transfer	6516988	0.70
		04/11/2016	20453	Transfer	6537441	0.70
		11/11/2016	166394	Transfer	6703835	0.72
		18/11/2016	148356	Transfer	6852191	0.73
		18/11/2016	-7400	Transfer	6844791	0.73
		25/11/2016	151330	Transfer	6996121	0.75
		02/12/2016	161931	Transfer	7158052	0.77
		09/12/2016	78939	Transfer	7236991	0.78
		09/12/2016	-8240	Transfer	7228751	0.78
		16/12/2016	146194	Transfer	7374945	0.79
		23/12/2016	300692	Transfer	7675637	0.82
		30/12/2016	294025	Transfer	7969662	0.85
		06/01/2017	633331	Transfer	8602993	0.92
		06/01/2017	-1091	Transfer	8601902	0.92
		13/01/2017	93818	Transfer	8695720	0.93
		20/01/2017	249920	Transfer	8945640	0.96
		20/01/2017	-14001	Transfer	8931639	0.96
		27/01/2017	45581	Transfer	8977220	0.96
		03/02/2017	109339	Transfer	9086559	0.97
		03/02/2017	-3592	Transfer	9082967	0.97
		10/02/2017	152485	Transfer	9235452	0.99
		10/02/2017	-254	Transfer	9235198	0.99
		17/02/2017	127874	Transfer	9363072	1.00
		24/02/2017	321331	Transfer	9684403	1.04
		03/03/2017	167275	Transfer	9851678	1.06

Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)

Sl. No.	Name of the Share Holder	Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)		10/03/2017	50960	Transfer	9902638	1.06
		10/03/2017	-15	Transfer	9902623	1.06
		17/03/2017	669838	Transfer	10572461	1.13
		24/03/2017	609	Transfer	10573070	1.13
		24/03/2017	-233997	Transfer	10339073	1.11
		31/03/2017	99555	Transfer	10438628	1.12
		31/03/2017	-9581	Transfer	10429047	1.12
		At the end of the year			10429047	1.12
<b>11</b>	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>	Shareholding at the beginning of the Year			8758786	0.94
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase and decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)		08/04/2016	19217	Transfer	8778003	0.94
		15/04/2016	27500	Transfer	8805503	0.95
		11/11/2016	880000	Transfer	9685503	1.04
		17/02/2017	-31129	Transfer	9654374	1.03
		24/02/2017	-45217	Transfer	9609157	1.03
		03/03/2017	-66233	Transfer	9542924	1.02
		10/03/2017	-36669	Transfer	9506255	1.02
		17/03/2017	-117734	Transfer	9388521	1.01
		24/03/2017	-56000	Transfer	9332521	1.00
	31/03/2017	-51476	Transfer	9281045	0.99	
		At the end of the year			9281045	0.99

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>1</b>	<b>A. M. NAIK</b>	At the Beginning of the year	1,025,000	0.11		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	10-Feb-17	(25000)			
		At the end of the year			1,000,000	0.11
<b>2</b>	<b>S. N. SUBRAHMANYAN</b>	At the beginning of the year	72,056	0.01		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	26-Aug-16 (ESOP Exercise)	35,000			
		At the End of the year			107,056	0.01

Sl. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>3</b>	<b>R. SHANKAR RAMAN</b>	At the beginning of the year	174,000	0.02		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	26-Aug-16 (ESOP Exercise)	15,000			
		At the End of the year			189,000	0.02
<b>4</b>	<b>SHAIENDRA N. ROY</b>	At the beginning of the year	55,350	0.01		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	26-Aug-16 (ESOP Exercise)	10,000			
		At the End of the year			65,350	0.01
<b>5</b>	<b>D. K. SEN</b>	At the beginning of the year	30,703	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			30,703	0.00
<b>6</b>	<b>M. V. SATISH</b>	At the beginning of the year	42,875	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			42,875	0.00
<b>7</b>	<b>M. M. CHITALE</b>	At the beginning of the year	1,629	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			1,629	0.00
<b>8</b>	<b>SUBODH BHARGAVA</b>	At the beginning of the year	750	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			750	0.00



Sl. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>9</b>	<b>M. DAMODARAN</b>	At the beginning of the year	150	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			150	0.00
<b>10</b>	<b>VIKRAM SINGH MEHTA</b>	At the beginning of the year	885	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			885	0.00
<b>11</b>	<b>SUSHOBHAN SARKER jointly with Life Insurance Corporation of India</b>	At the beginning of the year	150	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			150	0.00
<b>12</b>	<b>ADIL ZAINULBHAI</b>	At the beginning of the year	100	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):				-	
		At the End of the year			100	0.00
<b>13</b>	<b>AKHILESH GUPTA</b>	At the beginning of the year	200	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):				-	
		At the End of the year			200	0.00
<b>14</b>	<b>SUNITA SHARMA jointly with Life Insurance Corporation of India</b>	At the beginning of the year	100	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			100	0.00

Sl. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>15</b>	<b>THOMAS MATHEW T.</b>	At the beginning of the year	100	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			100	0.00
<b>16</b>	<b>AJAY SHANKAR</b>	At the beginning of the year	100	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):					
		At the End of the year			100	0.00
<b>17</b>	<b>SUBRAMANIAN SARMA</b>	At the beginning of the year	100	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	03-Feb-17	21000			
		At the End of the year			21,100	0.00
<b>18</b>	<b>NAINA LAL KIDWAI</b>	At the beginning of the year	100	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):					
		At the End of the year			100	0.00
<b>19</b>	<b>NARAYANAN KUMAR</b>	As on date of appointment as Director	–			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	17-Jun-16	1,000			
		At the End of the year			1,000	0.00
<b>20</b>	<b>SANJEEV AGA</b>	As on date of appointment as Director				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	13-May-16	3000			
		At the End of the year			3,000	0.00

Sl. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
21	<b>N. HARIHARAN</b>	At the beginning of the year	23,140	0.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):					
		At the End of the year			23,140	0.00

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount*	822.40	13102.08	–	13924.48
ii) Interest due but not paid*	–	–	–	–
iii) Interest accrued but not due*	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>822.40</b>	<b>13102.08</b>	<b>–</b>	<b>13924.48</b>
<b>Change in Indebtedness during the financial year</b>				
Addition^	5595.91	7984.64	–	13580.55
Reduction	5572.36	11272.18	–	16844.54
Exchange gain/(loss)	–	(79.80)	–	(79.80)
Interest accrued but not due	–	–	–	–
<b>Net Change</b>	<b>23.55</b>	<b>(3367.33)</b>	<b>–</b>	<b>(3343.79)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount*	845.95	9734.75	–	10580.70
ii) Interest due but not paid*	–	–	–	–
iii) Interest accrued but not due*	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>845.95</b>	<b>9734.75</b>	<b>–</b>	<b>10580.70</b>

\* Principal amount mentioned includes interest due but not paid and interest accrued but not due. Note 60 [C] & Note 60 [J]

^ Addition during the financial year includes interest accrued but not due

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:**

₹ crore

Sl. no.	Particulars of Remuneration	Name of MD / WTD / Manager						Total Amount
		A M NAIK	S N SUBRAHMANYAN	R SHANKAR RAMAN	SHAIENDRA ROY	D. K. SEN	M.V SATISH	
1	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.36	1.73	1.41	1.29	1.01	1.01	<b>9.81</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	19.27~	7.18	3.15	2.98	0.37	0.63	<b>14.57</b>
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	--	--	--	--	--	--	--
2	Stock Option	--	--	--	--	--	--	--
3	Sweat Equity	--	--	--	--	--	--	--
4	Commission							
	- as % of profit	18.24	11.29	7.41	5.84	4.82	4.32	<b>51.92</b>
	- others, specify...	--	--	--	--	--	--	--
5	Others (Retirement benefits, Contribution to Provident Fund & Superannuation Fund)	38.04~	3.51	2.38	1.93	1.57	1.44	<b>48.87</b>
	<b>Total (A)</b>	<b>78.91</b>	<b>23.71</b>	<b>14.35</b>	<b>12.04</b>	<b>7.77</b>	<b>7.40</b>	<b>144.18</b>
	<b>Ceiling as per the Act</b>							<b>598.09</b>

~ Includes encashment of accumulated past service leave ₹ 32.21 crore and perquisite value related to employee stock options exercised during the year in respect of stock options granted over the past several years by a subsidiary company - ₹ 19.01 crore.

**B. REMUNERATION TO OTHER DIRECTORS**

₹ crore

Sl. no.	Particulars of Remuneration	Name of Directors														Total Amount		
		M M Chitale	Subodh Bhargava	M Damodaran	Vikram Singh Mehta	Sushobhan Sarker	Adil Zainulbhai	Akhilesh Gupta	Bahram Vakli *	Swapan Dasgupta %	Sunita Sharma	Thomas Mathew T	Ajay Shankar	Subrmanian Sarma	Naina Lal Kidwai		Sanjeev Aga S	Narayanan Kumar @
1	Independent Directors																	
	Fee for attending board / committee meetings	0.081	0.067	0.066	0.060		0.062	0.055	0.040			0.072	0.065	NIL	0.055	0.053	0.028	0.704
	Commission	0.380	0.495	0.339	0.322		0.342	0.150	0.165			0.310	0.220	NIL	0.150	0.191	0.104	3.168
	Others, please specify																	0.000
	<b>Total (1)</b>	<b>0.461</b>	<b>0.562</b>	<b>0.405</b>	<b>0.382</b>		<b>0.404</b>	<b>0.205</b>	<b>0.205</b>			<b>0.382</b>	<b>0.285</b>	<b>NIL</b>	<b>0.205</b>	<b>0.244</b>	<b>0.132</b>	<b>3.872</b>
2	Other Non-Executive Directors																	
	Fee for attending board / committee meetings					0.067				0.010	0.038							0.115
	Commission #					0.223				0.050	0.108							0.381
	Others, please specify																	0.000
	<b>Total (2)</b>					<b>0.290</b>				<b>0.060</b>	<b>0.146</b>			<b>0.000</b>		<b>0.000</b>	<b>0.000</b>	<b>0.496</b>
	<b>Total (B)=(1+2)</b>	<b>0.461</b>	<b>0.562</b>	<b>0.405</b>	<b>0.382</b>	<b>0.290</b>	<b>0.404</b>	<b>0.205</b>	<b>0.205</b>	<b>0.060</b>	<b>0.146</b>	<b>0.382</b>	<b>0.285</b>	<b>NIL</b>	<b>0.205</b>	<b>0.244</b>	<b>0.132</b>	<b>4.368</b>
	<b>Total Managerial Remuneration (A) + (B)</b>																	<b>148.548</b>
	<b>Overall Ceiling as per the Act</b>																	<b>657.90</b>

§ appointed as a Director w.e.f. 25.5.2016

% ceased to be a Director w.e.f. 15.5.2016

@ appointed as a Director w.e.f. 27.5.2016

# Payable to respective Institutions they represent.

\* ceased to be a Director w.e.f. 1.8.2016

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

₹ crore

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary (N. Hariharan)	CFO	Total	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	0.99	Not Applicable	<b>0.99</b>	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.05		<b>0.05</b>	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		–		–	
2	Stock Option		–		–	
3	Sweat Equity		–		–	
4	Commission					
	- as % of profit		–		–	
	- others, specify...		–		–	
5	Others (Contribution to Provident Fund & Superannuation Fund)		0.07			<b>0.07</b>
	<b>Total</b>				<b>1.11</b>	<b>1.11</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

## Annexure 'G' to the Board Report

### DIVIDEND DISTRIBUTION POLICY

#### INTRODUCTION

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, prescribed Listed Companies are required to frame a Dividend Distribution Policy.

#### PURPOSE

The purpose of this Policy is to regulate the process of dividend declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company.

#### AUTHORITY

This Policy has been adopted by the Board of Directors of Larsen & Toubro Limited ('the Company') at its Meeting held on 22nd November, 2016. The Policy shall also be displayed in the annual reports and also on the website of the Company.

#### FORMS OF DIVIDENDS

The Companies Act provides for two forms of Dividend:

- **Final Dividend**

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

- **Interim Dividend**

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, in line with this policy. The Board should consider declaring an interim dividend after finalization of quarterly/ half yearly financial results. This would be in order to supplement the annual dividend or to reward shareholders in exceptional circumstances.

#### QUANTUM OF DIVIDEND AND DISTRIBUTION

Dividend payout in a particular year shall be determined after considering the operating and financial performance

of the Company and the cash requirement for financing the Company's future growth. In line with the past practice, the payout ratio is expected to grow in accordance with the profitable growth of the Company under normal circumstances.

#### DECLARATION OF DIVIDEND

Dividend shall be declared or paid only out of-

- 1) Current financial year's profit:
  - a) after providing for depreciation in accordance with law;
  - b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion
- 2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed; or
- 3) out of 1) & 2) both.

The circumstances under which shareholders may not expect dividend/or when the dividend could not be declared by the Company shall include, but are not limited to, the following:

- a. Due to operation of any other law in force;
- b. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- c. Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders and
- d. Due to any default on part of the company.

#### FACTORS AFFECTING DIVIDEND DECLARATION:

The Dividend pay-out decision of any company, depends upon certain external and internal factors-

##### External Factors:

- Legal/ Statutory Provisions and Regulatory concern: The Board should keep in mind the restrictions imposed by Companies Act, any other applicable laws with regard to declaration and distribution of dividend. Further, any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company may also impact the declaration of dividend.

- **State of Economy:** The Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks in case of uncertain or recessionary economic conditions and in situation where the policy decisions of the Government have a bearing on or affect the business of the Company.
- **Nature of Industry:** The nature of industry in which a company is operating, influences the dividend decision. Like the industries with stable demand throughout the year are in a position to have stable earnings and thus declare stable dividends.
- **Taxation Policy:** The tax policy of a country also influences the dividend policy of a company. The rate of tax directly influences the amount of profits available to the company for declaring dividends.
- **Capital Markets:** In case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows and reduce the cost of raising funds through alternate resources.
- **Future Requirements:** If a company foresees some profitable investment opportunities in near future including but not limited to Brand/ Business Acquisitions, Expansion / Modernization of existing businesses, Additional investments in subsidiaries/ associates of the Company, Fresh investments into external businesses, then it may decide for lower dividend payout and vice-versa.
- **Leverage profile and liabilities of the Company.**
- **Any other factor as deemed fit by the Board.**

#### **Internal Factors:**

Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include -

- **Magnitude and Stability of Earnings:** The extent of stability and magnitude of company's earnings will directly influence the dividend declaration. Thus, the dividend is directly linked with the availability of the earnings (including accumulated earnings) with the company.
- **Liquidity Position:** A company's liquidity position also determines the level of dividend. If a company does not have sufficient cash resources to make dividend payment, then it may reduce the amount of dividend pay-out.

#### **RETAINED EARNINGS**

The portion of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as ploughing back of profit. The Company should ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These earnings may be utilized for internal financing of its various projects and for fixed as well as working capital. Thus the retained earnings shall be utilized for carrying out the main objectives of the company and maintaining adequate liquidity levels.

#### **PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARE**

The Company does not have different classes of shares and follows the 'one share, one vote' principle.

#### **REVIEW & AMENDMENT**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Executive Management Committee has the right to change/amend the policy as may be expedient taking into account the law for the time being in force.

# MANAGEMENT DISCUSSION AND ANALYSIS



## **Overview of World Economy:**

In 2016 the global economy witnessed slow pace of growth and uncertainties with developed countries adopting protectionist policies. The current year is showing signs of revival of investment climate as the capital markets gain buoyancy, signs of recovery in manufacturing and trade, likely upside in the economic activity in Japan driven by healthy net exports and European countries witnessing traction in domestic demand paving way for growth. Advanced economies are expected to make small step-ups while growth in emerging economies continue to drive the global growth projections. China is expected to showcase favourable growth with strong policy support. Oil prices have shown traction in the recent months and are expected to be range bound thus bringing down the level of budget deficits in Middle East, allowing the Governments to have additional fiscal space to increase investments.

However protectionist policies by the US and geopolitical risks persist that may pose impediment in the global economic recovery. The advanced economies are facing persistent structural problems such as low productivity growth and high income inequality. Against this backdrop, economic policies have an important role to play

in staving off downside risks and securing the recovery.

## **Overview of Indian Economy:**

Amidst the global backdrop, Indian economy stood steadfast on its growth trajectory. In the framework of robust macro-economic stability, the year 2016-17 was marked by a few but robust policy developments such as passage of bankruptcy code, constitutional amendments paving way for GST and demonetization of notes in the pursuit of enhancing formalization of various segments of the economy. The GDP growth for the year 2016-17 at 7.1% was lower as compared to the previous year on account of weak investment sentiments even though Government enhanced spending and exports rose over the last few months of the year. Demonetization had a temporary adverse impact, as labour- intensive construction sector contracted. Growth in gross fixed capital formation slowed sharply in FY17 to 27.1% from 29.3% a year ago.

In the fiscal year 2017-18 India is expected to grow to around 7.2% provided macroeconomic parameters are favourable. There is an uptick in India's exports based on global economic activity. Consumption is also expected to witness traction as the economy catches up after demonetization



and cheaper borrowing cost. Emphasis of the budget proposals on growth simulation through infrastructure development, focus on affordable housing, digitalization of the economy, Make in India campaign are expected to start showing positive results in the later part of the current year. Introduction of GST will create a common market, improve tax compliance and governance, thereby boost investment and growth.

Certain downside risks do persist, especially on the banking sector front. High levels of NPAs and strained balance sheets of the banks pose constraints to funding for new investments. Structural reforms for debottlenecking the economic growth, bringing fiscal prudence in the state budgets and faster implementation of various development programmes of the Government are very important for speedy revival of investment climate.

#### **Business Scenario:**

The performance in the current year 2017-18 lays reliance on significant pick-up in Government led expenditure on development of rural and urban infrastructure, fast tracking of some defence orders and revival of domestic manufacturing sector. Select international markets continue to hold importance for business prospects of Hydrocarbon and Infrastructure segment.

The Company has identified certain key thrust areas and strategies to focus on the upcoming opportunities.

- **Strengthening execution and operational efficiency:** The Company is focused on bringing about cost & operational efficiencies for achieving profitable growth in the competitive business environment. The emphasis is on better contract and project management. The endeavor is to lower costs while maintaining quality and managing complexity.
- **Business value unlocking:** The Company reviews its portfolio and looks for opportunities to divest from non-core businesses for unlocking value. The Company is focused on shareholder value creation and enhancing returns through monetization of some of the road concessions and the port assets as a part of its strategic plan.
- **Emphasis on improving Working capital level:** The Company will continue to focus on reducing the working capital levels by emphasis on speedy customer collections, accelerating invoicing of work completed and reducing inventory levels.
- **Digitalization:** The Company has identified digitalization as a key driver to enhance its global competitiveness. Various digitalization initiatives are under way to aid project monitoring and enhancing efficiencies. The Company is threading in various digital strategies into the business model and also simultaneously building relevant capabilities to harness the true power of digital assets.

# Infrastructure Business



*For FIFA 2022, L&T is building the Al Rayyan Stadium, using environmentally-friendly building materials and practices. L&T has been associated with several prominent stadiums in India and abroad.*

## **Infrastructure Business Scenario**

**Indian Construction Sector:** A major push from the Government on the roads, railways, and urban infrastructure segments has helped construction companies improve their order book position. The sector's pace of recovery is, however, likely to be modest and will be linked to the on-ground impact of the policy measures including the release of 75% arbitral award as well as the availability of funds for project development. Short term demonetisation will have a negative impact on construction activities; however, the impact should subside and the situation is expected to normalize from Q1 of FY 2017-18 onwards. Significant improvements in the liquidity profile and credit metrics of construction companies will take time and will be contingent on an improvement in the

working capital cycle and in the pace of execution, besides their ability to deleverage by raising long-term funds through stake sale or equity placements. Revival of private sector participation will be key to faster infrastructure development. Railways will be one of the biggest drivers of infrastructure capex over the medium term.

**Global Construction Sector:** The story is more mixed. Investments are projected to increase through 2018, in line with a projected rise in oil prices, but overall spending levels will remain far below the historic highs of 2012 and 2013. Market consolidation will rebound, larger firms that survived the last few years now face pressure from shareholders, analysts, and other stakeholders to continue creating value. Construction players in

rapidly growing economies have spent the past decade focusing on their home markets, steadily building up cash positions and internal expertise. Now, as growth eases in their home markets, they are expanding outward and seeking to compete against established global players.

### **Digital in Construction**

L&T Construction is re-inventing its core business operations by leveraging Digital technologies. A range of solutions targeted at reducing operating costs, improving productivity, enhancing safety, and reducing execution time are being implemented.

Real time monitoring and analysis of Plant and Machinery operations powered by Internet of Things have started providing actionable data and insights that enable improvement in equipment utilization and productivity.

Project monitoring enabled by mobile technologies and advanced analytics are being rolled out across multiple project sites targeted at delivering the right insights to operations personnel to improve project progress.

Digital engineering and design have been set in motion with Building Information Management,

Augmented and Virtual Reality based solutions. 3D scanning technologies such as LiDAR, Photogrammetry, satellite remote sensing are enabling accurate surveys in different terrains, resulting in better quantity estimations.

Immersive safety training powered by Virtual Reality is being developed. RFID technologies are being used for designing solutions for material tracking and management, and worker safety.

In our endeavor to improve the workmen management system, linking of workmen database with their Aadhar and bank accounts is also being implemented.

All these digital solutions are throwing up a breadth of rich data at a high velocity. Big data analytics is the way forward for analyzing this data. L&T Construction is setting up an Analytics center of excellence with the right infrastructure and experienced data scientists.

Implementation of these exciting solutions require a highly engaged work force and L&T Construction has been an early mover in this space. With 30,000 plus users and 2000 active groups, Workplace by Facebook has been a new and successful platform for collaboration and engagement since August 2016.

Digital is imperative for attaining competitive advantage in today's world of business. L&T Construction will continue to focus on Digital for building impactful solutions that fuel business growth.

## **BUILDINGS AND FACTORIES**

### **Overview:**

L&T's Buildings & Factories (B&F) business vertical is a market leader in the arena of Engineering, Procurement and Construction (EPC) of airports, hospitals, stadiums, hotels, institutional spaces, IT parks, office buildings, elite residential buildings, high rise structures, mass housing



*The 1600-bed multi-specialty Safdarjung Hospital in Delhi.*



complexes, factory structures, cement plants and industrial warehouses. B&F has the expertise to offer 'turnkey solutions' right from 'concept to commissioning' across all the business lines cited above.

B&F's competitive advantages include dedicated engineering design centers, competency cells, advanced formwork systems, mechanized project execution, wide network of consultants & vendors, digitized project control and a talented pool of employees.

### **Business Environment Review**

The previous calendar year was challenging for the construction industry. Many of B&F's customers, specifically the private sector, deferred investment plans due to uncertainties caused by various economic developments. The liquidity crunch that already existed was further aggravated by demonetization and low-demand in the realty sector induced longer gestation period for various housing projects. In the international arena, the dip in crude oil prices continued to have a major impact on investments in the GCC sector. Most of the anticipated Airport projects have been deferred to the coming year. The results of the US Presidential elections & Brexit created uncertainty in the IT sector in India. The development of major hospitals and other institutional buildings have been deferred due to delays in budget allocations.



*L&T builds a wide range of residential projects, from elite towers to mass-housing complexes across the country.*

On the whole, the business scenario has been just about reasonable.

### **Significant Initiatives**

B&F has embraced the digital way to effectively control and monitor various aspects of operations to cut down costs and improve productivity. Value engineering, operational excellence, mechanized execution and composite construction methodologies have improved project cycle times, enhanced profitability and delivered quality. Latest technologies like Robotics in construction and 3D printing are being explored.

Safety is imbibed as a 'way of culture' and is being implemented across all projects to educate and sensitize all on hazardous project activities and corresponding preventive measures. A Safety Innovation School, the first of its kind by any construction company in India, has been set up to impart safety training. A team of experts has been formed to study futuristic businesses and formulate suitable strategies to gain a competitive edge.

### **Awards & Recognitions:**

1. Two Projects were awarded the prestigious 'British Sword of Honor' from The Royal Society For Prevention of Accidents (RoSPA)
2. Nine Projects bagged the Gold Awards from The Royal Society For Prevention of Accidents (RoSPA)
3. Five Awards won from the Indian Concrete Institute
4. Three Projects bagged the Construction Week Awards
5. Certificate of appreciation for Excellence in quality from Federation Of India Chamber Of Commerce & Industry (FICCI)

### **Major Orders Secured and Under Execution**

B&F has secured landmark projects from prestigious clients, especially from various State Governments of India. Leadership has



*Technology Centre for a global oil major in Bangalore.*

been maintained in the construction of various commercial and residential buildings in the country.

Major orders were secured from esteemed customers for the construction of high rise residential towers in western part of India.

Some of the key projects commissioned by B&F this year are:

- Offices for IT companies
- Airport at Cochin
- Safdarjung Hospital and medical colleges for the Govt. of Odisha.
- Secretariat for the Govt. of Andhra Pradesh
- High rise residential towers in various parts of the country
- Cement Plants

### **Outlook**

To improve the country's infrastructure and to boost the economy, the Government has taken several good steps and B&F is optimistic and buoyant to capture the momentum. A few positive factors are furnished below:

- "Housing for all" coupled with the Government's credit linked subsidy schemes and a rising middle class will drive demand for affordable houses
- The GST reform should help in streamlining the manufacturing sector
- Budget allocation for various AIIMS, IITs and other national institutions
- Rise in medical tourism is expected to generate more investments
- Rising internet usage has increased the requirement for data centers

B&F is poised for steady growth in the forthcoming years against the backdrop of a reviving economy, improving business climate, healthy order book, wide customer network, strong organizational setup, efficient supply chain management, digitized work culture, requisite resources and a skilled workforce.

#### **Larsen & Toubro Oman LLC (LTO): Subsidiary Company**

LTO, a JV with Zubair Corporation LLC, has been providing engineering, construction and contracting services for nearly a decade in the Sultanate of Oman. The Company has an excellent track record in civil projects and continues to enjoy customer preference in the country. L&T, through its wholly owned subsidiary L&T International FZE, holds 65% in the Company.

The oil price impact has limited the investment plans in the country.

## **TRANSPORTATION INFRASTRUCTURE**

### **Overview:**

The Transportation Infrastructure business vertical is well-diversified in terms of its product range and geography of operations, spread across India and various GCC countries. The business offers its services in the fields of Roads, Runways (Airside Infrastructure) & Elevated Corridors (RREC), Railways Construction, Railways Systems & International Infrastructure.

The business leverages its vast experience in Project Management, Engineering Design & Construction Management to achieve operational efficiency.

It has Engineering Design Centers in Mumbai, Faridabad and Chennai and an Offshore Engineering Centre in Mumbai, besides Area Offices in India and GCC countries. In addition, the business has a competency development center at Kanchipuram, and undertakes workmen training at CSTI, Ahmedabad.



*L&T has deployed a new track construction machine capable of laying 2 km of tracks per day - setting a benchmark in high-speed rail construction.*

### **Business environment**

Transportation Business is keen to continue building a robust order book which includes orders in both Road and Railway sectors.

The Railway Business has been awarded the largest ever composite package in the history of the Indian Railways by DFCCIL (Dedicated Freight Corridor Corporation of India Limited) for track laying, electrification and associated S&T works from Dadri - Rewari for 322 TKms (CTP 14) and electrification of 881 TKms from Mughal Sarai to New Bhaupur Section, Uttar Pradesh for Package CP 204.

The Road business has secured various orders for the construction of highways during the year.

On the International front, the business secured the extension of the Tripoli Road and Improvements of the Algeria Road project in UAE.

The major roads orders received in India are: the rehabilitation and upgradation of the Veer (Wadpale) to Bhogaon Khurd section of NH-17 from PWD and the rehabilitation and augmentation of the Helwak to Karad section of NH-166E to 2-lane for a length of 48 Kms from MORTH.



Projects completed during the year include:

- Gr.149 Barauni - Katihar Railway Electrification Project (437 TKM).
- Bina-Ganj Basoda 3rd Line project: Composite Railway Project (52 RKM).
- Villupuram - Vriddhachalam Doubling project: Composite Railway Project (54 RKM).
- Vriddhachalam - Ariyalur Doubling project: Composite Railway Project (52 RKM).

A few other projects which are in the final stage of completion include:

- Development of the Unnao Lucknow expressway 63 Km, 6 Lane Expressway in Uttar Pradesh.
- Kanaktora Jharsuguda Road Project 66.9 Km, 2 Lane Highway in Odisha.
- Maharashtra/Karnataka Border to Sangareddy Road Project 142 Km, 4 Lane Highway in Telangana and Karnataka
- Sambalpur Rourkela Road Project 162 Km, 4 Lane Highway in Odisha.
- Airside works at Kannur international Airport – 3.4 Km Runway and Airside Development in Kerala

During the year, Transportation Infrastructure business bagged 12 International Safety awards and 4 prestigious safety awards from National Safety Council (NSC), India.

### Digital Initiatives

Technology is the key to achieve operational excellence and digital technologies are the most promising to support business to optimize its functions. A lot of thrust has been put on developing and implementing digital solutions for better visibility and superior decision making. A host of solutions are being developed and are being implemented for asset management,

project monitoring, material & resource management; advanced sensors are being added to automate equipment operations to achieve better productivity and specialized P&M are being added to the fleet to improve execution process and quality. The 2D control system is being implemented on Motor Graders in a few of our projects. This system helps in controlling the blade movement so as to significantly improve the accuracy in grading while reducing the time and effort.

### Outlook

#### For Roads, Runways, (Airside Infrastructure) & Elevated Corridors (RREC) Business

In the road sector, the budget allocation for National Highways has been increased by 14% and stepped up to ₹ 67,000 crore in 2017-18.

Around 2000 km of coastal roads have been identified for construction which will help accelerate the development of Coastal Economic Zones.

The Ministry has targeted constructing 15,000 km of national highways during 2017-18 that translates into 41 km of road construction daily.

#### For Railway Business

Indian Railways are reportedly planning its highest outlay of ₹ 1.31 lakh crore for FY 2017-18,



One of the many flyovers built by L&T in India.

an increase over last year outlay of ₹ 1.21 lakh crore.

The opportunities for Railways SBG on the mainline Railways will essentially come from the tenders floated by RVNL and Zonal Railways which are of significant size and high value and will be on EPC mode with internationally accepted FIDIC conditions.

The Railway SBG will focus on the remaining packages of the Eastern DFC which includes 3 packages for systems and one package for Civil and Track. Three more New Freight corridors totaling 5773 RKM with investment of ₹ 3.74 lakh crore have been announced in the Budget and are likely to fructify in next 5 years.

Indian Railways' initiative Mission Electrification envisages electrification of nearly 25,000 RKM in 5yrs (2016-21). During the current year, opportunities are expected to the tune of ₹ 20,000 crore for capacity augmentation in 2017-18 backed by innovative institutional funding. In the electrification space, the business intends to participate in 'large value projects' and 'projects in EPC mode'.

High speed Rail Project connecting Mumbai – Ahmedabad is emerging opportunity for this business. Our Railway business has opportunities in Track, Electrification and Signalling & Telecommunication (S&T) works. Upcoming metros projects will provide more business opportunities for this segment.

The business is also targeting integrated systems projects in various countries while exploring opportunities in some select African countries. Emphasis on integrated projects are in line with the long term vision of the business which is to become a full range system integrator in Railway Projects.

#### **For International business**

The growth projection and development in Middle East countries is mostly driven by the oil prices. Looking at the recent prices of crude oil which is

balancing around USD 50 per barrel, the spending cuts should be less impacted.

Increased infrastructure investment, particularly in the UAE, Qatar & Kuwait, should further support the recovery in non-oil activity this year. Both UAE and Qatar have firm deadlines by which they need to deliver world class events that require substantial new infrastructure.

## **HEAVY CIVIL INFRASTRUCTURE**

### **Overview:**

The Heavy Civil Infrastructure business vertical of L&T Construction undertakes design, engineering and construction of projects in several segments that are crucial to the economy: Metros, Nuclear, Hydel, Ports, Special Bridges, Tunnels and Defence.

The business has strong presence in India, the Middle East, Bhutan and Bangladesh. In-house design strengths and unique construction methodology cells provide competent concept-to-commissioning solutions to meet customers' requirements.

### **Business environment**

Infrastructure is a powerful lever for economic growth, with both a positive short and long-term impact. In the short-term, investment in



*Lucknow Metro, one of the fastest completed metro rail projects in India*



infrastructure stimulates economic demand and creates jobs. Over the medium and longer-terms, well-designed infrastructure projects drive productivity by deepening markets and making economies more competitive.

Heavy Civil Infrastructure was able to report organic growth of 25% YoY for the 5th consecutive year, even though the general market situation remained challenging. Due to challenging markets, improving profitability, productivity and flexibility became business's core focus areas in 2016. Actions were initiated to improve cost efficiency, productivity and strengthen its future competitiveness by, among other things, re-structuring operations. The results of these actions are expected to be visible in 2017.

Businesses of Heavy Civil Infrastructure are the foundation of a modern economy and vital for socio-economic development. The cornerstone of Heavy Civil Infrastructure's strategy relies on strong focus for leaner construction practices and commitment to customer satisfaction with the aim to optimize the value chain of its customers and to improve their competitiveness through increased productivity and reliability.

### **Metros**

The Heavy Civil Infrastructure business possesses expertise in end-to-end engineering and construction of elevated and underground metros using sophisticated tunnelling techniques. It ventured into metro rail construction in 2001 with the prestigious Delhi Metro project. Since then, L&T has emerged as the leading builder of metro systems in the country, executing as many as 17 ongoing projects across 8 cities in India. L&T is also involved in building major portions of the Riyadh and Doha Metros. The business also specializes in delivering metro projects on turnkey basis.

### **Areas of expertise:**

- Elevated viaduct construction using segmental, U-trough, I-girder methods and balanced cantilever construction
- Underground tunnel construction using NATM, cut and cover and TBM methods



*Dome erection at the Kakrapar Atomic Power project, Gujarat*

- Underground station construction using top-down and bottom-up approaches
- Elevated metro stations with expertise in spine beam concept (lean).

### **Defence**

L&T Construction, is well geared with comprehensive range of Engineering and Construction Services to meet the specialized needs of the Defence sector. With massive investments planned by the Ministry of Defence for developing world class systems, opportunities are aplenty for L&T Construction, which is well placed and equipped for execution.

The specialty of L&T Construction is to offer EPC (Engineering Procurement Construction) solutions with single-source responsibility for execution of mega projects from concept to commissioning under the realms of Infrastructure facilities for Defence bases, underground facilities, niche technologies, security & surveillance and training facilities.

### **Nuclear Power**

L&T is a leader in the Indian nuclear sector by constructing the majority of the country's nuclear power plants. The business has developed expertise in both Pressurised Heavy Water (PHWR) and Light Water (LWR) reactor technologies with a



*An underground section of the Chennai Metro.*

market share of 64%. With its proficiency, L&T is attracting the global companies in the field of LWR as tie-up partners to set up new plants in India. It is currently executing civil works for a mega order of 2 X 1000MW from NPCIL at Kudankulam Nuclear Power Project (LWR), one of the largest projects in India's nuclear industry.

With such impeccable credentials, L&T is emerging as a pioneer in supporting India's plan of supplying 25% of electricity from nuclear power by 2050.

#### **Areas of expertise:**

- EPC solutions in civil, mechanical, electrical & instrumentation in PHWR projects
- Expanding Engineering, Procurement and Construction capability by venturing in to EPC contracts in LWR
- Design capacity for end to end civil works including seismic qualification, procurement and construction services
- Expertise in Modular Construction Technology

#### **Special Bridges**

L&T has built some of the finest bridges across challenging terrains, incorporating design features that are among the most complex of their

kind. The Company has pioneered several new technologies for the construction of bridges such as incremental launching, segmental construction, cable stayed, precast, prestressed concrete, steel and concrete composite construction. Apart from a pan-India projects scape, the business has presence in Malaysia, Dubai, Oman, Jordan and Bangladesh.

L&T has built the longest Extra dosed bridge in India across river Narmada at Bharuch, Gujarat. Currently L&T is building the longest extra dosed bridge in the world at Patna, Bihar in a Joint Venture with Daewoo and is undertaking 3 other Iconic bridges across India and a major railway bridge project at Khulna, Bangladesh.

#### **Hydroelectric Power Plants**

L&T's Hydro Business is one of the most significant players in the development of Hydroelectric Power Plants and offers a comprehensive 'Water to Wire' range of services that facilitate the execution of Hydroelectric Power Projects on an Engineer-Procure-Construct basis in tough mountainous terrains.

#### **Areas of expertise:**

- Diversion weirs, Barrages, Concrete / Earthen / Rockfill Dams, including RCC (Roller-Compacted Concrete) dams
- Underground tunnels of various geometry and diameter (both concrete lined and steel lined)
- Open and Underground De-silting Chambers
- Large underground power and surface power houses
- Pressure Shafts, Drop Shafts and Surge Shafts / Surge Chambers
- Hydro-mechanical components such as gates, penstocks, etc., including erection of electro-mechanical equipment
- Specialised underground structures

## Ports

The L&T Ports Business unit has been a part of building marine infrastructure that has given a great fillip to marine and waterway transportation. It is also one of the pioneers in the EPC construction of ports in India since 1950s thanks to which L&T's expertise in marine works is demonstrated all along India's coastline.

L&T has significantly contributed to the development of Ports by designing and executing 7000m berthing structures including Liquid Jetties, Container Terminals, Multipurpose Berths and Ferry Terminals. The company is proud to have built 14000m 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 having adopted the innovative concept of partial replacement of rock core with dredged sand in the construction of breakwater. It has also executed other maritime structures like Shipyards, Caissons, Long Span Approach Trestles, Intake Structures which are unique in nature.

## L&T Geostructure

L&T GeoStructure is a unique entity, focusing on deep foundations and ground engineering



*Across River Mandovi in Goa, L&T is building one of India's longest cable-stayed bridges.*

business, with a fleet of sophisticated foundation equipment. It has expertise in the areas of river linking, marine structures and deep foundation-supported bridges, basement & underground structures, and deep shafts.

The gamut of unique activities include execution of large diameter deep piles, marine piles, deep diaphragm walls, secant pile walls, plastic concrete cut-off walls, sheet piling, ground improvement, foundation testing and geotechnical investigation.

## Marquee Projects Commissioned

- CC17-Metros

## New Orders

- Construction of Hydro Technical Structures for Ph-2 of KKNPP at Kudankulam, Tamil Nadu
- 2 X 1,000 MW Kudankulam Nuclear Power Project 3&4 Kudankulam, Tamil Nadu
- Construction of barrage across Godavari river near Medigadda, Mahadevpur Karimnagar District, Telangana
- Cable stayed Bridge across Durgam Cheruvu Lake at Madhapur in Hyderabad in EPC.
- Ahmedabad Metro – UG PKG 2

## Track Record

- 2.65 km of Cable Stay bridges completed, 11.82 km of Cable Stay bridges under construction
- 2.16 km of Railway Bridges completed, 13.89 km of Railway Bridges under construction
- Part of commissioned India's first 1,000 MWe nuclear power plant
- 8,080 MW of reactor containment structures
- 306 km of metro (including ongoing projects)
- 8,315 MW of clean and green power

- 90 km of tunnelling in difficult Himalayan terrains
- 12 dams / barrages / weirs
- 7 Powerhouses including both underground and surface structures
- LPG underground storage cavern 200 m below ground level – one of the largest of its kind, and the first of its kind in South Asia

### Digital Initiatives

In order to optimise the cost and enhance productivity, Heavy Civil Infrastructure has implemented several digital initiatives including P&M tracking and Monitoring, Project monitoring & Control using mobile based applications, use of E-Measurement books, Workmen tracking using RFID, etc. BIM (Building Information Modelling) is being extensively used in Metro projects for Design and progress monitoring during execution. The Business is exploring the possibility of using Drones for survey for various projects.

### Outlook

The Union budget 2017-18 has given a major boost to the infrastructure sector. In the FY18 budget, the government has allocated a record ₹ 3.96 lakh crore to the infrastructure sector which should spur economic activity. A majority of this allocation has been ear-marked to build Metros, Bridges, Hydro Power Projects and Tunnels, which form the core expertise of the Heavy Civil Infrastructure business. The Government intends to build an effective infrastructure system to make domestic economy more competitive as compared to those of other emerging countries. With macros improving, and measures to revive infrastructure sector through new forms of awarding (Hybrid Annuity Model/Swiss Challenge Mode) and new forms of financing (REITs and InVITs), it is believed there will be a revival of stranded projects and easing of cash flows which will provide long term growth visibility. Also, as ever Heavy Civil Infrastructure business is focused towards EPC projects.

## POWER TRANSMISSION & DISTRIBUTION

### Overview:

L&T's Power Transmission and Distribution business vertical is a leading EPC player in the field of power transmission and distribution and solar energy. It offers integrated solutions and end-to-end services ranging from design, manufacture, supply, installation and commissioning of Transmission lines, Substations, Underground cable networks, Distribution networks, Power quality improvement projects, Infrastructure electrification, Solar PV plants, Battery energy storage system and Mini/micro grid projects. Besides being a dominant player in the Indian market, the business enjoys significant share and a strong reputation in the Middle East, Africa and ASEAN markets.

Extra High Voltage Substation Systems & Power Distribution Business Unit focuses on providing turnkey solutions for Extra High Voltage Air Insulated / Gas Insulated Substations for Utilities and Power Plants, EHV Cable & Communication backbone networks, Utility Power Distribution and Power Quality Improvement works, complete Electrical & Instrumentation solutions for various infrastructure projects such as airports, metros, etc.

The Transmission Line business offers turnkey EPC solutions in Overhead lines for Power Evacuation



India's first 1200 kV Air-insulated Substation at Bina in Madhya Pradesh.



and Transmission, bolstered by its state-of-the-art tower manufacturing units at Puducherry, Pithampur and Kanchipuram supplying over 1.3 lakh tones of tower components annually. The Testing and Research station at Kanchipuram accredited by NABL is one of the largest in Asia and is also amongst the most renowned testing centres in the world. (NABL: National Accreditation Board for Testing and Calibration Laboratories).

The Solar business provides single point EPC turnkey solution for solar PV related projects along with Energy Storage Solutions. Its experience spans across from flat to highly undulated as well as to landfill topologies with specialized technologies including designing & executing contours following solar PV power plants. The solar business has in-house capabilities of different module mounting structure types such as Fixed Tilt, Seasonal Tilt and HSAT to choose from 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.

The international units of the business in the Middle East, Africa and ASEAN offer complete solutions in the field of Power Transmission and Distribution, including High Voltage Substations, Power Transmission Lines, Extra High Voltage Cabling and Electrical, Instrumentation and Controls (EI&C) works for Infrastructure projects such as Airports, Oil & Gas Industries etc. in UAE, Qatar, Kuwait, Oman, Saudi Arabia, Bahrain, Algeria, Kenya, Ethiopia, Malawi, Botswana, Malaysia and Thailand.

### **Business Environment**

In 2016 – 17 too, the distribution sector in India maintained the momentum it had gained during the past years backed by several governmental initiatives such as UDAY scheme. Supported by central funding agencies, state utilities have laid emphasis on strengthening their respective distribution networks for better efficiency, accountability and management. The business continued to capitalize on these opportunities and successfully maintained its leadership position



*765 kV Gas-insulated Substation, Varanasi.*

by securing urban and rural electrification orders from West Bengal, Odisha, Bihar, Uttar Pradesh and Karnataka under the Integrated Power Development Scheme (IPDS) and Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) scheme.

The business is privileged to be partner with the central and state governments in illuminating thousands of households in the economically backward areas and electrify hundreds of villages. In a large number of towns, it has significantly improved the quality of power and reduced AT&C losses through distribution reformation projects.

The EHV substation related opportunities in 400kV & 765kV GIS/AIS segments were steady as central and select state utilities concentrated on Power System Strengthening schemes to meet their demands. Though there were positive signs on the policy front, the general lack of investments in conventional power generation and industry segments continued. Gas and Air Insulated Substation orders were received from PGCIL and state utilities including a major substation for solar power evacuation in the state of Karnataka. The key substation projects commissioned include 765kV GIS at Srikakulam and the receiving substation for Lucknow metro.

Transmission line projects have been executed for PGCIL as well as major state transmission utilities



*230 kV double circuit transmission line at Abu Ali, Saudi Arabia.*

viz. that of Uttar Pradesh, Chhattisgarh, West Bengal, Punjab, Tamil Nadu, Bihar, Karnataka etc. Major projects are also being executed for private players. With its specialized transmission line construction crew experienced in challenging terrain & weather conditions and fast track projects, the business is presently executing several projects at 765kV AC, 400kV AC &  $\pm 800$ kV HVDC levels across the country.

A prestigious order has been received from Medinipur - Jeerat Transmission Limited which is an SPV formed by Powergrid for the execution of the Eastern Region Strengthening Scheme-XVIII. Many orders have been received from Power Grid Corporation of India Limited across states. Two significant orders were bagged from Madhya Pradesh Power Transmission Company Limited for constructing a transmission corridor from Malwa to Badnawar through Pithampur. System strengthening schemes from Jharkhand Urja Sanchar Nigam Limited have been secured. The

Testing Station continues to attract orders from its global customers including from USA, KSA, China and Malaysia.

The Transmission Line business has commissioned about 20 transmission corridors of 2400KM length in FY16-17. The projects commissioned include India's first longest 765kV D/C Kudgi TL (380 km) and 400kV Quad Moose D/C Madhugiri to Bidadi Transmission Line (94km). Yet another HVDC transmission line 800kV HVDC Champa-Kurukshetra Pkg-6 (208km) was commissioned for PGCIL. At 765kV level, Varanasi – Kanpur Transmission Line (281km), 765kV S/C Lalitpur-Agra UP line-Ckt-I & Ckt-II (234km), ERE03 & ERE04 Srikakulam Vemagiri TL(168km) are among the major projects commissioned. Besides the 400kV Multicircuit Karamadai - Coimbatore Transmission Line, a fast track project viz. 400kV D/C Quad line-Kamudhi-Karaikudi Transmission Line (112km) was completed for Tamilnadu Transmission Corporation Limited. In Andhra

Pradesh & Telengana 400 kV D/C Jammalmadugu – Urvakonda & 400kV QDMC line Tungabhadra-Yemmiganoor (150km) and 400kV Veltoor SS to Tungabhadra (73km) were commissioned. A major project for Maharashtra State Electricity Transmission Co. Ltd (125km) for strengthening Mumbai Metro was completed.

Buoyed by the ambitious capacity addition plans and faced with declining tariff trends, the Solar business was selective and has bagged over 300MW projects in 2016-17.

In the Middle East, though the macro economic scenario was mixed during 2016-17, the business witnessed significant investments aided by FIFA 2022-related investments in Qatar, Expo 2020 related plans in UAE and stable T&D investment plans by KSA and Oman. High voltage transmission lines and substations to improve power reliability were entrusted upon the business by Saudi Arabian customers. Despite spend cuts induced by the oil price causing a sense of anxiety in the business climate, the business has secured a major order from KAHRAMAA involving 30 substations and 560KM of EHV cabling for the expansion of the electricity transmission network in Qatar. It continued to play a vital role in the 400kV Grid Substation network in Oman by securing another order. In UAE, the business could garner orders for constructing a number of 132kV GIS Substations from DEWA and reputed private customers in UAE. The business commissioned 36 substations including two 400kV Grid Stations in Oman, 2 cable projects and an Overhead Transmission Line. Having qualified for the highest voltage levels in its lines of business, the business has also added new private customers.

The business has established strong presence in select focus countries of Northern and Eastern African countries. The 400kV substation project in Algeria has been completed. The substation projects in Ethiopia and Malawi, and the Kenya-Ethiopia electrical highway are progressing at the desired pace. The business has secured 400kV Substation and Transmission Line orders from utilities in East Africa.

The business has gained a significant foothold and recognition in the ASEAN market. The ongoing substation and transmission line projects in Malaysia and Thailand including South East Asia's largest gas insulated substation is on track. Though new prospects in the ASEAN countries witnessed certain delays in bid finalization due to low oil prices, currency volatility and leadership changes etc., they have gained traction of late.

### Significant Initiatives

With major thrust on Digitalisation as a key enabler, the business rolled out several initiatives including deployment of drones for project progress monitoring, connecting plant & machinery for asset monitoring, using geospatial technologies for surveys, etc. It has deployed mobility device based project monitoring tools across all its active Transmission Line projects. The workmen related processes are being linked through unique identification. Several operational excellence initiatives in the areas of on-time delivery, profitability enhancement, effectiveness checks of process implementation, working capital management and risk management are being pursued.

Apart from expanding the capacity of the existing Pithampur factory, a new Transmission Line Tower manufacturing facility is also on the anvil.



*One of the many 400 kV Gas-insulated Substations installed by L&T.*



Initiatives undertaken to enhance safety in operations include e-learning modules, improvised safety cards for reporting unsafe acts/conditions, virtual reality based training, upgrading Safe Operating Procedures (SOPs) to reflect changing work methods and mechanization, adoption of Sagging Bridge (Stringing Working Platform) technique and the use of motorized winch machines in place of tractors, in final sag activities and enhanced training on Behavior-based Safety, Safety Audit and Training the trainers.

The Solar business rolled out tracker technology on a large scale and is currently executing more than 200MW of tracker based projects. Through a first of its kind distributed generation project in Bihar, the solar business has entered into energy storage providing solar power to 200 villages.

The business has strengthened its talent base to execute ongoing jobs in the ASEAN and African markets, vigorously pursuing emerging potential and creating corporate brand awareness and preference. The business continues to develop long-term relationships with its customers and foster strategic partnerships and alliances with key vendors and OEMs.

As a part of its localization and diversity enhancement strategy, the business expanded

its Graduate Engineering Trainee programme to educational institutions in KSA and recruited young Saudi nationals as budding engineers.

Such initiatives promptly earned awards and recognition for the business during the year. These include:

- Transmission Line business received 'Best Safety Practice Award' from PGCIL for 800KV HVDC Champa - Kurukshetra TL
- Solar business bagged prestigious awards from Dun & Bradstreet, Construction Times, India Solar Week 2016 and Solar Today Award 2016
- Two Substation projects in Oman secured ASSE GCC HSE Excellence Awards
- Projects in Saudi Arabia received the highest number of awards bagged by a single contractor from National Grid – Saudi Arabia.
- Prestigious National Safety Council of India award received for R-APDRP Varanasi Project
- RoSPA , British Safety Council awards for safety performance for multiple projects

### **Outlook**

In the power distribution front, the centrally driven schemes viz. Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) continue to offer substantial opportunities for rural electrification and power quality improvement projects. The increasing cost of land and acquisition related delays have led Power Grid/ State utilities to increasingly opt for GIS Substations due to the less footprint they occupy. As the power transmission / transformation capacities increase to cater to the growing demand of urban centres, 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 & Maintenance aspects. Power quality improvement projects such as STATCOM, new clientele out of TBCB players, state utilities strengthening their networks with funding from



60 MWp Solar Tracker Plant, Tamil Nadu





*L&T's capability in executing projects for power distribution includes switchyards.*

multilateral funding agencies, etc. are expected to provide a much-needed impetus. However, coal based power generation is yet to revive and hence associated evacuation substations are yet to resurface. The financial health of state utilities, the political situation in several states and the availability of funding will remain key determinants.

System strengthening in state utilities will provide major impetus to transmission line prospects. Several interstate and intrastate transmission lines are expected to go through the Tariff Based Competitive Bidding route. In certain states, the capacity enhancement using the already existing corridor may provide opportunities as it eliminates the need for fresh acquisition of right of way thereby reducing costs and saving time. Substantial activity with many prospects is evident in the SAARC countries viz. Bangladesh and Nepal, as they are coming up with several high value prospects.

The solar power market is poised to pursue its upward growth trajectory. PV module and finance costs have fallen for solar projects, this in turn has

brought down the tariff rates. With over 12 GW of solar projects yet to be installed in India, going forward, the momentum on projects execution is expected to remain upbeat. FY 2017-18 is predicted to gain further in terms of yearly addition compared to 5.5GW of installations in FY 2016-17 with some forecasts expecting close to 10GW. Energy storage integration into solar plants will see a rise due to grid stability requirements.

In the Middle East, the business is cautiously optimistic in its outlook. The slow recovery of the oil price is not expected to hamper investments in the T&D sector though there may be policy measures such as taxation and currency de-pegging. Infrastructure development will continue as part of diversifying the economy and will be aided by events such as FIFA 2022. 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 UAE market fueled by infrastructure growth related demand is a positive sign. In KSA (Kingdom of Saudi Arabia), continued Investment in basic infrastructure such as Housing, Roads etc. is fueling the Associated Power infrastructure projects. Power system capacity expansion to cater to infrastructure growth is proceeding as per plans in Qatar. Similarly, continued investments ensure steady growth in Oman. Input costs are bound to increase with introduction of VAT and removal of subsidies on fuel, power and water. However, these will have a similar impact on all the players. Prioritization of spending / budgetary allocation and related delays in project finalization are potential risks.

Africa's economic growth has been impressive and is predicted to remain robust. To sustain and support high growth rates as expected for Africa through economic diversification and industrial development, closing the current gap in power infrastructure will be crucial. The eagerness of multilateral funding institutions to sponsor infrastructure projects either directly through utilities or through infrastructure developers bodes

well for the business. The business is concentrating on key African economies that have a clear road map to build Substations and Transmission Lines to meet increasing demand. The next phase of grid strengthening in Botswana and Kenya will offer further prospects. Rural Electrification, Regional Interconnection and Grid Strengthening opportunities are being pursued in Northern and Eastern African countries.

Power Infrastructure is being steadily ramped up by the ASEAN countries driven by growth prospects attributable to regional economic integration and strategic location. The rising power demand paves the way for significant investments in grid interconnections, grid development and strengthening. Also, a significant part of such investments is funded by multilateral agencies opening doors for participation of global players. With each ASEAN country representing a different aspect of the electricity sector needs, the business sees immediate prospects in Malaysia, Thailand and Myanmar.

The overall outlook for the PT&D sector remains promising on both the domestic and the international fronts. The business looks forward to consolidate its position in established markets and gain significantly in new growth areas ably supported by its initiatives on cost leadership and smart delivery.

**Major Subsidiary Company:  
LARSEN & TOUBRO OMAN LLC (LTO)**

LTO, set up in collaboration with Muscat Trading Company (Zubair Corporation Group), provides engineering, construction and contracting services in the Sultanate of Oman. LTO made its maiden venture into Oman in 1994 and has completed 23 years, emerging as one of the leading construction companies. During the past year, the Company managed to bag a slew of projects including a major 400kV Grid Station project.

The business expects a stable political and economic scenario in Oman with growing opportunities in the T&D segment.

**LARSEN & TOUBRO SAUDI ARABIA LLC (LTSA)**

LTSA is a wholly-owned subsidiary providing engineering, construction and contracting services in the sphere of T&D in the Kingdom of Saudi Arabia. During the past year, the Company secured orders for a sizeable number of projects involving High Voltage Substations and Overhead Transmission Lines.

With a stable political environment and the continuing need for strengthening of Transmission & Distribution network, LTSA is well poised to garner sizeable opportunities in the coming year.

## WATER & EFFLUENT TREATMENT

**Overview:**

Water is life. Growing pressure on water resources due to rise in population, economic growth, climate change, pollution and other challenges have had a major impact on our social, economic and environmental well-being. Many of our most important aquifers are being over-pumped, causing widespread declines in groundwater levels.

Sensing the huge potential in this arena, L&T Construction's Water & Effluent Treatment



*181 MLD water treatment plant for Vellore Water Supply scheme.*

business segment has quickly enhanced its process knowhow and detailed engineering capabilities across all streams of Water and Wastewater business in India, Sri Lanka, Middle East and Africa. The formidable in-house engineering capabilities coupled with impeccable project management skills have put this segment much ahead of competition.

The business has built over 2600 MLD of water treatment plants; laid over 31,000 km of water and wastewater pipeline; In addition the business has also laid pipeline networks to bring more than 1 lac hectare of land into cultivation.

#### **Projects Commissioned & Orders Received**

The Water & Effluent Treatment Business has commissioned several important water projects in 2016-17. These include:

- a) Bankura Water Supply Scheme in West Bengal
- b) 52 MGD Water Treatment Plant at South 24 Parganas in West Bengal
- c) Water Supply Scheme in Pudukottai & Cuddalore in Tamil Nadu
- d) Plant Water Systems at Raichur for RPCL in Karnataka which is recognized as Asia's largest Micro-filtration plant
- e) Lift Irrigation Scheme in Hanamapur in Karnataka
- f) Sauni Yojana Link 3 Package 3 in Gujarat
- g) Ganga River Front Development Project in Patna, Bihar

The Business has also been successful in securing orders from various business domains like lift irrigation, drinking water supply, common effluent treatment plants, municipal waste water collection & treatment and integrated urban infrastructure. Some of these include:

- a) NC-35, NC-36, NC-37 Water Supply Scheme, Gujarat
- b) Sikar, Alwar & Bhiwadi Wastewater Scheme, Rajasthan
- c) Construction of Water



*Hanamapur lift irrigation project, Karnataka.*

Storage Reservoir at Vizag Steel Plant, Andhra Pradesh d) Bansujara Lift Irrigation Scheme, Madhya Pradesh e) 30 MLD CETP at Ahmedabad, Gujarat f) Comprehensive Storm Water Drainage Scheme at Vijayawada, Andhra Pradesh g) Providing 24x7 Water Supply to Tumakuru city, Karnataka h) Sewerage integration work and sewage treatment at Barrackpore, West Bengal i) Improvement of Water Supply to Greater Berhampur, Odisha j) Chaigaonmakhan Lift Irrigation Scheme, Madhya Pradesh k) Integrated Wastewater Scheme at Sri Ganganagar, Rajasthan l) Lift Irrigation Scheme at Clusters IX & XII, Odisha m) Alirajpur Lift Irrigation Scheme, Madhya Pradesh n) Nandawadagi Lift Irrigation Scheme, Karnataka o) Sauni Yojana Link-2 Package-4, Gujarat.

On the International front, the Business has secured a project in Sri Lanka for Provision of New Gravity Sewer, Force Mains and Pump Stations and another project in Tanzania involving extension of water transmission pipeline from the Lake Victoria Water Supply Scheme to Tabora, Nzega and Igunga towns.

#### **Business Environment**

The per capita water availability in the country is rapidly decreasing due to an increase in population and its consumption. The average annual per capita availability of water in India was 5177 cubic meters in 1915, which decreased to 1500 cubic

meters as per the 2011 census. It was estimated that by 2015, the per capita availability would go down further to 1100 cubic meters.

The Government of India has plans to prevent the contamination of surface water bodies by stopping untreated wastewater flowing into these bodies. It also plans to adopt modern irrigation techniques so that the dependency on monsoon can be reduced.

Industries are planning to recycle and reuse their effluent by adopting advanced treatment technologies thereby reducing the consumption of fresh water requirement for their day to day processes.

### **Significant Initiatives**

With huge opportunities in integrated water supply prospects, lift irrigation, sewage and effluent treatment space, significant initiatives have been taken to ensure that the WET business of L&T continues to be ahead of competition, both in terms of market share and profitability. Some of these initiatives are:-

- Foray into Specialized WTP & Desalination with technology partnerships.
- Participation in Mega Lift Irrigation System tenders, in which water is not transported by a natural flow but is lifted with pumps
- Focus on Zero Liquid Discharge (ZLD) process along with combined effluent treatment packages in various states and industries across India
- Upcoming medium to large scale STP tenders will improve the quality of urban life.
- The business has provided water infrastructure facilities, solar powered treatment plants, desks and important aids to visually challenged and differently abled children which has resulted in bringing down the number of school dropouts and increasing enrollment in schools.

### **Digital Initiatives**

WET business has implemented several digital initiatives like a) Online prospects tracker

b) Linking workmen database with Aadhaar and bank accounts c) Online risk management portal d) Application to monitor the progress of the projects online. Some of the other digital initiatives include:-

- Implementation of digital solution to track the productivity of some of the key assets.
- Elimination of paper log/measurement books and adoption of online work measurements.
- In geo-spatial arena, usage of LIDAR survey in some of the wastewater projects.
- Developing design models using BIM.

### **Risks & Concerns**

WET projects carry various risks like ROW issues, longer O&M periods, fund constraints with client, bulk materials shortage due to mining issues at various projects. These risks are mitigated by continuous follow-ups with the client, formations of a dedicated O&M segment, detailed financial analysis of clients during the pre-bid stage and meticulous planning.

### **Outlook**

There are mega government policies to drive water infrastructure in India that include AMRUT (Atal Mission for Rejuvenation and Urban Transformation), Namami Gange, Pradhan Mantri Krishi Sinchayee Yojana and Delhi Mumbai Industrial Corridor Development. In addition, large investments have been proposed by multi-lateral funding agencies for water supply and sewer projects to improve the urban quality of life. Desalination and Water Management projects are likely to fructify during the current year due to the prevailing water stress conditions in most parts of India. Mega lift irrigation projects have been proposed across major states along with proposals to connect rivers with 15,000 km of canals. To this effect the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) has been formulated with the vision of extending the coverage of irrigation 'Har Khet ko pani' and improving water use efficiency 'More crop per drop' in a focused manner with end to end solutions on source creation, distribution, management, field application





*L&T creates smart cities by offering integrated capabilities from several of its businesses - L&T Construction, L&T Electrical & Automation, L&T Infotech and L&T Technology Services.*

and extension activities. The Government has already set in motion an integrated Ganga conservation plan - 'Namami Gange' which envisages investments for sewage infrastructure across several urban habitations along the river. Stringent implementation of pollution norms is in place to encourage setting up of common effluent treatment plants. The Delhi-Mumbai Industrial Corridor (DMIC) is India's most ambitious infrastructure programme aiming to develop new industrial cities as 'Smart Cities' and converging next generation technologies across infrastructure sectors. The programme envisages development of infrastructure linkages like power plants, assured water supply, high capacity transportation and logistics facilities.

In the International market, opportunities have been identified for desalination and sewage treatment plants in GCC. The business has already set its footprint in Tanzania and Sri Lanka and more are expected from these geographies.

## SMART WORLD & COMMUNICATION

### Overview:

India is rapidly gearing up to create smart infrastructure that will soon be the backbone of the economy. With the mandate to build a smart and digital India being at the top of the Government's priority list, this area will be abound with huge opportunities in the near future. The potential business opportunities are in the areas of city surveillance, intelligent traffic management systems, transport & logistics, OFC cabling, communication network including backbone, telecom infrastructure, smart governance & education, Critical Infra and Smart City Development.

With a successful track-record complemented by domain knowledge across business verticals, L&T's Smart World & Communication Business Unit (SW&C) is well positioned to be a key Master



*Hi-tech surveillance systems ensure 24X7 security at Mumbai*

System Integrator (MSI) for smart city projects. The Business Unit in L&T Construction leads all business initiatives in this realm and collaborates with L&T Infotech, L&T Electrical & Automation IC and L&T Technology Services to provide end-to-end solutions to customers.

With this unique positioning and a technology driven portfolio, the business has been able to attract talent from across the industry in the smart city spectrum.

### **Business Environment Security Solution Business**

With safety & security an imperative for modern life, video based surveillance has emerged as a fundamental element of safety & law enforcement in urban areas. L&T's core strength lies in offering a whole spectrum of sustainable & scalable systems in security solutions for city surveillance & Homeland Security systems, Intelligent Traffic Management Systems, Critical Infrastructure across ports, airports, metros, IT parks & public buildings.

It started with the Sabarmati Jail surveillance project and development of surveillance and intelligent traffic management systems for the Gujarat government in Ahmedabad, Gandhinagar and Vadodara.

- It commissioned the India's largest city surveillance project comprising ~5,000 cameras at over 1500 locations in Mumbai City in 2016-17
- It is currently executing the largest City Surveillance & Traffic Management network for the city of Hyderabad
- The Segment conceptualized utilization of existing Surveillance Infrastructure successfully and executed & commissioned city wide Wi-Fi project for Mumbai City.
- The Security Solution segment has secured the prestigious project of creating Command Control Centres for 3 Cities in Rajasthan – Bharatpur, Bikaner & Jodhpur.

### **Communication Network & Telecom Infrastructure Business**

For a more secure and smarter world, a robust communication network & telecom infrastructure is an imperative. L&T Construction has the capability to provide end to end solutions for a range of requirements covering - Fiber Optic Backbone; Microwave & Satellite Communication; Network & Telecom Infrastructure; Wi-Fi System; Early Warning Dissemination Sys.; Emergency Response Sys.; Metro Communication to name a few.

2016-17 had been a year of technological expansion for the segment. The Business segment forayed into new areas like Wi-Fi Systems, Digital India, Early Warning Dissemination Systems, Connected Grids, etc.

- The segment is executing the comprehensive metro communication package for Lucknow Metro and is also executing TETRA communication network for Delhi Metro
- The Business segment is also executing a project for the implementation of an 'Early Warning Dissemination System' for coastal districts. The system is a 'First of Its kind in India'

- Communication Business aligning with the vision for a Digital India is executing projects for creating communication backbone (GPON) and providing digital connectivity (Wi-Fi) across various locations of the country

### **Smart Infrastructure Business**

L&T SW&C offers multi-pronged smart solutions on a turnkey basis that are postmodern & reliable for a whole spectrum of smart infrastructure which covers Smart city solutions, Integrated Command & Control; Smart Communication; Smart Mobility; Smart Energy; Smart Lighting; Citizen Apps, etc.

The segment has successfully commissioned the Jaipur Smart City Project – India's First Smart City.

- In 2016-17 Smart World Communication BU secured India's 'First Integrated Smart City' project for Nagpur City in Maharashtra. The project scope involves laying of a citywide optical fiber network backbone, creating City Wi-Fi hotspots at key locations, establishing digital interactive kiosks and developing city surveillance systems with IP based cameras. Additionally, the city has identified a strip of approximately 6 kms to be developed as a 'Smart Strip' with state-of-the-art systems powered with smart ICT interventions like smart parking, solid waste management, smart lighting etc.
- The segment also secured a prestigious Smart City project for Pune under the Smart City Mission of the Government of India for the development of Pune as a Smart City. The Pune Smart Elements Project includes enabling Wi-Fi at around 200 strategic locations, establishing Emergency Call Boxes and Public Address Systems, putting up Environmental Sensors, Variable Messaging Displays, Network Connectivity and Video analytics Integration. The project includes a state-of-the-art Smart City Operation Centre (SCOC) to integrate all its services and applications on a single platform.
- The segment also secured an order to implement Smart City Solutions for the city

of Vishakhapatnam under the Smart City Mission. The scope of work includes citywide Surveillance, Variable Message Boards, Public Address Systems, Wi-Fi Access Points, Data Centre with Disaster recovery, Command Control Centre, Collaborative Monitoring and Facility Management Systems. Apart from these the Project includes implementation of Smart Elements such as Solid Waste Management System, Smart Transport, Smart Poles, Smart Lighting, Environmental Sensors and Enterprise Resource Planning.

### **Outlook**

2017-18 looks promising for the SW&C business given the boost the government has given for safe and smart cities and other digital initiatives.

The union budget 2017-18 projected allocations that cover the areas of business being pursued by SW&C - Digital India - Bharat Net; Smart City & AMRUT; Homeland Security and Border Management System; Metro & Railway Surveillance and Telecommunication; Emergency Response & Police Modernization, etc.

### **Security Solution Business**

The trigger for the surveillance business, will essentially come from the initiatives taken by State Police Departments, State Industrial development Authorities given that safety of people is a state subject.

Several of the tier-2 cities are planning tenders for city surveillance & intelligent traffic management systems to ensure safety and security of citizens.

With special thrust by Central and State Govt. for Highway Managements Systems, the segment envisages traction for Integrated Highway Management System opportunities in 2017-18 & 2018-19.

Homeland Security is another area of importance for the Govt. of India. Border Security and Management Systems are expected to grow and business is anticipating big opportunities in this

space. Other areas such as Airbase and Naval base security are in the RFI phase.

### **Communication Network & Telecom Infrastructure Business**

With the Government's initiatives like Digital India and thrust towards e-governance, the National Optical Fiber Network (NOFN), which faced certain delays in 2016-17, with a mandate from DoT, will be translating to a large scale opportunity for development of a robust and nationwide broadband telecom infrastructure in 2017-18. The Bharat Net program plans to connect 2.52 lakh Gram Panchayats of the country with high speed digital network.

The business made a breakthrough in 2016-17 in the domain of Early Warning Dissemination Systems for Coastal districts of AP & Odisha. Other coastal states are also coming up with similar requirements to issue early alerts in case of cyclones and other natural calamities.

Metro Communication packages in various cities project a good market potential. Metro projects for several cities are already in the pipeline and with the experience from LMRC & DMRC projects, the business unit is well positioned to tap these emerging opportunities.

### **Smart Infrastructure Business**

Under the Central Government's Smart City Mission for developing 109 smart cities across India, 60 cities have already been shortlisted, several of which are in advanced stages of RFPs and have received Central Govt. funding. These cities will be coming up with RFPs shortly and the balance cities are also likely to follow in 2017-18.

SW&C is well positioned to leverage the diversified offerings of L&T and collaborate with the State municipal corporations and governments to create smart infrastructure based on the experience gained in Jaipur, Nagpur, Pune and Vizag.



## Power Business



*Natural-gas-fired combined cycle power plant built by L&T at Vemagiri in Andhra Pradesh.*

### **Overview:**

Power business is one of the leading EPC players that provides "design to commission" integrated solutions in the field of coal and gas-fired power projects on a Lump sum turnkey basis. The successful completion of various projects and continuous additions of capacity has made the business "a proven and complete solution provider in the Thermal Power Segment".

L&T's Power business has a pan-India presence with multiple project sites, project management centres & manufacturing facilities.

The business has a state-of-the-art facility at Hazira in Gujarat, where it manufactures

ultra-supercritical/supercritical boilers, turbines, generators, pulverisers, axial fans, air-preheaters and electrostatic precipitators. It also has design and project management centres at Vadodara, Faridabad and Chennai that ensure international standards of project management, quality, safety and on-time delivery.

The business has an organization structure with focused business units supported by competency-based capability centres and service functions.

### **Business Environment:**

The Power sector saw sustained momentum across the power value chain like lower power deficits, reforms in distribution, capacity addition and grid augmentation during the



*On EPC basis, L&T undertook the 375 MW single-shaft combined cycle power plant project for Gujarat State Electricity Corporation at Dhuvaran in Gujarat.*

year. This makes the business optimistic and it anticipates that there will be around 40 to 50 GW of ultra-supercritical/supercritical ordering in coal-based projects over the next five years.

During the year, the business bagged 1.98 GW of Boiler Island order from Neyveli Uttar Pradesh Power Limited through competitive bidding, while the main plant orders of 4.6 GW materialised in 2016-17.

The business continued its foray outside India and was successful in getting export orders worth over USD 200 million through its joint venture companies.

Tenders for Flue Gas Desulphurisation (FGD) and Selective Catalytic Reduction (SCR) business started floating in the market. The Power business is hopeful of securing sizable orders in this new segment.

With increasing competition and shrinking market, cost optimisation has been the focal point for the

business. It planned various initiatives to achieve cost leadership and at the same time, continued its focus on execution excellence and customer delight by demonstrating high quality and safety standards.

Business continued to raise its own standards on 'delivery terms' to ensure contractual commitments and customer delight by saving time and money. Synchronisation of the first unit of Rajasthan Raja Vidyut Utpadan Nigam Limited's (RRVUNL) project in record time of 42 months and hydro test of the first unit of Madhya Pradesh Power Generating Company Limited's project, three months ahead of the schedule bore testimony to this. It also achieved open cycle synchronisation of its two gas-based power projects in Bangladesh - NWPGL 360 Bheramara CCPP & BPDB 225 Sikalbaha CCPP.

The awards from CII-EXIM Bank for business excellence and from FICCI for quality systems excellence are proof of the business's belief in

'total quality organisation' for sustained business results. It also received the National Safety Award for the ongoing Rajasthan Rajya Vidyut Utpadan Nigam Limited's project at Chhabra.

The business continued its focus on enhancing competencies among its employees through Power Training Institute to further its contribution to the sector. Recognition of the institute by the Ministry of Power, Government of India, is a pointer in this direction.

**Significant Initiatives:**

The business formulated its business strategy with three-pronged approach of cost optimisation, portfolio enhancement and internationalisation. Progress monitoring, review mechanism, timeliness, department responsibilities and accountability have been identified as the key areas to ensure successful implementation of its strategy.

In its pursuit of portfolio enhancement, the business signed long-term technology licence agreements with Chiyoda Corporation for FGD and with Mitsubishi Hitachi Power Systems for SCR. The partnership with the world's technology leaders has provided an edge over its competitors in the new job opportunities that are coming up in the thermal power sector due to new emission norms notified by the Ministry of Environment, Forest & Climate Change, Government of India.

On the international front, the business will continue its focus on South East Asia and Middle East markets for gas-based power projects. For coal-based power projects, select opportunities in neighbouring markets are also being pursued.

The full-fledged office in Dhaka to support execution of current projects and tap new opportunities in the Power sector in Bangladesh is an example of management's foresightedness to expand in the territory.

The business reviewed its internal controls and ensured that the controls which are commensurate with the size of its operations exist. It also continued with its risk mitigation initiatives

through risk management practices and regular reviews.

**Outlook:**

Looking ahead, the Power sector is expected to unfold many positive trends in the areas of generation, transmission & distribution. The impact of UDAY scheme and 100% rural electrification, etc. will also be seen in the years to come. Power sector in the country is set to grow to meet the increased demand which is likely to be fuelled by the expected GDP growth of the country. The business expects a major thrust from the Government to boost the sector with equal focus on thermal, nuclear and renewables like solar, hydro, etc.

Though emergence of alternative sources in the form of renewables is another challenge for the business, it is believed that coal will continue to be the mainstay of the domestic power sector for providing reliable and robust base load.

Business potential of Flue-gas desulfurization (FGD) systems to meet the environmental norms has opened new opportunities and the business is ready to capitalise on it. The business also sees the opportunities in 'replacement market'. Some plants have aged and are due for retirement. These plants run at very low PLF, less efficiency level and are non-complaint to revised emission norms. Due to these factors, the old plants will be replaced with the new ultra-supercritical/supercritical technology which is much more efficient. It is expected that around 15 GW of ordering will happen in the next three to four years in the replacement market alone.

Excess capacity and aggressive pricing will continue to haunt the EPC players and it would reflect in the pricing and financials. The gas-based power plants are not expected to revive in India in the near future. However, South East Asia continues to offer good opportunities for gas-based plants. The business has taken various steps to enter these markets. The target countries for gas-based projects are Bangladesh, Sri Lanka, UAE and Indonesia.





*Supercritical boiler manufactured at L&T's state-of-the-art manufacturing facilities at Hazira.*

As we go further, the impact of GST regime on the Power sector is another major area which needs to be analysed and seen.

**Major Subsidiary Companies:**

**L&T-MHPS BOILERS PRIVATE LIMITED (LMB):**

LMB is a joint venture incorporated in India between L&T, having 51% stake and Mitsubishi Hitachi Power Systems Limited (MHPS) Japan, having 49% stake, for the engineering, design, manufacture, erection and commissioning of ultra-supercritical/supercritical boilers in India. The manufacturing hub of LMB is at Hazira, Gujarat while it has established design and engineering centres at Faridabad and Chennai. The company can manufacture ultra-supercritical/supercritical boilers up to a single unit of 1000 MW at its Hazira complex.

The company received its biggest domestic order from NUPPL for 3X660MW Ghatampur Thermal Power Project. It also received its biggest export order from MHPS for supply of Pressure parts for 2X1000MW Central Java Project in Indonesia. The Hazira factory recorded the highest production ever since the start of the operations.

The company also signed Technology and License agreement with MHPS for Selective Catalytic Reduction system. This will help the company to

grab market opportunities created post issuance of strict environment norms in India. The company further strengthened its position in export market and received orders over ₹ 380 crore.

**L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED (LMTG):**

LMTG is a joint venture incorporated in India between L&T and Mitsubishi Hitachi Power Systems Limited (MHPS), Japan and Mitsubishi Electric Corp. (MELCO). L&T has a 51% stake in the joint venture, with MHPS holding 39% and MELCO holding 10% stake. The company has a state-of-the-art manufacturing facility at Hazira, Gujarat for manufacture of STG equipment of capacity ranging from 500 MW to 1000 MW. The company is engaged in the engineering, design, manufacture, erection and commissioning of ultra-supercritical/supercritical turbines and generators in India.

The year saw major improvement in the financials of the company on the back of good orders on hand. The factory utilization also improved substantially during the year. Exports continue to be the major thrust area for the company with global customers responding to the company's high-quality standards & competitiveness. The Company has aimed to add Repairs & Services and Spares business to its existing revenue streams to enhance its business portfolio and at the same time improve its factory utilization & financials.

**L&T-SARGENT & LUNDY LIMITED (LTSL):**

LTSL is a joint venture between L&T and Sargent & Lundy LLC, USA (S&L), a global Consulting firm in Power industry. L&T's stake is just over 50% in the joint venture. LTSL's main Design Centres are located in Vadodara & Faridabad.

LTSL offers complete Power Plant Engineering & Consultancy services - from concept to commissioning. Besides having considerable expertise in gas based and sub-critical coal based power projects, the company is also involved in engineering of ultra-supercritical/supercritical coal based projects and forms the engineering base for L&T's focus on turnkey execution of ultra-supercritical/supercritical technology.

The company continues to focus on major EPC Players from Turkey, Korea, SE Asia etc., for future business opportunities. The company was successful in having a breakthrough in Qatar during the year. The company was also successful in bagging three orders from Nationalised Banks & PSU agencies for offering project management consultancy (PMC) services to lenders for stressed power projects. The company also received various other domestic and overseas orders during the year.

The company continued its high business standards which is demonstrated by engineering of around 24000 MW of generation capacity of gas-turbine based power plants and around 22000 MW of generation capacity of coal-based power plants, across the globe.

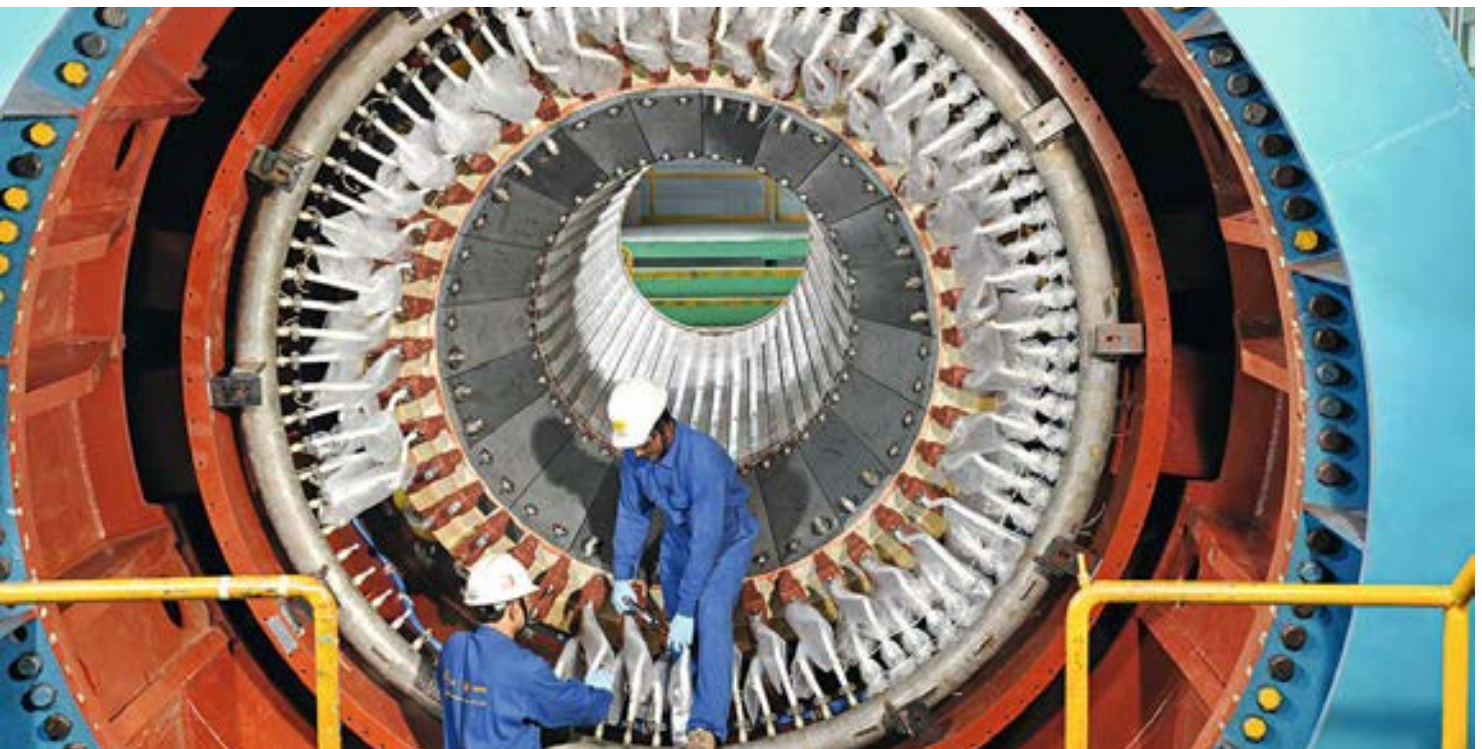
**L&T HOWDEN PRIVATE LIMITED (LTH):**

LTH is a joint venture between L&T and Howden Group, UK. L&T has 50.1% stake in the joint

venture. The company supplies high end fans and air pre-heaters for thermal power plants. The company has a state-of-the-art facility for manufacture of fans and air pre-heaters at Hazira, Gujarat along with a fan testing facility. It also has a design and engineering centre at Faridabad.

The company is optimistic about receiving the orders through LMB and other Boiler OEMs. On execution front, the company focused on streamlining of engineering, it also focused on the process improvements and capacity improvement. The company achieved full load of its APH basket production line and fan testing facility during the year.

The recent environmental rules requiring FGDs will further boost demand for the company's axial fans. Further, the company has aimed to improve its project delivery and optimise the cost through various initiatives to make itself more competitive.



*Fabrication of a turbine for a power plant.*



# Heavy Engineering Business



*Eight ARDS reactors, ready for despatch to the Refinery and Petrochemical Integrated Development (RAPID) Project of Petronas, Malaysia.*

## **Overview:**

The Heavy Engineering (HE) business designs, fabricates and integrates custom designed, engineered critical equipment & systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and for Defence applications. The business has a track record of executing large size and complex projects with capabilities, that include in-house engineering, equipped fabrication facilities, R&D centres, an experienced project team and safe work culture.

The Heavy Engineering business is structured into two Strategic Business Groups (SBGs):

- Process Plant Equipment and Nuclear
- Defence and Aerospace

- 1) **Process Plant Equipment and Nuclear (PP&N) SBG** is involved in manufacture of large complex equipment such as hydro-processing reactors & high pressure heat exchangers for process plants and equipment for the nuclear power sector. Heavy manufacturing is undertaken at work centres located in Mumbai, Hazira and Sohar in Oman. Precision fabrication in stainless steel and titanium on process plant side is handled from Vadodara manufacturing facility. Fabrication of critical piping spools for applications in the power, refinery, petrochemical, fertilizer and chemical sectors is done in a separate unit located at Hazira. During the year, PP&N SBG underwent significant organisational changes to

strengthen the marketing and execution teams. It also focussed on cost control and zero defect manufacturing, identified core and non-core products and consolidated its operations at Hazira.

- 2) **Defence and Aerospace (D&A) SBG**, having evolved from technology and product development to serial production of equipment and systems to platforms has resulted in the emergence of L&T as India's largest private sector company in the Indian defence sector. L&T is today engaged in design-to-delivery of solutions across its chosen defence segments. For over three decades, L&T has focussed on building indigenous products and technologies with Defence Research and Development Organisation, India (DRDO), as well as with its in-house research and development.

D&A SBG has developed and produces naval platforms, artillery systems, air-defence systems, land and naval weapon systems, fire-control systems, naval equipment and systems, engineering systems for land and marine forces, military bridging systems,

communication systems, missile sub-systems and rocket motors for space-launch vehicles.

L&T is committed to "Make in India", and has invested in multiple work centres across the country dedicated for defence business, including assembly & integration facility at Talegaon near Pune, missile sub-system manufacturing facility at Coimbatore and defence electronics facility at Bengaluru. Besides these dedicated facilities, specific work-centres are set-up at Hazira for the strategic program, Ranoli for advanced composites, at Powai (Mumbai) for prototype development & testing and a site at Vishakhapatnam operated under GOCO model for a strategic program.

L&T continues to develop indigenous products, systems and solutions for the 'Indigenously Designed, Developed and Manufactured' (IDDM), 'Make' and 'Buy and Make Indian' category of programs under the Defence Procurement Policy. It shall continue to invest in its Product & Technology Development Centre at Powai and Bengaluru.

#### **Business Environment:**

During the year 2016-17, in the Process Plant and Nuclear space, the oil prices continued to be in the range of 40-60 \$/bbl resulting in lower revenues and profits for oil companies. This led to deferment of many investment decisions as well as cancellation / suspension of many projects announced earlier. Delay in procurement in the domestic sector also impacted order inflow in the nuclear business. Surplus capacities and limited demand has resulted in aggressive competition and has put extensive pressure on pricing and deliveries. Protectionist policies and export credit agency (ECA) financing has further limited the opportunities. PP&N SBG has focused on operational excellence to deal with the challenging market scenario and regain competitiveness.

Some of the major orders executed in 2016-17 were ARDS Reactors and FCC Reactor Regenerator



*K9 VAJRA-T, a 155mm/ 52 Cal Tracked Self Propelled (SP) Gun, being built in collaboration with Hanwha Techwin.*





*Launch of India's PSLV from SDSC SHAR. Over the last 40 years, L&T has built critical subsystems for all of ISRO's space launch missions.*

Package for RAPID in Malaysia, K-COT Converter Unit for Lotte Chemicals in Malaysia, Heat Exchanger package for KNPC in Kuwait, Synthesis Loop Waste Heat Boilers for IFFCO in India, Steam Generators for NPCIL in India, and high pressure piping for Greensville Power Project at Virginia in USA. The SBG also booked orders from international power sector players - GE and Mitsubishi Hitachi Power systems for supercritical thermal power projects.

In case of the D&A SBG, the Government of India (GOI) brought about major changes and improvements in policies in the defence sector. These were in consonance with the 'Make in India' and the 'Ease of doing business' agenda of the GOI. A marked shift towards indigenous procurement is evident from the clearances granted (82% by share and greater than ₹ 3.2 lakh crore by value) by the Defence Acquisition Council in the past two and a half years for Indian companies to participate as prime bidders. The overall policy framework is being modified to offer a level playing field for the Indian private sector and the defence public sector undertakings.

GOI has also advised a target of USD 2 billion for defence exports. Defence exports are a part of India's foreign diplomacy initiative, particularly in the South East Asian region. GOI may grant military aid / export credit financing to promote such exports.

The GOI has received recommendations from series of Committees with respect to the selection / short listing of private sector entities as Strategic partners (SP). SPs shall be entities with track record and industrial capabilities and each shall be identified for manufacture of large and complex defence platforms in an identified domain. This shall permit long term investment by the private sector and accelerate the acquisition process. L&T through its D&A SBG has been a long term player in the defence segment in India with a wide range of technologies, products, systems and complex defence platforms.

In the Aerospace segment, Indian Space Research Organization (ISRO) plans to involve private sector as well as public sector firms for industrialising production of Polar Satellite Launch Vehicles



(PSLV), and to this effect, a framework is under discussion.

**Significant Initiatives:**

In order to maintain leadership position in the Process Plant & Defence sectors, focussed team initiatives have been undertaken under Organizational Excellence initiatives.

The businesses have drawn up their Strategic Plan with sharp focus up to 2021, and profitable growth is the aspiration. It continues to invest in intra-organisational excellence initiatives like Six Sigma, Total Productive Maintenance, Workplace Management Systems and Knowledge Management to ensure superior quality products and services. People-centric initiatives, competency build-up, talent and leadership development remain vital to the growth strategies of the business.

Sustainability and CSR initiatives have been undertaken by the Sustainability and CSR team of Heavy Engineering business with significant contribution by the employees and guidance from the central co-ordination teams. These include community development, skill development initiatives, volunteering by L&T employees for community welfare programs, community infrastructure development, contribution to educational infrastructure, health camps, monitoring water and electricity consumption and greenhouse gas emission etc. Health, Safety & Environment policies and programmes help increase awareness amongst employees, the community and our stakeholders.

**Outlook:**

The business outlook for Process Plant sector looks optimistic with major investments in South East Asia, MENA and domestic market. Nuclear Power Corporation of India Limited's (NPCIL) bulk procurement program shall be major opportunity during the year.

In view of increase in global demand, Investments are expected in five to six refineries all over the world. Major opportunities include - Takreer in

Abu Dhabi, BAPCO in Bahrain, DUQM in Oman, KNPC in Kuwait, Pertamina in Indonesia, Thai Oil in Thailand, CPC in Taiwan, and Dung Quat in Vietnam. Investments are also seen in the domestic sector by IOCL, HPCL, HMEL, and BPCL for capacity enhancement and BS-VI up gradation to comply with the applicable fuel standards. The low oil price has attracted investments in other value added products in the petrochemical sector. Major projects include – PTTGC - USA, SABIC - Saudi Arabia, Hengli- China and GCGV-USA.

In Fertilizer sector, major opportunities include revival of sick FCI and HFCL units, energy saving and capacity enhancement projects driven by New Urea Policy 2015 (NUP 2015).

In Thermal Power sector, potential exists in domestic projects at Ghatampur, Obra and Jawaharpur in Uttar Pradesh. Across the globe, some major opportunities are expected from the upcoming Combined Cycle Power Plants and Supercritical Plants especially in South East Asia and Middle East regions.

In Nuclear sector, the GOI has approved annual budget allocation of ₹ 3000 crore for expansion of Indigenous Programme viz. Kudankulam 5&6 and



*End shields for a nuclear power plant being fabricated at L&T's Hazira facility.*

PHWR projects. On foreign technology LWR project opportunities will be in the year 2018-19.

For the D&A SBG, the simplified DPP 2016 came into effect from April 1, 2016. Defence procurement is expected to gain traction and programmes worth approximately ₹ 2 lakh crore for Indian industry are expected to get converted into orders over coming two years. The preference for indigenously designed and developed products will result in opportunities in newer domains.

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. L&T is prepared for a proactive role in ensuring self-reliance of our nation through a successful 'Make in India' initiative.

#### **Major Subsidiary Companies**

##### **L&T SPECIAL STEELS AND HEAVY FORGINGS PRIVATE LIMITED (LTSSHF):**

L&T Special Steels and Heavy Forgings Private Limited (LTSSHF) is a joint venture (JV) between Larsen & Toubro Limited (L&T) and Nuclear Power Corporation of India Limited (NPCIL), with L&T & NPCIL holding 74% and 26% stakes respectively.



*Dished ends forged at L&T's forging facility at Hazira, Gujarat.*

The JV has set up a fully integrated forging facility (from steel scrap to finished forgings of alloy steels, carbon steel & stainless steels) with a capacity to produce a single piece ingot upto 300 MT and forgings up to 120 MT in the first phase. These have applications in critical equipment in nuclear power and hydrocarbon industry, for rotors in power industry, blocks for oil & gas segment and for other heavy forgings for general engineering applications.

#### **Business Scenario**

The demand for heavy forgings is dependent on the outlook of the industry segments comprising refineries, petrochemicals, thermal and nuclear power, hydro power and other industries like steel. The JV has been witnessing fierce competition from global established players having excess capacities. The domestic sectors in the fields of nuclear and defence are expected to grow in coming years. 'Make in India' campaign is also likely to have positive impact on domestic manufacturing sector.

The JV has been successful in getting approvals and qualifications from many key customers. The Company has been successful in manufacturing of high quality Stainless Steel grade forgings required for International Thermonuclear Experimental Reactor (ITER) and all critical forgings for 700 MW domestic nuclear power program. The JV is also developing special grade steels and forgings for domestic defence strategic programs.

The JV has been manufacturing heavy forgings for refineries, petrochemical and fertilizer plants. The Company has successfully supplied Blow out Preventers (BOP) and forged blocks required for oil & gas segment

The JV is focusing on stabilizing the production processes and improving manufacturing efficiencies so as to remain competitive in the market. A series of initiatives have been taken in the areas of cost control and improving process efficiencies. The Company has embarked on establishment of Quality Systems in the new facility, complying with ISO 9001. The



*Visual for representational purposes only*

*L&T made a critical contribution to India's first nuclear-powered submarine*

Company has been accredited by NABL certification for laboratories.

The strategic focus of the Company remains to fill the technological and manufacturing gap in the country for critical heavy forgings for nuclear, strategic, defence and other engineering sectors. The Company has demonstrated its capability to manufacture critical forgings for the Indian Pressurized Heavy Water Reactor (PHWR) plants. It has also taken up the development of critical forgings for the next generation IPWR - nuclear plants. Discussions are on with foreign technology partners for possible development of forgings to meet their specifications for future Indian nuclear installations.

**SPECTRUM INFOTECH PRIVATE LIMITED (SIPL):**

SIPL is a wholly owned subsidiary of Larsen & Toubro Limited. SIPL concentrates largely on product development in embedded solutions, sensors, control and signal processing and undertakes technology development and manufacture of avionics LRUs for military applications. SIPL is certified by Centre for Military Airworthiness and Certification (CEMILAC) of the Ministry of Defence, India for the same. SIPL has obtained AS9100 Rev C, ISO 9001 and ISO 27001 certifications.

The company continues to work with the Ministry of Defence and Hindustan Aeronautics Limited and its parent Larsen & Toubro Limited to jointly develop new products and enhance market presence. The Company is taking steps towards integration of its businesses with Larsen & Toubro Limited to drive growth and cost optimisation.

**LARSEN & TOUBRO HEAVY ENGINEERING LLC:**

Larsen & Toubro Heavy Engineering LLC is a Joint Venture with Zubair Corporation, established in Sohar, Sultanate of Oman. L&T, through its wholly owned subsidiary Larsen and Toubro International FZE, holds 70% in the Company. The Heavy Engineering facility was commissioned in October 2009. The Company focuses on customers and projects in the Middle East and supplements the manufacturing and fabrication facilities of Process Plant & Nuclear SBG in India. The Company has been impacted by thinning customer project margins due to intense competition, increase in costs due to local regulations. The Company has undertaken significant cost control and right-sizing decisions in the wake of the aforesaid. In addition to its direct outreach to customers in the Middle East region, it also proposes to align with other businesses/ subsidiaries of L&T Group in the future.



# Electrical & Automation Business



*L&T offers India's widest range of switchgear to a variety of sectors – agricultural, industrial, building and commercial. For over six decades, L&T has been an industry leader in power distribution systems.*

## Overview

The Electrical & Automation (E&A) business of Larsen & Toubro Limited offers a wide range of products and solutions for electricity distribution and control in industries, utilities, infrastructure, buildings and agriculture sectors. Its basket of offerings includes Low and Medium Voltage Switchgear components, Electrical Systems, Marine Switchgear systems, Industrial & Building Automation Solutions, Surveillance Systems, Energy Meters and Protection Relays.

The business is supported by its five decades of experience in in-house design & development that facilitates the introduction of contemporary products and a high precision tool manufacturing facility which is a pre-requisite for high quality

manufacturing. E&A runs six Switchgear Training Centres across the country that impart training and learning on good electrical practices to engineers, consultants, contractors, technicians and electricians.

Currently, E&A has manufacturing facilities at Navi Mumbai (Mahape & Rabale), Ahmednagar, Vadodara, Coimbatore and Mysuru in India as well as in Saudi Arabia, Jebel Ali (UAE), Kuwait, Malaysia, Indonesia, and the UK.

The constituents of E&A business are two Strategic Business Groups (SBGs) and designated subsidiaries. In India, both the SBGs have under them two Business Units (BUs) each. The Products SBG includes Electrical Standard Products (ESP) and

Metering & Protection System (MPS) business units while Projects SBG comprises Electrical Systems & Equipment (ESE) and Control & Automation (C&A) business units respectively.

### **Business Environment**

Global economic growth rate is projected at 3.6 percent in 2017 compared to 3.4 percent in 2016. The pickup in global activity is projected to be more gradual especially in emerging markets and developing economies. The slowdown and rebalancing of the Chinese economy, upward movement in commodity prices, and strains in some large emerging market economies will continue to weigh on growth and profitability prospects in 2017-18. Other factors such as lower prices for energy, and the gradual tightening of monetary conditions in the United States and concerns of European market post Brexit still continue to cause uncertainty. Financial markets have been adversely impacted and global trade has contracted. Amidst these global headwinds, the Indian economy has held its ground firmly. The Indian GDP has grown at a robust 7.1%. Manufacturing sector did better than expected. Due to a good harvest and good rainfall after two years of drought, there is likely to be an improvement in rural demand which will translate into opportunities for the switchgear business.

The LV Switchgear market is expected to grow between 8 to 10 percent and is expected to reach ₹ 7600 crore in 2020. Various Govt. reforms have been initiated such as Make in India, Smart Cities, increased infrastructure spending, etc. to boost the economy. New Initiatives like Dindayal Upadhyaya Gram Jyoti Yojana, UDAY, Smart Cities, Smart Grid, Pradhan Mantri Krishi Sinchayee Yojana & increased focus on renewable energy taken by the government, show a promising future. But these initiatives will take time to get to ground and start generating business. These initiatives will see incremental revenue for coming 5 years.

Rising investment in alternative source of energy is expected to contribute to the growth of Medium Voltage and Low Voltage switchgear used for switching and general protection. Moreover,

this application area will also trigger demand for Miniature circuit breaker (MCB) and Molded case Circuit breaker (MCCB).

Telecom sector looks promising with grand scale launch of Reliance Jio, which has added competition in consumer market place. Further, this sector is witnessing consolidation. We received good share of business from Reliance Jio in 2016-17 and continue to expect similar business opportunities.

Huge Infrastructure opportunities are seen in ASEAN region, especially in Indonesia and Thailand. Also, there are opportunities in Infrastructure segment in Qatar, Kingdom of Saudi Arabia and UAE particularly in Metros, Airports & Hospitals in the wake of FIFA 2022 (Qatar) & EXPO 2020 (UAE).

### **Significant Initiatives:**

The business continued to devote its resources and capabilities to research and development endeavours, which is one of its core strengths. Its in-house design & development capabilities are rated among the best in the industry. The facilities at Powai-Mumbai, Ahmednagar, Mysuru, Mahape and Coimbatore are approved by the Department of Scientific & Industrial Research, Ministry of Science & Technology. These centres network with international labs, testing centres and academic institutions to keep abreast of new technology trends and introduce them to customers in different segments.



*Range of Digital Panel Meters*



*Switchboard installation at a power plant. L&T provides power distribution and control solutions across the value chain, from generation to end user.*

During the year, E&A business filed as many as 101 Patents, 3 Trademarks, 4 Design applications in India, along with 2 foreign patent applications (both in Malaysia) and 18 foreign trade mark applications (6 trademarks each applied for registration in Indonesia, Vietnam and Malaysia). This was the 10th consecutive year of filing more than 100 patent applications. The business has received grants for 50 patent applications (46 in India, 1 in USA, 1 in Australia & 2 in European Patent office)

In 2016-17, focused R&D activities have enabled ESP to have a healthy New Product Intensity (NPI) index of >25%-an index which measures the sales of products introduced in the market in last five years to the total sales in the financial year.

In 2016-17, various new products and variants were introduced in the areas of power distribution and motor control. Some of the notable additions are AU range of final distribution products,

Sub-main Distribution boards, new ratings in Omega range of Air Circuit Breakers and Busbar Trunking systems. New versions in submersible pump controllers for the agriculture market and DC contactors in telecom applications were also launched. Comprehensive product portfolio to provide solution for Power Quality Management was launched. SMARTComm solution is now available to its customers.

The Metering & Protection Systems (MPS) business unit is engaged in the design, development and manufacture of electricity meters, protective relays and metering solutions. The product range includes Meters for every segment of consumers as well as for inter and intra utility electricity exchange – residential, commercial, industrial and feeder meters.

In 2016-17, the business unit has focussed on the introduction and deployment of meters and solutions for new segments which include Prepaid

Metering, Automated Remote Meter Reading and Smart Metering. These solutions will enable L&T to participate in the upcoming Smart Grid and Smart City initiatives of the Government of India. The Smart Metering solutions are aimed at helping Electricity Utilities improve their efficiency by reducing aggregate technical and commercial losses through prepaid collection of money, meter reading free from human intervention, on-line alarms and alerts for failure/theft of energy, remote disconnection on non-payment of dues, etc. The range also includes bi-directional meters which are capable of recording energy generated through renewable resources like Solar and Wind.

In addition, MPS has also worked on improving cost efficiencies through the introduction of new cost-effective platforms for the core conventional meters.

The technology and design of these meters and solutions is totally in-house with a high focus on quality and reliability and compliance to specifications and standards.

In 2016-17, the Electrical Systems & Equipment ("ESE") business unit put in a lot of effort to introduce new product and technology absorption for better penetration not only in domestic market but also in international domain. ESE has increased its Low Voltage product portfolio by introducing ODU (Outdoor Unit) & Feeder pillars which are widely used in infrastructure segment. ESE has also introduced the most compact variant in GIS (Gas Insulated Switchgear) Family. This variant will give ESE an edge to set a new foot print in Wind energy segment. In the coming year 2017-18, ESE Research and Development team is working to introduce its FRTU (Front remote terminal unit) RMU & 11kV GIS (Gas Insulated Switchgear) for strengthening its infrastructure & utility portfolio.

2016-17 marked as an important year for Control and Automation (C&A) business with introduction to new technology. During the year, Control and Automation made an entry into Solar business with help of a tie up with an Italian Company for L&T branded Solar inverter completing the

portfolio for solar solution. C&A also made a strategic alignment with IOmniscient (an Australian company) for its video analytics specialty. During the year, C&A also embarked on a journey to launch its own manufactured MV drives which is expected to be introduced in market by end of 2017-18 and completing C&A's LV & MV drive range. These initiatives have resulted into both, and intangible benefits, like cost reduction, saving of foreign exchange, expanded product range and expansion in offerings to the infrastructure sector.

### **Business Outlook**

Even with the new reforms initiated by the government, the core sectors continue to show no signs of pickup. However, launch of Schemes like DDUGJY and IPDS give hope to see a movement toward premium products like AMR, Prepaid & Smart Meters in the coming years. Also scheme UDAY is expected to improve health of DISCOMS which will lead to higher investment by the utilities.

Overall market will remain competitive as liquidity with major customers continues to be a case of worry. The business witnessed a financial crunch at major industrial houses due to which new plants/expansion are not being announced. Overall industrial sector shows a muted trend. However, the business sees an upward trend in infrastructure sector (Metro, Airports, Railways, etc.) and its efforts in launching products for infrastructure sector are expected to yield results in 2017-18. The margins in infrastructure sector, however, are negligible due to competition from local players. The business also sees an improvement in demand from Agro / food processing industries during the year 2017-18. The Marine business sees a positive sentiment through 'Make in India' initiative taken by the government which emphasizes on indigenous content giving it an edge over foreign suppliers. Also Indian Navy has reckoned L&T as a strategic partner resulting in thrust on setting up Life Cycle Support facilities in the Navi Mumbai factory.

With continuous low oil prices, some projects have been deferred but going forward, market is



showing signs of improvement and is expected to show growth with projects picking up speed of execution. Social infrastructure projects like hospitals and metros are expected to continue as planned and new high end infrastructure projects are being announced in Dubai market for Expo 2020 and Qatar Market for FIFA 2022. Our dedicated focus on GCC metro projects is expected to yield result in 2017-18. Also, unrest in Middle East and Africa region is shifting respective government priorities toward defence related initiatives. South East Asia market looks attractive as major investments are seen in building sector for Indonesia and power sector in Bangladesh.

**TAMCO GROUP OF COMPANIES:**

TAMCO is the leading manufacturer of Low and Medium Voltage switchgear in South East Asia with manufacturing facilities in Malaysia and Indonesia. Its products are widely used in power, oil & gas, construction and manufacturing industries. Through extensive R&D and advanced manufacturing technology, the TAMCO group is able to deliver high quality, safe, reliable and cost effective products. TAMCO's strength has been its flexibility to develop and adapt products to meet customers need and therefore has a high reference list across the globe. TAMCO celebrated 50 years of operations this year.

The business environment in 2016-17 continued to be challenging as low crude oil prices negatively impacted Tamco's main export market, the Middle East. There were lesser opportunities which led to price war between competitors and brought down the market prices of our products. In addition to that, a setback in its type test for Kahramaa, Qatar, affected all Utility and private market prospects in Qatar and also led to cancellation of over ₹ 300 crore of order backlog. Even the domestic Malaysian market was adversely affected by oil prices and political turmoil, leading to delays in projects and new investments. However, the depreciation of the local currency (Ringgit) helped it maintain its profitability in export jobs, despite drop in prices.

The positives for the year were approval of its Gas Insulated Switchgear, GV3N in UK Utilities and approval in KNPC, Kuwait. TAMCO concluded an agreement with Fullpower, UAE to buy kits from it to build Gas insulated switchgears in Iran. Despite delays in new projects in Malaysia, TAMCO managed to secure a large share in Utility tenders and retained its market share in this market. TAMCO was also awarded the Frost & Sullivan award for "MV Switchgear manufacturer of the year" for the second year in row. Malaysian economy is likely to grow in infrastructure with many projects planned for the upcoming year.

**L&T ELECTRICAL & AUTOMATION FZE (LTEAFZE):**

L&T Electrical & Automation FZE (LTEAFZE) is a 100% subsidiary of L&T International FZE based in UAE. The company provides Systems Integration solutions in the Oil & Gas, Power, Water and Waste Water and Infrastructure space like Airports, Hospitals, Stadiums and Transportation segment like Metro and Rail. The solutions are centered around Process Automation and Telecommunication applications catering to customers / contractors in the Middle East, Africa, CIS and Turkey markets. It has a state-of-the-art integration facility in Jebel Ali Free Zone and is accredited with ISO 9001, 18001, 27001 and TUV for functional safety.



*Mumbai International Airport's Network Operations Centre – powered by L&T's Control and Automation solutions*



With decline in oil revenues leading to shortfalls in budgeted incomes for all oil economies in the region compounded with heightened security concerns due to increased political disturbance in the region, there is a general slowdown in pace of O&G project investment. Nevertheless, O&G investments continued in Kuwait and Oman, while Qatar and KSA governments primarily are committed to improving their infrastructure. Airport, Metro / Railway, Hospital related investment continued to gain importance.

With increasing number of System Integration companies in the market, the markets have become extremely competitive. As a result, LTEAFZE saw drop in Process Automation project opportunities from the O&G and Utility industries. However, it saw considerable scope for Infrastructure Automation with Building Management System along with Extra Low Voltage (ELV), Electronic Security (ESS) and Telecommunication (TCom) Systems. The Automation Product OEMs continue to lobby with end clients / consultants for restricting competition to limited participants through direct OEM bidder nomination.

Despite stiff competition, LTEAFZE won a major order worth ₹ 500 crore from Qatar Rail Company (QRail) for Phase 1 of Doha Metro for a network-wide Building Automation & Control System. This project will build a significant reference for its business and open doors for many such opportunities in the future.

Healthcare, Transport, Power Generation and key event driven development viz. FIFA 2022 in Qatar and EXPO 2020 in Dubai would continue to generate business opportunities through 2017-18. While some countries show some investment slowdown in energy and infrastructure sector, Oman, Qatar and Kuwait continue to move forward with earlier announced projects finalized earlier, which will give opportunities to LTEAFZE in 2017-18. Projects focused on any process improvement, Security, Surveillance and / or Environment friendly practices will generally

continue to get implemented across industries. LTEAFZE is fast aligning with the new A&T arena with delivery capability as Main Automation or Telecom Contractor, and is poised to leap forward into the next league.

#### **L&T ELECTRICALS AND AUTOMATION SAUDI ARABIA COMPANY LIMITED, LLC (LTEASA):**

L&T Electrical & Automation Saudi Arabia Company Limited was established in 2006 as Limited Liability Company, where, 75% of shares are held by Larsen & Toubro International FZE and 25% by TAMCO Switchgear Malaysia Sdn. Bhd. It manufactures LV/MV switchgear/ control gear panels of all sorts and undertakes installation and commissioning of these products along with associated products viz., PLCs, Drives, Transformers, Cables, etc., to offer a one window solution to customers. The company has been approved by almost all major end users in the Kingdom e.g., SABIC and Saudi Aramco.

During the year 2016-17, LTEASA saw lower order inflow in view of deferment and cancellation of projects which led to drying up of the order book and lower sales, leading to a negative bottom line. While it is expected that stable oil prices may lead to revival of critical projects in KSA mainly in Oil and Power, the economy is expected to grow slowly. LTEASA received order from Alstom A/c Riyadh Metro for MV and LV equipment, and going forward, it expects many opportunities in Metros, Airports and Port projects. Introduction of VAT will impact buying decision and will have a favorable impact on local manufacturing.

The fiscal year 2017-18 will be a challenging year for LTEASA. The key focus areas for LTEASA during the year would be getting LV and MV approvals from SEC, Aramco and other consultants in KSA, providing better reach in Saudi market. As major growth opportunities will be generated from non-oil segments, the key focus area would be the infrastructure sector, especially Mega Metro and airport projects. Due to availability of product range now, LTEASA feels confident about addressing requirements in these segments.

**HENIKWON CORPORATION SDN BHD,  
MALAYSIA:**

Established in 1982, Henikwon Corporation is a leading manufacturer of Low Voltage (LV) & Medium Voltage (MV) bus duct systems. The Henikwon acquisition brought strong customer base of large corporations to E&A's business and complements its portfolio to make comprehensive offerings for the building, industry and infrastructure segment projects across regions. It further enhances L&T's presence in South East Asia, India and Middle East markets. Henikwon offers high quality products that comply with international quality standards. The 12,300 sq.mt. manufacturing unit is located in Selangor state of Malaysia.

Business environment in 2016-17 was not favourable and Henikwon lost orders, mostly on account of cost. With material content being more than 70% in its products, it will be crucial to maximize penetration in new smart & cost competitive 'S-line' range in 2017-18. Significant opportunities are seen in buildings & infrastructure segment in regions relevant to its operations. Henikwon is closely collaborating with key stake holders in some of the major infrastructure and metro projects coming up across multiple locations e.g., KSA, Qatar, Malaysia, India etc. Manufacturing of the product range in India has commenced which is likely to increase competitiveness.

**SERVOWATCH SYSTEMS LTD, UK**

Servowatch is a marine automation company based in Maldon Essex UK. Acquired by L&T in April 2012, it currently has 43 personnel working within the business. Servowatch is recognized as a world's leading system integrator for Modern naval platforms, Super Yacht installations and Commercial marine operators. Unique software design allows integration of third

party software into a common operator platform environment. "Task Orientation" for specific user profiles with portability from station to station creates a highly redundant multifunctional operating environment. Typical applications include machinery, navigation, radar, electronic charting, internal and external communications, tactical sensors, auxiliary ship systems, camera networks, mission logging and playback functionality. The highly trained and professional teams at Servowatch are able to offer an extensive range of services.

Servowatch partners with leading manufacturers of hardware and software to allow flexibility in meeting project requirements, and providing full through life product support capability.

During the year 2016-17, Servowatch successfully completed MARS Project (Tankers for Re-fuelling UK Royal Navy built by DSME in South Korea) using the new software Winmon 9. The project includes total of 4 vessels out of which 1st vessel sailed for sea trials. This will be a significant reference for large naval vessel systems and open doors to other markets. With approval & successful sailing of the Royal Navy Ship, orders are also expected from New Zealand & Thai navy.

**KANA CONTROLS GEN. TRADE AND CONT. CO.,  
KUWAIT**

LTEAFZE acquired the Kuwait-based Kana Controls General Control & Trading Company in September 2013. Kana Controls, established in 1990, offers systems solutions in Automation & telecom. Kana Controls is approved with most customers in Kuwait and provides a good platform to serve the control and automation business opportunities in Kuwait. Also with increased focus on implementations of security and surveillance solutions by in-kingdom companies, Kana Controls is better placed for such jobs in Kuwait.

# Hydrocarbon Business



*One of many mega-offshore projects executed by L&T's hydrocarbon business. Picture shows captive heavy-lift-cum-pipelay vessel LTS 3000 in the background.*

## Overview:

The Hydrocarbon business provides integrated 'design to build' turnkey solutions for the global Oil & Gas Industry including oil & gas extraction and processing, petroleum refining, chemicals & petrochemicals, fertiliser sectors and cross country pipelines and terminals. The in-house capabilities enable it to deliver complete end-to-end solutions from front-end design through detailed engineering, procurement, fabrication, project management, construction and installation up to commissioning services. The Hydrocarbon business is primarily housed in a wholly owned subsidiary, L&T Hydrocarbon Engineering Limited (LTHE).

The business has a fully integrated capability chain including in-house engineering and R&D centres,

world-class modular fabrication facilities as well as onshore construction and offshore installation capabilities. The business has repeatedly delivered, large, critical and complex projects, globally, by virtue of its customer focus & responsiveness, experienced & highly skilled human resources, world-class Quality & HSE practices and culture of excellence. The principles of the Company's business philosophy are striving for excellence in corporate governance, HSE & quality standards, extensive IT enablement & state-of-the-art IT security practices, on-time delivery and cost competitiveness.

Major facilities in India include Engineering & Project Management Centres at Mumbai, Vadodara, Chennai and Bengaluru and Fabrication

Yards at Hazira (near Surat) and Kattupalli (near Chennai), whereas, overseas presence is primarily in the Middle East in UAE (Sharjah), Saudi Arabia (Al-Khobar), Kuwait and Oman (Muscat). The business also has a major Modular Fabrication Facility at Sohar in Oman held through a subsidiary.

The business caters to clients across the hydrocarbon value chain through its following business verticals:

- Hydrocarbon Offshore
- Hydrocarbon Onshore
- Hydrocarbon Construction Services
- Hydrocarbon Modular Fabrication Services
- Hydrocarbon Engineering Services

#### **Hydrocarbon Offshore:**

The business offers lump sum turnkey EPCIC solutions to the Global Offshore Oil & Gas industry encompassing wellhead platforms, process platforms & modules, subsea systems & pipelines, brownfield developments, offshore drilling rigs (upgrade and new-builds), floating production storage & offloading (FPSO) topsides and offshore wind farms. For more than 25 years, the business

has been successfully executing large offshore platforms and pipeline projects on east and west coasts of India, the Middle East, South East Asia and Africa, for global companies such as ONGC, GSPC, British Gas, ADMA-OPCO, Saudi Aramco, Bundoq, Qatar Petroleum, Maersk Oil Qatar, PTTEP, Petronas Carigali and Songas.

Its Offshore Engineering Centre has comprehensive engineering capabilities covering the complete project life cycle from concept studies, FEED, 3-D model based detailed engineering, and special studies to commissioning for offshore projects. The installation capability resides in the joint ventures L&T Sapura Shipping Private Limited, (which owns and operates a Heavy Lift Cum Pipe Lay Vessel – LTS 3000) and L&T Sapura Offshore Private Limited (which provides offshore installation services).

The business secured major EPCI awards in consortium, under a Long Term Agreement (LTA) with Saudi Aramco. These include the development of Hasbah Offshore Gas Field involving 6 wellhead topsides, 2 tie-in platforms, about 520 km of offshore / onshore pipelines followed by two separate contracts, one for supply & installation



*Additional development of Vasai East Project for ONGC. The scope included EPCIC of 2 wellhead platforms, 35 km pipelines and modification.*



of 4 wellhead decks in the Safaniya field and the other one for upgradation of 17 platforms in various offshore fields of Saudi Arabia.

On the domestic front, the business secured an EPCIC contract for Neelam Re-development & B173AC project of ONGC involving a new process platform, three new wellhead platforms, 32 km pipeline and clamp-on / modification of existing platforms in the Neelam Field in the western offshore basin in India. During the year, the Company successfully completed the Additional Development of Vasai East Project for ONGC.

Contributing to India's exploration and production activities in the Oil and Gas sector, the business has signed an exclusive Memorandum of Understanding with GE Oil & Gas to partner in the manufacture of subsea manifolds for future deepwater projects in the Krishna-Godavari basin on the east coast of India.

#### **Hydrocarbon Onshore:**

The business provides EPC solutions for a wide range of hydrocarbon projects covering upstream oil & gas processing, refining, petrochemicals, fertilisers (ammonia & urea complexes), cryogenic storage tanks & regasification terminals including LNG and cross country pipelines. The business has a track record of successful simultaneous execution of multiple mega projects using diverse technologies from process licensors like UOP, Axens, Haldor Topsøe, CB&I Lummus, Black & Veatch, Ortloff, ExxonMobil, BOC Parsons, Invista and Davy Process Technologies.

Its Design Engineering Centres viz., L&T-Chiyoda for onshore engineering and L&T-GULF for Pipeline engineering enable the vertical to offer a complete spectrum of FEED, process and detailed engineering to clients. The Company's subsidiary Larsen Toubro Arabia is registered as In-Kingdom EPC ('IK-EPC') company in Saudi Arabia and addresses onshore IK-EPC opportunities.

The business has executed Lump-Sum Turnkey (LSTK) projects for various Indian oil majors such as IOCL, MRPL, ONGC, OMPL, BPCL, HPCL, Reliance



*52"x 107 km Habshan-Ruwais-Shuweihat Gas Pipeline Project for GASCO, Abu Dhabi (UAE).*

Industries, etc., as well as fertilizer companies like NFL, GNFC, RCF, and others.

Internationally, the business group is prequalified by major international oil & gas producers and has a successful track record of project execution with international bellwethers like Saudi Aramco, Abu Dhabi Gas Industries (GASCO), Petroleum Development Oman (PDO), KOC, KNPC, Petronas, Dolphin Energy, Chemanol, etc.

During the year, the business received orders from Indian Oil Corporation for a Coke Drum System Package of Delayed Coker Unit (1.7 MMTPA) at Haldia Refinery in West Bengal as well as for setting up a 0.74 MMTPA INDMAX Fluid Cracking Unit (FCC) including a LPG Treatment Facility at Bongaigaon Refinery in Assam. The business also received an EPC contract for Paraffin & Derivative complex in Saudi Arabia from Farabi Petrochemical Company.

During the year, the business successfully commissioned the world's largest Ethane-cum-LNG Storage facility at Dahej in India. Further, four international projects viz., Aviation Fuel Depot at New Abu Dhabi International Airport for TAKREER(UAE), Yibal Third Stage Depletion Compression and Saih Rawl Depletion Compression Projects for PDO (Oman) and Export Gas Compression Facilities Upgrade Project

for Dolphin Energy (Qatar) were completed. The Midyan Gas Processing Facilities for SAUDI ARAMCO achieved mechanical completion.

**Hydrocarbon Construction Services:**

The vertical renders turnkey construction services for refineries, petrochemicals, chemical plants, fertilizers, gas gathering stations, crude oil & gas terminals and underground cavern storage systems for LPG and cross country oil & gas pipelines.

The vertical's major capabilities include heavy lift competency, advanced welding technologies, high levels of automation, management of manpower & material in large volume at construction sites and Quality / HSE systems conforming to international practices. The business has also invested in strategic construction equipment, a range of pipeline spread equipment, automatic welding machines and other plant and machinery for electro-mechanical construction works.

The business has executed projects for major private sector customers like Cairn Energy, Reliance Industries (RIL), HPCL Mittal Energy (HMEL) as well as major oil PSUs like BPCL, HPCL, IOCL, ONGC and international customers like Abu Dhabi Company for Onshore Oil Operations (ADCO), Abu Dhabi Oil Refining Company (TAKREER), Abu Dhabi Gas Industries (GASCO), Saudi Aramco, Sadara, Dolphin Energy etc.

The Company's country specific entities render construction support to international onshore projects – Larsen & Toubro Electromech LLC in Oman, Larsen & Toubro ATCO Saudia LLC in Saudi Arabia and, Larsen & Toubro Kuwait Construction General Contracting WLL in Kuwait.

During the year, the business received three new orders for pipelines and associated works in the western region of India viz. Palanpur – Pali and Barmer – Pali pipelines for GIGL and Anjar – Mundra pipeline for GSPL. The business also received an order for composite mechanical works for the Low-Cost Expansion Project of HMEL at Bathinda and an order for additional work from an existing client in India.

The business successfully completed an underground Pipe-in-Pipe System for transportation of cryogenic ethane, executed for the first time in India, for RIL at Dahej and installation of cross-country pipelines and construction of Gas Gathering Stations & Well-Site Facilities for Coal Bed Methane Development Project Phase I for RIL at Shadol.

**Hydrocarbon Modular Fabrication Services:**

This business vertical offers comprehensive modular Engineering, Procurement and Fabrication (EPF) solutions for projects primarily in the offshore and onshore oil & gas segments. World-class modular fabrication facilities at Hazira (India's west coast), Kattupalli (India's east coast) and Sohar (Oman) have a combined annual capacity in excess of 150000 MT depending on the product mix. These facilities offer competitive and year-round delivery capability with robust QHSE and delivery performance.

These facilities are situated on the waterfront with easy access to clients across the globe and have load-out jetties for the dispatch of large & heavy modules via ocean-going vessels & barges. The facilities are also accredited with global certifications and pre-qualifications from major oil & gas customers and have state-of-the-art equipment to deliver complex modules & structures, duly tested at the facilities itself.



*An aromatic complex built on LSTK basis for ONGC Mangalore Petrochemicals Limited*



*Load-out of offshore modules for ADMA-OPCO, Abu Dhabi from Sohar Yard in Oman*

For the first time in India, high-end technology required for deepwater operations is being transferred and embedded, through our consortium partners, for ONGC's Vashishta & S1 deepwater field development project on the east coast of India. As part of this project, 13 subsea structures were fabricated at Kattupalli yard, in addition to high-tech spool base facilities for pipe reeling. Also during the year, the Kattupalli facilities achieved the load out of 8 legged jacket within record time for ONGC's Bassein Development project.

During the year, the business received a number of orders for the supply of modularized structures and process modules for ongoing refinery projects in the Middle East and Africa.

#### **Hydrocarbon Engineering Services:**

The vertical offers comprehensive solutions covering the entire spectrum of engineering across the oil & gas value chain, covering services from Concept to Commissioning, Troubleshooting, EPCM, PMC, Engineering & Procurement, Field Engineering, Asset Integrity Management and Operations & Maintenance.

The Engineering Services vertical has a large resource pool of over 4 million engineering man hours. A large portfolio of industry-standard software tools, robust IT infrastructure, and in-house R&D facility augment its capabilities. Benchmarked through leading certification and accreditation systems, the engineering work processes ensure consistent product quality and on-time delivery.

During the year, the business has signed an Enterprise Framework Agreement with Shell Global Solutions BV for providing EPCM services for Shell projects in the Middle East, South East Asia, and India and has teamed up with Parsons to deliver engineering solutions in the Americas. The business secured EPCM contracts from HPCL, GCPTCL and Haldia Petrochemicals and also secured annual rate contracts with GSFC, IOCL, HPCL, ENGEN, ExxonMobil, and SIPCHEM.

#### **Business Environment:**

The oil & gas industry outlook has shown some improvement with recovery and stabilization of crude oil prices from USD 50 to USD 55 per barrel range. However, with global crude inventory levels still remaining high, OPEC production cuts had only a limited impact on price levels. The fiscal policy shifts in the Middle East have also resulted in uncertainty. Payment terms and distribution of risk are becoming increasingly less favourable to EPC contractors, thereby, increasing pressure on costs, time and cash flow management.

With the advent of de-globalisation, the adoption of increasingly protectionist policies has become a global trend. The South East Asian region continues to protect the local players under the 'Bumiputra' concept and more stringent local content requirements have become the norm in the Middle East as well, particularly in Saudi Arabia with the In-Kingdom Total Value Added (IKTVA) policy now an imperative for doing business in the Kingdom.

Given the depleted business opportunities, the abundance of assets in the market has resulted in lower asset utilization across the board, in turn



leading to fierce pricing competition. However, this has impacted the sustainability of some of our competitors. Oil & Gas companies as well as their contractors, are adjusting to the new paradigm through reduced capex, efficiency improvement programs and cost rationalization measures.

While investment in GCC countries have slowed down due to budget constraints, investment in gas projects is continuing, albeit at a slower pace. Saudi Arabia continues to embark on major offshore/onshore gas field development and downstream petrochemical projects.

In spite of the extremely challenging external environment, the Company did very well to achieve order inflow growth of more than 80%, over the previous financial year.

#### **Significant Initiatives:**

The fiscal year 2016-17 was a year of transformation and turnaround for the hydrocarbon business. The business has set a vision to "Revolutionize the Hydrocarbon Industry" and mission of "Execution Par Excellence". The Company is implementing a transformation plan with a view to offer integrated services, reduce costs, improve competitiveness and aid profitable execution.



*3-D CAD model of Gathering Centre (GC-30) for Kuwait Oil Company*

As a part of company-wide LAKSHYA 2021 Strategic plan which was unveiled during the year, a number of initiatives have been taken up. The business embarked upon an Operation Excellence initiative, which is aimed towards achieving refined cost structures, alignment for timely project deliveries, and optimizing fund deployment. This initiative is progressing well and is expected to give sustainable results.

The capability building initiative is well underway. This initiative aims towards building globally-benchmarked project leadership teams for executing large international projects and developing & institutionalizing an international project capability development engine. The business has also launched a Digital transformation initiative towards further improving productivity across the business functions.

A dedicated International Business Development set-up across the business verticals was established during the year, which has started yielding results in terms of significant international order inflow and penetration into newer geographies like Algeria & Azerbaijan through pre-qualifications.

#### **Risk Management & Internal Controls:**

Pro-active Risk Management has been identified as a key strategic initiative to ensure sustainable growth. Risk Management is an integral part of the overall governance process to identify, segregate, mitigate, control and monitor various risks at business, prospect and operational levels.

The risk management policy and guidelines incorporate global best practices and procedures, which enable the business to anticipate challenges and opportunities to achieve strategic objectives.

The major risks such as onerous contract terms by client, tight schedule, counter-party risk, localization requirements, forex exposure, etc. are mitigated through specific actions like operational excellence initiatives, alliances, cost optimisation, improved customer intimacy, compliance with

stringent HSE standards, proactive forex hedging, strong contract & claims management and identification of key personnel and talent at the pre-bid stage.

All projects undergo a structured pre-bid risk review process by the Apex Risk Management Committee (ARMC) at business and at the corporate level as per well-defined authorization limits. The process involves a detailed assessment of risks and deliberation on mitigation measures by the ARMC. Periodic risk assessments of the overall business and ongoing projects are also carried out to effectively control & mitigate emerging business risks. Project managers/selected project team members undergo a certified Risk Induction Program conducted by ECRI (Engineering & Construction Risk Institute) on a continuous basis to get acquainted with industry's best practices.

Structured risk management framework will further strengthen business governance, leading to improved operational performance and setting the course towards realizing LAKSHYA 2021.

A strong Internal Control framework is an important part of operations and corporate governance. The management has established internal control systems commensurate with the size and complexity of the business. The internal control manual provides a structured approach for identification, rectification, monitoring and reporting of gaps in the internal control systems and processes. The Group follows well documented Standard Operating Procedures (SOPs). The operating effectiveness of various controls is periodically tested, and deficiencies, if any, are promptly rectified.

An in-depth exercise for evaluating the adequacy of Internal Financial Controls and their Operating Effectiveness was carried out in the earlier years. This activity included understanding and testing of Internal Financial Controls and evaluating their operating effectiveness based on the assessed risk factors. During the year, the effectiveness of the controls was validated.

#### **Human Resource Development:**

The business is on a growth trajectory and has started sailing through the transformation phase. To keep abreast with the growing needs of the business, the HR team has been holding the baton for achieving excellence by being the frontrunner in various initiatives. In order to effectively percolate the transformation plan and management expectations, regular town hall sessions are conducted at various locations with the Senior Management. This has helped in enhancing the employees' morale and collaborative spirit.

To realise the vision, HR function of the business is ably supporting the building of capability and capacity, towards which a multi-pronged strategy has been developed and deployed. In particular, the HR team has been at the forefront of the company-wide capability building initiative. Further, HR policies & practices have been aligned to achieve an efficient delivery model and meet dynamic business requirements.

#### **Health Safety Environment (HSE) & Sustainability:**

Health, Safety & Environment is the cornerstone of the Group's business philosophy. The business strives for continuous improvement for the protection and development of health, safety, and environmental assets of its employees and stakeholders.

As part of the Corporate HSE Plan, cross-functional HSE audits were initiated across all business units. To spread safety awareness, various theme based campaigns were observed on various important dates during the year. Lessons learnt during project execution were shared throughout the organisation by way of well-documented HSE Learnings and HSE alerts. Various HSE training programmes were held, and motivational schemes were instituted. This has resulted in a marked improvement in safety statistics over the previous year.

The Company has released its Sustainability Report – "Engineering the Transformation" in December

2016 which covers various initiatives taken across the Company and highlights the need to enhance performance across all sustainability parameters – safety, energy, water conservation and productivity. As a responsible Corporate Citizen, the business is aware of its responsibility towards social upliftment, which is an integral part of the corporate culture. The CSR Framework of the business lays down the principles and programmes for the community at large, in accordance with section 135 of the Companies Act 2013. In-line with the Group's CSR theme "Building India's Social Infrastructure", L&T Hydrocarbon is committed to implementing projects that will contribute to improving the quality of life in the communities in which it operates, including education, healthcare, skill training institutes, water supply and sanitation facilities.

The consistent and ardent efforts of the business to achieve consistent safety performance have been well appreciated particularly in the international operations. The business has won several national and international accolades from eminent institutions like Frost and Sullivan (F&S) and The Economic Times (India Manufacturing

Excellence Award (IMEA)) and clients like British Gas, Petronas Carigali Myanmar, Kuwait Oil Company, ADNOC/Takreer and Reliance Industries.

**Outlook:**

Following the prolonged downturn, the oil & gas industry is showing some signs of revival, with oil prices expected to be range bound in the mid-fifties per barrel in the near future. In the domestic offshore sector, the launch of Open Acreage Licensing Policy is expected to attract investment in the E&P sector and ONGC, in particular, is progressing on its USD 5 billion, 4 year investment plan for the development of deepwater field KG/98-2 off the east coast of India. This will provide significant opportunities to the Group's offshore and fabrication verticals over the medium term, given its strategically located Kattupalli yard on the east coast and the recent tie-up with McDermott & GE to develop cost effective subsea solutions. A number of brownfield and decommissioning projects are also expected to come up in the near future.

The Indian Public Sector refineries are embarking on upgrades to comply with BS-VI emission norms,



*Gas processing facilities for Saudi Aramco near Tabuk in Saudi Arabia.*

though the mode of execution is expected to evolve over the period. These refineries also have investment plans for integrating petrochemical projects along with refinery upgrades, which will offer opportunities to Onshore as well as Construction Services verticals.

The roll-out of comprehensive Urea Policy by the Government is expected to revive Public Sector urea plants at Gorakhpur, Sindri, and Barauni. Energy efficiency improvement projects are being actively pursued in existing fertilizer units. 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 Unit (FSRU) are on the anvil.

In the Middle East, Saudi Arabia is launching ambitious Oil to Chemical projects with an investment of over USD 30 billion till 2030 and the Kingdom will be a key market for both Onshore and Offshore verticals. In the light of oil price rebound, an uptick in onshore upstream investment is expected in the UAE. The downstream sector in the region is also expected to attract additional CAPEX and is witnessing integration between refinery & petrochemical projects.

Towards providing geographical risk diversification, the business is looking to explore newer markets which offer good long-term business potential and has undertaken intense & successful pre-qualifications efforts in North Africa and CIS regions.

Shale gas/oil will drive petrochemical and fertilizer investment in the US, which will offer an opportunity for high-value engineering and modular fabrication services.

Modular Fabrication business is also aggressively exploring alternative product lines such as wind farms & process skids as well as strategic partnerships to enhance asset utilization.

Engineering Services reimbursable business is being expanded to de-risk the cyclical EPC business. The Enterprise Framework Agreement with Shell Global Solutions for providing EPCM services and the collaboration agreement with Parsons to deliver engineering solutions in the Americas will provide significant growth opportunities to the business.

With a strong focus on building the Order Book while maintaining Cost-to-Complete at bid levels, the business is expected to show significant improvement in its performance.



# Information Technology Business



*L&T Infotech's global headquarters in Mumbai. The Company's solutions focus on improving efficiencies for its clients.*

## **Overview:**

The Information Technology Services business of the Group is housed in L&T Infotech (LTI).

In 2016, NASSCOM ranked the Company as the sixth largest Indian IT services company in terms of export revenues. The Company was rated amongst the Top 15 Sourcing Service Providers (Sourcing Standout) by Information Services Group (ISG) in 2017. It was listed among the Breakthrough 15 for the Americas region based on Annual Contract Value (ACV) won over the last 12 months according to the 4Q 2016 Global ISG Index™.

Its clients comprise some of the largest and well-known corporations and Government agencies

in the world, including 52 of the Fortune 500 companies.

LTI offers an extensive range of IT services to its clients in diverse industries such as Banking and Financial services, Insurance, Energy and Process, Consumer Packaged Goods, Retail and Pharmaceuticals, Hi-Tech and Media and Entertainment, Hi-tech and Automotive and Aerospace. Its range of services includes Application Development, Maintenance and Outsourcing, Enterprise Solutions, Infrastructure Management Services, Testing, Digital Solutions and Platform-based Solutions. The company serves its clients across these industries, leveraging its real-world domain expertise, diverse technological capabilities, wide geographical reach, an efficient

global delivery model, thought partnership and 'new age' digital offerings solving for complex business challenges at the convergence of physical and digital world.

LTI was incorporated in 1996 and is headquartered in Mumbai, India. It leverages the strengths and heritage of its Parent Company. The L&T Group provides access to professionals with deep industry knowledge in the sectors in which the Company does business. LTI has inherited from the L&T Group its corporate governance practices, which place the Company in good stead in relation to its business. In addition, it benefits from the commonality of business verticals with its Parent Company.

The Company's growth has been marked by significant expansion of digital business in various verticals and geographies.

It provides services globally to clients in North America, Europe, Asia Pacific and rest of the world including India.

#### **Business Environment:**

Global IT-BPM industry grew by 3.9% and the IT-BPM market (excluding hardware) stood at USD 1.2 trillion in 2016. Indian IT-BPM industry revenues excluding hardware stood at USD 140 billion in FY2017. The industry added USD 11 billion in incremental revenues last year, representing year-on-year growth of 7.6% in USD terms (8.6% in constant currency). IT-BPM export revenues for the industry for FY2017 were USD 116 billion, growth of ~7.4% over the past year. Domestic IT-BPM revenues were USD 24 billion, a growth of ~9% from USD 22 billion in FY16. IT-BPM export revenues are expected to grow by 7-8% in FY18 and the domestic market is likely to grow by 10-11% next year.

The impact of digital technologies-Analytics, Internet of Things, Cloud, Artificial Intelligence/ Machine Learning, Cognitive Sciences and Mobility continues to be felt, with the growth in these segments higher than the rest. These technologies

are expected to be the major growth segments in global IT spends going forward.

*Source: NASSCOM IT-BPM Strategic Review 2017*

#### **Significant Initiatives:**

- Client-centricity – at the heart of LTI:

LTI's strong long-term business relationships with its clients (96% revenue from returning business) have helped increase scope of engagements. The Company has also partnered with clients in various industries to identify priority solutions focused on efficiencies, decisions and inferences for their respective businesses, helping clients achieve growth in a dynamic environment.

The core focus of the Company is to solve complex problems at the convergence of digital and physical world for its clients.

As times are changing, the line between the physical world and digital world is blurring by the day. Automation marked the start of this convergence while the future will see further amalgamation of technologies with day-to-day operations in both B2B and B2C settings. Cycle-times have reduced manifold, requiring frequent changes to the approach and decisions being made by clients. To support such needs for data driven and dynamic decisions, LTI, in conjunction with its domain knowledge and strong parentage, is working to provide a complete ecosystem right from thought-leadership, innovative approaches to business problems to development and maintenance of solutions (a balanced mix of digital and traditional offerings).

Through its renewed focus on emerging technologies, the company looks to assist its clients to be 'future-ready' to engage with their 'millennial' customer segment.

In Banking and Financial Services and the Insurance industries, LTI is well prepared to take advantage of emerging trends such as Robotic process Automation (RPA) and artificial intelligence. With deep expertise in leading insurance products

like Duck Creek, Insurity, Guidewire etc., the Company is uniquely positioned to help clients co-innovate. In the Energy and Process industries, the Company is working towards creating leaner operating models for its clients. Digital supply chain and customer analytics are driving factors for the hi-tech, media and entertainment industry. In Auto/Aero industry, LTI is working as an innovation partner leveraging its manufacturing experience due its parentage.

The Company is particularly targeting clients who have potential to offer opportunities with large total contract values towards transforming their business in the wake of the digital revolution. It plans to achieve a higher value client portfolio by focusing on new-age Application Management Services, PaaS and infrastructure management service deals, which tend to be long-term in nature.

- Building capabilities on Digital technologies:

The Company has been steadily building capabilities in digital technologies. Digital businesses contribute to 26% of the revenue LTI is working towards including Analytics and Digital in Every Account (ADEA in Company parlance). It has

also begun its foray in newer technologies such as virtual reality, augmented reality and the likes.

LTI's proprietary digital platform Mosaic™ is an exhaustive representation of how LTI brings together the power of exponential technologies to deliver real-world business outcomes. Intellectual Property and Offerings developed by the company are housed in the following elements of the Mosaic™ platform for IoT, Analytics, User Experience, Automation, AI and various other Digital technologies:

- Mosaic™ Things
- Mosaic™ Decisions
- Mosaic™ Automation
- Mosaic™ Experience
- Mosaic™ Artificial Intelligence

This platform houses all digital and next-generation offerings under one unified umbrella which is enabled by a four-layered ecosystem of digital-focused practices, platforms, thought-leadership and solutions. Mosaic™ is a powerful platform for creating new age solutions for clients.

LTI has also established business relationships with niche players in the digital space for cloud, IoT



*L&T Infotech's Mosaic Experience Centre.*



and Automation among others with companies like Nutanix, GE Predix, Pega, Coupa etc. Combined with the domain expertise and existing capabilities of the Company, such partnerships have helped develop end-to-end offerings through sophisticated ecosystems which can solve complex problems in a digital economy, thus bringing bespoke value-added propositions to clients.

Building on increasing its digital focus, in November 2016, the Company acquired AugmentIQ, a start-up offering IP-based, big data and analytics solutions that allows enterprises derive business benefits from big data. This acquisition has helped the Company increase its footprint in the analytical space.

In addition to acquisitions, the Company is also investing in partnering with startups to help enhance its digital offerings and in turn, give startups a platform and opportunity to scale-up.

With increased adoption of SaaS and other services components, LTI is also investing in Security as a practice, to serve clients with services to cope with large-scale migrations to the public and private clouds.

The Company is actively partnering with academic institutions such as Massachusetts Institute of Technology (MIT), Indian Institute of Management Ahmedabad (IIMA), Veermata Jijabai Technological Institute (VJTI) in order to provide thought-leadership to its clients for future digital solutions.

- Focus on organizational transformation:

Our new quality policy reaffirms our client commitment and focus on delivering rich and meaningful experiences to customers.

LTI is amongst the few IT Services firm to have such a differentiated policy, with the idea that in order to rise in the experience economy in the digital age, there needs to be a fundamental shift from the services mindset to the experience mindset.

With a focus on transforming the experiences of its clients, people and systems, LTI has launched

a rigorous transformation program which focuses on changing the way it works, interacts and collaborates both within and outside the organization. The Company is working towards transforming the way it works by incorporating Design Thinking in various capacities in the organization across all levels.

The Company is also looking to transform the way it delivers the traditional Application Development and Application Maintenance projects by automating services and inducing a DevOps method of working with continuous, progressive changes which complement the client business landscape replacing the traditional delivery model that has rigid support cycles. Flexibility and agility are two key objectives for the Company. This will help in a non-linear growth in the company with faster and more efficient delivery of projects.

- Focus on people transformation:

The most crucial element of an organization is its people. LTI has transformed various aspects of work life for its people. The transformation begins with articulating five key beliefs:

- Be agile
- Go the extra mile
- Push frontiers of innovation
- Keep learning
- Solve for Society

These five guiding principles aim for the organization to be nimble towards changes, work over and beyond the call of duty to serve its clients, innovate on a day-to-day basis to transform the approach to work, continuously enhance their way of working and keep its focus on welfare for the society.

Collaboration is key to the growth of an organization. LTI not only provides digital solutions and offerings to its clients, it has also adopted digital solutions for enhancing its own approach to work. LTI was the first company to implement Workplace (the collaborative platform of Facebook for organizations) in the IT services industry.

The 20,000+ employees use this platform for collaborative discussions and sharing of directives within the firm across all geographies, levels and business units. LTI is also a global service partner for Facebook to help organizations rollout the Workplace platform. Comprehensive services from the Company offers comprehensive services for change management strategy, adoption roadmap, setup, installation, integration, use-case development, and API extension and development.

LTI has also framed a talent strategy for adopting newer ways of hiring such as hackathons, online social media and improving learning and development by offering custom courses, conducting leadership programs and revamping fresher hiring models.

To support all these initiatives, the Company has upgraded its in-house IT systems to be more digital-focused.

The Company is also recruiting global talent in local markets particularly for high end digital competencies.

Thus, Hiring, Engaging and retaining talent continues to be the major focus areas for the company. LTI added 951 professionals into its family (net new hires), through campus recruitment and lateral hiring in this fiscal year with an increase in hiring premium college graduates as well. The global headcount of the Company as on March 31, 2017 was 21,023.

- Expand geographical presence:

LTI markets and distributes its solutions directly through its global delivery model. Apart from penetrating into new clients in North America and Europe, the Company is targeting further expansion in other markets with potential, such as Australia, Singapore, Japan, South Africa,

Ireland, Saudi Arabia and the Middle East. It has augmented its teams in these markets to further explore the opportunities therein.

The Company has allocated resources to these markets to identify opportunities through greater regional experience, expertise and client referrals. It has recruited local nationals to assist in market penetration efforts, in addition to complying with local regulatory requirements. In the Middle East, the Company intends to leverage the strong presence of the L&T Group, which is engaged in the oil and gas, construction and transportation sectors. The Company has increased presence in Germany, France and the Nordic region and will continue to enhance its capabilities and address gaps in language capability and geographic coverage in these regions.

### **Outlook**

Enterprises today are facing an expanding base of demanding born-digital consumers, disruptive new entrants and intensified competition from digital-savvy competitors. As a result, Enterprises are looking for client-centric and nimble IT service providers who can deliver outcomes quickly. With our rich, real-world expertise, engineering mindset, an enviable client list and deep desire to be relevant, LTI is uniquely positioned to win in this new world order. We are committed to, and have made good progress, in our journey to become a next generation IT services and solutions company, focused on solving the challenges of physical and digital convergence.

In FY2017, we delivered an industry leading revenue growth of 10% in constant currency terms and 9.3% in USD terms. With intense focus on client success and comprehensive transformation capabilities across digital, analytics, IoT, automation and cloud, we are optimistic about our future.

# Technology Services Business



*Headquartered at Knowledge City, Vadodara, L&T Technology Services helps clients gain the competitive edge by building smart products, enabling smart manufacturing and offering smart services.*

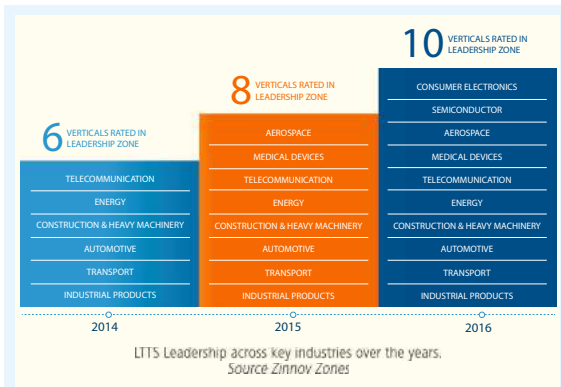
## **Overview:**

L&T Technology Services Limited (LTTS) is a leading global pure-play ER&D services company. LTTS offers design and development solutions throughout the product development chain and provide services and solutions in the areas of mechanical and manufacturing engineering, embedded systems, engineering analytics and process engineering.

A well-defined Digital Engineering strategy helps it deliver differentiated solutions for building Smart Products, Smart Manufacturing and enabling Smart Services. As part of this strategy, LTTS has developed IP led solutions like its IoT platform UBIQWeise and smart building framework i-BEMS that has been launched in the global market.

The key differentiators for LTTS are its domain expertise and multi-vertical presence in industry segments like Transportation, Industrial Products, Telecom & Hi-tech, Process Engineering and Medical Devices. LTTS has been recognized as an Expansive and Established player in Zinnov Zones 2016 Product Engineering Services and features in the Leadership Zone across 10 major industries due to its best in class solutions, capabilities and offerings that combine digital technology with an innovation led orientation.

LTTS operates in five industry segments namely Transportation, Industrial products, Telecom & Hitech, Process industry and Medical devices. LTTS also provides two horizontal service offerings –



Embedded systems and Mechanical, which cater to all the vertical segments.

- 1. Transportation:**  
 Transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.
- 2. Industrial Products:**  
 The Industrial Products engineering vertical partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.
- 3. Telecom & Hi-tech:**  
 Telecom & Hi-tech segment caters to OEM/ODMs, Chipset vendors, Telecom carriers and ISVs, delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement & sustenance, Testing & Validation, System Integration for communication and related solutions & systems and field implementation services.

4. **Process Engineering:**  
 Process engineering segment provides end to end engineering services for leading plant operators across the globe. The industry span and services are broadly for chemical, consumer packaged goods (FMCG) and energy and utility sector clients.

5. **Medical Devices:**  
 Medical Devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance. The medical device industry is comprised of diagnostic, life sciences, surgical, cardiovascular, home healthcare, general medical and other devices.

LTTs services more than 50 of the Fortune 500 companies and over 40 of the world's top ER&D spenders. LTTs is well poised to meet future requirements of its customers by investing in new industry segments and state of the art innovation labs, adopting new technology initiatives, expanding into new geographies, and establishing alliances and partnerships.

The 10,000 + highly-skilled personnel of LTTs across 12 delivery centres and 27 sales offices globally enable its clients to achieve a sustainable competitive advantage. LTTs has 34 innovation labs spread across key delivery centres in India.

### Business Environment

According to Zinnov, corporations spent a total of USD 1062 billion on research and development and engineering activities such as product and process development, manufacturing engineering and other allied engineering in 2016. Of this amount, the 500 biggest corporate spenders

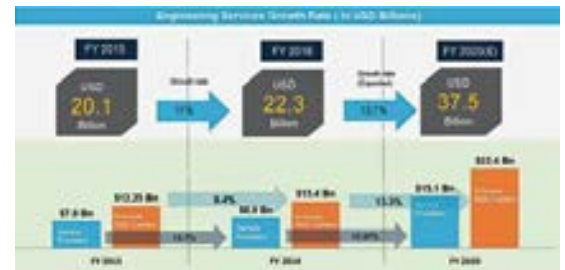
in ER&D globally (the “G500 ER&D spend”) contributed USD 621 billion or nearly 58%.

With respect to the total ER&D offshoring market for product engineering services as addressed by offshore third-party service providers and global in-house centres (the “Global Addressed Market”), the overall revenue was USD 85 billion in 2016, of which offshore in-house R&D centres and third-party service providers contributed USD 34 billion and USD 51 billion, respectively. The total R&D offshoring market revenue generated by both India-based third-party service providers and India-based in-house centres to global clients in 2016 was USD 22.3 billion. Of this, the third-party service providers and in-house ER&D centres contributed USD 8.9 billion and USD 13.4 billion of revenue in 2016, respectively.

“Strong sales in emerging markets are leading to a requirement of products that are tailored to the needs of customers, thereby driving engineering towards these markets. Increased product complexity is translating into a greater need for engineering work that needs to be done. Also, the war for talent, especially engineering talent, is real in many mature markets, and this bottleneck has opened up opportunities for players with a strong, well-qualified talent pipeline. All of these trends catalyzed the ER&D industry in India,” comments Dr Wilfried Aulbur, Partner, Roland Berger Strategy Consultants GmbH.

India’s ER&D services sector has indeed been on a growth path over the past five years. The market, which is expected to reach USD 35-40 billion by 2020, is creating deep impact in verticals such as automotive, avionics, construction and heavy engineering and telecom.

All emerging currencies have seen significant volatility against the US Dollar on account of changing political and economic scenario across the globe. For Indian third party service providers in ER&D segment, any appreciation in Rupee will cause a dip in margins on a sequential basis. Short-term rupee appreciation will not have big impact considering the hedging strategies of companies.



However, in case the Indian rupee appreciation continues for a long time, companies may have to offset the margin impact by tighter control on cost, execution and delivery-efficiency measures, etc. towards sustainable growth.

### Significant Initiatives

LTTs aspires to continue to be a global leader in the ER&D segment. Key initiatives to achieve this objective include:

- **Account Mining and Farming:** As a part of its sales strategy, LTTs has decided to focus on top 30 customers, which contribute 65% of its revenues. This strategy has been christened as T-30. Under this strategy, as a client relationship matures and deepens, LTTs seeks to maximise its revenues and profitability by expanding the scope of services offered to that client with the objective of winning more business from the clients, particularly in relation to its more substantive and value-added services.
- **Transformation Initiatives:** LTTs has initiated a few transformational projects to further strengthen its processes, systems and global delivery models to achieve operational excellence. Identifying Account Delivery Managers (ADMs) and Account Relationship Managers (ARMs) to ensure account level leadership, setting up onshore, near shore strategic and client-led centres in geographies like Poland, Western Europe(Auto), EU & US(CPG & Chemicals), building processes, governance models and leadership development plans are a few initiatives of the transformation project.
- **Investment in Technologies & Innovation Engine:** LTTs is focused on driving innovation



and adopting solutions in line with technological trends. Its culture of innovation since its establishment has enabled it to expand the range of its offerings to customers and improve the delivery of its solutions and products. LTTs has initiated Proofs of Concepts (POCs), which demonstrate the viability of a design concept and it has also set up labs and developed new centres of excellence, where it has invested in new technologies such as engineering analytics, power electronics, IoT and M2M, which has allowed LTTs to capitalise on key growth areas and trends.

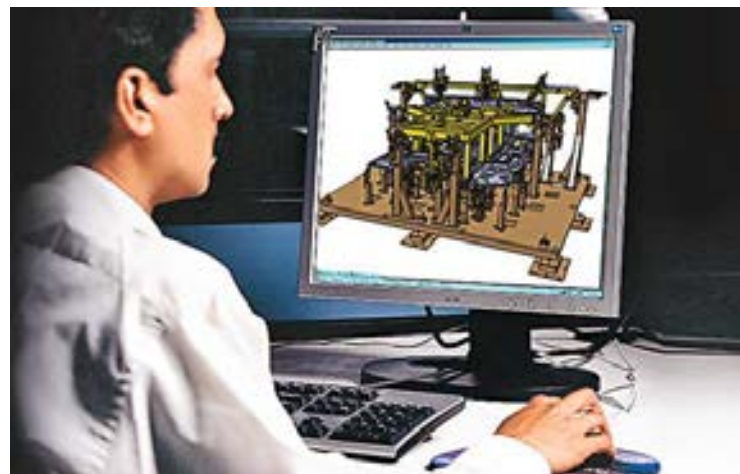
- **Patents:** Since inception, LTTs has filed for 57 proprietary patents and has co-authored 197 patents with its customers. Its patent portfolio covers many aspects of its products and the processes for making those products and are focused on developing mature solutions such as UbiqWeise™, iBEMS™ in emerging technology areas.
- **Technology Events:** LTTs promotes annual technology events such as Tech Panorama, which is an initiative by its Technology Solutions and Innovation Centre team which serves as a platform for its employees to participate in technical events and forums to showcase their skill and demonstrate their ideas. Also its open-innovation initiative, TECHgium™ - co-sponsored by its customers, provides a platform for the nation's talented engineering graduates to solve real-world engineering problems and also get due recognition for it. Students are given an opportunity to use their futuristic ideas to come up with creative solutions.
- **Awards & Recognition:** L&T Technology Services was recognized as the Company of the Year by the Indo American Chamber of Commerce (IACC) in 2016. The IACC also awarded the company as the Best Green Office Space of the year for its eco-friendly campuses. In March 2017, L&T Technology Services was conferred with the Golden Peacock National Quality Award, 2017, as a recognition of the company's consistent focus in enabling new

technologies for global businesses. LTTs has also won the Dataquest Vertical Warrior Award in IT/ ITes for innovative use of digital technology earlier in 2017.

Its delivery centres are ISO 9001:2008-certified. Its Aerospace & Medical Devices practices are AS 9100C and ISO 13485:2003 certified. Also its Embedded Systems & Software activities are assessed at Maturity Level 5 of SEI's CMMi@ Development.

- **Partnerships and Alliances:** The recent global alliances established by LTTs include a Digital Engineering Transformation partnership with Microsoft Corporation to deliver Microsoft Azure Engineering Solutions for global enterprises across industries. This strategic partnership enables enterprises around the world to leverage the cutting-edge IP-led Digital Engineering solutions of LTTs hosted on Microsoft's Azure enterprise cloud-first, mobile-first infrastructure.

LTTs has also partnered with UTC Climate, Controls & Security and Otis, units of United Technologies Corp. to create an innovation laboratory focused on integrated buildings, smart homes and cold chain technologies. Other notable alliances and partnerships include AUTOSAR, Tele2, National Instruments, Sierra Wireless & Thing Worx.



*Engineering services that enhance efficiency, while reducing time-to-market and costs.*

**Outlook**

While traditionally the technology services industry globally has been impacted by macro-economic factors and is sensitive to the cyclic nature of certain businesses, the potential remains as strong as ever for relevance of engineering services. For instance, global automotive OEMs are moving rapidly towards implementation of infotainment systems and autonomous vehicles. The Industrial Products market continues to offer immense growth potential, while the positivity in the Telecom & Hi-tech market is boosted by technological advancements, infrastructure availability, high customer demand and supplier push by the semiconductor industry. Medical device manufactures are aggressively looking at emerging markets and new product development. Notwithstanding volatile commodity prices and the slowdown in capex spending by manufacturing companies in the Process Industry, the potential for growth is visible in certain specific segments like the Food Industry.

LTTTS has established a strategic presence in differentiated sectors and developed the specialized domain knowledge that should enable it to successfully help customers and gain from an economic upturn.

LTTTS will capitalize on disruptive technology trends as part of its five year strategic plan Lakshya that emphasizes profitable growth. It will harness opportunities in four critical areas - digital engineering for smart products & services, smart manufacturing & operations, perceptual engineering and pervasive technologies. LTTTS took a big step in this direction with the recent acquisition of US-based Esencia Technologies, a move that will strengthen LTTTS footprint in ASIC, VLSI, Embedded Design Services and Hi-Tech sectors, where it foresees growth momentum.

LTTTS will continue on its journey of using advanced technological solutions to delight customers and create value for all stakeholders.



# Financial Services Business



*L&T Financial Services' offerings span the geo-socio-economic spectrum and comprise solutions in retail finance, wholesale finance, investment management and wealth management.*

The Financial Services business segment comprise of retail and corporate finance, housing finance, infrastructure finance, investment and wealth management business carried through the subsidiaries of L&T Finance Holdings Limited.

The Financial Services business also included general insurance which was housed in a wholly-owned subsidiary, L&T General Insurance Company Limited (L&T GICL). The group divested its stake in L&T GICL during the year.

## **L&T Finance Holdings (LTFH)**

L&T Finance Holdings' business organised under verticals structured as the Retail and Wholesale Platform, Investment Management and Wealth

Management business, is carried out through its wholly owned subsidiaries.

## **Business Environment**

### **1. Rural Finance**

LTFH's strength in Rural Finance makes it one of the fastest growing NBFCs in this sector. LTFH is now a single brand under L&T Financial Services (LTFH) offering through multi channels, multiple financing products like Farm Equipment Finance, Two-wheeler Finance and Microfinance.

- (a) Farm Equipment Finance: The tractor industry grew ~15% in the year 2016-17 after two continuous years of market contraction. The positive growth was on account of a normal monsoon cycle which has helped reinvigorate

the demand in this sector. With monsoons expected to be normal this industry is expected to grow at ~ 7-8% this year.

During the year, LTFH gained market share, doubling its share of the farm equipment financing market to 8.6% in the second half of the year 2016-17 from a 4.2% in the first half. However, the business witnessed a YoY Contraction by 11% in disbursement, along with a book de growth of 6%. This trend is expected to reverse in the current year with excellent growth in both disbursements and book.

LTFH has competitive advantage in this segment in terms of its proven ability to last through the cycles, differentiated value proposition for top Dealers, analytics driven business mix and channel management and technology led sourcing and credit decisioning for superior service proposition.

In this segment, the future strategy of LTFH is to create a right portfolio mix across geographies, OEMs and new/refinance, digitise the entire process and provide a differentiated value proposition to LTFH



*The Retail Finance business participates across the income cycles of the rural economy – from farm equipment to commodity storage and more...*

partners to capture higher counter share at chosen dealers through a differentiated value proposition

- (b) Two-Wheeler Finance : The Two-wheeler industry posted a healthy YoY growth of 8%. The market in FY18 is expected to remain stable with a demand influenced by structural factors like growing middle class segment and urbanization.

Technology-led sourcing along with analytics driven channel segmentation enabled LTFH to gain market share. LTFH's domain expertise and in-depth knowledge in chosen geographies have laid the foundation of its strong business growth. A well-established network and tie-ups with OEMs enabled LTFH to retain a strong market position. In FY 17, the two-wheeler finance business witnessed a YoY growth of 10% in disbursement, along with a book growth of 20%.

LTFH has competitive advantage in this segment in terms of technology led sourcing and decisioning, analytics driven channel selection and differentiated value proposition for top dealers and market depth in chosen geographies

In this segment, the future strategy of LTFH is to enhance TAT proposition through mobility solutions and automated credit decisioning, further increase market penetration in its chosen geographies and develop new locations and increase market depth by exploring entry into self-financed segment

- (c) Microfinance: The microfinance industry has recorded a 26% YoY growth for the year the year 2016-17. However, there has been a trend of decrease in growth since demonetization. LTFH believes that the decrease is not entirely attributable to demonetization as other external factors and vested interests also impacted performance in certain geographies. The industry appears cautious and a pause in growth can be expected in the short term.

During the year 2016-17, LTFH launched mobility solutions, aimed towards improving the operational efficiencies and making the disbursement process simpler. This move enabled LTFH to achieve the highest single-month disbursement of ~ ₹ 460 crore in September, 2016. LTFH continued its key initiatives of enhancing customer reach, building scalability, and managing risks effectively, attaining process excellence and cost excellence. Microfinance business witnessed a YoY growth of 39% in disbursement, along with a book growth of 59%.

The post demonetization period was marked with increased delays in repayments in certain geographies. While the situation has improved significantly from March onwards, LTFH expects stress in some areas to continue for some more time. In line with its conservative policies, LTFH has made adequate loan loss provisions in the year 2016-17 and will continue to do so based on how the situation develops.

LTFH has competitive advantage in terms of robust risk management framework, best in Industry productivity through differentiated business model, proven ability to scale rapidly and an efficient and technology enabled delivery channel.

The future strategy of LTFH is to transform Microfinance into a steady state retail business by moving further towards a technology and analytics-driven platform, expand into under penetrated new geographies to further enhance customer reach and further strengthen risk management framework, processes and systems

## 2. Wholesale Finance

LTFH is focused on Infrastructure Project Financing (including Infra Debt Fund), Structured Corporate Finance, Debt Capital Market and Supply Chain Financing. LTFH's strength lies in strong underwriting ability, structuring and syndication capabilities.

- (a) Infrastructure Financing: Over the last year, the Government of India introduced several policy changes targeted at speeding up the infrastructure development in the country. The Renewable Energy sector reported a record capacity addition of over 11 GW in the year 2016-17, an increase of around 60% over 7.1 GW reported in FY16. The outlook for the road sector has improved through improvements in dispute resolution framework, focus on EPC contracts and generating financial resources for future road construction.

The infrastructure book in its focus sectors of renewables, roads and transmission showed a healthy growth. The infrastructure lending platform saw its fee income doubling in the year 2016-17 through larger underwriting and advisory mandates. This was ably supported by the down-selling desk which doubled its down-sell quantum in this year. The Infrastructure Debt Fund (IDF) also increased its asset base to over ₹ 4000 crore. Considering the stress in the overall infra sector, LTFH proactively made accelerated provisions over and above the regulatory requirements in order to strengthen the balance sheet. Infrastructure Finance business witnessed a YoY growth of 21% in disbursement, along with a book growth of 19%



*L&T Infra Finance is a specialised project financier that finances renewable energy and road projects.*

LTFH has competitive advantage in this segment in terms of in depth sector knowledge, efficient transaction processing and management capabilities, superior advice to customers through all stages of the project life cycle, minimal turnaround time and an operational IDF platform

In this segment, the future strategy of LTFH is to broaden the sectoral expertise & develop framework for new sectors, leverage successful PE interface in renewables for entry into new sectors and sharper focus on selection and structuring of project parameters

- (b) Structured Corporate Finance: In the year 2016-17, the bank credit slowed down to a 60 year low of 5.1% on the back of lower credit demand and increased reliance on the bond market for debt requirement. Despite the above trend, LTFH's structured corporate finance expanded its asset base in the year 2016-17 with persistent focus on both growth and profitability. The growth trajectory has been backed by robust origination ability and detailed appraisal process. The structured corporate finance asset size showed a healthy 28% growth and doubling of disbursement numbers in the year 2016-17.

LTFH has competitive advantage in terms of robust origination ability & exhaustive appraisal process and expanded product suite with introduction of IPO funding in response to conducive market environment

The future strategy of LTFH is to deliver steady state high spreads along with high fee income through superior structuring of financing solutions

- (c) Debt & Capital Market (DCM) : LTFH's DCM business invests in select infra project issuances and financial institutions. Additionally DCM entered structured finance segment in the year 2016-17. DCM desk doubled its disbursements, sell downs and profitability to demonstrate excellent

investment and portfolio management philosophy.

LTFH has competitive advantage in this segment in terms of credit focussed approach to the business and large ticket size underwriting capability

In this segment, the future strategy of LTFH is to aim to take sole/ anchor investor positions thereby positioning L&T financial services as a significant player

- (d) Supply Chain Finance : During the year 2016-17, LTFH tied up with marquee names in the distribution business of information technology and mobility segment. The supply chain business showed consistent disbursements while increasing the profitability through increase in margins and opex control. Supply chain Finance business witnessed a YoY growth of 10% in disbursement, however, along with a book degrowth of 7%.

### 3. Housing Finance

LTFH has identified housing finance as one of its core sectors based on the long term growth prospects of this industry. LTFH's products in this sector include Home loans, Loan against property & Real estate finance.

- (a) Home Loans & Loan against Property (LAP): The year 2016-17 witnessed sluggish trend in real estate sector on account of high prices, inventory overhang and high interest rates. While overall price levels have largely been unchanged in most cities, luxury segment has seen some correction. Demand for housing is expected to see revival this year after a slowdown over the past 2-3 years. This is primarily on account of affordable housing segment, which includes residential units for Economically Weaker Sections, Lower Income Group and Middle Income Group segments.

At beginning of the year 2016-17, LTFH realigned its focus towards disbursing loans to self-employed customers. It also focused





*L&T Housing Finance fulfills the desire for home ownership in over 40 markets across the country.*

on doing a larger share of business through direct sourcing. Despite challenging market situations, LTFH's Home Loan and LAP book grew by 21% during the year, touching a new milestone of ₹ 7500 crore.

LTFH has competitive advantage in this segment in terms of sharpened proposition to strengthen the product offering to self-employed customers and streamlined processes to deliver faster sanctions and disbursement TAT to the customer.

In this segment, the future strategy of LTFH is to drive operational efficiencies through digitisation and automation, go digital and use analytics for direct sourcing and cross selling, focus on key locations to bring in value contributors and manpower productivity and leverage L&T ecosystem for business growth and market intelligence

- (b) Real Estate finance: Real Estate is transitioning towards a more regulated industry with the introduction of Real Estate Regulatory Authority (RERA). Low home mortgage interest rates, Government schemes such as Pradhan Mantri Awas Yojana and State Affordable Housing Policies are providing a fillip to the real estate sector and consequently

real estate finance business. In the commercial office segment, major metros have seen strong demand for Grade A office space leading to a higher occupancy and robust rental growth. Real estate finance business witnessed robust YoY growth of 74% in disbursement, along with a book growth of 40%.

LTFH has competitive advantage in this segment in terms of comprehensive product suite to address top developers' funding requirements, robust risk management & early warning signal mechanism and strong processes to deliver faster TAT

In this segment, the future strategy of LTFH is to focus on top real estate developers with the aim to build sustainable relationships, build a wider product portfolio and focus on Syndication/Sell down for risk distribution and leverage the L&T ecosystem for business growth and market intelligence

#### **4. Mutual Fund**

India's mutual fund industry witnessed a 35% growth during the quarter-ended March 2017, taking the Average Assets Under Management (AAUM) to ₹ 1829583 crore, as compared to ₹ 1353443 crore AAUM recorded during the quarter-ended March 2016.

During the year 2016-17, the Mutual Fund business continued its previous year's growth momentum. With YoY growth of 39%, the business outperformed the industry growth rate, while maintaining a healthy mix of core assets under equities and fixed income and a strong investment performance, supported by strong inflows into the core products.

LTFH has competitive advantage in this segment in terms of robust performance of the Fund's equity schemes and diversified and ever-expanding reach across distribution channels

In this segment, the future strategy of LTFH is to focus on building core assets to achieve the dual purpose of achieving higher profitability while



*L&T Mutual Fund and L&T Capital Markets Limited provide investors with a range of investment and wealth management options.*

ensuring stability in overall AUM, increase SIP book to ensure steady flows and establish presence in key counters to gain a higher share of assets, thereby widening LTFH's reach

### 5. Wealth Management

With a GDP growth hovering over 7-8% and a strong future outlook, India's growth story is making it an increasingly attractive market for wealth management firms. The regulatory environment too is evolving, presenting opportunities for established wealth managers to expand their offerings.

The year 2016-17 was a turnaround year for the business – from a loss of ₹ 24 crore in year 2015-16 to a profit of ₹ 5 crore in the year 2016-17, the average assets under management grew by almost 46% during the year with Q4 2016-17 AAUS being more than ₹ 13000 crore. Company's revenue witnessed a rise of 71% during the year 2016-17, being at ₹ 50 crore.

LTFH has competitive advantage in this segment in terms of comprehensive services suite including Loan against shares, Mutual funds. Real estate finance complements the Company's key offerings for HNIs. Offerings like Debt Capital Markets significantly strengthen the customer value proposition. A strong track record of AUS and

revenue growth ranks it high amongst the key market players and strong partnerships established since inception have enabled LTFH to service the differing needs of clients across segments, asset classes and markets.

In this segment, the future strategy of LTFH is to focus on Investment advisory and family office to form new meaningful relationships and deepen existing relationships with clients to attain a higher wallet share. Acquisition of new clients will continue to remain a key area of focus for the business and increase sales strength.

### Significant Initiatives

- (a) Human Resources: LTFH have embarked upon the "Transform" journey to LTFH 2.0 with a sharp "Focus" on creating superior shareholder value by "Delivering" top quartile Return on Equity (RoE). The role of Human Resources has significantly transformed since 2016, from being a function which used to manage the human resources of LTFH to being the prime driver of the change in culture required for the successful transformation of LTFH. All the initiatives in this area have been designed for transforming the old LTFH into LTFH 2.0.

LTFH firmly believes that any transformation journey needs to be sustainable. While the strategy LTFH has embarked upon for delivering a top quartile RoE is a 4 year strategy, superior value generation for the shareholders will come only if the new way of 'Results not Reasons' becomes a way of life.

LTFH believes that this journey will become sustainable if it gets 3 aspects right: (i) Clarity and communication of Management Intent; (ii) A well-honed execution engine and (iii) A performance oriented Culture

LTFH's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and they work towards creating leadership which makes the transformation smooth and sustainable.

- (b) Risk Management: The transformation journey embarked by LTFH involves rapid growth in its chosen businesses. Having embarked on this transformational journey, LTFH recognises the criticality of risk management practices towards a longer term success. LTFH has a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During the year 2016-17, LTFH engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, LTFH is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

- Risk Appetite Statement (RAS)  
A robust RAS is setup that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth monitors. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

- Risk Dashboards & Early Warning Signals (EWS)

Dashboards should provide cross-risk view and are anchored to LTFH's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely remedial measures (where applicable) and eventually driving lower NPAs.

- Treasury Risk Management  
This gives the ability to effectively manage the Market risk (liquidity and interest rate risks) emanating from the core businesses of LTFH. A robust governance framework is setup to monitor and manage the Market Risk Operations.

- Risk-adjusted pricing  
This tool helps to track transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing. Thus giving more clarity on value creation by products/ portfolios. This pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.

- (c) Digitisation & Analytics: In line with the theme of "Grow Fearlessly", LTFH's Digital & Data Analytics roadmap encompasses achieving multi-fold increase in "Scale", "Cost Effectiveness" and "Customer Experience". In order to enable it for achieving the same, LTFH has decided on the following design principles: Biometric based data capturing, Paperless On-boarding, Transact with it on any day in the year.

LTFH has relooked at the existing architecture, to revamp it completely to achieve the digital aspiration that it thrives to achieve. The end state architecture will be modular and agile, enabling LTFH to keep pace with changing technology. A strong digital and data analytics roadmap touching every aspect of the customer journey will not only improve the customer experience but also substantially enhance efficiency and productivity

- (d) Corporate Social Responsibility  
CSR witnessed a transformation during the year 2016-17. LTFH's overarching theme of Sustainable livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFH committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, LTFH also focussed on Financial Literacy. It helped in spreading the message



of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- **S**ocial Impact through right projects aligned with company's focussed businesses
- **S**ustainable development, creating right structures
- Achieve **S**cale by collaborating with right partners

Some of the highlights of the CSR activities are:

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters , towards the Tamil Nadu floods in November 2015
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes

- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

### **Outlook**

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. IMF expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetization passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

LTFH sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate Regulation Act (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of 2017-18.

# Developmental Projects Business



*Kudgi Power Transmission Line project, Karnataka.*

Developmental Projects business segment comprises (a) Infrastructure projects executed through its joint venture company L&T Infrastructure Development Limited and its subsidiaries and associates (L&T IDPL Group); (b) the Hyderabad Metro Rail project, executed through its subsidiary L&T Metro Rail Hyderabad Limited (c) Power Development Projects executed through its subsidiary L&T Power Development Limited and its subsidiaries (L&T PDL Group) and (d) Kattupalli Port operations of Marine Infrastructure Developer Private Limited, a subsidiary company.

The operations of developmental projects business segment primarily involves development, operation and maintenance of basic infrastructure projects

in the Public Private Partnership (PPP) format, toll collection including annuity based road projects, power development and power transmission, development and operation of port facilities and providing related advisory services. Significant cash generating assets have been created under the current business model which are being explored for monetisation on a continuous basis in order to maximise value creation for the benefit of stakeholders.

## **L&T IDPL Group:**

### **Overview:**

L&T Infrastructure Development Projects Limited (L&T IDPL) is a major player in the Public-Private Partnership projects in India with business interests

across Roads and Bridges, Ports, Wind energy and emerging sectors such as Power Transmission Lines. As of March 2017, L&T IDPL has a portfolio of 17 projects at an estimated project cost of about ₹ 17555 crore which includes 15 road projects with 7182 kms, one transmission line project and a port berth at Haldia.

L&T IDPL's portfolio of infrastructure assets also includes windmills in Tamil Nadu.

Roads & Bridges:		
		
No. of Projects : 15	Lane Km : 7,182 Km	13 Operational Projects 2 Implementing Projects
Total Project Cost : ₹ 16,080 crore		
Port:		
		
No. of Projects : 1	Capacity : 4.5 MTPA	LTIDPL has 21% stake in Berth No. 4A of Haldia
Total Project Cost : ₹ 125 crore		
Transmission Line:		
		
No. of Projects : 1	Capacity : 2,400 MW	<ul style="list-style-type: none"> <li>• "Transmission System for Power evacuation" from NTPC Kudgi (3x800 MW) of Madhugiri in Karnataka.</li> <li>• 3 sections comprising a total length-470 KM</li> </ul>
Total Project Cost : ₹ 1,300 crore		
<b>Total No. of Projects : 17</b>		
<b>Project Cost : ₹ 17,555 crore</b>		

### Business Environment

Infrastructure is a key sector that propels overall development of the Indian economy. The significant expansion of the economy over the past two decades has led to demand for strong infrastructure in the country. The country's capacity to absorb and benefit from new technology and industries depends on quality and efficiency of infrastructure. In order to augment economic growth, the government initiated several policy and enabling measures to support the creation of high-quality infrastructure and efficient delivery of services to its citizens.

The recent slowdown of Public Private Partnership (PPP) projects could be attributed to a combination of events, namely global economic slowdown, weak regulatory and institutional frameworks, delay in issue of clearances by authorities, financing issues (over-leveraged debt and paucity of equity), acquisition of land, aggressive bidding by developers, contractual issues, including long drawn out dispute resolution arising in a maturing PPP landscape, inadequate diligence and appraisal by lenders, and lack of flexibility in contractual arrangements.

The infrastructure credit has witnessed a sharp increase in stressed advances. The Reserve Bank of India (RBI) has taken steps like allowing flexible restructuring of infrastructure loans to ease cash flow pressure in the infrastructure sector.

The budget allocation for National Highways for the year 2017-18 is ₹ 64000 crore. Besides, the union budget has also earmarked ₹ 27000 crore for its rural roads development programme, Pradhan Mantri Gram Sadak Yojana (PMGSY), under the Rural Development Ministry, which together makes it more than ₹ 91000 crore for road development. The road sector had exclusive allocation as the Government had identified 2000 km of coastal connectivity roads for construction and development, which would ultimately lead to better connectivity of remote villages. The union budget had allocated a substantial amount to infrastructure development and termed it as top priority of the Government.

The government, through a series of initiatives, is working on policies to attract significant investor interest. The Indian government plans to develop roads under different programmes such as National Highways Development Project (NHDP), Special Accelerated Road Development Programme in North East (SARDP-NE) and Left Wing Extremism (LWE). The government has identified development of 2,000 km of coastal roads to improve the connectivity between ports and remote villages.

### Significant Developments

**Demonetization:** Since almost 98% of toll collections are by way of cash, the announcement of demonetization caught both the road users and concessionaires by surprise. To avoid hardship to the public and long queues at toll plazas, the Roads Ministry and NHAI advised stoppage of toll at all National Highway toll plazas exempting all traffic from tolls across the country from November 9 – December 2, 2016 (over 23 days). The compensation payable for such a force majeure event varies under different concessions and hence NHAI came out with a Standard Operating Procedure in this regard. While the developers have sought a cash compensation for revenues lost, NHAI is looking at only reimbursing certain costs and in certain cases, extension of concession period.



*An Elevated Corridor sweeping over a city – one of L&T's many road development projects.*

Road subsidiaries of L&T IDPL have submitted their claims to NHAI and only about half of the total claims have been paid by NHAI so far.

L&T Kudgi Transmission Limited (L&T KTL) being the first transmission line project of L&T IDPL had achieved the commencement of commercial operations (COD) in September 2016. The elements of the project are (a) Element 1: 400KV line A&B between Kudgi and Narendra (New) with a line length of 17.66 km; (b) Element 2: 765KV line between Narendra (New) and Madhugiri with a line length of 379.84 km (c) Element 3: 400KV line between Madhugiri and Bidadi with a line length of 93 km. With a total of 1169 towers across 492 km length, the project had successfully entered revenue stream. The project has reported book profits from the first period of operations. This project was also refinanced in March 2017, thereby reducing interest rates significantly.

Construction work is in full swing in Deccan Tollways (DTL) in Telangana and Sambalpur Rourkela (SRTL) in Odisha. The two road projects are expected to commence tolling in the year 2017-18.

Three road subsidiaries had issued notices of termination of projects owing to political force majeure and/or default by the Authorities under the respective concession agreements. In case of the two national highway projects, NHAI has taken over the project operations during the year but has not accepted the cause of termination and arbitration proceedings have been initiated for realisation of the claims for termination payments. The Company has proactively engaged with project lenders and taken legal steps wherever possible to protect the interests of the lenders.

In the case of a state highway in Gujarat, the subsidiary of L&T-IDPL has withdrawn its notice in order to facilitate implementation of Strategic Debt Restructuring Scheme by lenders to the project. The subsidiary of L&T-IDPL and the lenders are negotiating with the state government to improve the project viability.

During the year 2016-17, NITI Ayog came out with a new policy to provide cash relief to

concessionaires and contractors in the Roads sector. Under this, the Authority would pay 75% of the Arbitration Award to the aggrieved concessionaire against a bank guarantee and the funds will need to be utilised for other national highway projects. The policy is applicable to two subsidiaries of the Company and while one of the subsidiaries has already received claim of ₹ 69 crore, the second project is awaiting receipt of claim of ₹ 121 crore. There are several other claims of the road projects that are under different stages of dispute resolution and they too would benefit from an early settlement.

During the year 2016-17, the Company mitigated its risk in its subsidiary in Colombo by selling its stake. With a view to have direct management control over the Hyderabad Metro project and also considering its other commitments in the state of Telangana, L&T has decided to take over the stake held by the Company (L&TIDPL) in L&T Metro Rail (Hyderabad) Limited. The shares held by LTIDPL were purchased by L&T in March 2017 after receipt of necessary approvals/ consents. By divesting this large investment, L&T-IDPL is now in a good position to fund its growth.

During the year 2016-17, M/s. Kudgi Transmission Ltd & L&T Krishnagiri Walajahpet Tollway Limited (L&T KWTL) refinanced their debt taking advantage of the softening of interest rates and the ratings of the projects.

#### **Outlook:**

The pace of recovery in the sector is likely to be slow and will be linked to the on-ground impact of the policy measures taken as well as the availability of funds. Aggressive bidding in the past and inability or limited ability to raise equity for Built-Operate-Transfer (BOT) projects have impacted the viability of infrastructure projects and have reduced the risk appetite of developers for new projects. The Government initiatives in rebalancing of risk sharing, resolving legacy issues, strengthening institutional capacity and scaling up finance etc., would revive the sector.

With an estimated traffic growth of 8% in the new fiscal, the road subsidiaries are expected to

perform better during 2017-18. The Company will continue to look for opportunities to churn its portfolio and would refinance some of the road projects during the year 2017-18 as well.

A five-year business plan is under finalisation and L&T-IDPL is well poised to be on the growth trajectory. L&T-IDPL is evaluating the new models in the Roads sector (such as Hybrid Annuity Model and Toll Operate and Transfer) and is expected to participate in bids to bag projects in the road and transmission line sectors besides looking at good brownfield opportunities.

### **L&T Metro Rail (Hyderabad) Limited**

#### **Overview**

L&T Metro Rail (Hyderabad) Limited (L&TMRHL) was incorporated on 24<sup>th</sup> August 2010 as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System including the Transit Oriented Development in Hyderabad under Public Private Partnership model on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The company entered into a Concession Agreement with the erstwhile Government of Andhra Pradesh on 04.09.2010.

The Metro Rail system shall be constructed on three elevated corridors from Miyapur to L.B.Nagar, Jubilee Bus Station to Falaknuma and from Nagole to Shilparamam covering a total distance of 71.16 Kms. The concession period of the project is for 35 years including the initial construction period of 5 years. The Concession period is extendable for a further period of 25 years subject to fulfillment of certain conditions by the Company as set out in the Concession Agreement.

The estimated project cost is ₹ 16375 crore which includes the cost of rail system and 6 million TOD which is to be funded by a term loan of ₹ 11478 crore, equity share capital of ₹ 3439 crore and Viability Gap Fund from Government of ₹ 1458 crore. The company has tied up entire debt and achieved financial closure on 1<sup>st</sup> March 2011.

In terms of the Concession Agreement, both the Government of Telangana (State Govt) and



L&TMRHL are required to comply with certain conditions precedent for the occurrence of appointed date which shall be the date for commencement of concession period. The State Govt has declared the appointed date as 5<sup>th</sup> July, 2012 upon fulfillment of the condition precedent (CP) from both the parties i.e. L&T Metro Rail (Hyderabad) Limited and the State Govt.

The company is executing the project covering a total distance of 71.16 Kms in 3 different corridors. This entire distance is further sub divided into 6 stages for ease of implementation. Project cost incurred during the year 2016-17 is ₹ 2325 crore and cumulative upto 31.03.2017 is ₹ 12482 crore.

The company has achieved 5th Project milestone as per the Concession Agreement having expended 75% of the project cost by 31<sup>st</sup> July, 2016. CMRS (Commissioner of Metro Rail Safety) approval has been obtained for Stage 1 & 2 of the project, which are fully ready for commissioning. The overall physical progress of the project as on 31.03.2017 is 72%. Construction works in Stage 3, 4 and 5 are going on at brisk pace.

The company has filed applications with the State Government seeking grant of power at cost of service basis, longer sub-lease rights on TOD, the Government to bear the cost of Security at stations etc. which are crucial for commissioning the project. As there have been delays from the Government's side in providing continuous RoW, the company has applied to the Government for interim extension of time of scheduled completion date upto November, 2019, keeping in view the present progress of the project. The corresponding cost implications are being prepared and shall be submitted to the government upon receipt of approval for extension of time.

The Company continued to successfully obtain further tranches of Viability Grant of Funding (VGF) from the Central Government during 2016-17 and the total VGF drawn stood at ₹ 957 crore as on 31<sup>st</sup> March 2017. This confirms the certainty of the Central Government participating in the project.

### **Business Environment**

About 9 million transport trips are performed every day in Hyderabad city and major share is taken by Bus transport (50%). The City roads are congested with 8% road area and has a very low average speed (about 8KMPH). L&T MRHL will provide safe & punctual travel and reduce the customer pain points through Last Mile Connectivity, Digital ticketing, Mobile app, etc. join attracting the commuters. Non fare revenue generation will be achieved through cross selling of products to commuters. This will be further strengthened by Metro expansion which will result in higher ridership.

The company has been granted rights for Real Estate development of 18.5 Million sq.ft., with strategically located land parcels interspersed at prime city locations, adjoining Metro Stations & Metro corridors. Developments would encompass Grade-A commercial developments for IT/ITES Office, Healthcare, Retail and Hospitality.

### **Significant Initiatives**

With a view to reduce the OPEX cost, the company has tied-up with a solar power developer for generating captive solar power of about 15MW at a very competitive price. Though Metro commercial operations were not started during the FY 2016-17, L&T-MRHL explored various revenue generating options through resources & skills that it has developed for over a period of 5 years in Metro Industry.

L&T MRHL has come up with following non-fare revenue generating initiatives:

- Leasing out space for erecting mobile towers.
- Leasing out Optical Fibre
- Training its upcoming Metro staff with the existing infrastructure

Rigorous follow up is on with the State Government for favorable resolution of the power, sub-lease, security, compensation for delays and scope change, time-extension and other issues pending with the Government. L&T-MRHL has worked out certain models to obviate TOD related



*The Hyderabad Metro project is the world's largest public-private-partnership in the urban transportation sector.*

threats, while leveraging on the various advantages of the offering like metro rail connect, strategic locational offering, etc.,

L&T-MRHL is also undertaking rigorous follow up with the Central Government for smooth disbursement of further tranches of VGF. L&T-MRHL has targeted to gear up to commission Stage 1 and Stage 2 of the project during the current financial year. It has also been decided to exercise strict control on costs and optimize the revenue sources. It is also pursuing to re-negotiate and mitigate the claims from contractor/ vendors in the best possible way.

L&T MRHL has undertaken development of 4 Grade A Retail Mall projects adding to 1.25 Mn.sft. at key locations along the Metro corridor. Development is nearing completion and launch of Malls at Punjagutta & HITEC City is planned in H1 of 2017-18, with a strong booking of about 90% at both the malls. Major brands signed up include PVR, Marks & Spencer, Lifestyle, Shoppers Stop, Pantaloons, Hyper City, Reliance Retail, etc. The other two malls at Erramanzil & Musarambagh are

scheduled for completion in H2 of 2017-18, with strong customer bookings already made.

The Company has a robust Risk Management Process, having identified risks and categorized them as Major, Moderate and Minor. The major risks for this Project are non-availability of required Right of Way ( RoW) and delay in approvals from the Railways. Risk Mitigation measures in the form of increased liaison with Government instrumentalities to get early approvals, Stage wise implementation with focus to mobilize and execute only on available work fronts and fill up the gaps subsequently have assisted in optimization of resources with minimal cost and time overruns.

L&T-MRHL has a robust internal control framework system in place which has been certified by an external consulting firm namely BDO during 2015-16. The framework has been reviewed from time to time and found to be operating effectively.

On the human resources front, L&T-MRHL implemented revised minimum wages across all sectors for its sub-contractors deployed in the



category of “constructions or maintenance roads & buildings”, “shops & establishments”, “security services” etc. It also extended maternity leave period from 12 weeks to 26 weeks for first two children, and for contract labour, it has extended amended provisions under the Payment of Bonus Act (revised). Similarly, under ESI Act, 1948 gross limit was increased from ₹ 15000 to ₹ 21000 and the same is being implemented. L&T-MRHL has provided employment to 65 employees in 2016-17

### Outlook

L&T-MRHL is planning to open two out of three corridors of Metro (Blue & Red lines) by the end of 2017-18 with an expected ridership of approx. 12 lakh per day. Measures like fare integration with other transport modes and collaborations with various feeder services for first & last Mile connectivity are being pursued so as to strengthen fare revenue. L&T-MRHL is also exploring other Non- Fare Revenue initiatives like consultancy services with in-house competency on Metro

system, Wi-Fi, Radio, etc., that will add extra revenue to the company.

Buoyed by the success of Phase 1 Malls, L&T-MRHL intends to start with a 1 Million sq.ft Mall at Raidurg along with a Built-to-Suit IT Office Tower of around 1 Mn.sft for a client with whom negotiations are in advanced stage. Discussions with customers to kick start a few other developments of the portfolio are underway.

### L&T Power Development Group

#### Overview

L&T PDL, a wholly owned subsidiary of L&T, has been incorporated as its Power Development arm with an objective of developing, investing, operating and maintaining power generation projects.

Currently, L&T PDL portfolio comprises projects in thermal and hydel power generation.

### Hydel Power Projects

Hydel projects with an aggregate capacity of 870 MW are in various stages of development. A brief status is depicted below:

Name of Project	Capacity (MW)	State	Name of Subsidiary	Current Status
Singoli-Bhatwari Hydro Electric Project	99	Uttarakhand	L&T Uttaranchal Hydropower Limited	Advanced stage of construction
Tagurshit Hydro Electric Project	74	Arunachal Pradesh	L&T Arunachal Hydropower Limited	CEA meeting for grant of
Sach-Khas Hydro Electric Project	267	Himachal Pradesh	L&T Himachal Hydropower Limited	Techno-Economic Concurrence held in Oct-16
Reoli-Dugli Hydro Electric Project	430	Himachal Pradesh	L&T Himachal Hydropower Limited	Detailed Project Report submitted
<b>Total</b>	<b>870</b>			

### Thermal Power Projects – Nabha Power Limited (NPL)

NPL owns and operates a 2X700 MW supercritical thermal power plant at Rajpura, Punjab. Entire power generated from this plant is sold to Punjab State Power Corporation Limited (PSPCL) for a period of twenty five years under a Power Purchase Agreement (PPA). The plant is built on super critical technology of Mitsubishi, Japan. It is the first ‘made in India’ supercritical power plant to be commissioned and operational in the country.

The plant sources its fuel from South Eastern Coalfields Ltd. (subsidiary of Coal India Limited) under a 20-year Fuel Supply Agreement (FSA). NPL also secured approvals to arrange coal from alternative sources to make up for any shortage in supply of coal under the FSA. Bhakra-Nangal distributary is the perennial source of water for the plant under an allocation by the State Government. The plant is operated by an in-house team of experienced operations and maintenance professionals.

The power plant has been running successfully for over three years with an availability of 93% during 2016-17. NPL has been the most reliable source of power for the state of Punjab and has supported its requirements with uninterrupted supply during peak season.

NPL also happens to be the lowest cost power producer within Punjab with benchmark operational efficiency.

### **Business Environment**

Growth in demand for power during 2016-17 remained muted with all India Plant Load Factor (PLF) hovering at 60%. Thermal Power Generation continues to contribute 80% of the overall Power requirement in India. Renewables sector also made an impact where record low solar (₹ 3.3/kWh) and wind tariffs (₹ 3.46/kWh) discovered via auction route brought renewable closer to grid parity with thermal.

Coal India Limited(CIL) increased e-auction quota by way of reducing allocation to improve returns.

Third Party Sampling and testing through CIMFR (Central Institute of Mining and Fuel Research) has been operationalized for the rail mode to mitigate the grade slippage issue in linkage coal. Domestic Coal prices are expected to go up as the Government is considering a revision in royalty on coal and lignite.

### **Significant Milestones & Initiatives**

- 93.06% availability achieved
- Reduced oil consumption to 0.12 ml/kwh



*First supercritical coal-fired power project (full EPC) by L&T for Nabha Power Ltd. at Rajpura in Punjab.*

- Overhaul Operational efficiency measures implemented & monitored to improve efficiency
- Unit Start-up procedure further optimised to reduce cost and time
- Reliability Centred Maintenance approach implemented
- In house workshop established to optimise cost through reverse engineering
- Performance linked allocation made for improvement in coal quality
- Reduction in interest cost through reduction in borrowing and lower interest rate achieved through iterative financing
- NIL availability loss on account of shortage of Coal
- 99% of dry fly ash disposal achieved – received runners up award for Fly Ash Utilisation by Mission Energy Efficiency
- Awarded the best Thermal Plant Award by Bureau of Energy Efficiency
- CSR initiatives focussing on development of village infrastructure, education, skill building, gender equality, health and environment were implemented during the year

L&T-PDL is committed to generate reliable and environment friendly power under safe working conditions. A policy on Quality, Environment, Health and Safety has been put in place. Emphasis is laid on continual improvement of our processes and practices to achieve improved environmental, health and safety performance. Training on HSE for employees and stake holders is undertaken on a regular basis to foster a culture of health and safety.

On the Human Resources front, L&T-PDL has built a committed team of 270 professionals experienced in the field of operations and maintenance of power plants. Special emphasis is given to training and development of the workforce through various training programs. In addition to the competency building programs the company also focusses on soft skills and leadership development.

#### **Outlook**

Lower per capita consumption continues to promise robust long term demand. On the fuel side coal production capacity is expected to further increase to cater to the requirements. Punjab is expected to witness a flat growth in demand for electricity during 2017-18. NPL is likely to remain the lowest cost power producer amongst the IPPs in the state which shall translate into a plant load factor in 2017-18 at ~77%.

L&T-PDL has embarked on a five year strategic plan under the 'Lakshya 2021' program of the group. Major focus areas for L&T-PDL during 2017-18 would be maximising plant availability, improving operational efficiency, enhancing fuel quality, resolving the regulatory issues, cost management and HSE compliance.

Increasing global warming triggered awareness and need for long-term sustainable energy security has renewed the focus on the cleanest traditional power source hydro power. Accordingly, Government is considering policy initiatives for revival of hydro power sector. L&T-PDL expects that approval and timely implementation of these initiatives by the Government in the near future may positively impact the hydro-power development in the country.

Focus area for hydel business would be expediting construction activities at its Singoli-Bhatwari hydel project.

#### **Marine Infrastructure Developer Private Limited: Kattupalli Port**

Kattupalli Port at Chennai is a container Port with capacity to handle 1.2 million TEUs per annum. It has a container terminal with two container berths, and has been accorded SEZ status. The port complex was earlier housed within L&T Shipbuilding Limited. In 2016-17, the business was demerged into a separate company Marine Infrastructure Developer Private Limited.

During the year 2015-16, the Company (L&T) entered into an agreement with Adani Group (a port operator) to demerge the port business and divest the stake in the resulting company. The Company is in an advanced stage of divesting its ownership in the container port to a strategic investor, and has demerged that business into a separate company to facilitate the divestment. It is planned to complete the transfer of the port ownership in entirety in 2017-18.

## Financial Review 2016-17

### I. L&T CONSOLIDATED

#### A. PERFORMANCE REVIEW

L&T continued to perform well during the financial year 2016-17 despite challenging business environment. Domestic investment climate remained sluggish and customers have been deferring capex spending in the business segments where L&T predominantly operates. The financial year 2016-17 was also marked by a few major policy developments including demonetization which led to disruption of business for a few months. The government has remained focused on structural reforms and we expect this to improve India's long-term growth potential. On the global front, uncertainties amplified as developed economies were supportive of protectionist policies and Middle East countries continued to face fiscal constraints on the face of soft oil prices. The business environment remained competitive with both domestic and international competitors looking to increase business in India which is still one of the fastest growing economies.

The Company recorded satisfactory performance during the year with its presence in diverse sectors, turnaround in some of its businesses, focus on containing working capital and better funds management. As a part of L&T's goal of maximising shareholder value creation, the Company successfully listed two of its subsidiaries, Larsen & Toubro Infotech Limited and L&T Technology Services Limited during the course of the year. The Company also exited the general insurance business. The Company is in an advanced stage of divesting its ownership in a container port in Tamil Nadu to a strategic investor and has demerged that business into a separate company in 2016-17 to facilitate the divestment.

As at March 31, 2017, L&T Group comprises of 89 subsidiaries, 10 associates, 34 joint venture companies and 27 joint operations. Most of the group companies are strategic extensions of the project and product businesses of L&T. Project business catering to the hydrocarbon sector is housed in a separate group of companies to provide the business with focus and independent functioning. Majority of the subsidiaries support L&T's core businesses and enable access to new geographies, products and business segments. Certain distinct service businesses such as Information Technology, Technology Services, Developmental Projects and Financial Services are housed in separate subsidiary and joint venture companies of L&T.

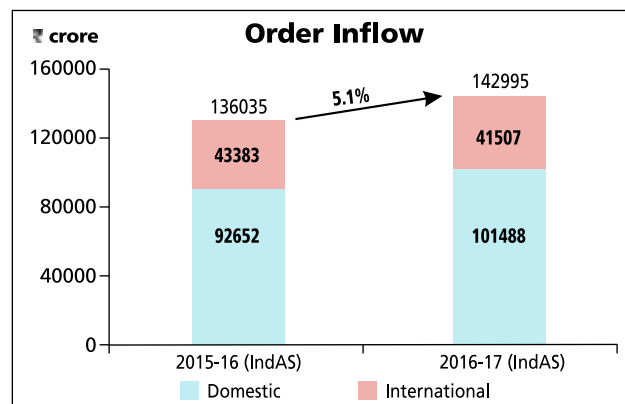
The Financial Statements for the year 2016-17 have been prepared in compliance with the new set of Indian Accounting Standards (IND AS) and the comparatives

for the corresponding previous year 2015-16 have been restated under IND AS for making items comparable. The reserves as on 1-4-2015 have been restated under IND AS. Up to FY 2014-15, the Financial Statements were prepared under previously notified accounting standards usually referred to as I-GAAP (Indian Generally Accepted Accounting Principles).

#### Order Inflow & Order Book

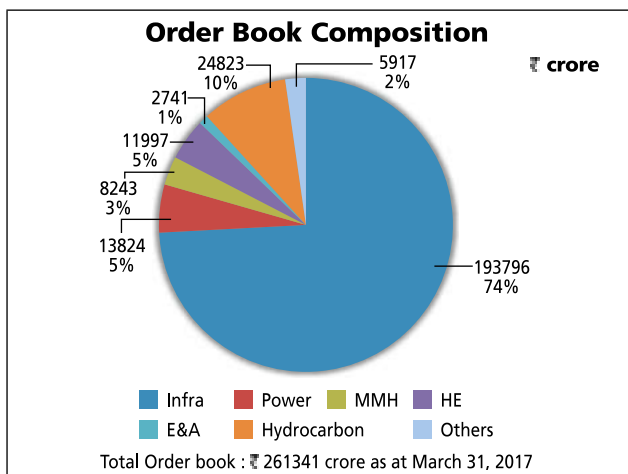
L&T Group achieved order inflow of ₹ 142995 crore during the year 2016-17, growing at 5.1% over the previous year. Domestic order grew by 9.5% while international order inflow declined by 4.3% y-o-y. International orders at ₹ 41507 crore constituted 29% of the total order inflow during the year. Middle East continues to be the key region for the Company and a large proportion of Order Inflows were obtained from that Region. Generally lower oil prices have, however, imposed fiscal hurdles on policy makers in Middle East countries and they have responded with reduced allocations on infrastructure spending, which still provide a good opportunity basket for the Company. In India, government spending did not gain momentum as expected in the areas of defence, hi-tech manufacturing and infrastructure development. Capital allocation from Indian private sector is still lacking due to a significant under-utilisation of existing capacities, diminishing returns, financial stress on account of higher debt levels and uncertain global business outlook.

Order inflow improved in Hydrocarbon and Heavy Engineering segments on the back of a few large orders. Infrastructure segment saw a decline of 7.5 % in the order inflow due to order deferrals especially in Buildings & Factories space that witnessed weak demand and cash flow crunch. A lower level of order inflows from the Middle East also contributed to the decline. Infrastructure segment with its order intake of ₹ 78492 crore, however, remains a major contributor to the total consolidated order inflow for the year.



L&T continues to carry a robust order book of ₹ 261341 crore as at March 31, 2017 that is higher by 4.9% as compared to the previous year. This gives multi-year revenue and margin visibility to the Company. Composition of international order book declined to 26.7% as at March 31, 2017 as compared to 28.2% in the previous year, mainly arising from contraction of infrastructure spends in the Middle East.

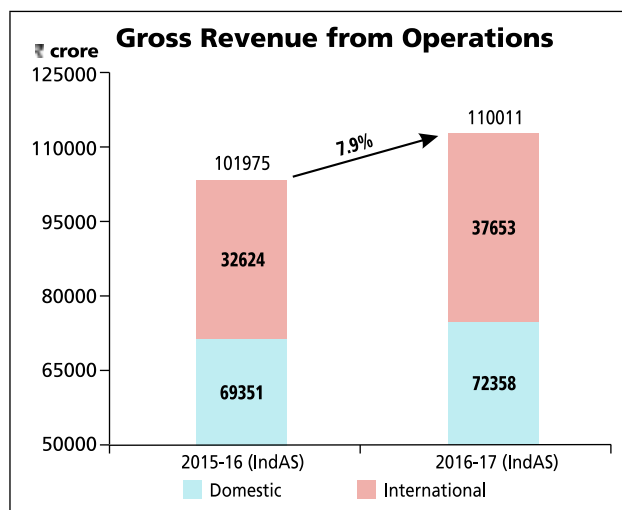
Infrastructure segment contributed 74% of the consolidated order book, comprising mainly Building & Factories 18.3%, Transportation Infrastructure business 14.6%, Heavy Civil Infrastructure 17.0%, Power Transmission & Distribution 13.0% and Water & Effluent Treatment 10.1%.



### Revenue from Operations

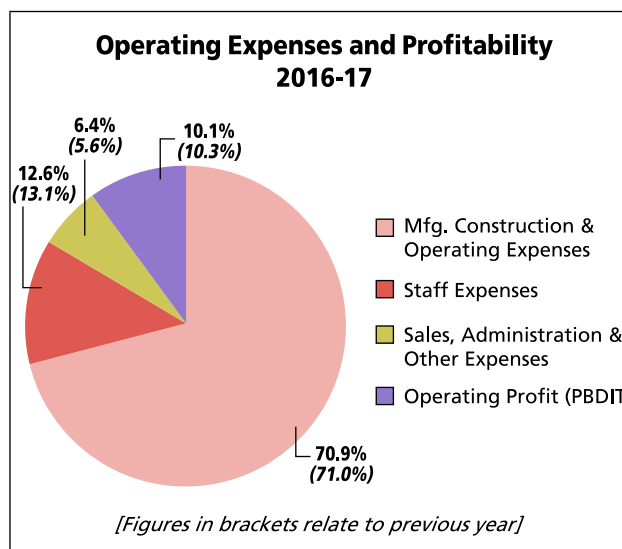
L&T Group achieved a revenue of ₹ 110,011 crore during the year with a growth of 7.9% y-o-y. Revenue from international operations stood at 34.2% as compared to 32% in the previous year.

The increase in revenue was achieved despite disruption in business operations for a few months due to the demonetization exercise undertaken by the Government. The increase was largely contributed by Infrastructure, Hydrocarbon and Power segments supported by project execution. Delayed payments and approvals, workforce non-availability, challenges to the right of way and customer clearances impacted the revenue accrual in Building & Factories and Power Transmission & Distribution businesses. Heavy Engineering, Electrical & Automation recorded muted revenue growth due to deferral of anticipated orders and lackluster industrial demand. Service oriented businesses housed in Financial Services group and Information Technology & Technology Services group, however, continue to perform well adding to overall growth momentum of the Company.



### Operating Cost and PBDIT

Manufacturing, Construction and Operating (MCO) expenses increased by 7.8% y-o-y at ₹ 78,039 crore, broadly in line with revenue growth. These expenses mainly comprise cost of construction material and other raw materials, subcontracting expenses, manpower costs of Information Technology & Technology Services Segment and interest expense of Financial Services business.



Staff expenses for the year 2016-17 at ₹ 13,853 crore increased by 3.9% as compared to the previous year mainly due to increased international operations. The increase in staff cost expenses were contained through manpower rationalization, increased productivity and substitution of natural attrition through automation measures. The Company continues to lay focus on

speedier and cost effective operations through higher levels of automation.

Sales and administration expenses increased by 22.0% y-o-y to ₹ 7044 crore mainly due to higher provisioning by Financial Service business and increase in warranty provisions for projects entering defect liability period.

The Group operating profit grew by 5.8% y-o-y at ₹ 11075 crore for the year 2016-17, however, the EBITDA margin for the year declined by 20 basis points to 10.1%. Impairment losses provided on a few commercial ships, lower margins recorded by Infrastructure segment on account of extended stay in a few jobs and increase in the provision for doubtful loans and non-performing assets by Financial Services had adverse impact on the total operating margin for the year 2016-17, as compared with the previous year.

#### Depreciation & Amortization charge

Depreciation and amortization charge for the year 2016-17 was higher by 32.6% at ₹ 2370 crore as compared to ₹ 1787 crore in previous year. Apart from increase in the depreciation on additions to the fixed assets, impairment of capitalized borrowing costs in the assets of L&T Seawoods has resulted in increase in the depreciation charge for the year.

#### Other Income

Other income mainly consists of the profit on sale of liquid investments, interest and dividend income from treasury investments. Higher treasury income led by deployment of surplus funds generated through operations as well as through divestment of stake in subsidiaries resulted in boosting other income during the year at ₹ 1401 crore as compared to ₹ 904 crore in the previous year.

#### Finance cost

The interest expense for the year 2016-17 at ₹ 1340 crore was lower by 19% in comparison to ₹ 1655 crore for the previous year. Refinancing/repayment of loans and lower exchange loss attributable to interest cost resulted in reduction of the average borrowing cost for the year 2016-17 to 7.2% as compared to 9.0% in the previous year.

#### Exceptional Items

Exceptional items of ₹ 121 crore in the Statement of Profit & Loss in current year mainly represent gain on divestment of stake in L&T General Insurance reduced by provision for impairment of road concessions portfolio housed in L&T-IDPL.

#### Tax Expense

Income Tax charge for the year has declined to ₹ 2007 crore compared to ₹ 2485 crore in previous year mainly on the back of higher investment led tax incentive, variations in Dividend Distribution Tax applicable on Dividends from subsidiaries and tax impact on merger of some subsidiaries of L&T Finance Holdings Ltd.

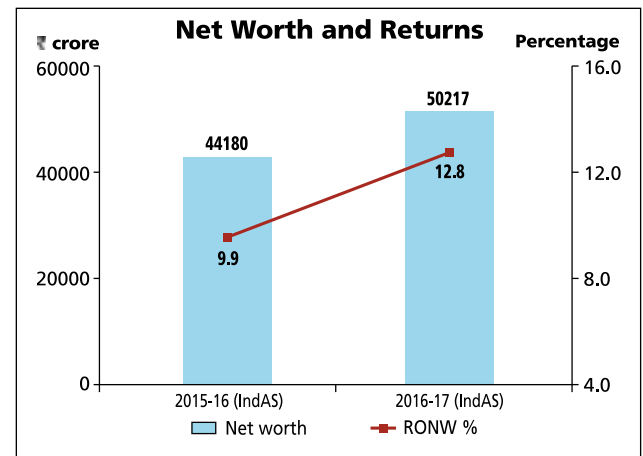
#### Profit after Tax & EPS

Consolidated Profit after Tax (PAT) at ₹ 6041 crore for the year 2016-17 rose by 42.7% over the previous year.

Consolidated Earnings per Share (EPS) including exceptional items for the year 2016-17 at ₹ 64.80 is higher by 42.5% over the previous year.

#### Net Worth, Capital employed and Returns

The Net Worth of the shareholders at ₹ 50217 crore as at March 31, 2017 increased by ₹ 6037 crore as compared to the position as on March 31, 2016. Return on Net Worth (RONW) for the year 2016-17 was higher at 12.8% as compared to 9.9% in the previous year driven by significant increase in the net earnings. Capital employed increased to ₹ 77458 crore as compared to ₹ 72729 crore as at March 31, 2016.



#### Liquidity & Gearing

Cash flow from operations increased significantly to ₹ 11979 crore as compared to ₹ 7345 crore in the previous year mainly driven by healthy operational performance coupled with better working capital management. Cash flow is further improved by Company's divestment activities mainly in Technology businesses viz. Larsen & Toubro Infotech Limited and L&T Technology Services Limited. The Company deployed its surplus funds in current investments which in turn, led to increase in treasury income during the year.



The Group incurred capital expenditure of ₹ 2822 crore during the year mainly attributable to L&T Hyderabad Metro Rail project. There was a net decrease of ₹ 22 crore in the cash balances as at March 31, 2017 as compared to the beginning of the year.

<b>Fund Flow Statement</b>	<b>₹ crore</b>	
<b>Particulars</b>	<b>FY 16-17</b>	<b>FY 15-16</b>
Operating activities	11979	7345
Borrowings (net of repayments)	(671)	(69)
Net (investment)/ divestment *	3	204
Payment (to)/from minority interest (net)	2059	971
Treasury and dividend income	1158	615
Others	53	70
<b>Sources of Funds</b>	<b>14581</b>	<b>9136</b>
Capital expenditure (net)	(2822)	(4123)
(Purchase)/Sale of other investments	(8079)	(1322)
Dividend paid	(2093)	(1842)
Interest paid	(1565)	(2462)
(Increase)/Decrease in cash balance	(22)	613
<b>Utilisation of Funds</b>	<b>(14581)</b>	<b>(9136)</b>

\*This includes (investment)/divestment of long term investments, consideration received on sale of stake in subsidiaries/ joint ventures and net cash flows on loans/ deposits made with associate companies and third parties

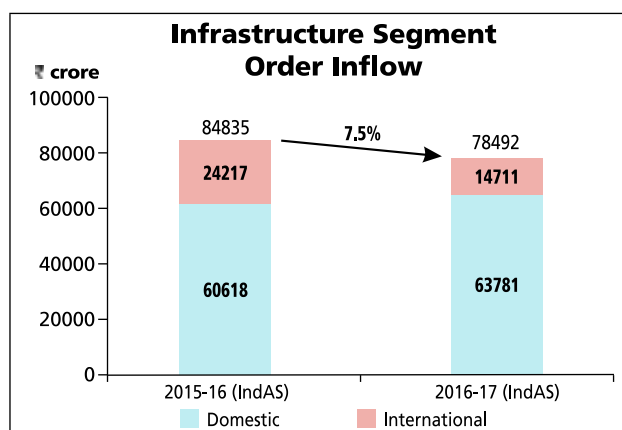
The total borrowings as at March 31, 2017 stood at ₹ 93976 crore as compared to ₹ 88135 crore as at March 2016. The gross Debt Equity ratio is 1.75:1 as at March 31, 2017 as compared to 1.87:1 as at March 31, 2016.

## B. SEGMENT WISE PERFORMANCE (GROUP)

### 1. Infrastructure Segment

Infrastructure segment bagged fresh orders worth ₹ 78492 crore for the year 2016-17, lower by 7.5% over the previous year. The segment witnessed an elongation of bid-to-award timelines in the domestic market and a reduced opportunity in the Middle East arising out of fiscal policy measures in those countries. New projects for commercial buildings did not gain traction during the year. Residential buildings prospects received major set-back due to liquidity constraints aggravated by demonetisation. Competition remained intense and some bids were lost to competitors on price. Order inflow growth was realised in Heavy Civil Infrastructure and Smart World & Communication businesses which mitigated the decline in order inflows of other businesses within the Infrastructure segment.

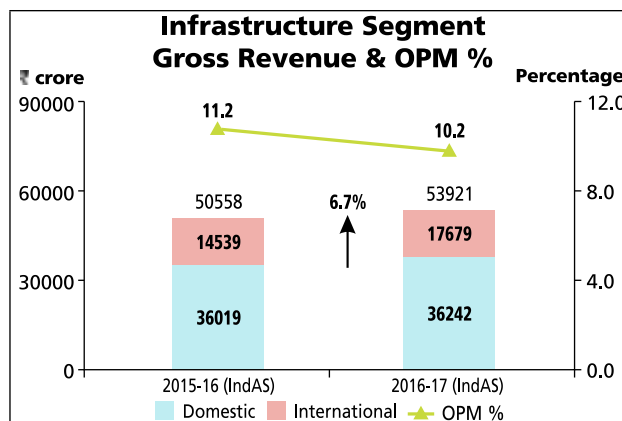
International order wins, led by Power Transmission & Distribution business, constituted 18.7% of the total international order inflows during the year.



Infrastructure segment clocked gross revenue of ₹ 53921 crore for the year 2016-17 registering 6.7% growth over the previous year. Execution of orders in hand by Building & Factories was adversely affected due to the demonetization exercise undertaken by the Government. Execution impediments by way of customer clearances, workfront availability and right of way issues also adversely affected execution progress in some jobs of Building & Factories, Heavy Civil, Power Transmission & Distribution and WET (Water & Effluent Treatment) businesses leading to muted growth for the segment as a whole.

Revenue from international operations constituted 32.8% of the total revenues of the segment during the year as compared to 28.8% in the previous year. The increase was mainly on the back of a robust opening order book position in the beginning of 2016-17 led by Transportation Infra, Heavy Civil and Power Transmission & Distribution.

Infrastructure Segment operating profit was lower by 2.2% y-o-y at ₹ 5372 crore for 2016-17. Operating margins declined by 100 basis points at 10.2% during the year 2016-17 owing to cost overruns due to extended stay in a few jobs.

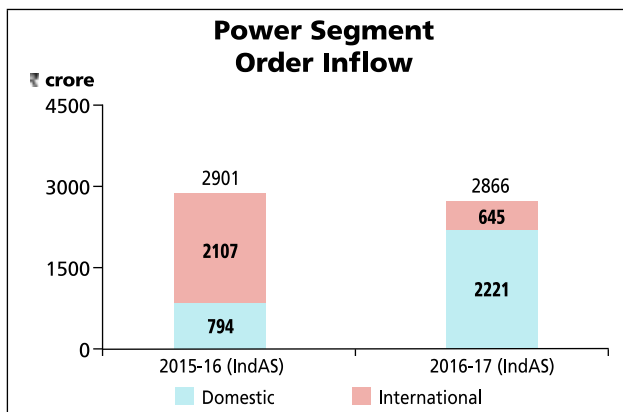




The Funds employed by the segment at ₹ 16108 crore as at March 31, 2017 reduced by 2.07% vis-à-vis March 31, 2016, due to better vendor management and increase in advances on order wins by Heavy Civil business.

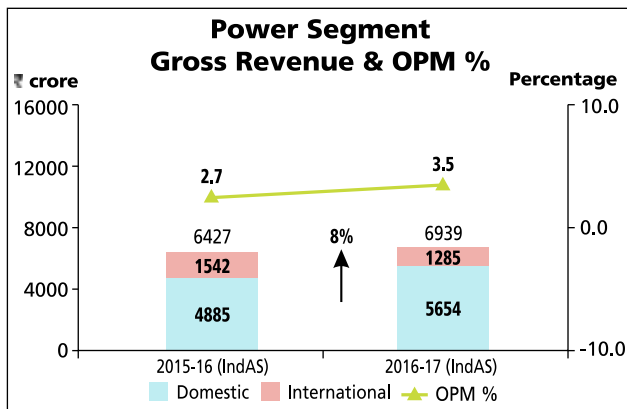
## 2. Power Segment

Power segment bagged orders worth ₹ 2866 crore as compared to ₹ 2901 crore in the previous year. The sector continues to be plagued with lower levels of coal-based power plant ordering in the face of overcapacity in boiler and turbine production as well as aggressive pricing by competitors. Despite losing a number of bids in view of these challenges, the focus of the segment is on ensuring that bidding remains disciplined.



Segment revenue grew 8% y-o-y at ₹ 6939 crore, as jobs under execution achieved substantial progress. Revenue from international projects at ₹1285 crore represented 18.5% of total revenue and was contributed by gas based power plant jobs under execution in Bangladesh.

Operating profit margin was increased to 3.5% during the year ended March 31, 2017 as compared to 2.7% in 2015-16 on account of better execution progress and release of contingency cost.

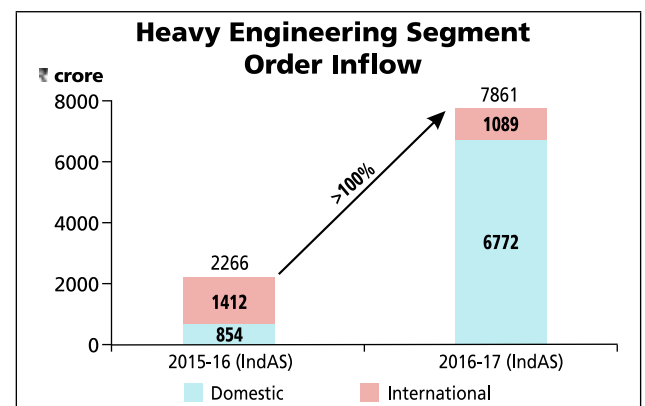


Reporting of the Power segment results has undergone important change from I-GAAP to IND AS. Power Equipment JVs which used to be accounted under line-by-line consolidation method for revenues, inter-company revenue eliminations, expenses, margins and minority interest adjustment under I-GAAP are only consolidated at the PAT level now under IND AS. As prescribed by IND AS, only the margin-light EPC / construction revenues are reported in the group level sales. Since the margin rich JV operations are consolidated only at the PAT level, margins reported under I-GAAP and under IND AS are not comparable. Thus margins of 11.6% for FY 2015-16 reported under I-GAAP have now been restated to 2.7% for the same period (FY 2015-16) under the method of accounting adopted under IND AS. However revenues of ₹ 7011 crores in FY 2015-16 under I-GAAP have reduced marginally to ₹ 6427 crores under IND AS since a significant portion of revenues in the nature of inter-company revenues were already eliminated under I-GAAP.

The Funds employed by the segment stood at ₹ 485 crore as at March 31, 2017 lower by 16.7% as compared to the position as on March 31, 2016 with better vendor management.

## 3. Heavy Engineering Segment

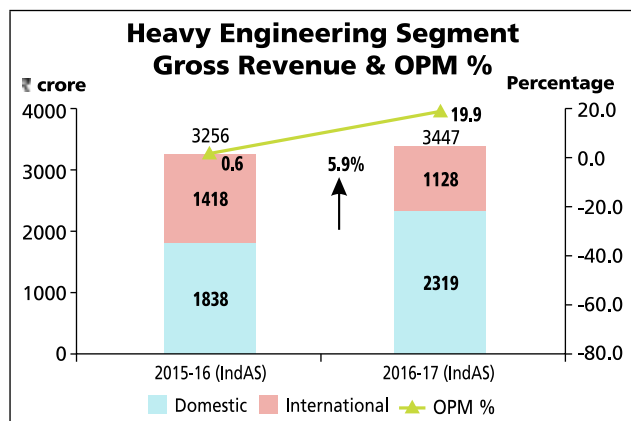
Heavy Engineering segment recorded order inflow of ₹ 7861 crore for the year ending March 31, 2017, which more than doubled vis-a-vis the previous year on the back of a major Defence order. International orders constituted 13.8% of the total order inflow.



Segment gross revenue of ₹ 3447 crore improved by 5.9% compared to the previous year. Revenue from international operations constituted 32.7% of the total revenue.

The segment recorded significant increase in the operating profit at ₹ 615 crore for the year against operating profit of ₹ 19 crore in the previous year, on back of better execution and operational efficiencies. Last year, the

operating profit was adversely impacted on account of cost and time overruns on a few jobs which were also partly contributed by a prolonged labour strike at the Company's facility in Hazira.

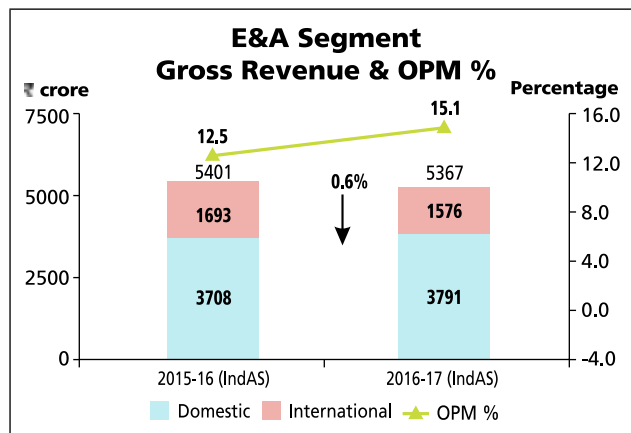


Funds employed by the segment decreased by 21.9% y-o-y at ₹ 1297 crore as at March 31, 2017 on account of lower construction work- in-progress and inventory.

#### 4. Electrical & Automation Segment (E&A)

E&A segment faced a difficult business environment in 2016-17 due to a prolonged period of low offtake from industrial sector even though sales from agricultural sector were strong due to a good monsoon in 2016. The business thus recorded gross revenue of ₹ 5367 crore for the year with a marginal drop of 0.6% compared with the previous year. Revenue from international operations constituted 29.4% of the total revenues of the segment during the year as compared to 31.4% in the previous year.

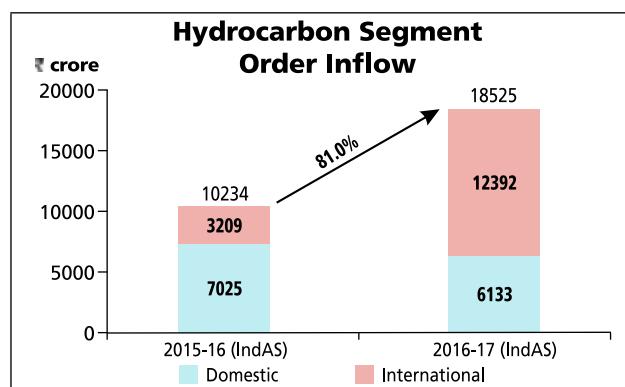
Segment operating profit for the year improved to 15.10% y-o-y to ₹ 702 crore. Operating margins improved by 260 basis points during the year 2016-17 owing to favourable product mix and improved operational efficiencies.



Funds employed at ₹ 2429 crore decreased by 9.9% y-o-y aided by higher provisions and taxes.

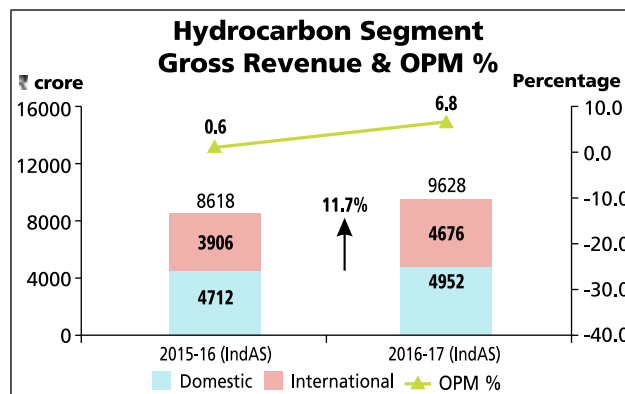
#### 5. Hydrocarbon Segment

The Hydrocarbon segment registered a turnaround in 2016-17 in terms of Order Inflows, Revenues and margins. This was achieved through stronger execution processes, close out of challenging legacy jobs in the Middle East, forging deeper customer relationship, manpower rationalization, cost containment measures and resolute attention to control on Working Capital. The segment secured fresh orders aggregating to ₹ 18525 crore during the year registering a steep growth of 81% y-o-y driven by large size international EPC orders. Consequently, International orders accounted for 66.8% of total order inflow for 2016-17 as compared to 31.4% in previous year.



Segment revenue grew by 11.7% y-o-y at ₹ 9628 crore for the year as jobs under execution progressed. International revenue contributed 48.6% of the total revenue of the segment as compared to 45.3% in the previous year.

Focused attention to costs and close out of challenging legacy projects in the Middle East resulted in an operating profit of ₹ 657 crore as compared to ₹ 53 crore in the previous year and consequent margin improvement.

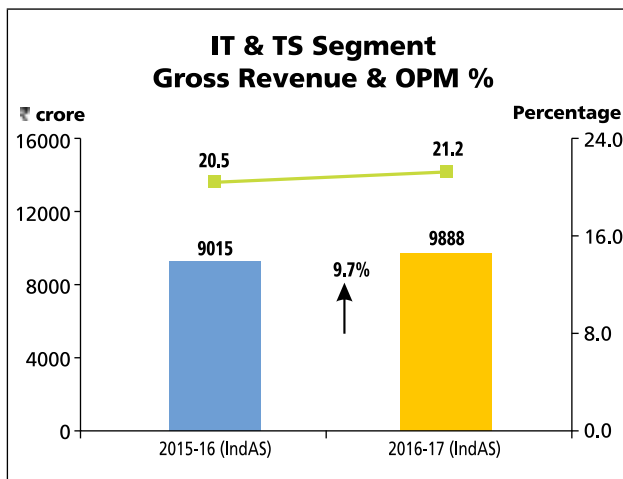


Funds employed by the segment at ₹ 1139 crore as at March 31, 2017 decreased by 27.7% as compared to March 31, 2016 aided by liquidation of old customer outstanding, receipt of customer advances and favourable WIP in projects under execution.

## 6. IT & Technology Services (IT & TS)

IT & TS segment comprises L&T Infotech group of companies and L&T Technology Services group of companies. During the year, these companies have been listed. Segment recorded gross revenue of ₹ 9888 crore for the year ended March 31, 2017 with growth of 9.7% over the previous year. International revenue constitutes 93% the total revenue of the segment.

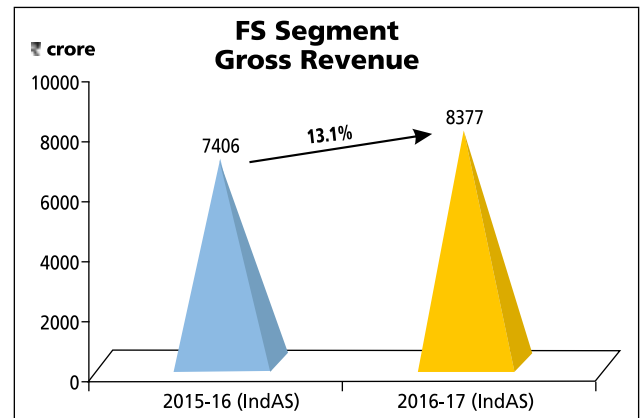
The Segment Operating profit stood at ₹ 2063 crore for the year 2016-17 as compared to ₹ 1816 crore in the previous year. Operating margin improvement of 70 basis points is on account of higher manpower utilization.



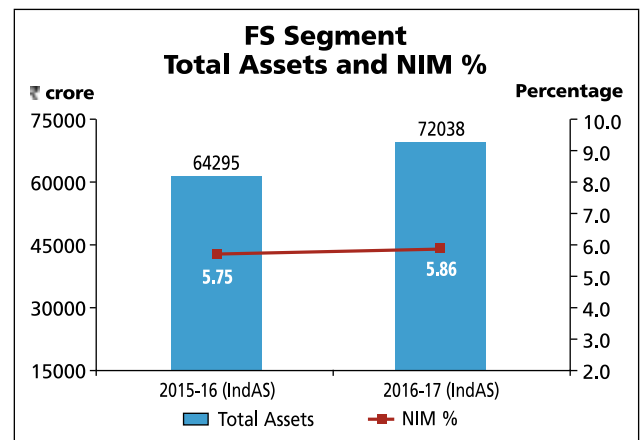
The Funds employed by the segment at ₹ 4272 crore as at March 31, 2017 is higher by 58% as compared to March 31, 2016 due to increase in unbilled revenue & investments.

## 7. Financial Services (FS)

Financial Services segment comprises of Rural, Wholesale and Housing Finance as well as Investment and Wealth Management businesses housed within L&T Finance Holdings Limited (LTFH) and its subsidiaries. The segment also included general insurance business which was divested during the year ended March 31, 2017. Excluding the general insurance business, Segment revenue grew 13.1% y-o-y at ₹ 8377 crore during the year ended March 31, 2017 on a comparable basis aided by good momentum in all its businesses.



Disbursal of fresh Loans and Advances in the Focus businesses, namely Rural, Wholesale and Housing Finance, amounted to ₹ 49305 crore during the year ended March 31, 2017, a growth of 29% y-o-y. In line with the disbursements, Asset Book in focused lending businesses stood at ₹ 63978 crore as at March 31, 2017 recording a growth of 20% y-o-y. Net interest margins at 5.86% remained stable.



The Gross Non-Performing Assets (GNPA) ratio increased marginally from 4.85% as at March 31, 2016 to 4.94% as at March 31, 2017. LTFH, however, has been strengthening its balance sheet throughout the year by making accelerated provisions in addition to those required under regulations. Consequently, the coverage on GNPA increased from 22.19% in the year ended March 31, 2016 to 42.82% in the year ended March 31, 2017 indicating a much stronger balance sheet. As a result of this, Net NPA ratio has reduced substantially from 3.82% to 2.89% over the same period.

LTFH also witnessed strong growth in its Investment & Wealth Management businesses. Average Assets under

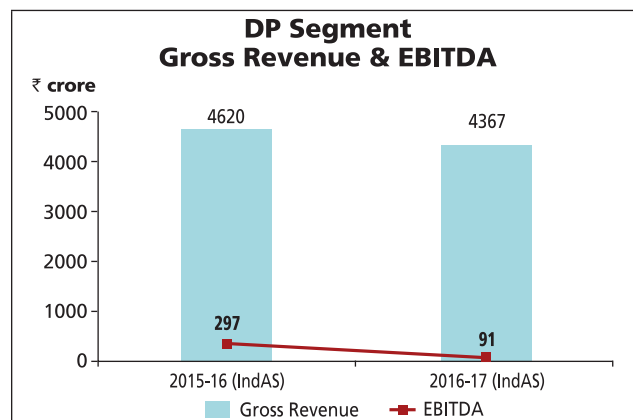
Management (AAUM) in Investment Management business increased to ₹ 39300 crore in the last quarter of the year ended March 31, 2017 – a growth of 51%. Average Assets under Service (AAUS) in Wealth Management business increased to ₹ 13623 crore in last quarter of the year ended March 31, 2017 – a growth of 46%.

## 8. Developmental Projects (DP)

The Group has acquired concessions through competitive bidding process for the development of Power projects, Roads, Bridges, Hyderabad Metro Rail and Power Transmission Lines. Total portfolio of the group consists of 5 power projects, 15 roads & bridges projects, 1 transmission line project, 1 port & 1 metro rail project. The metro rail project is developed by L&T Metro Rail (Hyderabad) Limited (L&T MRHL) which is now a 100% subsidiary of L&T. Power projects are developed by L&T Power Development Limited & other projects are developed by L&T Infrastructure Development Projects Limited. The total estimated cost of projects pegged at ₹ 52609 crore as on March 31, 2017, involving equity commitment of ₹ 11106 crore of which equity infusion of ₹ 8757 crore has been completed as at March 31, 2017. In addition, the company is in the process of divesting its ownership in a container port in Kattupalli, Tamil Nadu to a strategic investor and has demerged the port business into a separate company in 2016-17 to facilitate the divestment.

The segment recorded revenue of ₹ 4367 crore for the year ended March 31, 2017 lower compared to ₹ 4620 crore in the previous year due to lower construction revenue in Hyderabad Metro project partly compensated by higher revenue from Rajpura power plant.

The segment clocked operating profit at ₹ 90.8 crore for the year 2016-17 declining by 69.4 % y-o-y due to non-accrual of revenues on disputed receivables in Rajpura power plant.



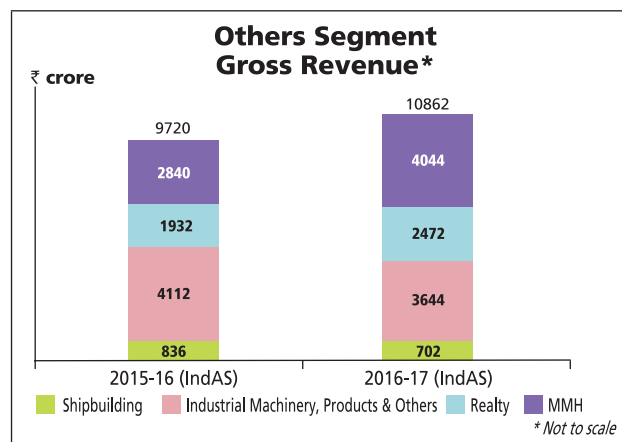
The Funds employed increased by 15.2% y-o-y at ₹ 19309 crore as at March 31, 2017 driven mainly by capex outlay for Hyderabad Metro Rail project.

## 9. "Others" Segment

Others Segment covers Metallurgical and Material Handling (MMH), Realty, Shipbuilding, Construction Equipment & Others, Machinery & Industrial products businesses.

MMH segment, which was reported as a separate segment last year, has now been merged under the Others segment. Accordingly figures are regrouped wherever necessary.

Revenue growth during the year was driven by MMH and Realty businesses. The operating margin was adversely impacted on write down of the inventories of commercial ships.



## II. L&T STANDALONE

### PERFORMANCE REVIEW

L&T's standalone financials capture the performance of Infrastructure segment, Power, Heavy Engineering, Electrical & Automation and Others segment comprising, Metallurgical and Material Handling business, a part of Realty business, Shipbuilding business and Construction & Mining Machinery business.

L&T's performance during the year reinforces the capabilities of the Company to tackle the adverse market conditions and generate steady returns. L&T continues to target operating margin improvement by adopting value engineering and operational excellence initiatives, higher cash flow generation through working capital reduction and divestment of non-core assets.

### Order Inflow & Order Book

Order inflow during 2016-17 stood at ₹ 93201 crore almost in line with previous year. Infrastructure segment

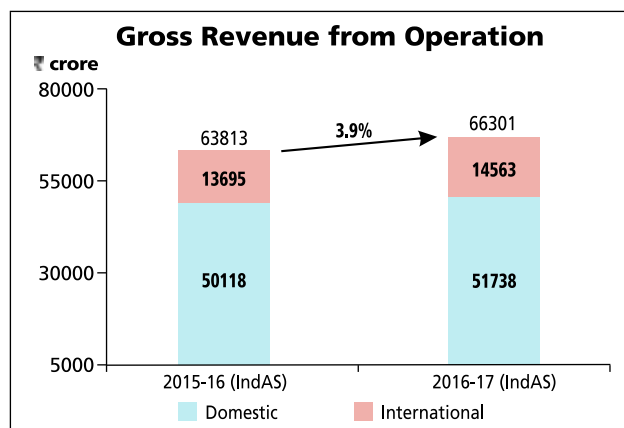
order inflow remained at the same levels as previous year and contributed 82.1% of the total order inflow during the year as compared to 84.3% in the previous year. Heavy Engineering reported strong order inflow led by select wins in defence sector. Sharp drop was seen in Power due to slowdown in the sectoral investment momentum and aggressive bidding by competitors for the few bids on offer, and in Others segment due to low industrial demand. International order inflow declined to 16.4% of the total order inflow for 2016-17 as compared to 23.4% in the previous year.

Order Book as at March 31, 2017 stood at ₹ 224715 crore, 83.9% of which is contributed by Infrastructure segment. International orders constituted 19.9% of the current order book. L&T continues to carry healthy order book to revenue ratio at 3.39 providing visibility for achieving satisfactory growth in coming years.

### Revenue from Operations

L&T achieved a moderate revenue growth of 3.9% at ₹ 66301 crore as compared to ₹ 63813 crore in the previous year. Infrastructure segment was particularly affected in a backdrop of tight liquidity consequent to currency demonetization event in India. Revenue was also impacted due to delay in customer clearances, availability of workforce, right of way issues and generally delayed milestone payments.

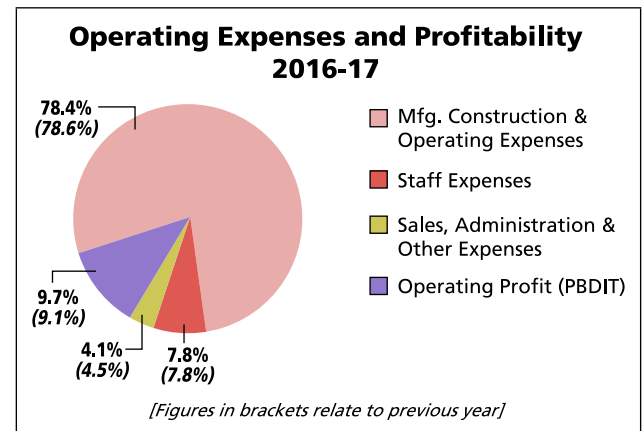
Power and Heavy Engineering segment saw a revenue growth of 8.0% and 13.5% respectively led by pick up in project execution. Electrical & Automation business and Others business segment grew merely by 2.3% and 3.5% respectively due to continuing low industrial demand.



### Operating Cost and PBDIT

Manufacturing, Construction and Operating (MCO) expenses comprising cost of construction material, manufacturing materials, components and subcontracting

expenses amounted to ₹ 51990 crore registering an increase of 3.6%. These costs represent 78.4% of Revenue, a decline of 21 basis points over the previous year. Reduction in MCO cost percentage to revenue is mainly driven by change in the stage and mix of projects under execution.



The Staff expenses for the year at ₹ 5146 crore increased by 3.5% y-o-y due to annual pay revisions, manpower additions in international operations. The Company's manpower strength stood at 41080 as compared to 42780 as at March 31, 2016.

Sales and administration expenses for the year at ₹ 2740 crore declined by 3.5% y-o-y due to lower provision for doubtful debts & advances and reduction in exchange losses.

The operating profit margin for the year at 9.7% improved by 56 bps y-o-y. Consequently, Profit before depreciation, interest and tax (PBDIT) stood at ₹ 6425 crore for the year, higher by 10.2% over the previous year.

### Depreciation & Amortization charge

Depreciation and amortization charge for the year 2016-17 increased by 21.8% at ₹ 1215 crore as compared to ₹ 997 crore in the previous year. The increase is mainly attributable to international operations of Infrastructure segment.

### Other Income

Other income for the year 2016-17 amounted to ₹ 1972 crore as against ₹ 2341 crore for the previous year. The decline is mainly on lower dividend from group companies. However, the same is partly offset by higher treasury income aided by better investment positioning along with deployment of additional funds generated by listing of two subsidiaries on stock exchanges.

Other Income consists of dividend from group companies ₹ 405 crore (PY ₹ 1008 crore) and treasury income ₹ 1047 crore (PY ₹ 502 crore).

### Finance cost

The interest expenses for the year at ₹ 1318 crore were lower by 10.8% vis-à-vis ₹ 1477 crore for the previous year. The decrease in the interest expense is attributable to repayment of borrowings along with lower borrowing rates. The average borrowing cost for the year 2016-17 was lower by 80 basis points at 8.3% p.a.

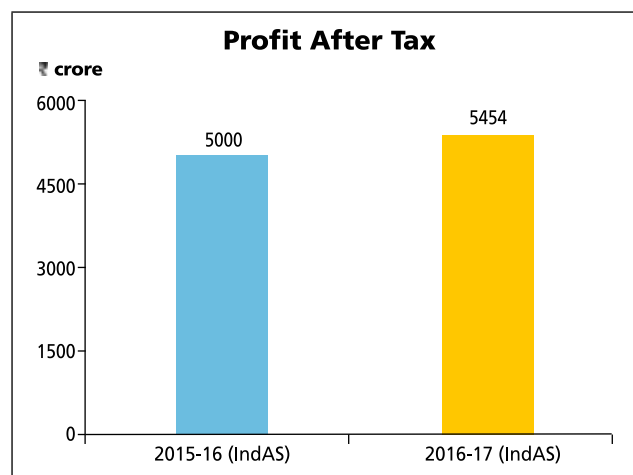
### Exceptional Items

Exceptional items of ₹ 894 crore in the Statement of Profit & Loss for the current year mainly includes gain on part stake-sale in L&T Infotech and L&T Technology Services pursuant to the IPO of these companies partly offset by loss on stake sale in L&T General Insurance.

The Company has provided for impairment in its investment in L&T Infrastructure Development Projects Limited that holds portfolio of non power concessions.

### Profit after Tax & EPS

Profit after Tax (PAT), including exceptional items, for the year 2016-17 grew by 9.1% to ₹ 5454 crore as compared to ₹ 5000 crore in the previous year, contributed by increase in operating profit, higher treasury income and lower interest expenses. The Earnings per Share (EPS) for the year 2016-17 at ₹ 58.49 grew by 8.9% over the previous year.



### Other comprehensive income (OCI)

Other Comprehensive income as on March 31, 2017 amounted to ₹ 157 crore as compared to ₹ 83 crore in the previous year. OCI mainly comprises the gain on hedges taken towards foreign currency and interest risk exposures.

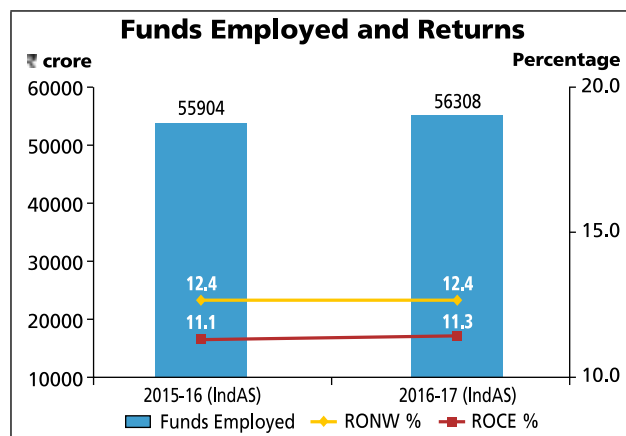
### Funds Employed and Returns

Funds Employed by the Company at ₹ 56308 crore as at March 31, 2017 increased by ₹ 404 crore during the year.

The Company incurred ₹ 635 crore (net) towards capital expenditure during the year, largely on procurement of plant and equipment.

At the segment aggregate level, net working capital as on March 31, 2017 at ₹ 14014 crore decreased to 21.14% of revenue as compared to ₹ 15286 crore at 23.95% of revenue as on March 31, 2016. Release in working capital is attributable to improved collections and better credit terms negotiated with vendors.

During the year, investments in and loans to subsidiary and associate companies decreased by ₹ 1306 crore (net of proceeds from divestment). Major reduction was seen in L&T Shipbuilding – port business, General Insurance and Hydrocarbon business. However, additional funding was done in Hyderabad Metro and Nabha Power.



Return on Net Worth (RONW) including the exceptional items for the year 2016-17 is 12.4% in line with the previous year. Return on Capital Employed (ROCE) for the year 2016-17 at 11.3% is higher as compared to 11.1% of the previous year. Capacity underutilization in some of the capital intensive businesses continues, resulting in lower returns.

### Liquidity & Gearing

Business operations generated cash flows of ₹ 6147 crore during the year significantly higher than ₹ 3300 crore in the previous year mainly supported by release of working capital. Dividend and treasury income flows contributed ₹ 1896 crore to the cash along with divestment proceeds of ₹ 1306 crore. The Company used cash flows mainly for repayment of borrowings ₹ 3110 crore, and parked surplus funds in current investments ₹ 2535 crore.



Fund Flow Statement	₹ crore	
	2016-17	2015-16
<b>Particulars</b>		
Operating activities	6147	3300
Divestment / (Investment) in Group Cos	1306	(1820)
Dividend from group companies and Treasury income	1896	1568
Others	53	70
<b>Sources of Funds</b>	<b>9402</b>	<b>3118</b>
Borrowings (net of repayments) / (Repayments)	(3110)	321
Sale/(purchase) of investments	(2535)	(473)
Capital Expenditure	(635)	(797)
Interest paid	(1153)	(1209)
Dividend Paid	(1843)	(1647)
(Increase) / decrease in cash balance	(127)	687
<b>Utilisation of Funds</b>	<b>(9402)</b>	<b>(3118)</b>

The total borrowings as on March 31, 2017 stood at ₹ 10581 crore as compared to ₹ 13924 crore in the previous year. The loan portfolio of the Company comprises a mix of domestic and suitably hedged foreign currency loans. The gross debt equity ratio decreased to 0.23:1 as at March 31, 2017 from 0.33:1 as at March 31, 2016. The Company has nil net debt considering the cash & cash equivalent and short term investments in liquid funds from debt.

### III. RISK MANAGEMENT

L&T has a comprehensive Enterprise Risk Management (ERM) framework in place for identification, assessment, treatment & reporting of risks. The Company's risk management processes ensure that the Company accepts risks as per the boundary conditions based on the risk appetite of the organisation. The Audit Committee of the Board oversees the efficacy of the risk management processes. Business level risks for each vertical are discussed in detail in the respective Top Management/ Board meetings. The Risk Management Committee is informed on the critical risks impacting the Company for their review and suggestions. Mitigation plans are drawn up and implemented as appropriate within the overall ERM framework of the Company.

The Company is predominantly in project business and has developed robust project risk management processes. The key processes of risk reviews include country clearance in case of venturing into a new country, pre-bid risk reviews, execution risk reviews and project close out risk reviews. Pre-bid reviews are carried out based on a bid authorization matrix as determined by the Risk

Management Committees. Execution risk reviews of the projects are held at regular intervals for tracking the project performance, movement of risks in the project and effectiveness of mitigation measures. Close out risk reviews are held to capture key learnings from the projects and what went right/wrong analysis which helps in factoring the learnings in future bids.

The Company has been conferred the prestigious 'Golden Peacock Award for Risk Management' for 2016 by the Institute of Directors (IoD). L&T also has been conferred the prestigious 'Best Capital Projects & Infrastructure Risk Management Award' at the India Risk Management Awards event organized by CNBC TV18.

The Company emphasizes on continuous learning and has initiated several knowledge based initiatives to improve risk awareness across the organization including the launching of an e-learning training program on Enterprise Risk Management (ERM) for employees to disseminate knowledge and enhance capabilities on risk management which will lead to better business performance. Periodic training workshops on risk management are also held across the Company to spread awareness.

Other initiatives include Risk Management Conclaves for Risk Officers and senior management with focus on risk management of large and mega projects, interaction with industry experts and knowledge sharing with risk management heads of global corporates.

The top Enterprise level risks for the Company and the mitigation measures being implemented are:

**Geopolitical Risks:** Unexpected Political changes in some of the Developed Countries, BREXIT, Trade barriers and increasing conflict in Middle East are some of the risks that the Company faces. The Company monitors the geopolitical risks & develops appropriate mitigation strategies from time to time.

**Slow recovery of key sectors:** Growth in some of the sectors like Power, Nuclear, and Metals & Minerals etc. continued to be hampered by a number of constraints. Being a diversified conglomerate Diversification of the business portfolio smoothens the inherent cyclicality that individual sectors periodically face and mitigates volatility in revenue and margins at the company level.

**Fall in oil price:** It has resulted in budget constraints in Middle Eastern Countries leading to decline/delay in investment with some projects being put on hold. The Company has started focusing on domestic business and selectively foraying into new markets like Bangladesh, Sri Lanka, Africa, CIS & South East Asia.



**Competition:** It has been observed that competition from foreign and domestic players has considerably increased in the past few years. Learnings from past execution of complex jobs, Joint Ventures and alliances with other global players to leverage each others strengths, and other operational excellence measures like value engineering, cost control, manpower rationalization and cost reduction through automation of process are some of the key mitigation measures that the Company takes to remain competitive in different businesses.

**Reputation and Brand:** Corporate Governance and Compliance policy is in place mandating adherence to Code of conduct and Internal Controls. Regular knowledge sharing across the organisation and appropriate controls are implemented to mitigate reputational risk.

**Other Operational Risks:**

**Execution challenges:** Company faces execution challenges like geological setbacks, availability of work front, land acquisition & right of way (ROW), pending approvals and clearances from Government agencies, working in difficult/harsh weather conditions and terrain, 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. Partner's performance & financial strength is crucial for project success. Learnings from the past projects are incorporated in the inter-se agreement with the partners and clauses on liability of each partner is drafted after a legal due diligence.

**Working capital challenges:** Project delays and adverse contractual payment terms lead to increased working capital requirements. Company has strengthened the process for close monitoring of cash flows at the project level. Company ensures regular follow up for delay in payments by client & has ensured improvement in the working capital levels.

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

**Human resource challenges:**

The Company actively scans the environment for talent with skill sets suited to the expanding and changing needs of the business though availability of such resources are limited. The leadership pipeline has been strengthened and proper processes are being put in place for hiring the

best talent. Suitable retention policies are being constantly worked upon to minimize attrition of key resources.

The Company has institutionalized the risk management processes to map & monitor the risks across the businesses and respond effectively to achieve the strategic objectives. The Company has been successful in tapping the opportunities both in domestic and international markets. The Company sees risk management as a business enabler and believes that risk is an integral part of every business and promotes a culture of building the ability to anticipate and manage risks effectively and converting them into opportunities.

**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 stresses on one hand and raise growth capital on the other. This policy also provides flexibility of fund-raising options for future, which is especially important in times of global economic volatility. Despite the challenging economic environment in 2016-17, the Company managed to restrain the working capital usage, both at a gross and net level. The Company has been investing capital into subsidiaries as scheduled and in some cases to provide for deterioration in performance caused by the sluggish economic/business downturn and also to optimise overall Group level interest rate costs. The Company plans to maintain adequate liquidity on the Balance Sheet to deal with periods of slow recovery/downturn in economic conditions.

The Company judiciously deploys its temporary surplus funds in short term investments in line with the corporate 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 further optimized the cost of debt by using subsidized export financing scheme of RBI and issuing Commercial Papers. 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**

The various businesses of the Company are exposed to fluctuations in foreign exchange rates and commodity prices. It also has exposures to foreign currency denominated financial assets and liabilities. The business

related financial risks, especially involving commodity prices, by and large, are managed contractually through price variation clauses, while the foreign exchange and residual commodity price risks are managed by an appropriate choice of treasury products for balancing risks and optimising the hedging costs at the same time.

The above risk management activity is carried out under the framework of Risk Management Policy approved by 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 thresholds as laid out in the Risk Management Policy of the Company under the aegis of the Audit Committee.

The financial year 2016-17 was characterised by a relatively strong USD against developed market currencies post US presidential elections due to potential fiscal expansion which subsequently got subdued in Q4 FY 16-17. The rupee followed broader global trends with an appreciation bias with increased reform momentum in fiscal/monetary policies and political developments during 2016-17. The combination of lower exchange rate volatility with robust financial risk management processes resulted in lower financial cost and input cost volatility.

#### **IV. INTERNAL CONTROLS**

The Company believes that a strong internal control framework is an important pillar of Corporate Governance. It has established internal control mechanisms commensurate with the size and complexity of its business. A strong Internal Control framework is established through right tone at the top for good corporate governance which serves as a foundation for excellence and same is embedded in operations through its policies and procedures. Employees of the Company are guided by the Company's 'Code of Conduct'. As a part of good governance, the Company's 'Whistle Blower' policy enables the employees to have direct access to the Chairman of the Audit Committee without interference from other levels of management.

From 2016-17, Whistle Blower policy has also been implemented for Vendors & Channel partners as well to facilitate expression of genuine concerns about unethical behaviour, improper practice, any misconduct, any violation of legal or such requirements, actual or suspected fraud by any official of the Company without fear of punishment or unfair treatment. Senior Management and the Audit Committee of the Board is periodically apprised on the internal processes of the Company with respect to Internal Controls, Statutory Compliances and Assurance.

The Company has laid down Internal Financial Controls as detailed in the Companies Act, 2013 and has covered all major processes commensurate with the size of business operations. These have been established at the entity and process levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording and reporting of financial and operational information. The Company has reviewed and sustained internal financial controls by adopting a systematic approach to evaluate, control design and operating effectiveness.

#### **The Internal Control Organisation**

As the first line of defence, primary responsibility for design, establishment of internal controls and its operating effectiveness lies with Heads of business and support functions in their respective areas of operation. There is a Policy on Internal Controls at Corporate level and individual businesses also have Internal control frameworks and procedures documented in the form of Internal Controls Manuals, Standard Operating Procedures, Accounting Guidelines including regular management reporting and monitoring thereof. Policies and procedures are reviewed periodically for any changes required, to changing business needs as well as improvements in processes to strengthen the internal control systems. Authorisation Matrices for financial transactions are derived based on Board decisions which are delegated to individuals based on business needs within the overall limits of Corporate Authorisation Guidelines. Financial powers are vested based on business requirement and there is no automatic vesting of powers based on designation / grade of an individual.

The Corporate Internal Control (CIC) department is the second line of defence to facilitate and monitor the efficacy of the Internal controls embedded in Operations so as to assist management in establishing strong internal controls. CIC formulates procedures and guidelines for areas of weaknesses which are identified during internal audit or as triggered by process owners or management based on internal or external risk factors. Apart from the internal mechanism to review and monitor internal controls; the Company also periodically engages independent professional firms to carry out review of the effectiveness of various key control processes in businesses and support functions. Their observations and suggestions on good practices are reviewed by the management for implementation and strengthening of the controls.

Corporate Audit Services (CAS) serves as third line of defence which gives assurance on Internal Controls effectiveness by carrying out independent internal audits. CAS is staffed adequately with qualified professionals

in both technical and financial fields. The department conducts audit of all units of L&T and its major S&A companies at regular intervals. Based on observations of CAS, respective process owners carry out necessary process/system improvements and thereby strengthen the overall control mechanism. The process of Internal Audit is reviewed by the Management and Audit Committee of the Board.

## **V. INFORMATION TECHNOLOGY**

The Company views Information Technology (IT) as a key enabler for efficiency and providing competitive advantage. IT is accordingly managed through a robust governance process that covers value delivery, cost optimisation, technology management, support and education. The Information Technology systems in the Company form the backbone for carrying out all the business processes, for communication, collaboration and for providing information for effective decision making, monitoring and management control. The Information Systems at Company, implemented and refined over many years are maintained systematically to enhance capability with new features and also to remain current on technology with upgrades. These systems are geared

towards improving productivity and efficiency of all our operations. Over the years, the newer systems help the Company to connect seamlessly with customers, provide better products and services and enable better execution of large projects.

While ERPs are the backbone of our Business, Digitalization is identified as key driver to make the company globally competitive in future. The Company believes that the digital world will disrupt every aspect of business viz project monitoring, machines & material availability, labour & skills tracking, design work flows etc. A number of projects have been identified in almost all areas of business. A separate Big Data Analytics practice has been established with adequate resources. Data from machines and other systems is now getting accumulated in real time to facilitate analysis and decision making.

Upgrade/update to IT infrastructure is being done at regular intervals to meet the growing demand of automation and digitisation. A complete scan of IT security policies, practices and technology is reviewed and a Security 'Centre of Excellence' has been commissioned with latest tools and technologies to monitor and meet the phenomenon of growing cybersecurity threats.

**DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**  
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**Mumbai 400013.**

**SHARP & TANNAN**  
**Chartered Accountants**  
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**194, Churchgate Reclamation**  
**Dinshaw Vachha Road**  
**Mumbai 400 020.**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LARSEN & TOUBRO LIMITED**

#### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Larsen & Toubro Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, which includes 25 Joint Operations (herein after referred to as "standalone Ind AS financial statements").

#### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company including its joint operation in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act.

The Boards of Directors of the Company and those charged with governance of its joint operation are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its joint operation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of joint operations referred to in the Other Matters paragraph below, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, cash flows and the changes in equity for the year ended on that date.

#### **Other Matters**

- a) We did not audit the financial statements / information of 16 joint operations included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 3,647.41 crore as at March 31, 2017, total revenues of ₹ 4,360.69 crore, total profit after tax (net) of ₹ 268.96 crore and total comprehensive income (net) of ₹ 269.03 crore for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of these joint operations have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these joint operations and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to aforesaid joint operations, is based solely on the reports of such other auditors.

Out of above, there are 7 joint operations which are located outside India whose financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such joint

operations located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our audit report in so far as it relates to the balances and affairs of such joint operations located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

- b) The comparative financial information of the Company for the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by one of the joint auditors whose report for the year ended March 31, 2015 dated May 30, 2015 expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.
- c) The comparative financial information for the year ended March 31, 2016 in respect of 4 joint operations included in this standalone Ind AS financial statements prepared in accordance with the Ind AS have been audited by the other auditors.

The comparative financial information for the year ended March 31, 2016 in respect of 16 joint operations included in this standalone Ind AS financial statements prepared in accordance with the Ind AS have not been audited by their auditors and have been furnished to us by the Management.

Our opinion on the standalone Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of these matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statements / information of the joint operation, referred to in the Other Matters paragraph above we report, to the extent applicable that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company and its joint operation so far as it appears from our examination of those books and the reports of the other auditors;
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder;
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors and the report of the statutory auditor of its joint operation company incorporated in India, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and joint operation which is a Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's and its joint operation's internal financial controls over financial reporting; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. To the best of our information and according to the information and explanations given to us and having regard to the nature of business and size of its operations and cash payments made by the Company in the ordinary course of business and based on the Company's practices for recording such transactions, the Company has provided the requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of account maintained by the Company and as produced before us and other auditor by the management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

#### **For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

#### **P. R. RAMESH**

(Partner)  
(Membership No. 70928)

#### **For SHARP & TANNAN**

Chartered Accountants  
(Firm Registration No. 109982W)

#### **FIRDOSH D. BUCHIA**

(Partner)  
(Membership No. 38332)

MUMBAI, May 29, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Larsen & Toubro Limited (the “Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company as at end for the year ended on that date which includes internal financial controls over financial reporting of the Company’s joint operation which is a Company incorporated in India.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company and those charged with governance of its joint operation which is a Company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the joint operation which is a Company incorporated in India, in terms of their report referred to in the Other Matters section of our report of even date, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on internal financial controls system over financial reporting of the joint operation referred to in the Other Matters section of our report of even date, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a joint operation which is a Company incorporated in India, is based on the corresponding report of the other auditor of such Company incorporated in India.

Our opinion is not modified in respect of this matter.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**For SHARP & TANNAN**  
Chartered Accountants  
(Firm Registration No. 109982W)

**P. R. RAMESH**  
(Partner)  
(Membership No. 70928)

**FIRDOSH D. BUCHIA**  
(Partner)  
(Membership No. 38332)

MUMBAI, May 29, 2017

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of its fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings (including land whose title deed have been pledged as security against debentures issued by the Company), are held in the name of the Company as at the balance sheet date, except the following:

₹ crore

Type of asset	Total no. of cases	Leasehold / freehold	Gross block as at March 31, 2017	Net block as at March 31, 2017	Remarks
Land	3	Freehold	1.27	1.27	Conveyance deed pending to be executed.
Buildings	2	Freehold	3.54	0.94	Conveyance deed pending to be executed.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification between the physical stock and the book records.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- (c) There is no overdue amount remaining outstanding as at the balance sheet date.



- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which Amount Relates	Amount Involved (₹ crore)	Amount Unpaid (₹ crore)
Central Sales Tax Act, Local Sales Tax Acts and Works Contract Tax Act	Taxability of sub-contractor turnover, rate of tax for declared goods, inter-state sales and non-submission of forms	Supreme Court	2000-01 to 2006-07	12.13	3.14
	Dispute regarding question of law, non-submission of forms, classification dispute, tax deducted at source at lower rate, sales in transit, high seas sales, labour turnover, local VAT, rate of tax on declared goods and other matters.	High Court	1986-87 to 1987-88, 1993-94, 1994-95, 1998-99 to 2002-03, 2005-06, 2006-07 to 2012-13	74.62	65.49
	Non-submission of forms, classification disputes, disallowance of sales occasioning import, arbitrary demand raised, sub-contractors turnover disallowed, pumping and freight charges, inter-state sales turnover, tax deducted at source disallowed, rates of tax of declared goods, classification dispute, disallowance of Entry tax and other matters.	Sales Tax/ VAT Tribunal	1989-90 to 2013-14	417.09	360.28
	Dispute regarding question of law, non-submission of forms, classification dispute, disallowance of setoff, valuation of goods, sales in transit and high seas sales, and other matters.	Commissioner (Appeal)	2000-01, 2003-04 to 2012-13, 2014-15 to 2015-16	43.44	40.82
		Commissioner	2008-09, 2012-13	0.33	0.33
Non Submission of Forms and other matters.	Additional Commissioner	2011-12 to 2012-13	2.59	2.58	

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which Amount Relates	Amount Involved (₹ crore)	Amount Unpaid (₹ crore)
	Dispute regarding question of law, non-submission of forms, sales in transit, local VAT and other matters.	Joint Commissioner	2006-07, 2009-10, 2011-12 to 2015-16	27.18	4.02
	Non-submission of forms, additional demands for pending forms, rate of tax dispute, disallowance of branch transfer, sub-contractors turnover, considering supply agreement as Works Contract Tax, disallowance of sales in transit, stock transfer and other matters.	Assistant / Deputy / Joint Commissioner – Appeals	1998-99, 2000-01 to 2014-15	1219.32	1128.36
	Sales in transit, local VAT and other matters.	Assessing/ Commercial Tax Officer	1996-97 to 1998-99, 2001-02 to 2007-08, 2009-10 to 2012-13	7.97	7.13
The Central Excise Act, 1944, Service Tax under Finance Act, 1994 and Customs Act, 1962	Export rebate claim, service tax on commercial construction services, service tax liability against rate change and penalty imposed for wrong availment of CENVAT credit.	High Court	2005-06 to 2007-08, 2009-10 to 2012-13	42.48	40.74
	Demand of excise duty on Fabrication of Cable tray supports/ ED exemption/ Export rebate disallowance / Service Tax on Business Auxiliary Services/ Valuation Dispute pertaining to Excise/ Duty on Supply of Bolts & nuts/ GTA services, site jobs, export rebate disallowance, MRP valuation disputes, CENVAT credit availed, non-maintenance of separate records, and other matters.	CESTAT	1991-92, 2001-02 to 2011-12	1025.48	1001.52
	Disallowance of CENVAT credit, excise duty refund, excise duty on site jobs, short payment of service tax, service tax rate dispute, valuation dispute and other matters.	Commissioner (Appeal)	2006-07 to 2012-13, 2015-16	13.87	13.57
	Disallowance of CENVAT credit, short payment of service tax, service tax rate dispute, valuation dispute and other matters.	Commissioner	2005-06 to 2013-14	78.69	77.58
	Disallowance of CENVAT credit, short payment of service tax and other matters.	Tribunal	2006-07 to 2009-10, 2011-12 to 2012-13	78.97	78.12
	Non fulfilment of Export Obligations under Export promotion scheme	Directorate General of Foreign Trade	2015-16 to 2016-17	12.49	12.49
	Income-tax Act, 1961	Demands arising out of Regular Assessment/ Reassessment	ITAT	2003-04, 2006-07 to 2011-12	1616.42

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks and dues to debenture holders. The Company has not borrowed any funds from the government.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**P. R. RAMESH**  
(Partner)  
(Membership No. 70928)

MUMBAI, May 29, 2017

**For SHARP & TANNAN**  
Chartered Accountants  
(Firm Registration No. 109982W)

**FIRDOSH D. BUCHIA**  
(Partner)  
(Membership No. 38332)

## Balance Sheet as at March 31, 2017

	Note	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>ASSETS:</b>							
<b>Non-current assets</b>							
Property, plant and equipment	2		6522.85	7129.89		7068.96	
Capital work-in-progress	2		302.53	253.22		385.73	
Investment property	3		396.70	446.90		471.18	
Other intangible assets	4		125.04	138.58		84.94	
Intangible assets under development	4		201.25	158.91		189.50	
Financial assets							
Investments	5	19776.81		19187.86		17446.14	
Loans	6	1770.54		2797.52		3002.86	
Other financial assets	7	500.33		474.09		346.46	
			22047.68	22459.47		20795.46	
Deferred tax assets/(liabilities) [net]	49(e)		285.22	156.14		(95.97)	
Other non-current assets	8		2222.67	1786.70		1450.22	
<b>Current assets</b>							
Inventories	9		1762.86	1955.11		2260.77	
Financial assets							
Investments	10	6982.08		4803.32		5518.05	
Trade receivables	11	19919.97		18967.75		16790.00	
Cash and cash equivalents	12	2202.26		2075.83		2764.78	
Other bank balances	13	1599.97		1494.43		255.84	
Loans	14	1919.41		2432.26		1381.61	
Other financial assets	15	2054.63		1880.49		1428.09	
			34678.32	31654.08		28138.37	
Other current assets	16		33263.70	33481.95		28454.83	
Group(s) of assets classified as held for sale	42		388.00	–		141.79	
<b>TOTAL ASSETS</b>			<b>102196.82</b>	<b>99620.95</b>		<b>89345.78</b>	

## Balance Sheet as at March 31, 2017 (contd.)

	Note	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>EQUITY AND LIABILITIES:</b>							
<b>Equity</b>							
Equity share capital	17	186.59		186.30		185.91	
Other equity	18	45826.15		41949.01		38366.62	
<b>Total equity</b>			46012.74		42135.31		38552.53
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	19	7134.28		8312.47		8430.81	
Other financial liabilities	20	88.57		72.45		102.00	
			7222.85		8384.92		8532.81
Provisions	21		470.68		371.50		346.10
Other non-current liabilities	22		3.86		5.83		0.81
<b>Current liabilities</b>							
Financial liabilities							
Borrowings	23	2334.84		4175.98		3998.58	
Current maturities of long term borrowings	24	1111.59		1436.03		647.93	
Trade payables	25	24031.83		22215.92		18376.00	
Other financial liabilities	26	1572.65		1319.68		1190.57	
			29050.91		29147.61		24213.08
Other current liabilities	27		18297.72		18651.96		16785.98
Provisions	28		1092.15		897.29		801.42
Current tax liabilities (net)			45.91		26.53		75.83
Liabilities associated with the group(s) of assets classified as held for sale	42		—		—		37.22
<b>TOTAL EQUITY AND LIABILITIES</b>			102196.82		99620.95		89345.78
<b>CONTINGENT LIABILITIES</b>							
29							
<b>COMMITMENTS (capital and others)</b>							
30							
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>							
	1 to 60						

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

For SHARP & TANNAN  
Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

FIRDOSH D. BUCHIA  
Partner  
Membership No. 038332

Mumbai, May 29, 2017

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

SUBODH BHARGAVA  
(DIN 00035672)

N. HARIHARAN  
Company Secretary  
M. No. A3471

VIKRAM SINGH MEHTA  
(DIN 00041197)

A. M. NAIK  
Group Executive Chairman  
(DIN 00001514)

M. DAMODARAN  
(DIN 02106990)

SUNITA SHARMA  
(DIN 02949529)

Directors

M. M. CHITALE  
(DIN 00101004)

SUSHOBHAN SARKER  
(DIN 00088276)

SANJEEV AGA  
(DIN 00022065)

## Statement of Profit and Loss for the year ended March 31, 2017

	Note	2016-17		2015-16	
		₹ crore	₹ crore	₹ crore	₹ crore
<b>INCOME:</b>					
Revenue from operations	31		66301.35		63812.65
Other income	32		1971.85		2341.04
<b>Total income</b>			<b>68273.20</b>		<b>66153.69</b>
<b>EXPENSES:</b>					
Manufacturing, construction and operating expenses	33				
Cost of raw materials components consumed			7370.57		7397.55
Excise duty			577.49		635.39
Construction materials consumed			18493.31		18804.70
Purchase of stock-in-trade			1390.84		1129.45
Stores, spares and tools consumed			1446.67		1349.23
Sub-contracting charges			16770.61		15567.87
Changes in inventories of finished goods, work-in-progress and stock-in-trade and property development			131.59		76.57
Other manufacturing, construction and operating expenses			5808.52		5208.33
			51989.60		50169.09
Employee benefits expense	34		5146.47		4974.80
Sales, administration and other expenses	35		2741.55		2845.77
Finance costs	36		1318.03		1476.82
Depreciation, amortisation, impairment and obsolescence			1215.19		997.40
			62410.84		60463.88
Less: Overheads capitalised			1.51		5.53
<b>Total expenses</b>			<b>62409.33</b>		<b>60458.35</b>
<b>Profit before exceptional items and tax</b>			<b>5863.87</b>		<b>5695.34</b>
Exceptional items	46		893.97		560.28
<b>Profit before tax</b>			<b>6757.84</b>		<b>6255.62</b>
Carried forward			6757.84		6255.62

## Statement of Profit and Loss for the year ended March 31, 2017 (contd.)

	Note	2016-17		2015-16	
		₹ crore	₹ crore	₹ crore	₹ crore
Brought forward			6757.84		6255.62
Tax expenses					
Current tax	49(a)	1675.20		1530.01	
Deferred tax	49(a)	(371.10)		(273.97)	
			1304.10		1256.04
<b>Profit after tax</b>			5453.74		4999.58
<b>Other Comprehensive Income</b>					
<b>A. Items that will not be reclassified to Profit or Loss:</b>					
Remeasurements of the defined benefit plans [net of tax]			(8.02)		(8.44)
<b>B. Items that will be reclassified to Profit or Loss:</b>					
Debt instruments through Other Comprehensive Income [net of tax]			(10.25)		(2.59)
Exchange differences in translating the financial statements of foreign operations [net of tax]			(4.32)		4.14
Effective portion of gains and losses on hedging instruments in a cash flow hedge [net of tax]			223.37		78.41
Cost of hedging reserve [net of tax]			(43.43)		11.34
Other Comprehensive Income for the year [net of tax]			157.35		82.86
<b>Total Comprehensive Income for the year</b>			5611.09		5082.44
Basic earnings per equity share (₹)	52		58.49		53.71
Diluted earnings per equity share (₹)	52		58.30		53.47
Face value per equity share (₹)			2.00		2.00
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	<b>1 to 60</b>				

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

For SHARP & TANNAN  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

FIRDOSH D. BUCHIA  
Partner  
Membership No. 038332

Mumbai, May 29, 2017

R. SHANKAR RAMAN  
Chief Financial Officer &  
Whole-time Director  
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(DIN 00088276)

SANJEEV AGA  
(DIN 00022065)



## Statement of changes in Equity for the year ended March 31, 2017

### A. Equity share capital

Particulars	2016-17		2015-16	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	93,14,78,845	186.30	92,95,62,061	185.91
Add: Shares issued on exercise of employee stock options during the year	14,86,958	0.29	19,16,784	0.39
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	93,29,65,803	186.59	93,14,78,845	186.30

### B. Other equity

Particulars	Reserves and surplus						Items of Other Comprehensive Income				Total other equity
	Equity component of foreign currency convertible bonds	Capital reserve	Securities premium account	Employee share options (net)	Debenture redemption reserve	General reserve	Retained earnings	Foreign currency translation reserve	Hedging reserve	Debt instruments through Other Comprehensive Income	
<b>Balance as at 1-4-2015</b>	153.20	10.52	7963.16	308.84	400.01	25054.47	4522.65	0.73	(125.58)	78.62	38366.62
Profit for the year (a)	—	—	—	—	—	—	4999.58	—	—	—	4999.58
Other Comprehensive Income (b)	—	—	—	—	—	—	(8.44)	4.14	89.75	(2.59)	82.86
<b>Total comprehensive income for the year (a+b)</b>	—	—	—	—	—	—	4991.14	4.14	89.75	(2.59)	5082.44
Issue of equity shares	—	—	201.63	—	—	—	—	—	—	—	201.63
Share issue expenses	—	—	(0.07)	—	—	—	—	—	—	—	(0.07)
Transfer from/to general reserve/retained earnings during the year	—	—	—	(12.02)	6.50	162.02	(156.50)	—	—	—	—
Employee share options (net)	—	—	—	(54.59)	—	—	—	—	—	—	(54.59)
Dividend paid for the previous year (including tax on dividend)	—	—	—	—	—	—	(1647.02)	—	—	—	(1647.02)
<b>Balance as at 31-3-2016</b>	153.20	10.52	8164.72	242.23	406.51	25216.49	7710.27	4.87	(35.83)	76.03	41949.01
Profit for the year (c)	—	—	—	—	—	—	5453.74	—	—	—	5453.74
Other Comprehensive Income (d)	—	—	—	—	—	—	(8.02)	(4.32)	179.94	(10.25)	157.35
<b>Total comprehensive income for the year (c+d)</b>	—	—	—	—	—	—	5445.72	(4.32)	179.94	(10.25)	5611.09
Issue of equity shares	—	—	154.18	—	—	—	—	—	—	—	154.18
Share issue expenses	—	—	(0.05)	—	—	—	—	—	—	—	(0.05)
Transfer from/to general reserve/retained earnings during the year	—	—	—	(19.61)	(49.75)	157.11	(87.75)	—	—	—	—
Employee share options (net)	—	—	—	(45.37)	—	—	—	—	—	—	(45.37)
Dividend paid for the previous year (including tax on dividend)	—	—	—	—	—	—	(1842.71)	—	—	—	(1842.71)
<b>Balance as at 31-3-2017</b>	153.20	10.52	8318.85	177.25	356.76	25373.60	11225.53	0.55	144.11	65.78	45826.15

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  
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R. SHANKAR RAMAN  
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(DIN 00019798)

SUBODH BHARGAVA  
(DIN 00035672)

VIKRAM SINGH MEHTA  
(DIN 00041197)

A. M. NAIK  
Group Executive Chairman  
(DIN 00001514)

M. DAMODARAN  
(DIN 02106990)

SUNITA SHARMA  
(DIN 02949529)

M.M.CHITALE  
(DIN 00101004)

SUSHOBHAN SARKER  
(DIN 00088276)

SANJEEV AGA  
(DIN 00022065)

Directors

Mumbai, May 29, 2017

## Statement of Cash Flows for the year ended March 31, 2017

	2016-17	2015-16
	₹ crore	₹ crore
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax (excluding exceptional items)</b>	5863.87	5695.34
Adjustments for:		
Dividend received	(1065.10)	(1121.35)
Depreciation, amortisation, impairment and obsolescence (net)	1215.19	997.40
Exchange difference on items grouped under financing/investing activities	(67.40)	59.47
Effect of exchange rate changes on cash and cash equivalents	0.11	2.00
Interest expense	1318.03	1476.82
Interest income	(539.31)	(530.72)
Profit on sale of fixed assets (net)	(23.70)	(82.51)
Profit on sale of investments (net) [including fair valuation]	72.44	(150.87)
Employee stock option-discount forming part of employee benefits expense	61.77	60.34
<b>Operating profit before working capital changes</b>	6835.90	6405.92
Adjustments for:		
(Increase)/decrease in trade and other receivables	(1343.12)	(7781.31)
(Increase)/decrease in inventories	192.26	305.65
Increase/(decrease) in trade payables and customer advances	1981.62	5985.83
<b>Cash (used in)/generated from operations</b>	7666.66	4916.09
Direct taxes refund/(paid) [net]	(1519.29)	(1616.23)
<b>Net cash (used in)/from operating activities</b>	6147.37	3299.86
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(749.02)	(1087.23)
Sale of fixed assets (including advance received)	114.35	290.00
Investment in subsidiaries, associates and joint ventures	(3375.61)	(2545.89)
Divestment of stake in subsidiaries, associates and joint ventures	3348.24	2289.55
Sale of non-current investments	-	106.65
(Purchase)/sale of current investments (net)	(2304.55)	681.89
Change in other bank balance and cash not available for immediate use	(230.92)	(1261.18)
Deposits/loans (given) - subsidiaries, associates, joint ventures and third parties	(1085.78)	(12498.99)
Deposits/loans repaid - subsidiaries, associates, joint ventures and third parties	2336.24	9790.42
Advance towards equity commitment (addition)	(6.35)	(5.25)
Advance towards equity commitment refund	5.25	1070.15
Interest received	830.53	446.58
Dividend received from subsidiaries	405.47	994.16
Dividend received from other investments	659.63	127.19
Consideration received on transfer of Foundry Business Unit	83.65	79.70
<b>Net cash (used in)/from investing activities [non-cash transaction: Note (51(c)#), (51(c)##)]</b>	31.13	(1522.25)

## Statement of Cash Flows for the year ended March 31, 2017 (contd.)

	2016-17	2015-16
	₹ crore	₹ crore
<b>C. Cash flow from financing activities:</b>		
Proceeds from fresh issue of share capital	53.32	70.19
Proceeds from non-current borrowings	378.26	1589.29
Repayment of non-current borrowings	(1643.23)	(1420.79)
(Repayments)/proceeds from other borrowings (net)	(1845.06)	152.59
Dividends paid	(1701.51)	(1512.33)
Additional tax on dividend	(141.20)	(134.69)
Interest paid (including cash flows from interest rate swaps)	(1152.54)	(1208.59)
<b>Net cash (used in)/from financing activities</b>	<b>(6051.96)</b>	<b>(2464.33)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>126.54</b>	<b>(686.72)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2078.06</b>	<b>2764.78</b>
<b>Cash and cash equivalents at end of the year</b>	<b>2204.60</b>	<b>2078.06</b>

Notes:

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant and equipment, investment property and other intangible assets adjusted for movement of (a) capital-work-in-progress for property, plant and equipment and investment property and (b) intangible assets under development during the year.
- Cash and cash equivalents included in the Statement of cash flows comprise the following:

	2016-17	2015-16
	₹ crore	₹ crore
(a) Cash and cash equivalents disclosed under current assets [Note 12]	2202.26	2075.83
(b) Other bank balances disclosed under current assets [Note 13]	1599.97	1494.43
(c) Cash and cash equivalents disclosed under non-current assets [Note 7]	223.56	98.18
<b>Total cash and cash equivalents as per Balance Sheet</b>	<b>4025.79</b>	<b>3668.44</b>
Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents	2.34	2.23
Less: (ii) Other bank balances disclosed under current assets [Note 13]	1599.97	1494.43
Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 7]	223.56	98.18
<b>Total cash and cash equivalents as per Statement of Cash Flows</b>	<b>2204.60</b>	<b>2078.06</b>

- Previous year's figures have been regrouped/reclassified wherever applicable.

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

For SHARP & TANNAN  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

FIRDOSH D. BUCHIA  
Partner  
Membership No. 038332

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

SUBODH BHARGAVA  
(DIN 00035672)

N. HARIHARAN  
Company Secretary  
M. No. A3471

VIKRAM SINGH MEHTA  
(DIN 00041197)

A. M. NAIK  
Group Executive Chairman  
(DIN 00001514)

M. DAMODARAN  
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SUSHOBHAN SARKER  
(DIN 00088276)

SANJEEV AGA  
(DIN 00022065)

Directors

Mumbai, May 29, 2017

## Notes forming part of the Financial Statements

### NOTE [1]

#### Significant Accounting Policies

##### (a) Statement of compliance

The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. The financials for the year ended March 31, 2017 of the company are the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2015. The financial statements upto the year ended March 31, 2016, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("I-GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2016 have now been restated as per Ind AS to provide comparability. These financials statements have been approved for issue by the Board of Directors at their meeting held on May 29, 2017.

##### (b) Basis of accounting

The Company maintains accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS and certain items of property, plant and equipment that were revalued in earlier years in accordance with the I-GAAP principles. The carrying value of all the items of property, plant and equipment and investment property as on date of transition is considered as the deemed cost.

Fair value measurements under Ind AS are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities

##### (c) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

##### (d) Operating cycle for current and non-current classification

Operating cycle for the business activities of the company covers the duration of the specific project/contract/product line/service including the defect liability period wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

##### (e) Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances.

###### (i) Revenue from operations

Revenue includes excise duty and adjustments made towards liquidated damages and price variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

###### A. Sale of goods

Revenue from the sale of manufactured and traded goods is recognised when the goods are delivered and titles have been passed, provided all the following conditions are satisfied:

1. significant risks and rewards of ownership of the goods are transferred to the buyer;

## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

2. the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
  3. the amount of revenue can be measured reliably;
  4. it is probable that the economic benefits associated with the transaction will flow to the company; and
  5. the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- B. Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:
1. Cost plus contracts: Revenue from cost plus contracts is determined with reference to the recoverable costs incurred during the period and the margin as agreed with the customer.
  2. Fixed price contracts: Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably subject to condition that it is probable that such cost will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

- i. the amount of revenue can be measured reliably;
- ii. it is probable that the economic benefits associated with the contract will flow to the company;
- iii. the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- iv. the costs incurred or to be incurred in respect of the contract can be measured reliably.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers. Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables. The amount of retention money held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

- C. Revenue from property development activity which are in substance similar to delivery of goods is recognised when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.
- D. Revenue from property development activity in the nature of a construction contract is recognised based on the 'Percentage of completion method' (POC) when the outcome of the contract can be estimated reliably upon fulfillment of all the following conditions:
1. all critical approvals necessary for commencement of the project have been obtained;
  2. contract costs for work performed (excluding cost of land/developmental rights and borrowing cost) constitute at least 25% of the estimated total contract costs representing a reasonable level of development;
  3. at least 25% of the saleable project area is secured by contracts or agreements with buyers; and
  4. at least 10% of the total revenue as per the agreements of sale or any other legally enforceable documents is realised at the reporting date in respect of each of the contracts and the parties to such contracts can be reasonably expected to comply with the contractual payment terms.

The costs incurred on property development activities are carried as "Inventories" till such time the outcome of the project cannot be estimated reliably and all the aforesaid conditions are fulfilled. When the outcome of the project can be ascertained reliably and all the aforesaid conditions are fulfilled, revenue from property development activity is recognised at cost incurred plus proportionate margin, using percentage of completion method. Percentage of completion is determined based on the proportion of actual cost incurred to-date, to the total estimated cost of the project. For the purpose of computing percentage of construction, cost of land, developmental rights and borrowing costs are excluded.

Expected loss, if any, on the project is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

##### E. Rendering of services

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

1. the amount of revenue can be measured reliably;
2. it is probable that the economic benefits associated with the transaction will flow to the company;
3. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
4. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stage of completion is determined by the proportion of actual costs incurred to-date, to the estimated total costs of the transaction

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

##### F. Revenue from contracts for rendering of engineering design services and other services which are directly related to the construction of an asset is recognised on the same basis as stated in (B) *supra*.

##### G. Commission income is recognised as and when the terms of the contract are fulfilled.

##### H. Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

#### (ii) Other income

##### A. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

##### B. Dividend income is accounted in the period in which the right to receive the same is established.

##### C. Other government grants, which are revenue in nature and are towards compensation for the qualifying costs incurred by the company, are recognised as income in the Statement of Profit and Loss in the period in which such costs are incurred.

##### D. Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

#### (f) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts.

#### (g) Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Property, plant and equipment acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

For transition to Ind AS, the company has elected to adopt as deemed cost, the carrying value of PPE measured as per I-GAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2015. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment is taken as cost on transition date.

Own manufactured PPE is capitalised at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". (Also refer to policies on leases, borrowing costs, impairment of assets and foreign currency transactions *infra*).

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

## **Notes forming part of the Financial Statements (contd.)**

### **NOTE [1]**

#### **Significant Accounting Policies (contd.)**

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use. Extra shift depreciation is provided on a location basis.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the company for similar assets.

Freehold land is not depreciated.

#### **(h) Investment property**

Properties, including those under construction, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

For transition to Ind AS, the company has elected to adopt as deemed cost, the carrying value of investment property as per I-GAAP less accumulated depreciation and cumulative impairment as on the transition date of April 1, 2015. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment, is taken as cost on transition date.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

#### **(i) Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Research and development expenditure on new products:

- (i) Expenditure on research is expensed under respective heads of account in the period in which it is incurred.
- (ii) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:
  - A. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - B. the company has intention to complete the intangible asset and use or sell it;
  - C. the company has ability to use or sell the intangible asset;
  - D. the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
  - E. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
  - F. the company has ability to reliably measure the expenditure attributable to the intangible asset during its development.



## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

#### (j) Impairment of assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary, associate and joint venture companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

#### (k) Employee Benefits

- (i) Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

- (ii) Post-employment benefits:

A. Defined contribution plans: The company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

B. Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the company, the post-retirement medical care plan and the company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (wherever applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit employee costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefits expense. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised in profit or loss when such settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the company recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, long service award etc. is measured at present value of estimated future cash flows expected to be made by the company and is recognised in a similar manner as in the case of defined benefit plans vide (ii)(B) *supra*.

Long term employee benefit costs comprising current service cost and gains or losses on curtailments and settlements, remeasurements including actuarial gains and losses are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in long term employee benefit cost is recognised in the Statement of Profit and Loss under finance cost.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the company's offer of the termination benefit is accepted or when the company recognises the related restructuring costs whichever is earlier.

#### (l) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

(i) Finance leases:

- A. Leases where the company has substantially all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance leases are capitalised at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- B. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

(ii) Operating leases:

The leases which are not classified as finance lease are operating leases.

- A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.
- B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease.

(Also refer to policy on depreciation, *supra*)

#### (m) Financial instruments

Financial assets and/or financial liabilities are recognised when the company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to

## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. In case of interest free or concession loans given to subsidiary companies, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

The financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(i) Financial assets:

- A. All recognised financial assets are subsequently measured in their entirety at amortised cost or at fair value depending on the classification of the financial assets as follows:
1. Investments in debt Instruments that are designated as fair value through profit or loss (FVTPL) - at fair value.
  2. Other investments in debt instruments – at amortised cost, subject to following conditions:
    - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
    - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  3. Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (unless the same are designated as fair value through profit or loss)
    - The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
    - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  4. Investment in equity instruments issued by subsidiary, associates and joint ventures are measured at cost less impairment.
  5. Investment in preference shares of the subsidiary companies are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.
  6. Investments in equity instruments are classified as at FVTPL, unless the related instruments are not held for trading and the company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income.
- B. For financial assets that are measured at FVTOCI, income by way of interest, dividend and exchange difference (on debt instrument) is recognised in profit or loss and changes in fair value (other than on account of such income) are recognised in Other Comprehensive Income and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss. In case of equity instruments measured at FVTOCI, such cumulative gain or loss is not reclassified to profit or loss on disposal of investments.
- C. A financial asset is primarily derecognised when:
1. the right to receive cash flows from the asset has expired, or
  2. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and (a) the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.

- D. Impairment of financial assets: The company recognises impairment loss on trade receivables using expected credit loss model, which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109. Impairment loss on investments

(ii) Financial liabilities:

- A. Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher. All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.
- B. A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

(iii) The company designates certain hedging instruments, such as derivatives, embedded derivatives and in respect of foreign currency risk, certain non-derivatives, as either fair value hedges or cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.

- A. Fair value hedges: Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

- B. Cash flow hedges: In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

In case of time period related hedges, the forward element and the spot element of a forward contract is separated and only the change in the value of the spot element of the forward contract is designated as the hedging instrument. Similarly, wherever applicable, the foreign currency basis spread is separated from the financial instrument and is excluded from the designation of that financial instrument as the hedging instrument in case of time period related hedges. The changes in the fair value of the forward element of the forward contract or the foreign currency basis spread of the financial instrument is accumulated in a separate component of equity as 'cost of hedging'. The changes in the fair value of such forward element or foreign currency basis spread are reclassified to profit or loss as a reclassification adjustment on a straight line basis over the period of the forward contract or the financial instrument.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

- (iv) Compound financial instruments issued by the company which can be converted into fixed number of equity shares at the option of the holders irrespective of changes in the fair value of the instrument are accounted by separately recognising the liability and the equity components. The liability component is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts.

## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

#### (n) Inventories

Inventories are valued after providing for obsolescence, as under:

- a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- b) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In some cases, manufacturing work-in-progress are valued at lower of specifically identifiable cost or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.
- c) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.
- d) Completed property/work-in-progress (including land) in respect of property development activity at lower of specifically identifiable cost or net realisable value.

Assessment of net realisable value is made in each subsequent period and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to the extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

#### (o) Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

#### (p) Securities premium account

- (i) Securities premium includes:
  - A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Options Scheme.
  - B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.
- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

#### (q) Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (r) Share-based payment arrangements

The stock options granted pursuant to the company's Stock Options Scheme, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

The fair value of the stock options granted to employees of the company by the company's subsidiaries is accounted as employee compensation cost over the vesting period and where such fair value is not recovered by the subsidiaries, the same is treated as dividend declared by them.

## Notes forming part of the Financial Statements (contd.)

### NOTE [1]

#### Significant Accounting Policies (contd.)

##### (s) Foreign currencies

- (i) The functional currency and presentation currency of the company is Indian Rupee.
- (ii) Transactions in currencies other than the company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in profit or loss in the period in which they arise except for:
  - A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
  - B. exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- (iii) Financial statements of foreign operations whose functional currency is different than Indian Rupee are translated into Indian Rupees as follows:
  - A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
  - B. income and expenses for each income statement are translated at average exchange rates; and
  - C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

##### (t) Accounting and reporting of information for Operating Segments

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other operational revenue directly identifiable with/allocable to the segment including inter segment revenue.
- ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.
- iii) Most of the centrally incurred costs are allocated to segments mainly on the basis of their respective expected segment revenue estimated at the beginning of the reported period.
- iv) Income which relates to the company as a whole and not allocable to segments is included in "unallocable corporate income".
- v) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.
- vi) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole.
- vii) Segment non-cash expenses forming part of segment expenses includes the fair value of the employee stock options which is accounted as employee compensation cost [Note 1(r) *supra*] and is allocated to the segment.
- viii) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer prices which are either determined to yield a desired margin or agreed on a negotiated basis.

##### (u) Taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on the expected outcome of assessments/appeals.

## **Notes forming part of the Financial Statements (contd.)**

### **NOTE [1]**

#### **Significant Accounting Policies (contd.)**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

#### **(v) Interests in Joint operations**

The company as a joint operator recognises in relation to its interest in a joint operation, its share in the assets/liabilities held/incurred jointly with the other parties of the joint arrangement. Revenue is recognised for its share of revenue from the sale of output by the joint venture. Expenses are recognised for its share of expenses incurred jointly with other parties as part of the joint arrangement.

Interests in joint operations are included in the segments to which they relate.

#### **(w) Provisions, contingent liabilities and contingent assets**

Provisions are recognised only when:

- a) the company has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- b) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.



## **Notes forming part of the Financial Statements (contd.)**

### **NOTE [1]**

#### **Significant Accounting Policies (contd.)**

##### **(x) Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid;
- c) funding related commitment to subsidiary, associate and joint venture companies; and
- d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

##### **(y) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

##### **(z) Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

##### **(aa) Key sources of estimation**

The preparation of financial statements in conformity with Ind AS requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

##### **(ab) First time adoption of Ind AS**

The company has prepared opening Balance Sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from I-GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities. The exemptions availed by the company under Ind AS 101 are as follows:

- (i) The company has adopted the carrying value determined in accordance with I-GAAP for all of its property plant & equipment and investment property as deemed cost of such assets at the transition date.
- (ii) Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.
- (iii) The estimates as at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with I-GAAP.

## Notes forming part of the Financial Statements (contd.)

### NOTE [2]

#### Property, plant and equipment & capital work-in-progress

₹ crore

Class of assets	Cost						Depreciation						Impairment	Book value	
	As at 1-4-2016	Additions	Trf to investment property	Foreign currency fluctuation	Deductions	As at 31-3-2017	Up to 31-3-2016	For the period*	Trf to investment property	Foreign currency fluctuation	Deductions	Up to 31-3-2017		Up to 31-3-2017	As at 31-3-2017
<b>Land - freehold</b>	360.31	2.03	-	-	-	362.34	-	-	-	-	-	-	-	362.34	360.31
<b>Buildings</b>															
Owned	2105.19	113.40	4.39	(1.21)	30.73	2182.26	98.44	91.29	0.42	(0.22)	1.16	187.93	87.25	1907.08	2006.75
Leased out	13.02	-	-	-	-	13.02	0.60	0.60	-	-	-	1.20	-	11.82	12.42
<b>Sub-total - buildings</b>	<b>2118.21</b>	<b>113.40</b>	<b>4.39</b>	<b>(1.21)</b>	<b>30.73</b>	<b>2195.28</b>	<b>99.04</b>	<b>91.89</b>	<b>0.42</b>	<b>(0.22)</b>	<b>1.16</b>	<b>189.13</b>	<b>87.25</b>	<b>1918.90</b>	<b>2019.17</b>
<b>Plant &amp; equipment</b>															
Owned	4828.59	351.45	-	(7.84)	54.73	5117.47	659.08	766.64	-	(1.28)	14.98	1409.46	15.50	3692.51	4169.51
Leased out	2.63	-	-	-	-	2.63	0.85	0.47	-	-	-	1.32	-	1.31	1.78
<b>Sub-total - plant &amp; equipment</b>	<b>4831.22</b>	<b>351.45</b>	<b>-</b>	<b>(7.84)</b>	<b>54.73</b>	<b>5120.10</b>	<b>659.93</b>	<b>767.11</b>	<b>-</b>	<b>(1.28)</b>	<b>14.98</b>	<b>1410.78</b>	<b>15.50</b>	<b>3693.82</b>	<b>4171.29</b>
<b>Computers</b>	231.23	70.20	-	(0.04)	7.47	293.92	73.96	73.91	-	(0.01)	5.52	142.34	-	151.58	157.27
<b>Office equipment</b>	97.62	26.26	-	(0.13)	0.26	123.49	32.24	29.62	-	(0.03)	0.23	61.60	0.01	61.88	65.38
<b>Furniture and fixtures</b>	132.02	10.24	-	(0.06)	1.09	141.11	23.07	23.15	-	(0.01)	0.33	45.88	0.24	94.99	108.95
<b>Vehicles</b>	162.20	38.36	-	(0.43)	15.98	184.15	30.17	32.82	-	(0.06)	6.12	56.81	-	127.34	132.03
<b>Other assets</b>															
Ships	37.57	-	-	-	0.32	37.25	4.92	4.84	-	-	0.09	9.67	-	27.58	32.65
Assets taken on finance lease	84.32	2.63	-	-	-	86.95	1.48	1.05	-	-	-	2.53	-	84.42	82.84
<b>Sub-total - other assets</b>	<b>121.89</b>	<b>2.63</b>	<b>-</b>	<b>-</b>	<b>0.32</b>	<b>124.20</b>	<b>6.40</b>	<b>5.89</b>	<b>-</b>	<b>-</b>	<b>0.09</b>	<b>12.20</b>	<b>-</b>	<b>112.00</b>	<b>115.49</b>
<b>Total</b>	<b>8054.70</b>	<b>614.57</b>	<b>4.39</b>	<b>(9.71)</b>	<b>110.58</b>	<b>8544.59</b>	<b>924.81</b>	<b>1024.39</b>	<b>0.42</b>	<b>(1.61)</b>	<b>28.43</b>	<b>1918.74</b>	<b>103.00</b>	<b>6522.85</b>	<b>7129.89</b>
Add: Capital work-in-progress														302.53	253.22
														6825.38	7383.11
* ₹ 3.99 crore pertains to foreign currency fluctuation															

## Notes forming part of the Financial Statements (contd.)

### NOTE [2] (contd.)

₹ crore

Class of assets	Cost					Depreciation					Book value	
	As at 1-4-2015	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2016	Up to 1-4-2015	For the period*	Foreign currency fluctuation	Deductions	Up to 31-3-2016	As at 31-3-2016	As at 1-4-2015
Land - freehold	363.76	0.65	-	4.10	360.31	-	-	-	-	-	360.31	363.76
<b>Buildings</b>												
Owned	2002.70	118.99	0.57	13.76	2108.50	-	100.24	-	1.75	98.49	2010.01	2002.70
Leased out	9.76	-	-	-	9.76	-	0.55	-	-	0.55	9.21	9.76
<b>Sub total - Buildings</b>	<b>2012.46</b>	<b>118.99</b>	<b>0.57</b>	<b>13.76</b>	<b>2118.26</b>	<b>-</b>	<b>100.79</b>	<b>-</b>	<b>1.75</b>	<b>99.04</b>	<b>2019.22</b>	<b>2012.46</b>
<b>Plant &amp; equipment</b>												
Owned	4134.78	872.41	3.32	182.50	4828.01	-	663.75	-	4.91	658.84	4169.17	4134.78
Leased out	3.27	-	-	-	3.27	-	1.17	-	-	1.17	2.10	3.27
<b>Sub total - plant &amp; equipment</b>	<b>4138.05</b>	<b>872.41</b>	<b>3.32</b>	<b>182.50</b>	<b>4831.28</b>	<b>-</b>	<b>664.92</b>	<b>-</b>	<b>4.91</b>	<b>660.01</b>	<b>4171.27</b>	<b>4138.05</b>
<b>Computers</b>	149.27	87.11	0.10	4.95	231.53	-	75.95	-	1.98	73.97	157.56	149.27
<b>Office equipment</b>	68.50	29.81	0.26	1.39	97.18	-	32.72	-	0.55	32.17	65.01	68.50
<b>Furniture and fixtures</b>	106.52	26.00	0.04	0.61	131.95	-	23.14	-	0.08	23.06	108.89	106.52
<b>Vehicles</b>	108.86	61.47	0.33	8.80	161.86	-	31.65	-	1.49	30.16	131.70	108.86
<b>Other assets</b>												
Ships	38.01	-	-	-	38.01	-	4.92	-	-	4.92	33.09	38.01
Assets taken on finance lease	83.53	0.79	-	-	84.32	-	1.48	-	-	1.48	82.84	83.53
<b>Sub total - other assets</b>	<b>121.54</b>	<b>0.79</b>	<b>-</b>	<b>-</b>	<b>122.33</b>	<b>-</b>	<b>6.40</b>	<b>-</b>	<b>-</b>	<b>6.40</b>	<b>115.93</b>	<b>121.54</b>
<b>Total</b>	<b>7068.96</b>	<b>1197.23</b>	<b>4.62</b>	<b>216.11</b>	<b>8054.70</b>	<b>-</b>	<b>935.57</b>	<b>-</b>	<b>10.76</b>	<b>924.81</b>	<b>7129.89</b>	<b>7068.96</b>
Add: Capital work-in-progress											253.22	385.73
											7383.11	7454.69

\* ₹ 0.15 crore deduction pertains to foreign currency fluctuation

- Cost of freehold land includes ₹ 1.27 crore (previous year: ₹ 0.27 crore) for which conveyance is yet to be completed.
  - Cost of buildings includes ownership accommodations:
    - A. in various co-operative societies, shop-owners' associations and non-trading corporations: ₹ 88.09 crore, including 2550 shares of ₹ 50 each, 232 shares of ₹ 100 each and 1 share of ₹ 250. (Previous year: in various co-operative societies, shop-owners' associations and non-trading corporations: ₹ 86.92 crore, including 2570 shares of ₹ 50 each, 232 shares of ₹ 100 each and 1 share of ₹ 250).
    - B. in various apartments: ₹ 11.20 crore (previous year: ₹ 11.20 crore).
    - C. in various co-operative societies: ₹ 7.94 crore (previous year: ₹ 12.88 crore) for which share certificates are yet to be issued.
    - D. in proposed co-operative societies: ₹ 27.80 crore. (previous year: ₹ 0.53 crore).
  - ownership accommodations of ₹ 3.53 crore in respect of which the deed of conveyance is yet to be executed. (previous year: ₹ 3.86 crore).
  - ownership accommodations of ₹ 8.45 crore representing undivided share in properties at various locations. (previous year: ₹ 8.45 crore).
- Additions during the year and capital work-in-progress include ₹ 13.65 crore (previous year: ₹ 6.15 crore) being borrowing cost capitalised in accordance with Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs". Asset wise break-up of borrowing costs capitalised is as follows:

₹ crore

Class of assets	2016-17	2015-16
Buildings (owned)	3.63	3.13
Capital work-in-progress	10.02	3.02
<b>Total</b>	<b>13.65</b>	<b>6.15</b>

## Notes forming part of the Financial Statements (contd.)

### NOTE [2] (contd.)

- d. The average capitalisation rate for borrowing cost is 7.91% (previous year: 7.85%).
- e. In addition to depreciation, obsolescence amounting to ₹ 22.90 crore (previous year: ₹ 10.45 crore) and impairment amounting to ₹ 103 crore (previous year: ₹ Nil) have been recognised in Profit and Loss during the year.
- f. Owned assets given on operating lease have been presented separately under respective class of assets as "Leased out" pursuant to Ind AS 17 "Leases".
- g. Cost as at April 1, 2016 and April 1, 2015 of individual assets has been reclassified wherever necessary.
- h. Out of its leasehold land at Hazira, the Company has given certain portion of land for the use to its subsidiary company and the lease deed is under execution.
- i. Depreciation is provided based on useful life supported by the technical evaluation considering business specific usage, the consumption pattern of the assets and the past performance of similar assets.
- a. Estimated useful life of the following assets is in line with useful life prescribed in schedule II of The Companies Act, 2013:

Sr. No.	Asset Class	Minimum useful life (in years)	Maximum useful life (in years)
1.	Owned Buildings	3	60
2.	Owned Plant and Equipment	8	15
3.	Computer	3	6
4.	Office Equipment	4	5
5.	Furniture and Fixture	10	10
6.	Owned Vehicles	7	10
7.	Ships	14	14

- b. Estimated useful life of following assets is different than useful life as prescribed in schedule II of The Companies Act, 2013.

Assets used in Heavy Engineering and Shipbuilding Business:

Sr. No	Category of Assets	Sub-category of Assets	Useful life as per Schedule II (in years)	Useful life adopted (in years)
1.	Plant & Equipment General	Boring/Rolling/Drilling/Milling machines	15	10-30
		Modular Furnace		5-15
		Other Furnaces		5-30
		Horizontal Autoclaves		10-30
		Load bearing structures		50
		Cranes		10-30
2.	Roads	Carpeted Roads-other than RCC	5	5-15

Assets used in Electrical & Automation business:

Sr. No	Category of Assets	Sub-category of Assets	Useful life as per Schedule II (in years)	Useful life adopted (in years)
1.	Plant & Equipment General	Specialised machine tools, dies, jigs, fixtures, gauges for electrical business	15	5

Assets used in Construction business:

Sr. No	Category of Assets	Sub-category of Assets	Useful life as per Schedule II (in years)	Useful life adopted (in years)
1.	Photographic equipment		15	5

## Notes forming part of the Financial Statements (contd.)

### NOTE [2] (contd.)

Assets used in Metallurgical & Material Handling business:

Sr. No	Category of Assets	Sub-category of Assets	Useful life as per Schedule II (in years)	Useful life adopted (in years)
1.	Office Equipment	Assets deployed at project site	5	3
2.	Air conditioning and refrigeration equipment	Assets deployed at project site	15	3
3.	Photographic equipment	Assets deployed at project site	15	3

- j. Carrying value of Property plant and equipment pledged as collateral for liabilities and /or commitments as at March 31, 2017 ₹ 0.09 crore (₹ 0.09 crore as at March 31, 2016, ₹ 0.09 crore as at April 1, 2015)

### NOTE [3]

#### Investment property

₹ crore

Class of assets	Cost					Depreciation					Book Value	
	As at 1-4-2016	Additions	Transfer from PPE	Deductions	As at 31-3-2017	Upto 31-3-2016	For the year	Transfer from PPE	Deductions	Up to 31-3-2017	As at 31-3-2017	As at 31-3-2016
Land	41.22	–	–	1.17	40.05	–	–	–	–	–	40.05	41.22
Buildings	422.82	–	4.40	35.51	391.71	17.14	19.03	0.42	1.53	35.06	356.65	405.68
<b>Total</b>	<b>464.04</b>	<b>–</b>	<b>4.40</b>	<b>36.68</b>	<b>431.76</b>	<b>17.14</b>	<b>19.03</b>	<b>0.42</b>	<b>1.53</b>	<b>35.06</b>	<b>396.70</b>	<b>446.90</b>

₹ crore

Class of assets	Cost					Depreciation					Book Value	
	As at 1-4-2015	Additions	Transfer from PPE	Deductions	As at 31-3-2016	Upto 1-4-2015	For the year	Transfer from PPE	Deductions	Up to 31-3-2016	As at 31-3-2016	As at 1-4-2015
Land	41.22	–	–	–	41.22	–	–	–	–	–	41.22	41.22
Buildings	429.96	–	–	7.14	422.82	–	17.14	–	–	17.14	405.68	429.96
<b>Total</b>	<b>471.18</b>	<b>–</b>	<b>–</b>	<b>7.14</b>	<b>464.04</b>	<b>–</b>	<b>17.14</b>	<b>–</b>	<b>–</b>	<b>17.14</b>	<b>446.90</b>	<b>471.18</b>

Note: Depreciation is provided based on useful life supported by the technical evaluation considering business specific usage, the consumption pattern of the assets and the past performance of similar assets:

Sr. no.	Class of assets	Minimum useful life (in years)	Maximum useful life (in years)
1.	Buildings	3	60

Disclosure pursuant to Ind AS 40 "Investment Property"

- a. Amount recognised in the Statement of Profit and Loss for investment property:

₹ crore

Sr. no.	Particulars	2016-17	2015-16
1.	Rental income derived from investment property	149.01	153.68
2.	Direct operating expenses arising from investment property that generated rental income	21.12	22.14

## Notes forming part of the Financial Statements (contd.)

### NOTE [3] (contd.)

- b. Fair value of investment property: ₹ 3412.55 crore as at March 31, 2017 (₹ 3220.45 crore as at March 31, 2016; ₹ 2972.86 crore as at April 1, 2015).
- c. The fair values of investment properties have been determined with the help of internal architectural department and independent valuer on a case to case basis. Fair value of properties that are evaluated by independent valuer ₹ 3012.75 crore (As at March 31, 2016: ₹ 2475.77 crore, as at April 1, 2015: ₹ 2319.23 crore). Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

### NOTE [4]

#### Other intangible assets and intangible assets under development

₹ crore

Class of assets	Cost					Amortisation					Book value	
	As at 1-4-2016	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2017	Up to 31-3-2016	For the period	Foreign currency fluctuation	Deductions	Up to 31-3-2017	As at 31-3-2017	As at 31-3-2016
Specialised softwares	182.15	6.58	(0.01)	5.51	183.21	133.74	15.28	–	2.55	146.47	36.74	48.41
Technical know-how	23.03	20.93	–	–	43.96	16.79	3.57	–	–	20.36	23.60	6.24
New product design and development	109.07	3.80	–	–	112.87	25.14	23.03	–	–	48.17	64.70	83.93
<b>Total</b>	<b>314.25</b>	<b>31.31</b>	<b>(0.01)</b>	<b>5.51</b>	<b>340.04</b>	<b>175.67</b>	<b>41.88</b>	<b>–</b>	<b>2.55</b>	<b>215.00</b>	<b>125.04</b>	<b>138.58</b>
<i>Add: Intangible assets under development</i>											201.25	158.91
											326.29	297.49

₹ crore

Class of assets	Cost					Amortisation					Book value	
	As at 1-4-2015	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2016	Up to 1-4-2015	For the period	Foreign currency fluctuation	Deductions	Up to 31-3-2016	As at 31-3-2016	As at 1-4-2015
Specialised softwares	165.73	17.99	–	1.57	182.15	116.26	19.05	–	1.57	133.74	48.41	49.47
Technical know-how	19.09	3.94	–	–	23.03	15.41	1.38	–	–	16.79	6.24	3.68
New product design and development	42.97	66.10	–	–	109.07	11.18	13.96	–	–	25.14	83.93	31.79
<b>Total</b>	<b>227.79</b>	<b>88.03</b>	<b>–</b>	<b>1.57</b>	<b>314.25</b>	<b>142.85</b>	<b>34.39</b>	<b>–</b>	<b>1.57</b>	<b>175.67</b>	<b>138.58</b>	<b>84.94</b>
<i>Add: Intangible assets under development</i>											158.91	189.50
											297.49	274.44

## Notes forming part of the Financial Statements (contd.)

### NOTE [4] (contd.)

Additions during the year

Class of assets	2016-17			2015-16		
	Internal development	Acquired - external	Total	Internal development	Acquired - external	Total
Specialised softwares	–	6.58	6.58	1.15	16.84	17.99
Technical know-how	–	20.93	20.93	–	3.94	3.94
New product design and development	3.80	–	3.80	66.10	–	66.10
<b>Total</b>	<b>3.80</b>	<b>27.51</b>	<b>31.31</b>	<b>67.25</b>	<b>20.78</b>	<b>88.03</b>

₹ crore

Note: Depreciation is provided based on useful life supported by the technical evaluation considering business specific usage, the consumption pattern of the assets and the past performance of similar assets:

Sr. no.	Class of assets	Minimum useful life (in years)	Maximum useful life (in years)
1.	Specialised softwares	3	6
2.	Technical know-how	3	13
3.	New product design and development	3	5

### NOTE [5]

#### Financial Assets: Investments - non-current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
(A) Investment in equity instruments						
(a) Subsidiary companies	16381.00		15004.95		13396.84	
(b) Associate companies	4.42		4.42		30.07	
(c) Joint venture companies	2730.25		3680.50		3800.28	
(d) Other companies	56.04		56.04		173.30	
		19171.71		18745.91		17400.49
(B) Investment in preference shares of subsidiary companies (Debt portion)		605.10		441.95		45.65
		19776.81		19187.86		17446.14

#### Details of Investments - non-current

Particulars	Face value per unit	Number of units		As at 31-3-2016	As at 1-4-2015
		As at 31-3-2017	As at 31-3-2017		
<b>(A) Investments in fully paid equity instruments</b>	₹		₹ crore	₹ crore	₹ crore
<b>(a) Subsidiary companies:</b>					
<b>(i) Investments in fully paid equity instruments:</b>					
L&T Valves Limited*	100	18,00,000	161.23	201.54	201.54
Bhilai Power Supply Company Limited	10	49,950	0.05	0.05	0.05
EWAC Alloys Limited	100	8,29,440	150.24	150.24	150.24
Hi-Tech Rock Products & Aggregates Limited	10	50,000	0.05	0.05	0.05
Kesun Iron and Steel Company Private Limited	10	9,500	0.01	0.01	0.01
Carried forward			311.58	351.89	351.89



## Notes forming part of the Financial Statements (contd.)

### NOTE [5]

#### Details of Investments - non-current (contd.)

Particulars	Face value per unit	Number of units		As at 31-3-2016	As at 1-4-2015
		As at 31-3-2017	As at 31-3-2017		
	₹		₹ crore	₹ crore	₹ crore
<b>(i) Investments in fully paid equity instruments (contd.)</b>					
Brought forward			311.58	351.89	351.89
Larsen & Toubro Consultoria E Projeto Ltda	R\$ 1	–	–	–	0.27
L&T Aviation Services Private Limited	10	4,56,00,000	45.60	45.60	45.60
L&T Capital Company Limited	10	50,000	0.05	0.05	22.00
L&T Cassidian Limited	10	37,000	0.04	0.04	0.04
L&T Finance Holdings Limited (quoted)	10	1,16,97,09,304	1468.18	1468.18	1575.15
L&T Construction Equipment Limited	10	12,00,00,000	84.32	84.32	84.32
L&T General Insurance Company Limited	10	–	–	570.00	620.00
L&T Infocity Limited	10	–	–	–	16.02
L&T Metro Rail (Hyderabad) Limited	10	2,06,21,93,172	2062.19	20.31	19.82
L&T Natural Resources Limited	10	–	–	–	0.05
L&T Power Development Limited	10	3,11,27,00,000	3112.70	3112.70	2729.30
L&T Power Limited	10	51,157	0.05	0.05	0.05
L&T Powergen Limited	10	–	–	–	0.05
L&T Realty Limited	10	4,71,60,700	47.16	47.16	47.16
L&T Seawoods Limited	10	1,99,95,50,000	1999.55	1999.55	1999.55
L&T Shipbuilding Limited	10	43,06,80,000	430.68	818.68	818.68
L&T Solar Limited	10	–	–	–	0.05
L&T Electricals and Automation Limited*	10	74,38,796	40.36	0.05	0.05
L&T Hydrocarbon Engineering Limited	10	1,00,00,50,000	1000.05	1000.05	1000.05
L&T Technology Services Limited (Face value reduced from ₹ 40 per share to ₹ 2 per share w.e.f April 1, 2016) (quoted)	2	9,12,90,392	942.62	300.00	300.00
L&T-Valdel Engineering Limited	10	–	–	–	23.89
Larsen & Toubro Infotech Limited (quoted)	1	14,37,50,000	119.68	134.25	134.25
Larsen & Toubro International FZE	AED 550500	–	–	–	1147.40
Larsen & Toubro Arabia LLC	SAR 1000	–	–	11.08	11.08
Larsen & Toubro Hydrocarbon International Limited LLC	SAR 1000	450	0.68	0.68	0.68
Larsen & Toubro LLC	USD 1	50,000	0.23	0.23	0.23
Larsen & Toubro (Saudi Arabia) LLC	SAR 1000	625	1.06	1.06	–
Spectrum Infotech Private Limited	10	4,40,000	6.80	6.80	6.80
L&T Infrastructure Engineering Limited	10	36,00,000	21.85	21.85	21.85
L&T Cutting Tools Limited	1000	68,000	0.30	0.30	0.30
L&T Global Holdings Limited	USD 100	80,000	53.16	0.67	–
Marine Infrastructure Developer Private Limited	10	–	–	0.01	–
Seawoods Realty Private Limited	10	10,000	0.01	–	–
Seawoods Retail Private Limited	10	10,000	0.01	–	–
			11748.91	9995.56	10976.58

## Notes forming part of the Financial Statements (contd.)

### NOTE [5]

#### Details of Investments - non-current (contd.)

Particulars	Face value per unit	Number of units		As at	As at	As at
		As at 31-3-2017	As at 31-3-2017	31-3-2016	31-3-2016	1-4-2015
	₹		₹ crore	₹ crore	₹ crore	₹ crore
<b>(ii) Preference shares - (equity portion)</b>						
L&T Shipbuilding Limited -12% Cumulative redeemable preference shares, October 22, 2028	10	9,00,00,000	67.77	67.77	67.78	
L&T Shipbuilding Limited -12% Non-convertible cumulative redeemable preference shares, June 24, 2029	10	5,00,00,000	37.06	37.06	37.06	
L&T Shipbuilding Limited -12% Non-convertible cumulative redeemable at par preference shares, April 16, 2030	10	11,00,00,000	77.26	77.26	–	
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, May 28, 2030	10	42,18,60,000	300.25	300.25	–	
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, August 10, 2030	10	25,00,00,000	177.98	177.98	–	
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, September 29, 2030	10	7,50,00,000	53.24	53.24	–	
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, December 8, 2030	10	25,90,00,000	181.97	181.97	–	
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, February 4, 2031	10	21,60,00,000	153.15	153.15	–	
L&T Shipbuilding Limited - 9% Non-cumulative optionally convertible and redeemable at par preference shares, March 28, 2032	10	38,80,00,000	276.23	–	–	
			1324.91	1048.68	104.84	
<b>(iii) Preference share considered equity as per terms</b>						
L&T Technology Services Limited -10% Convertible non-cumulative redeemable preference shares, February 14, 2024	10	–	–	400.00	400.00	
L&T Technology Services Limited -10% Convertible non-cumulative redeemable preference shares, September 21, 2024	10	–	–	350.00	350.00	
L&T Seawoods Limited -10% Convertible non-cumulative redeemable preference shares, March 30, 2022	2	1,03,60,00,000	1036.00	1036.00	1036.00	
L&T Seawoods Limited -10% Non-cumulative, optionally convertible and redeemable at par preference shares, May 12, 2022	2	4,80,00,000	48.00	48.00	–	
L&T Seawoods Limited -10% Non-cumulative, optionally convertible and redeemable at par preference shares, July 14, 2022	2	4,22,50,000	42.25	42.25	–	
L&T Seawoods Limited -10% Non-cumulative, optionally convertible and redeemable at par preference shares, September 4, 2022	2	4,20,00,000	42.00	42.00	–	
L&T Hydrocarbon Engineering Limited -10% Convertible non-cumulative redeemable preference shares, February 6, 2029	10	50,00,00,000	500.00	500.00	500.00	
L&T Hydrocarbon Engineering Limited -12% Non-cumulative, optionally convertible, redeemable preference shares, October 19, 2030	10	13,00,00,000	130.00	130.00	–	
L&T Hydrocarbon Engineering Limited -12% Non-cumulative, optionally convertible, redeemable preference shares, March 30, 2031	10	13,00,00,000	130.00	130.00	–	
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative, optionally convertible and redeemable at par preference shares, May 10, 2030	2	52,30,00,000	523.00	523.00	–	
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative, optionally convertible and redeemable at par preference shares, June 8, 2030	2	1,65,00,000	16.50	16.50	–	
Carried forward			2467.75	3217.75	2286.00	

## Notes forming part of the Financial Statements (contd.)

### NOTE [5]

#### Details of Investments - non-current (contd.)

Particulars	Face value per unit	Number of units	As at	As at	As at
		As at 31-3-2017	31-3-2017	31-3-2016	1-4-2015
	₹		₹ crore	₹ crore	₹ crore
<b>(iii) Preference shares considered equity as per terms (contd.)</b>					
Brought forward			2467.75	3217.75	2286.00
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative, optionally convertible and redeemable at par preference shares, July 21, 2030	2	70,00,000	7.00	7.00	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative, optionally convertible and redeemable at par preference shares, October 16, 2030	2	3,20,00,000	32.00	32.00	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative, optionally convertible and redeemable at par preference shares, January 10, 2031	2	70,00,000	7.00	7.00	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative, optionally convertible and redeemable at par preference shares, March 17, 2031	2	1,92,50,000	19.25	19.25	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, May 1, 2031	2	92,50,000	9.25	—	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, June 17, 2031	2	1,05,00,000	10.50	—	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, July 19, 2031	2	80,00,000	8.00	—	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, October 4, 2031	2	1,45,00,000	14.50	—	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, December 8, 2031	2	1,70,50,000	17.05	—	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, February 10, 2032	2	1,87,00,000	18.70	—	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, February 20, 2032	2	10,00,000	1.00	—	—
L&T Uttaranchal Hydropower Limited - 10% Non-cumulative optionally convertible and redeemable at par preference shares, March 29, 2032	2	1,75,00,000	17.50	—	—
L&T Realty Limited - 12% Convertible non-cumulative redeemable at par preference shares, May 26, 2025	10	64,83,00,000	648.30	648.30	—
			<b>3277.80</b>	<b>3931.30</b>	<b>2286.00</b>
<b>(iv) Other equity investments</b>					
L&T Aviation Services Private Limited			0.64	0.67	0.68
L&T Shipbuilding Limited			28.74	28.74	28.74
			<b>29.38</b>	<b>29.41</b>	<b>29.42</b>
<b>Total - (a) = (i)+(ii)+(iii)+(iv)</b>			<b>16381.00</b>	<b>15004.95</b>	<b>13396.84</b>

## Notes forming part of the Financial Statements (contd.)

### NOTE [5]

#### Details of Investments - non-current (contd.)

Particulars	Face value per unit	Number of units		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
		As at 31-3-2017	As at 31-3-2017			
	₹		₹ crore	₹ crore	₹ crore	₹ crore
<b>(b) Associate companies:</b>						
Gujarat Leather Industries Limited	10	7,35,000	—	—	—	—
JSK Electricals Private Limited	10	—	—	—	—	2.12
L&T-Chiyoda Limited	10	—	—	—	—	4.50
Magtorq Private Limited	100	9,000	4.42	4.42	4.42	4.42
Rishi Consfab Private Limited	10	—	—	—	—	2.70
Salzer Electronics Limited (quoted)	10	—	—	—	—	16.33
			4.42	4.42		30.07
<b>(c) Joint venture companies:</b>						
<b>(i) Investments in fully paid equity instruments</b>						
Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Limited) [₹ 1000 (previous year: ₹ 1000)]	10	100	—	—	—	—
L&T-Gulf Private Limited	10	—	—	—	—	4.00
L&T Sapura Offshore Private Limited	10	—	—	—	—	0.01
L&T Sapura Shipping Private Limited	10	—	—	—	—	95.31
L&T Chennai-TADA Tollway Limited [₹ 1000 (previous year: ₹ 1000)]	10	100	—	—	—	—
Devihalli Hassan Tollway Limited (formerly known as L&T Devihalli Hassan Tollway Limited) [₹ 1000 (previous year: ₹ 1000)]	10	100	—	—	—	—
L&T Halol-Shamlaji Tollway Limited [₹ 1000 (previous year: ₹ 1000)]	10	100	—	—	—	—
L&T Howden Private Limited	10	1,50,30,000	15.03	15.03	15.03	15.03
L&T Infrastructure Development Projects Limited	10	31,28,69,096	1746.48	2696.48	2696.48	2696.48
L&T Kobelco Machinery Private Limited	10	2,55,00,000	25.50	25.50	25.50	25.50
L&T Krishnagiri Walajahpet Tollway Limited [₹ 26000 (previous year: ₹ 26000)]	10	2,600	—	—	—	—
L&T-MHPS Boilers Private Limited	10	11,93,91,000	119.39	119.39	119.39	119.39
L&T-MHPS Turbine Generators Private Limited	10	36,24,06,000	362.41	362.41	362.41	362.41
L&T Rajkot-Vadinar Tollway Limited [₹ 1000 (previous year: ₹ 1000)]	10	100	—	—	—	—
L&T Samakhiali Gandhidham Tollway Limited	10	13,000	0.01	0.01	0.01	0.01
L&T Special Steels and Heavy Forgings Private Limited	10	41,92,84,000	419.28	419.28	419.28	419.28
L&T Transportation Infrastructure Limited	10	1,08,64,000	10.86	10.86	10.86	10.86
L&T-Sargent & Lundy Limited	10	27,82,736	0.82	0.82	0.82	0.82
PNG Tollway Limited	10	2,24,22,660	22.42	22.42	22.42	43.97
Raykal Aluminum Company Private Limited	10	37,750	0.04	0.04	0.04	0.04
			2722.24	3672.24	3793.11	
<b>(ii) Other equity investments:</b>						
L&T-MHPS Boilers Private Limited			2.24	2.27	2.27	2.27
L&T-MHPS Turbine Generators Private Limited			5.77	5.99	4.90	4.90
			8.01	8.26	7.17	7.17
<b>Total - (c) = (i) + (ii)</b>			2730.25	3680.50	3800.28	3800.28
<b>(d) Other companies:</b>						
International Seaport Dredging Limited	10000	15,899	—	—	—	—
BBT Elevated Road Private Limited	10	1,00,000	0.10	0.10	0.10	0.10
Utmal Multi purpose Service Co-operative Society Limited (B Class) (non-trade investments) [₹ 30000 (previous year: ₹ 30000)]	100	300	—	—	—	—
Astra Microwave Products Limited (quoted)	2	—	—	—	—	117.26
Tidel Park Limited [Note 45(f)]	10	40,00,000	55.94	55.94	55.94	55.94
			56.04	56.04	173.30	173.30
<b>Total - (A) = (a)+(b)+(c)+(d)</b>			19171.71	18745.91	17400.49	17400.49

## Notes forming part of the Financial Statements (contd.)

### NOTE [5]

#### Details of Investments - non-current (contd.)

Particulars	Face value per unit	Number of units			
		As at 31-3-2017	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹		₹ crore	₹ crore	₹ crore
<b>(B) Investments in preference shares of subsidiary companies (Fair value debt portion):</b>					
L&T Shipbuilding Limited -12% Cumulative redeemable preference shares, October 22, 2028	10	9,00,00,000	35.23	30.84	29.91
L&T Shipbuilding Limited -12% Non-convertible cumulative redeemable preference shares, June 24, 2029	10	5,00,00,000	18.53	16.38	15.74
L&T Shipbuilding Limited -12% Non-convertible cumulative redeemable at par preference shares, April 16, 2030	10	11,00,00,000	37.41	33.65	–
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, May 28, 2030	10	42,18,60,000	142.09	127.80	–
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, August 10, 2030	10	25,00,00,000	82.81	74.45	–
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, September 29, 2030	10	7,50,00,000	24.56	22.08	–
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, December 8, 2030	10	25,90,00,000	83.48	75.02	–
L&T Shipbuilding Limited - 9% Non-convertible, non-cumulative redeemable at par preference shares, February 4, 2031	10	21,60,00,000	68.71	61.73	–
L&T Shipbuilding Limited - 9% Non-cumulative optionally convertible and redeemable at par preference shares, March 28, 2032	10	38,80,00,000	112.28	–	–
<b>Total - (B)</b>			605.10	441.95	45.65
<b>Total investments non-current (A)+(B)</b>			19776.81	19187.86	17446.14

#### Details of quoted/unquoted investments:

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
(a) Aggregate amount of quoted investments and market value thereof;			
Book value	2530.48	1468.18	1708.73
Market value	31883.81	7468.59	8060.92
(b) Aggregate amount of unquoted investments;			
Book value	17246.33	17719.68	15737.41
(c) Aggregate amount of impairment in value of investments is ₹ 966.46 crore (As at 31-3-2016: ₹ 151.46 crore, as at 1-4-2015: ₹ 16.46 crore)			

\* The scheme of arrangement between L&T Valves Limited and L&T Electrical & Automation Limited was approved by National Company Law Tribunal on April 27, 2017 with appointed date as November 1, 2016. Pursuant to the scheme L&T Electrical & Automation Limited issued 73,88,796 shares to Larsen & Toubro Limited as a consideration towards transfer of certain assets by L&T Valves Limited. The value of shares issued is derived based on fair value of assets transferred to the total value of assets of L&T Valves Limited as at appointed date. Accordingly the value of investment in L&T Electrical and Automation Limited was increased by ₹ 40.31 crore and reduced in L&T Valves Limited by ₹ 40.31 crore during the year 2016-17.

## Notes forming part of the Financial Statements (contd.)

### NOTE [6]

#### Financial Assets: Loans - non-current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Unsecured security deposits, considered goods:		84.20		90.29		66.80
Unsecured security deposits, doubtful:	0.45		0.45		0.45	
Less: Provision for doubtful security deposits	0.45		0.45		0.45	
		–		–		–
Secured long term loans and advances to related parties [KMPs]		–		–		0.01
Unsecured long term loans and advances to related parties:						
Subsidiary companies:						
Advances towards equity commitment [Note 38(B)]	6.35		5.25		1986.84	
Inter-corporate deposits [Note 37 & 38(A)(i)]	512.00		1921.00		371.00	
		518.35		1926.25		2357.84
Joint venture:						
Inter-corporate deposits [Note 37 & 38(A)(i)]		1167.22		779.72		572.71
Other secured loans, considered good:						
Loans against mortgage of house property	0.74		1.24		2.36	
Other inter-corporate deposits	–		–		3.00	
		0.74		1.24		5.36
Other unsecured loans, considered good:						
Advance recoverable in cash		0.03		0.02		0.14
Other loans unsecured, doubtful:						
Doubtful other loans and advances	2.28		2.85		2.28	
Less: Allowance for doubtful advances	2.28		2.85		2.28	
		–		–		–
		1770.54		2797.52		3002.86

### NOTE [7]

#### Other financial assets - non-current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Cash and bank balances not available for immediate use [Note 7(a)]		223.56		98.18		75.59
Forward contract receivables		273.76		367.68		258.55
Embedded derivative receivables		–		2.38		0.23
Premium receivable on financial guarantee contracts		3.01		5.85		12.09
		500.33		474.09		346.46

## Notes forming part of the Financial Statements (contd.)

### 7(a) Particulars of cash and bank balances not available for immediate use

₹ crore

Sr. no.	Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Amount received (including interest accrued thereon) from customers of property development business – to be handed over to housing society on its formation	23.51	21.50	20.72
2.	Contingency deposits (including interest accrued thereon) received from customers of property development business towards their sales tax liability - to be refunded/adjusted depending on the outcome of the legal case	23.09	20.79	16.73
3.	Other bank balances (including interest accrued thereon) not available for immediate use being in the nature of security offered for bids submitted, loans availed etc.	342.12	244.56	228.55
	<b>Total</b>	<b>388.72</b>	<b>286.85</b>	<b>266.00</b>
	Less: Amount reflected under current assets [Note 13]	165.16	188.67	190.41
	Amount reflected under other financial assets - non-current [Note 7]	223.56	98.18	75.59

### NOTE [8]

#### Other non-current assets

Particulars	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore
Capital advances:			
Secured	–	1.15	1.63
Unsecured	66.06	36.01	57.46
Advances recoverable other than in cash	2108.85	1713.30	1365.28
Current tax receivable (net)	47.76	36.24	25.85
	<u>2222.67</u>	<u>1786.70</u>	<u>1450.22</u>

### NOTE [9]

#### Inventories (at cost or net realisable value whichever is lower)

Particulars	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore
Raw materials [includes goods-in-transit ₹ 1.86 crore (As at 31-3-2016: ₹ 7.10 crore, as at 1-4-2015: ₹ 19.96 crore)]	328.80	356.63	438.52
Components [includes goods-in-transit ₹ 16.30 crore (As at 31-3-2016: ₹ 7.98 crore, as at 1-4-2015: ₹ 17.73 crore)]	264.40	304.27	394.34
Construction materials [includes goods-in-transit ₹ 55.70 crore (As at 31-3-2016: ₹ 113.42 crore, as at 1-4-2015: ₹ 74.34 crore)]	61.59	117.85	76.27
Manufacturing work-in-progress	360.01	372.18	571.94
Finished goods	221.52	161.68	261.20
Stock-in-trade [includes goods-in-transit ₹ 18.77 crore (As at 31-3-2016: ₹ 34.80 crore, as at 1-4-2015: ₹ 35.95 crore)]	169.68	159.77	161.13
Stores and spares [includes goods-in-transit ₹ 3.59 crore (As at 31-3-2016: ₹ 2.69 crore, as at 1-4-2015: ₹ 6.34 crore)]	71.72	170.12	149.78
Loose tools	3.31	7.79	6.48
Property development related work-in-progress [Note 48(c)(iv)]	281.83	304.82	201.11
	<u>1762.86</u>	<u>1955.11</u>	<u>2260.77</u>

Note: During the year ₹ 17.92 crore (previous year: ₹ 35.36 crore) was recognised as expense towards write-down of inventory.



## Notes forming part of the Financial Statements (contd.)

### NOTE [10]

#### Financial Assets: Investments - current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
(A) Government and trust securities		779.59		1077.88		1510.75
(B) Debentures and bonds						
(i) Subsidiary companies	22.75		22.49		23.00	
(ii) Others	1148.71		1022.67		942.82	
		1171.46		1045.16		965.82
(C) Mutual funds		5031.03		2680.28		3041.48
		6982.08		4803.32		5518.05

#### Details of current investments

Particulars	Face value per unit	Number of units		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
		As at 31-3-2017	As at 31-3-2017			
	₹			₹ crore	₹ crore	₹ crore
<b>(A) Government and trust securities (quoted):</b>						
8.28% Government of India Bonds 2032	100	5,00,000		5.36	5.23	5.22
7.16% Government of India Bonds 2023	100	–		–	–	83.75
8.15% Government of India Bonds 2022	100	20,00,000		21.65	20.91	20.81
8.33% Government of India Bonds 2026	100	75,00,000		81.86	79.33	78.94
8.28% Government of India Bonds 2027	100	24,00,000		25.84	128.74	103.92
9.20% Government of India Bonds 2030	100	1,77,84,000		204.56	467.16	291.77
8.32% Government of India Bonds 2032	100	15,00,000		16.47	15.73	15.85
6.90% Oil Mktg Cos GOI Special Bonds 2026	100	13,00,000		12.71	12.44	12.05
9.23% Government of India Bonds 2043	100	2,45,00,000		298.13	348.34	–
8.83% Government of India Bonds 2023	100	–		–	–	246.07
9.23% Government of India Bonds 2043	100	–		–	–	353.33
8.17% Government of India Bonds 2044	100	–		–	–	32.10
8.27% Government of India Bonds 2020	100	–		–	–	266.92
7.59% Government of India Bonds 2026	100	10,00,000		10.65	–	–
7.59% Government of India Bonds 2029	100	1,00,00,000		102.36	–	–
<b>Total - (A)</b>				779.59	1077.88	1510.75
<b>(B) Debentures and bonds (quoted)</b>						
<b>(i) Subsidiary companies:</b>						
L&T Finance Limited - 10.24% Secured redeemable non-convertible Debenture, September 17, 2019	1000	2,15,770		22.75	22.49	23.00
<b>Total - (i)</b>				22.75	22.49	23.00
<b>(ii) Other debentures and bonds:</b>						
6.86% IIFCL Tax Free Bonds March 26, 2023	1000	–		–	–	27.68
7.18% IRFC Ltd. Tax Free Bonds February 19, 2023	1000	–		–	–	349.35
10.75% The Tata Power Co. Ltd. NCD August 21, 2072	1000000	1,037		132.36	128.90	136.26
8.00% Indian Overseas Bank Bonds March 13, 2016	1000000	–		–	–	4.60
8.20% PFC Ltd. Tax Free Bonds February 1, 2022	1000	6,04,355		74.83	74.22	74.37
Carried forward				207.19	203.12	592.26

## Notes forming part of the Financial Statements (contd.)

### NOTE [10]

#### Details of current investments (contd.)

Particulars	Face value per unit	Number of units		As at	As at
		As at 31-3-2017	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹		₹ crore	₹ crore	₹ crore
<b>(ii) Other debentures and bonds:</b>					
Brought forward			207.19	203.12	592.26
8.46% PFC Ltd. Tax Free Bonds August 30, 2028	1000000	27	3.83	31.50	31.50
1.44% Inflation Indexed Bonds June 5, 2023	100	50,00,000	51.62	47.49	43.12
10.05% HDB Financial Services Ltd. Bonds SR-I/1/5 December 20, 2023	1000000	—	—	—	29.20
10.20% HDB Financial Services Ltd. Bonds August 9, 2022	1000000	—	—	—	2.43
8.41% NTPC Ltd. Tax Free Bonds SR-1A December 16, 2023	1000	79,162	10.23	10.10	10.11
8.46% REC Ltd. Tax Free Bonds SR-3B August 29, 2028	1000000	70	9.92	51.37	51.35
ECL Finance Ltd. NCD SR-J5K403 November 4, 2015	10000000	—	—	—	24.16
ECL Finance Ltd. NCD SR-L5L402 December 15, 2015	10000000	—	—	—	26.31
Edelweiss Finance & Investments Ltd. NCD SR-A6A501 January 6, 2016	10000000	—	—	—	29.73
Edelweiss Finance & Investments Ltd. NCD SR-A6A502 January 8, 2016	10000000	—	—	—	29.88
Edelweiss Finance & Investments Ltd. NCD SR-A6A503 January 11, 2016	10000000	—	—	—	27.23
Edelweiss Finance & Investments Ltd. NCD SR-K5L401 December 17, 2015	10000000	—	—	—	26.89
8.70% PNB Housing Finance Ltd. Bonds SR-III November 24, 2024	1000000	—	—	—	15.50
7.40% Syndicate Bank TI-2 SR-8 NCD April 20, 2015	1000000	—	—	—	3.17
ECL Finance Ltd. NCD SR-D6D502A- April 26, 2016	10000000	—	—	32.56	—
ECL Finance Ltd. NCD SR-E6E501A - May 11, 2016	10000000	—	—	28.90	—
ECL Finance Ltd. NCD SR-C7C601A March 22, 2017	10000000	—	—	24.28	—
ECL Finance Ltd. NCD SR-C7C601B March 22, 2017	10000000	—	—	24.28	—
ECL Finance Ltd. NCD SR-C7C601C March 22, 2017	10000000	—	—	24.28	—
ECL Finance Ltd. NCD SR-C7C601D March 22, 2017	10000000	—	—	24.28	—
ECL Finance Ltd. NCD SR-C7C601E March 22, 2017	10000000	—	—	24.25	—
ECL Finance Ltd. NCD SR-C7C601F March 22, 2017	10000000	—	—	24.90	—
ECL Finance Ltd. NCD SR-A8L601A	10000000	25	27.61	—	—
ECL Finance Ltd. NCD SR-A8L601B	10000000	25	27.61	—	—
ECL Finance Ltd. NCD SR-A8L601C	10000000	22	24.29	—	—
Edelweiss Finvest Private Limited SR-B8B702A BR NCD March 26, 2018	10000000	25	24.40	—	—
Edelweiss Finvest Private Limited SR-B8B702B BR NCD March 26, 2018	10000000	25	24.40	—	—
Edelweiss Finvest Private Limited SR-B8B702C BR NCD March 26, 2018	10000000	25	24.40	—	—
Edelweiss Finvest Private Limited SR-B8B702D BR NCD March 26, 2018	10000000	25	24.40	—	—
Edelweiss Finvest Private Limited SR-B8B702E BR NCD March 26, 2018	10000000	25	25.24	—	—
Edelweiss Finance & Investments Ltd. NCD K6K501A November 4, 2016	10000000	—	—	23.68	—
Edelweiss Finance & Investments Ltd. NCD SR-K6K502A November 14, 2016	2500000	—	—	22.46	—
ECL Finance Ltd. NCD SR-B7B601A February 15, 2017	10000000	—	—	23.12	—
ECL Finance Ltd. NCD SR-B7B601B February 15, 2017	10000000	—	—	23.12	—
8.60% LTIDPL NCD December 26, 2016	1000000	2,500	264.42	—	—
Indiabulls Housing Finance Limited 9 LOA June 28, 2018	1000000	100	10.86	—	—
6.86% IIFCL Tax Free Bonds March 26, 2023	1000	2,50,000	28.64	27.88	—
7.18% IRFC Ltd. Tax Free Bonds February 19, 2023	1000	30,00,000	359.67	351.08	—
<b>Total - (ii)</b>			<b>1148.71</b>	<b>1022.67</b>	<b>942.82</b>
<b>Total - (B) = (i) + (ii)</b>			<b>1171.46</b>	<b>1045.16</b>	<b>965.82</b>

## Notes forming part of the Financial Statements (contd.)

### NOTE [10]

#### Details of current investments (contd.)

Particulars	Face value per unit	Number of units		As at	As at
		As at 31-3-2017	As at 31-3-2017	31-3-2016	1-4-2015
	₹		₹ crore	₹ crore	₹ crore
<b>(C) Mutual funds (unquoted):</b>					
HDFC Liquid Fund - Growth	10	—	—	—	50.02
SBI Premier Liquid Fund - Regular Plan	1000	11,78,787	300.08	—	—
JP Morgan India Liquid Fund - Super IP - Growth	10	—	—	—	50.02
HDFC F R I F - STF - WP - Growth	10	1,99,47,661	56.39	—	—
LIC Nomura MF Liquid Fund - Growth	10	—	—	—	50.02
HSBC Cash Fund - Growth	10	—	—	—	100.06
Reliance Medium Term Fund - Direct Plan - Growth	1000	10,33,31,866	358.46	—	—
DWS Short Maturity Fund - Direct Plan - Annual Bonus	10	—	—	—	118.47
JM Money Manager Fund - Super Plus Plan - Bonus	10	—	—	—	360.94
DWS Treasury Fund - Investment Plan - Direct Plan - Bonus	10	—	—	—	21.49
IDFC Cash Fund - Reg - Growth	1000	—	—	—	200.13
L&T Floating Rate Fund Direct Plan - Growth	10	—	—	—	25.57
L&T Liquid Fund - Growth	1000	—	—	300.27	581.54
SBI Premier Liquid Fund - Regular Plan - Growth	1000	76,64,299	1951.09	100.13	100.05
DWS Ultra Short Term Fund - Direct Plan - Annual Bonus	10	—	—	—	37.55
Principal Cash Mgmt Fund - Regular Plan - Growth	1000	—	—	—	20.01
Birla Sun Life Cash Plus - Regular Plan - Growth	100	38,39,652	100.03	200.19	100.07
Pramerica Liquid Fund - Growth	1000	—	—	—	20.01
L&T Emerging Businesses Fund - Direct Plan - Growth	10	—	—	14.24	14.57
JM Arbitrage Advantage Fund - Direct Plan - Bonus	10	—	—	—	487.77
ICICI Prudential Flexible Income - Regular Plan - Growth	10	98,79,555	307.59	—	—
L&T Business Cycles Fund - Direct Plan - Growth	10	—	—	—	12.44
L&T Resurgent India Corporate Bond Fund - Direct Plan - Growth	10	—	—	—	10.19
DSP BlackRock India Tiger Fund - Reg - Growth	10	—	—	—	5.23
DSP BlackRock Small and Midcap Fund - Reg - Growth	1000	53,87,931	26.55	—	—
IDFC Sterling Equity Fund - Regular Plan - Growth	10	—	—	—	10.42
BNP Paribas Overnight Fund - Growth	10	4,01,559	100.03	—	100.05
Indiabulls Liquid Fund - Growth	10	3,16,046	50.01	—	—
Taurus Liquid Fund - Super IP - Growth	1000	—	—	—	100.04
UTI Liquid Fund - Cash Plan - IP - Growth	1000	—	—	—	100.05
ICICI Prudential Money Market Fund - Regular Plan - Growth	1000	—	—	—	100.04
DWS Treasury Fund - Cash - Reg - Growth	10	—	—	—	50.03
Reliance Liquid Fund - TP - Growth	1000	—	—	400.37	100.05
DWS Ultra Short Term Fund - Direct Plan - Growth	10	—	—	—	50.45
HDFC Small & Midcap Fund - Growth	10	—	—	31.89	32.80
Birla Sun Life Manufacturing Equity Fund - Direct - Dividend	10	—	—	—	10.14
Kotak Floater - ST - Growth	1000	3,75,507	100.03	300.27	—
UTI Money Market - IP - Growth	1000	—	—	130.12	—
L&T Resurgent India Corporate Bond Fund - Dividend	10	1,08,25,229	12.00	10.99	—
L&T Arbitrage Opportunities Fund - Growth	10	—	—	—	21.26
DSP BlackRock India Tiger Fund - Direct - Growth	10	62,00,166	53.31	—	—
Carried forward			3451.57	1488.48	3041.48

## Notes forming part of the Financial Statements (contd.)

### NOTE [10]

#### Details of current investments (contd.)

Particulars	Face value per unit	Number of units	As at	As at	As at
		As at 31-3-2017	31-3-2017	31-3-2016	1-4-2015
	₹		₹ crore	₹ crore	₹ crore
<b>(C) Mutual funds:</b>					
Brought forward			3451.57	1488.48	3041.48
Birla Sun Life Floating Rate Fund - LTP-Direct Plan - Growth	10	64,41,412	129.25	—	—
Tata Infrastructure Fund - Direct - Growth	10	1,00,77,922	53.12	—	—
Reliance Mid & Small Cap Fund - Direct -Growth	10	1,23,49,155	52.72	—	—
ICICI Pru Multicap Plan - Direct - Growth	10	20,13,288	52.98	—	—
Kotak Emerging Equity-Direct-Dividend Reinvestment	10	75,48,765	26.52	—	—
Axis Enhanced Arbitrage Fund Direct Growth	10	2,06,34,724	25.15	—	—
BSL Pure Value Fund - Growth - Direct	10	98,69,116	52.54	—	—
JM Equity Fund Quarterly Dividend Payout-Regular	1000	29,13,16,266	688.04	—	—
JM Balanced Fund - Direct -Quarterly Dividend	1000	6,80,64,962	134.60	—	—
JM Arbitrage Advantage Fund-Regular Plan-Quarterly Dividend	1000	34,16,26,312	400.56	—	—
JM Arbitrage Adv Fund - Ann Bonus - Principal - Direct	10	—	—	515.43	—
JM Balanced Fund - Quarterly Dividend Payout	10	—	—	453.68	—
JM Equity Fund Half Yearly Dividend Payout	10	—	—	211.50	—
L&T Business Cycles Fund - Direct Plan - Dividend Payout	10	—	—	11.19	—
<b>Total - (C)</b>			5031.03	2680.28	3041.48
<b>Total current investments (A)+(B)+(C)</b>			6982.08	4803.32	5518.05

#### Details of quoted/unquoted investments:

Particulars	As at	As at	As at
	31-3-2017	31-3-2016	1-4-2015
	₹ crore	₹ crore	₹ crore
(a) Aggregate amount of quoted current investments and market value thereof;			
Book value	1951.05	2123.04	2476.57
Market value	1951.05	2123.04	2476.57
(b) Aggregate amount of unquoted current investments;			
Book value (accounted based on NAV)	5031.03	2680.28	3041.48

## Notes forming part of the Financial Statements (contd.)

### NOTE [11]

#### Financial Assets - current: Trade receivables

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Secured, considered good		–		0.50		4.71
Unsecured:						
Considered good	19919.97		18967.25		16785.29	
Considered doubtful	1916.66		1568.79		1008.78	
	21836.63		20536.04		17794.07	
Less: Allowance for doubtful debts	1916.66		1568.79		1008.78	
		19919.97		18967.25		16785.29
		19919.97		18967.75		16790.00

### NOTE [12]

#### Financial Assets - current: Cash and cash equivalents

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Balance with banks	1823.24		1590.10		2329.40	
Cheques and drafts on hand	365.13		456.40		168.77	
Cash on hand	1.78		2.43		90.81	
Fixed deposits with banks (maturity less than 3 months)	12.11		26.90		175.80	
	2202.26		2075.83		2764.78	

### NOTE [13]

#### Financial Assets - current: Other bank balances

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Fixed deposits with banks	1383.51		1259.94		22.15	
Earmarked balances with banks - unclaimed dividend	46.61		39.33		33.59	
Margin money deposits with banks	4.69		6.49		9.69	
Cash and bank balances not available for immediate use [Note 7(a)]	165.16		188.67		190.41	
	1599.97		1494.43		255.84	

## Notes forming part of the Financial Statements (contd.)

### NOTE [14]

#### Financial Assets: Loans - current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Unsecured security deposits, considered good		305.29		266.08		266.62
Unsecured security deposits, doubtful	3.69		3.31		5.69	
Less: Provision for doubtful security deposits	3.69		3.31		5.69	
		-		-		-
Unsecured long term loans and advances to related parties:						
Subsidiary companies						
Inter-corporate deposits [Note 37 & 38(A)(i)]		1595.67		1984.69		1000.86
Associate companies						
Advances		-		-		3.65
Joint ventures						
Inter-corporate deposits [Note 37 & 38(A)(i)]		18.20		105.04		39.51
Other secured loans, considered good:						
Loans against mortgage of house property	0.24		0.79		0.89	
Other inter-corporate deposits	-		75.62		70.00	
		0.24		76.41		70.89
Other unsecured loans, considered good:						
Others		0.01		0.04		0.08
		1919.41		2432.26		1381.61

### NOTE [15]

#### Other current financial assets

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Advances to related parties:						
Subsidiary companies	706.04		597.18		482.00	
Associate companies	3.96		5.83		-	
Joint venture companies	67.49		46.02		46.91	
		777.49		649.03		528.91
Advances recoverable in cash		1188.73		1082.35		878.32
Premium receivable on financial guarantee contracts		6.82		15.54		8.76
Embedded derivative receivable		81.59		133.57		12.10
Doubtful advances:						
Deferred credit sale of ships	26.97		27.55		25.99	
Other loans and advances	131.35		133.74		136.32	
		158.32		161.29		162.31
Less: Allowance for doubtful loans and advances	158.32		161.29		162.31	
		-		-		-
		2054.63		1880.49		1428.09

## Notes forming part of the Financial Statements (contd.)

### NOTE [16]

#### Other current assets

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Due from customers (construction and project related activity)	21329.29	21854.21	18935.75
Due from customers (property development activity) [Note 48(c)]	71.28	10.24	48.71
Unbilled revenue including retention money	8027.61	7286.65	6158.59
Balances with excise customs port trust	86.52	91.20	86.75
Advances recoverable other than in cash	3701.94	4188.96	3168.79
Government grants receivable	45.57	45.57	49.73
Others	1.49	5.12	6.51
	<u>33263.70</u>	<u>33481.95</u>	<u>28454.83</u>

### NOTE [17]

#### Equity share capital

##### (a) Share capital authorised, issued, subscribed and paid up:

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Number of shares	₹ crore	Number of shares	₹ crore	Number of shares	₹ crore
<b>Authorised:</b>						
Equity shares of ₹ 2 each	<u>1,62,50,00,000</u>	<u>325.00</u>	<u>1,62,50,00,000</u>	<u>325.00</u>	<u>1,62,50,00,000</u>	<u>325.00</u>
<b>Issued, subscribed and fully paid up:</b>						
Equity shares of ₹ 2 each	<u>93,29,65,803</u>	<u>186.59</u>	<u>93,14,78,845</u>	<u>186.30</u>	<u>92,95,62,061</u>	<u>185.91</u>

##### (b) Reconciliation of the number of equity shares and share capital:

Particulars	2016-17		2015-16	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	93,14,78,845	186.30	92,95,62,061	185.91
Add: Shares issued on exercise of employee stock options during the year	14,86,958	0.29	19,16,784	0.39
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	<u>93,29,65,803</u>	<u>186.59</u>	<u>93,14,78,845</u>	<u>186.30</u>

##### (c) Terms/rights attached to equity shares:

The Company has only one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.



## Notes forming part of the Financial Statements (contd.)

### NOTE [17]

#### Equity share capital (contd.)

##### (d) Shareholder holding more than 5% of equity shares as at the end of the year:

Name of the shareholders	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
Life Insurance Corporation of India	14,64,24,938	15.69	14,64,19,088	15.72	15,55,22,285	16.73
L&T Employees Welfare Foundation	11,47,52,281	12.30	11,47,52,281	12.32	11,16,06,174	12.01
Administrator of the Specified Undertaking of the Unit Trust of India	6,11,02,860	6.55	7,59,26,462	8.15	7,59,25,962	8.17

##### (e) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Number of equity shares to be issued as fully paid	₹ crore (at face value)	Number of equity shares to be issued as fully paid	₹ crore (at face value)	Number of equity shares to be issued as fully paid	₹ crore (at face value)
Employee stock options granted and outstanding #	42,47,360	0.85*	57,93,042	1.16*	77,08,842	1.54*
0.675% 5 years & 1 day US\$ denominated foreign currency convertible bonds (FCCB) ##	63,46,986	1.27**	63,46,986	1.27**	63,46,986	1.27**

\* The equity shares will be issued at a premium of ₹ 146.71 crore (as at 31-3-2016: ₹ 203.97 crore and as at 1-4-2015: ₹ 278.09 crore)

\*\* The equity shares will be issued at a premium of ₹ 1215.13 crore (as at 31-3-2016: ₹ 1215.13 crore and as at 1-4-2015: ₹ 1215.13 crore) on the exercise of options by the bond holders

# Note 17(h) for terms of employee stock option schemes

## Note 19(b) for terms of foreign currency convertible bonds

(f) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2017 are 30,82,94,576 (previous period of five years ended March 31, 2016: 30,82,94,576 shares)

(g) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on March 31, 2017 – Nil (previous period of five years ended March 31, 2016: Nil)

##### (h) Stock option schemes

(i) Terms:

A. The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of 4 years [5 years in the case of series 2006(A)], subject to the discretion of the management and fulfillment of certain conditions.

B. Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of issue of equity shares. Management has discretion to modify the exercise period.

## Notes forming part of the Financial Statements (contd.)

### NOTE [17]

#### Equity share capital (contd.)

(ii) The details of the grants under the aforesaid schemes under various series are summarised below:

Sr. no.	Series reference	2000		2002 (A)		2002 (B)		2003 (A)		2003 (B)		2006		2006 (A)	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1	Grant price - (₹)	2.30	2.30	2.30	2.30	2.30	2.30	11.70	11.70	11.70	11.70	400.70	400.70	400.70	400.70
2	Grant dates	1-6-2000		19-4-2002		19-4-2002		23-5-2003 onwards		23-5-2003 onwards		1-9-2006 onwards		1-7-2007 onwards	
3	Vesting commences on	1-6-2001		19-4-2003		19-4-2003		23-5-2004 onwards		23-5-2004 onwards		1-9-2007 onwards		1-7-2008 onwards	
4	Options granted and outstanding at the beginning of the year	25,200	25,200	32,250	32,250	59,550	59,550	47,178	47,178	5,26,919	5,85,284	2,57,366	3,04,656	48,44,579	66,54,724
5	Options lapsed during the year	-	-	-	-	-	-	-	-	41,662	40,611	35,747	11,270	4,54,865	4,42,400
6	Options granted during the year	-	-	-	-	-	-	-	-	89,100	1,50,400	-	-	3,84,450	3,44,865
7	Options exercised during the year	12,000	-	-	-	-	-	-	-	1,47,226	1,68,154	45,035	36,020	12,82,697	17,12,610
8	Options granted and outstanding at the end of the year	13,200	25,200	32,250	32,250	59,550	59,550	47,178	47,178	4,27,131	5,26,919	1,76,584	2,57,366	34,91,467	48,44,579
	Of which														
	Options vested	13,200	25,200	32,250	32,250	59,550	59,550	47,178	47,178	75,692	96,458	1,76,584	2,57,366	17,46,787	23,34,008
	Options yet to vest	-	-	-	-	-	-	-	-	3,51,439	4,30,461	-	-	17,44,680	25,10,571
9	Weighted average remaining contractual life of options (in years)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.98	5.18	Nil	Nil	3.48	3.61

(iii) The number and weighted average exercise price of stock options are as follows:

Particulars	2016-17		2015-16	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
(A) Options granted and outstanding at the beginning of the year	57,93,042	354.10	77,08,842	362.74
(B) Options granted during the year	4,73,550	327.51	4,95,265	282.57
(C) Options allotted during the year	14,86,958	358.97	19,16,784	366.57
(D) Options lapsed during the year	5,32,274	370.25	4,94,281	368.74
(E) Options granted and outstanding at the end of the year	42,47,360	347.41	57,93,042	354.10
(F) Options exercisable at the end of the year out of (E) <i>supra</i>	21,51,241	359.04	28,52,010	364.76

(iv) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 1386.19 (*previous year: ₹ 1543.13*) per share.

(v) A. In respect of stock options granted pursuant to the Company's stock options schemes, the fair value of the options is treated as discount and accounted as employee compensation over the vesting period.

B. Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2016-17 is ₹ 60.35 crore (*previous year: ₹ 59.18 crore*) net of recoveries of ₹ 1.42 crore (*previous year: ₹ 1.16 crore*) from its group companies towards the stock options granted to deputed employees, pursuant to the employee stock option schemes (Note 34). The entire amount pertains to equity-settled employee share-based payment plans.

(vi) During the year, the Company has recovered ₹ 13.81 crore (*previous year: ₹ 14.28 crore*) from its subsidiary companies towards the stock options granted to their employees, pursuant to the Employee Stock Option Schemes.

(vii) Weighted average fair values of options granted during the year is ₹ 1056.73 (*previous year: ₹ 965.39*) per option.

## Notes forming part of the Financial Statements (contd.)

### NOTE [17]

#### Equity share capital (contd.)

- viii. The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. no.	Particulars	2016-17	2015-16
(A)	Weighted average risk-free interest rate	6.72%	7.66%
(B)	Weighted average expected life of options	4.08 years	3.86 years
(C)	Weighted average expected volatility	30.79%	30.52%
(D)	Weighted average expected dividends over the life of the option	₹ 74.52 per option	₹ 62.69 per option
(E)	Weighted average share price	₹ 1355.66 per option	₹ 1211.45 per option
(F)	Weighted average exercise price	₹ 327.51 per share	₹ 282.57 per share
(G)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.	

- ix. The balance in share options (net) account as at March 31, 2017 is ₹ 177.25 crore (*previous year: ₹ 242.23 crore*), including ₹ 117.36 crore (*previous year: ₹ 155.87 crore*) for which the options have been vested to employees as at March 31, 2017.

(i) Capital management:

The Company continues its policy of a conservative capital structure which has ensured that it retains the highest credit rating even amidst an adverse economic environment. Low gearing levels also equip the Company with the ability to navigate business stresses on one hand and raise growth capital on the other. This policy also provides flexibility of fund raising options for future, which is especially important in times of global economic volatility. The gross debt equity ratio is 0.23:1 (*as at 31-3-2016: 0.33:1 and as at 1-4-2015: 0.34:1*)

(j) During the year ended March 31, 2017, the Company paid the final dividend of ₹ 18.25 per equity share for the year ended March 31, 2016 amounting to ₹ 1701.51 crore and dividend distribution tax of ₹ 141.20 crore.

(k) The Board of Directors has recommended for approval of shareholders, the issue of bonus equity shares in the ratio of 1:2 (one bonus equity share of ₹ 2 each for every 2 equity shares of ₹ 2 each held). On May 29, 2017, the Board of Directors has recommended the final dividend of ₹ 21 per equity share on the pre-bonus share capital for the year ended March 31, 2017 subject to approval from shareholders. On approval, the total dividend payment based on number of shares outstanding as at March 31, 2017 is expected to be ₹ 1959.23 crore and the payment of dividend distribution tax is expected to be ₹ 316.31 crore.

### NOTE [18]

#### Other equity

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Equity component of foreign currency convertible bonds [Note 60(J)]		153.20		153.20		153.20
Capital reserve*		10.52		10.52		10.52
Securities premium account [Note 1(p)]		8318.85		8164.72		7963.16
Employee share options (net) [Note 1(r)]						
Employee share options outstanding	275.26		352.60		450.40	
Deferred employee compensation expense	(98.01)		(110.37)		(141.56)	
		177.25		242.23		308.84
Debt redemption reserve^		356.76		406.51		400.01
General reserve#		25373.60		25216.49		25054.47
Retained earnings		11225.53		7710.27		4522.65
Foreign currency translation reserve [Note 1(s)(iii)]		0.55		4.87		0.73
Hedging reserve [Note 1(m)]						
Cash flow hedging reserve	202.60		(20.76)		(99.17)	
Cost of hedging reserve	(58.49)		(15.07)		(26.41)	
		144.11		(35.83)		(125.58)
Debt instruments through Other Comprehensive Income [Note 1(m)]		65.78		76.03		78.62
		45826.15		41949.01		38366.62

## Notes forming part of the Financial Statements (contd.)

### NOTE [18]

#### Other equity (contd.)

- \* **Capital Reserve:** It represents the gains of capital nature which mainly includes the excess of value of net assets acquired over consideration paid by the Company for business amalgamation transaction in earlier years.
- ^ **Debenture redemption reserve (DRR):** The Company has issued redeemable non-convertible debentures and created DRR out of the profits of the Company in terms of the Companies (Share capital and Debenture) Rules, 2014 (as amended). The Company is required to maintain a DRR of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the DRR may not be utilised by the company except to redeem debenture.
- # **General Reserve:** The Company created a General Reserve in earlier years pursuant to the provisions of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act 2013, the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Company.

### NOTE [19]

#### Financial Liabilities: Borrowings - non-current

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Redeemable non-convertible fixed rate debentures [Note 19(a)(i) & (ii)]	408.55	2179.48	2588.03	408.31	2180.12	2588.43	408.49	1716.68	2125.17
Redeemable non-convertible inflation linked debentures [Note 19(a)(iii)]	-	113.61	113.61	-	110.32	110.32	-	111.30	111.30
0.675% Foreign currency convertible bonds [Note 19(b)]	-	1201.78	1201.78	-	1190.86	1190.86	-	1089.81	1089.81
Term loan from banks [Note 19(c)]	-	3230.58	3230.58	-	4422.51	4422.51	-	5103.91	5103.91
Sales tax deferment loan [Note 19(d)]	-	0.08	0.08	-	0.28	0.28	-	0.62	0.62
Finance lease	-	0.20	0.20	-	0.07	0.07	-	-	-
	<u>408.55</u>	<u>6725.73</u>	<u>7134.28</u>	<u>408.31</u>	<u>7904.16</u>	<u>8312.47</u>	<u>408.49</u>	<u>8022.32</u>	<u>8430.81</u>

#### 19(a)(i) Secured redeemable non-convertible fixed rate debentures (privately placed):

Face value per debenture (₹)	Date of allotment	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore	Interest for the year 2016-2017	Terms of repayment for debentures outstanding as on 31-3-2017
1000000	January 5, 2009	408.55	408.31	408.49	9.15% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.

Security: The debentures are secured by way of a first charge having *pari passu* rights on the immovable property at certain locations and part of a movable property of a business division, both present and future.

#### 19(a)(ii) Unsecured redeemable non-convertible fixed rate debentures (privately placed):

Sr. no.	Face value per debenture (₹)	Date of allotment	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore	Interest for the year 2016-2017	Terms of repayment for debentures outstanding as at 31-3-2017
1.	1000000	April 10, 2012	273.39	273.48	273.37	9.75% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
2.	1000000	May 26, 2011	322.52	322.51	322.35	8.95% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.

## Notes forming part of the Financial Statements (contd.)

### NOTE [19]

#### 19(a)(ii) Unsecured redeemable non-convertible fixed rate debentures (privately placed) (contd.)

Sr. no.	Face value per debenture (₹)	Date of allotment	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore	Interest for the year 2016-2017	Terms of repayment for debentures outstanding as at 31-3-2017
3.	1000000	May 11, 2010	324.14	324.13	323.91	9.15% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
4.	1000000	April 13, 2010	216.83	216.83	216.64	8.80% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
5.	1000000	August 21, 2014	–	229.66	211.13		
6.	1000000	August 22, 2014	–	369.52	369.28		
7.	1000000	December 11, 2014	–	–	307.51		
8.	1000000	February 2, 2015	–	–	303.51		
9.	1000000	September 24, 2015	1042.60	1042.87	–	8.40% p.a. payable annually	Redeemable at face value at the end of 5th year from the date of allotment.
Total			<b>2179.48</b>	<b>2779.00</b>	<b>2327.70</b>		
Less:			–	598.88	611.02		Current maturity of long term borrowings [Note 24]
			<b>2179.48</b>	<b>2180.12</b>	<b>1716.68</b>		Borrowings - non-current [Note 19]

#### 19(a)(iii) Unsecured redeemable non-convertible inflation linked debentures:

Face value per debenture (₹)	Date of allotment	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore	Interest for the year 2016-2017	Terms of repayment for debentures outstanding as at 31-3-2017
1000000	May 23, 2013	113.61@	110.32@	111.30 @	1.65% p.a. payable on inflation adjusted principal as on the date of coupon payment	Redeemable at the end of 10th year from the date of allotment. Redemption value calculated as $\{[(\text{Average Ref WPI (on Maturity Date)} / \text{Average Ref WPI (on Issue Date)}) \times \text{face value}] \text{ with Floor Rate as } 3\% \text{ and Cap Rate as } 12\%.$ WPI here refers to Wholesale Price Index

@ The principal amount has been calculated as  $\{[(\text{Average Ref WPI as at reporting period} / \text{Average Ref WPI (as at 23/5/2013)}) \times \text{Face Value}]$

#### 19(b) Foreign currency convertible bonds:

0.675% US\$ denominated 5 years & 1 day Foreign Currency Convertible Bonds (FCCB) carried at 1201.78 crore as at March 31, 2017 (previous year: ₹ 1190.86 crore) represent 1,000 bonds of US\$ 200000 each. The bonds are convertible into the Company's fully paid equity shares of 2 each at a conversion price of ₹ 1916.50 per share at the option of the bond holders at any time on and after December 1, 2014 up to October 15, 2019. The bonds are redeemable, subject to fulfillment of certain conditions, in whole but not in part, at the option of the Company, on or at any time after October 22, 2017 but not less than seven business days prior to the maturity date, at the principal amount together with accrued interest (calculated up to but excluding the date of redemption) on the date fixed for redemption, unless the bonds have been previously redeemed, converted or purchased and cancelled.

## Notes forming part of the Financial Statements (contd.)

### NOTE [19] (contd.)

#### 19(c) Details of term loans (unsecured): Foreign currency loans:

Sr. no.	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore	Rate of interest	Terms of repayment of term loan outstanding as at 31-03-2017
1.	1288.32	1312.64	1235.31	USD LIBOR + Spread	Repayable on October 21, 2019
2.	642.97	654.77	616.36	USD LIBOR + Spread	Repayable in 3 installments on (i) November 3, 2018 (ii) November 3, 2019 and (iii) November 3, 2020
3.	323.96	330.75	311.82	USD LIBOR + Spread	Repayable on July 2, 2018
4.	129.51	131.95	124.34	USD LIBOR + Spread	Repayable on September 27, 2017
5.	162.14	165.64	156.26	USD LIBOR + Spread	Repayable on July 14, 2017
6.	157.56	291.65	273.96	USD LIBOR + Spread	Repayable in 2 installments on (i) August 30, 2017 and (ii) June 28, 2018
7.	203.87	402.83	378.15	USD LIBOR + Spread	Repayable in 2 installments on (i) August 30, 2017 and (ii) June 28, 2018
8.	452.61	659.34	619.62	USD LIBOR + Spread	Repayable in 2 installments on (i) August 30, 2017 and (ii) June 28, 2018
9.	549.57	658.91	619.62	USD LIBOR + Spread	Repayable in 2 installments on (i) August 30, 2017 and (ii) June 28, 2018
10.	193.22	369.40	346.73	USD LIBOR + Spread	Repayable on August 30, 2017
11.	–	–	312.50	Fixed Interest Rate	
12.	75.61	115.80	145.70	USD LIBOR + Spread	Repayable in 2 equal installments on (i) September 18, 2017 and (ii) June 18, 2018
13.	162.13	165.64	–	USD LIBOR + Spread	Repayable on October 19, 2018
<b>Total</b>	<b>4341.47</b>	<b>5259.32</b>	<b>5140.37</b>		
Less:	1110.89	836.81	36.46	Current maturities of long term borrowings [Note 24]	
	<b>3230.58</b>	<b>4422.51</b>	<b>5103.91</b>	Borrowings non-current [Note 19]	

Loans guaranteed by directors - ₹ Nil (previous year ₹ Nil)

#### 19(d) Sales tax deferment loan (unsecured):

Sr. no.	As at 31-3-2017 ₹ crore	As at 31-3-2016 ₹ crore	As at 1-4-2015 ₹ crore	Rate of Interest	Terms of repayment as at March 31, 2017
1.	0.16	0.24	0.33	Interest Free	Repayable in 2 annual installments of ₹ 0.08 crore ending April 26, 2018
2.	0.12	0.24	0.36		Repayable on April 26, 2017
3.	–	0.14	0.28		
4.	–	–	0.10		
<b>Total</b>	<b>0.28</b>	<b>0.62</b>	<b>1.07</b>		
Less:	0.20	0.34	0.45	Current maturities of long term borrowings [Note 24]	
	<b>0.08</b>	<b>0.28</b>	<b>0.62</b>	Borrowings non-current [Note 19]	

## Notes forming part of the Financial Statements (contd.)

### NOTE [20]

#### Other financial liabilities - non-current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Forward contract payables	26.94	34.01	44.74
Embedded derivative payables	22.46	–	19.24
Financial guarantee contracts	11.83	16.93	24.66
Due to others	27.34	21.51	13.36
	<u>88.57</u>	<u>72.45</u>	<u>102.00</u>

### NOTE [21]

#### Provisions - non-current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Employee pension scheme [Note 50(a)]	290.29	227.08	202.38
Post-retirement medical benefits plan [Note 50(a)]	180.39	144.42	138.86
Provision for interest rate guarantee	–	–	4.86
	<u>470.68</u>	<u>371.50</u>	<u>346.10</u>

### NOTE [22]

#### Other non-current liabilities

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Other payables	<u>3.86</u>	<u>5.83</u>	<u>0.81</u>

### NOTE [23]

#### Financial Liabilities: Borrowings - current

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Loans repayable on demand from banks [Note 23(b)]	221.35	–	221.35	125.07	–	125.07	57.79	8.94	66.73
Short term loan and advances from banks [Note 23(b)]	216.06	1449.20	1665.26	289.02	3253.10	3542.12	391.72	2485.80	2877.52
Commercial paper	–	442.71	442.71	–	499.54	499.54	–	997.08	997.08
Loans from related parties	–	5.52	5.52	–	9.25	9.25	–	57.25	57.25
	<u>437.41</u>	<u>1897.43</u>	<u>2334.84</u>	<u>414.09</u>	<u>3761.89</u>	<u>4175.98</u>	<u>449.51</u>	<u>3549.07</u>	<u>3998.58</u>

**23(a)** Loans guaranteed by directors ₹ Nil (previous year ₹ Nil)

**23(b)** Loans repayable on demand from banks include fund based working capital facilities viz. cash credits and demand loans. The secured portion of loans repayable on demand from banks, short term loans and advances from the banks, working capital facilities and other non-fund based facilities viz. bank guarantees and letter of credit, are secured by hypothecation of inventories and trade receivables. Amount of inventories and trade receivables that are pledged as collateral: ₹ 6149.71 crore as at March 31, 2017; ₹ 6188.72 crore as at March 31, 2016; ₹ 6098.53 crore as at April 1, 2015.



## Notes forming part of the Financial Statements (contd.)

### NOTE [24]

#### Financial liabilities: Current maturities of long term borrowings

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Unsecured:			
Redeemable non-convertible fixed rate debentures [Note 19(a)(ii)]	–	598.88	611.02
Term loans from banks [Note 19(c)]	1110.89	836.81	36.46
Sales tax deferment loan [Note 19(d)]	0.20	0.34	0.45
Finance lease obligation	0.50	–	–
	<u>1111.59</u>	<u>1436.03</u>	<u>647.93</u>

24(a) Loans guaranteed by directors ₹ Nil (previous year ₹ Nil)

### NOTE [25]

#### Financial liabilities - current: Trade payables

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Acceptances		399.78		660.83		920.16
Due to related parties:						
Subsidiary companies	638.02		601.89		379.38	
Associate companies	4.16		5.35		22.81	
Joint venture companies	1836.93		1674.82		1412.95	
		2479.11		2282.06		1815.14
Micro and small enterprises [Note 57]		124.08		134.32		115.46
Due to others		21028.86		19138.71		15525.24
		<u>24031.83</u>		<u>22215.92</u>		<u>18376.00</u>

### NOTE [26]

#### Other financial liabilities - current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Unclaimed dividend	46.61	39.33	33.59
Embedded derivative payables	111.23	149.54	11.18
Financial guarantee contracts	8.88	18.03	13.07
Due to others [Note 26(a)]	1405.93	1112.78	1132.73
	<u>1572.65</u>	<u>1319.68</u>	<u>1190.57</u>

26(a) Due to others include due to directors ₹ 55.58 crore (as at 31-3-2016: ₹ 51.30 crore; as at 1-4-2015: ₹ 53.83 crore)

### NOTE [27]

#### Other current liabilities

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Due to customers (construction related activity)	4231.98	4733.71	4013.17
Due to customers (property development projects)	57.88	222.17	365.21
Advances from customers	12628.78	12518.95	11147.06
Other payables	1379.08	1177.13	1260.54
	<u>18297.72</u>	<u>18651.96</u>	<u>16785.98</u>

## Notes forming part of the Financial Statements (contd.)

### NOTE [28]

#### Current liabilities: Provisions

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>Provision for employee benefits:</b>						
Gratuity [Note 50(a)]	71.94		52.70		35.85	
Compensated absences	518.64		502.10		486.02	
Employee pension scheme [Note 50(a)]	22.46		56.17		13.26	
Post-retirement medical benefits plan [Note 50(a)]	5.25		11.16		10.04	
		618.29		622.13		545.17
<b>Others:</b>						
Other provisions (Ind AS 37 related) [Note 54]		473.86		275.16		256.25
		1092.15		897.29		801.42

### NOTE [29]

#### Contingent liabilities

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
(a) Claims against the Company not acknowledged as debts	1743.95	1025.52	883.06
(b) Sales tax liability that may arise in respect of matters in appeal	141.50	156.72	132.13
(c) Excise duty/service tax/customs duty liability that may arise including those in respect of matters in appeal/challenged by the Company in Writ	69.20	60.73	55.41
(d) Income tax liability that may arise in respect of which the Company is in appeal	460.55	531.84	826.44
(e) Corporate guarantees for debt given on behalf of subsidiary companies/joint venture companies	8450.61	7327.31	8723.55
(f) Corporate and bank guarantees for performance given on behalf of subsidiary companies	16384.12	8847.53	9201.96
(g) Contingent liabilities, if any, incurred in relation to interests in joint operations	7018.24	4170.76	3248.49
(h) Share in contingent liabilities of joint operations for which the Company is contingently liable	53.24	58.18	80.13
(i) Contingent liabilities in respect of liabilities of other joint operators of joint operations	6230.96	8006.19	10840.81

#### Notes:

- The Company does not expect any reimbursements in respect of the above contingent liabilities.
- It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above pending resolution of the arbitration/appellate proceedings. Further, the liability mentioned in (a) to (d) above excludes interest and penalty in cases where the company has determined that the possibility of such levy is remote.
- In respect of matters at (e), the cash outflows, if any, could generally occur up to ten years, being the period over which the validity of the guarantees extends except in a few cases where the cash outflows, if any, could occur any time during the subsistence of the borrowings to which the guarantees relate.
- In respect of matters at (f), the cash outflows, if any, could generally occur up to three years, being the period over which the validity of the guarantees extends.
- In respect of matters at (g) to (i), the cash outflows, if any, could generally occur upto completion of projects undertaken by the respective joint operations.

## Notes forming part of the Financial Statements (contd.)

### NOTE [30]

#### Commitments

Sr. no.	Particulars	₹ crore		
		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
(a)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	533.49	196.72	294.40
(b)	Funding committed by way of equity/loans to subsidiary/joint venture companies	1063.20	1281.00	2738.00
(c)	Share in capital commitments, of joint operations for which the company is contingently liable	–	2.61	159.34

### NOTE [31]

#### Revenue from operations

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
<b>Sales and service:</b>				
Construction and project related activity [Note 48(a)(i)]	58498.42		55522.22	
Manufacturing and trading activity	5730.98		5957.40	
Property development activity [Note 48(c)(i)]	403.18		843.60	
Engineering and service fees	24.73		44.74	
Servicing	597.88		760.57	
Commission	140.81		137.30	
		65396.00		63265.83
<b>Other operational income:</b>				
Income from hire of plant and equipment	80.28		77.54	
Technical fees	–		0.36	
Lease rentals	67.79		71.85	
Income from services to Group companies	170.74		112.16	
Premium earned (net) on related forward exchange contracts	48.45		38.02	
Miscellaneous income	538.09		246.89	
		905.35		546.82
		66301.35		63812.65

### NOTE [32]

#### Other income

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
<b>Interest income:</b>				
Subsidiary and associate companies	325.62		268.24	
Others	213.69		262.48	
		539.31		530.72
<b>Dividend income:</b>				
From investments - non-current				
Subsidiary companies	405.47		994.16	
Associate companies	–		0.38	
Joint venture companies	–		13.75	
Others	659.63		113.06	
		1065.10		1121.35
Net gain/(loss) on sale or fair valuation of investments		(72.44)		150.87
Net gain/(loss) on sale of property, plant and equipment		23.70		82.51
Lease rentals		70.48		39.90
Miscellaneous income (net of expenses)		345.70		415.69
		1971.85		2341.04

## Notes forming part of the Financial Statements (contd.)

### NOTE [33]

#### Manufacturing, construction and operating expenses

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Materials consumed:				
Raw materials and components	7444.84		7455.04	
Less: Scrap sales	74.27		57.49	
		7370.57		7397.55
Excise duty		577.49		635.39
Construction materials consumed		18493.31		18804.70
Purchase of stock-in-trade	1390.84		1145.94	
Value of stock-in-trade transferred on sale of business	–		(16.49)	
		1390.84		1129.45
Stores, spares and tools consumed		1446.67		1349.23
Sub-contracting charges		16770.61		15567.87
Changes in inventories of finished goods, work-in-progress, stock-in-trade and property development:				
Closing stock:				
Finished goods	221.52		161.68	
Stock-in-trade	169.68		159.77	
Work-in-progress	3044.67		3246.01	
	3435.87		3567.46	
Less: Opening stock:				
Finished goods	161.68		261.20	
Stock-in-trade	159.77		161.13	
Work-in-progress	3246.01		3221.70	
	3567.46		3644.03	
		131.59		76.57
Other manufacturing, construction and operating expenses:				
Excise duty	16.30		(4.91)	
Power and fuel	1041.49		911.55	
Royalty and technical know-how fees	15.75		20.62	
Packing and forwarding	340.15		316.38	
Hire charges - plant and equipment and others	1015.13		707.42	
Engineering, technical and consultancy fees	761.70		676.35	
Insurance	187.07		167.53	
Rent	415.25		418.24	
Rates and taxes	366.42		307.84	
Travelling and conveyance	759.81		771.58	
Repairs to plant and equipment	56.54		49.65	
Repairs to buildings	6.10		8.08	
General repairs and maintenance	303.18		254.88	
Bank guarantee charges	151.15		144.67	
Miscellaneous expenses	372.48		458.45	
		5808.52		5208.33
		51989.60		50169.09

## Notes forming part of the Financial Statements (contd.)

### NOTE [34]

#### Employee benefits expense

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Salaries, wages and bonus		4554.79		4282.55
Contribution to and provision for:				
Provident funds and pension fund	114.67		116.39	
Superannuation/employee pension schemes	(4.40)		47.57	
Gratuity funds [Note 50(b)]	67.30		57.70	
		177.57		221.66
Expenses on employees stock option schemes [Note 17(v)(B)]		61.77		60.34
Insurance expenses - medical and others		77.17		75.25
Staff welfare expenses		618.72		574.08
Recoveries on account of deputation		(343.55)		(239.08)
		5146.47		4974.80

### NOTE [35]

#### Sales, administration and other expenses

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Power and fuel		59.26		65.83
Packing and forwarding		91.05		104.75
Professional fees		224.58		292.75
Audit fees [Note 55]		5.33		4.40
Insurance		37.86		33.16
Rent		229.51		219.72
Rates and taxes		50.91		49.41
Travelling and conveyance		280.10		284.27
Repairs to buildings		9.53		8.97
General repairs and maintenance		229.67		213.51
Directors' fees		0.82		0.59
Telephone, postage and telegrams		104.84		98.86
Advertising and publicity		77.80		61.96
Stationery and printing		38.40		41.76
Commission:				
Distributors and agents	27.27		28.33	
Others	4.88		2.74	
		32.15		31.07
Bank charges		57.96		64.83
Miscellaneous expenses		599.05		403.68
Bad debts and advances written off	87.48		121.19	
Less: Allowance for doubtful debts and advances written back	45.05		12.96	
		42.43		108.23
Carried forward		2171.25		2087.75

## Notes forming part of the Financial Statements (contd.)

### NOTE [35]

#### Sales, administration and other expenses (contd.)

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		2171.25		2087.75
Discount on sales		(0.01)		-
Allowance for doubtful debts and advances (net)		395.29		594.93
Provision/(reversal) for foreseeable losses on construction contracts		(5.93)		9.47
Exchange (gain)/loss (net)		(22.40)		134.58
Other provisions [Note 54(a)]		203.35		19.04
		<u>2741.55</u>		<u>2845.77</u>

### NOTE [36]

#### Finance costs

Particulars	2016-17	2015-16
	₹ crore	₹ crore
Interest expenses	1252.78	1345.98
Other borrowing costs	0.56	1.19
Exchange loss (attributable to finance costs)	64.69	129.65
	<u>1318.03</u>	<u>1476.82</u>

### NOTE [37]

Particulars in respect of loans and advances in the nature of loans to related parties as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

₹ crore

Sr. no.	Name of the company	Balance as at		Maximum outstanding during	
		31-3-2017	31-3-2016	2016-2017	2015-2016
	Loans and advances in the nature of loans given to subsidiaries:				
A	L&T Seawoods Limited	-	190.82	341.20	249.20
B	L&T Realty Limited	16.56	269.98	397.41	644.44
C	L&T Shipbuilding Limited	512.00	2018.01	2651.87	2680.62
D	L&T Special Steels & Heavy Forgings Private Limited	1167.22	866.55	1167.22	870.54
E	PNG Tollway Limited	18.20	18.20	18.20	62.17
F	EWAC Alloys Limited	-	16.00	16.00	16.00
G	L&T Hydrocarbon Engineering Limited	2.23	507.90	511.74	2163.55
H	L&T Valves Limited	-	-	-	15.07
I	Nabha Power Limited	1576.88	902.99	1827.99	3240.44
J	L&T-MHPS Turbine Generators Private Limited	-	-	300.08	179.09
	<b>Total</b>	<u>3293.09</u>	<u>4790.45</u>		

## Notes forming part of the Financial Statements (contd.)

### NOTE [37]

Particulars in respect of loans and advances in the nature of loans to related parties as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (contd.)

Notes:

- Above figures include interest accrued
- Loans to employees (including directors) under various schemes of the Company (such as housing loan, furniture loan, education loan, etc.) have been considered to be outside the purview of disclosure requirements.
- Subsidiary classification is in accordance with the Companies Act, 2013

### NOTE [38]

Disclosure pursuant to section 186 of the Companies Act, 2013:

₹ crore				
Sr. no.	Nature of the transaction (loans given/investment made/guarantee given/security provided)	Purpose for which the loan/guarantee/security is proposed to be utilised by the recipient	As at 31-3-2017	As at 31-3-2016
<b>(A)</b>	Loan and advances:			
	(i) Subsidiary companies:			
	L&T Realty Limited	Project funding	16.56	269.98
	L&T Seawoods Limited	Project funding	–	190.82
	L&T Shipbuilding Limited	Working capital and project funding	512.00	2018.01
	L&T Special Steels & Heavy Forgings Private Limited	Working capital and project funding	1167.22	866.55
	PNG Tollway Limited	Project funding	18.20	18.20
	EWAC Alloys Limited	Short term funding	–	16.00
	L&T Hydrocarbon Engineering Limited	Working capital	2.23	507.90
	Nabha Power Limited	Project funding	1576.88	902.99
			3293.09	4790.45
(ii) Others:				
Boyance Infrastructure Private Limited	General corporate purpose	–	75.62	
<b>Total (i)+(ii)</b>			3293.09	4866.07
<b>(B)</b>	Other advances:			
	Subsidiary companies:			
	L&T Uttarakhand Hydropower Limited	Towards capital contribution	–	5.25
L&T Metro Rail (Hyderabad) Private Limited	Towards capital contribution	6.35	–	
			6.35	5.25
<b>(C)</b>	Guarantees:			
	Subsidiary companies:			
	L&T Aviation Services Private Limited	Corporate guarantee given for subsidiary's debt	44.64	57.01
	L&T-MHPS Boilers Private Limited	Corporate guarantee given for subsidiary's debt	120.61	233.97
	L&T-MHPS Turbine Generators Private Limited	Corporate guarantee given for subsidiary's debt	472.36	548.32
	L&T Shipbuilding Limited	Corporate guarantee given for subsidiary's debt	2781.00	1331.00
	Nabha Power Limited	Corporate guarantee given for subsidiary's debt	5032.00	5157.00
	Larsen & Toubro ATCO Saudi LLC	Corporate guarantee for subsidiary's project performance	–	909.51
Larsen & Toubro Arabia LLC	Corporate guarantee for subsidiary's project performance	5369.27	1013.25	
Larsen & Toubro Infotech Limited	Corporate guarantee for subsidiary's project performance	202.26	238.68	



## Notes forming part of the Financial Statements (contd.)

### NOTE [38]

Disclosure pursuant to section 186 of The Companies Act 2013 (contd.)

₹ crore

Sr. no.	Nature of the transaction (loans given/investment made/guarantee given/security provided)	Purpose for which the loan/guarantee/security is proposed to be utilised by the recipient	As at 31-3-2017	As at 31-3-2016
	L&T Technology Services Limited	Corporate guarantee for subsidiary's project performance (It includes corporate guarantee given for L&T Technology Services LLC)	917.62	589.79
	L&T Electrical & Automation FZE	Corporate guarantee for subsidiary's project performance	–	19.75
	Larsen & Toubro Heavy Engineering LLC	Corporate guarantee for subsidiary's project performance	1172.46	1197.86
	Larsen & Toubro (Saudi Arabia) LLC	Corporate guarantee for subsidiary's project performance	3272.69	2693.04
	Spectrum Infotech Private Limited	Corporate guarantee for subsidiary's project performance	2.90	2.90
	L&T Hydrocarbon Engineering Limited	Corporate guarantee for subsidiary's project performance	5418.32	2173.23
	L&T-MHPS Boilers Private Limited	Guarantees issued by bank out of the Company's sanctioned limits to customer of L&T-MHPS Boilers Private Limited for Project performance	28.60	9.52
			24834.73	16174.84
<b>(D)</b>	<b>Investments in fully paid equity instruments and current investments</b>			
			[Note 5 and Note 10]	

Note: Subsidiary classification is in accordance with the Companies Act, 2013

### NOTE [39]

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is ₹ 98.97 crore (previous year: ₹ 101.46 crore).

- (a) The amount recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 100.77 crore (previous year: ₹ 119.89 crore), which comprises of:

₹ crore

Sr. no.	Particulars	Disclosed under	2016-17			2015-16		
			In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of assets charged and shown under sales, administration and other expenses	Note 35	6.19	3.30	9.49	5.53	0.33	5.86
ii)	Other revenue expenses: charged and shown under sales, administration and other expenses charged and shown under employee benefits expense	Note 35	61.48	10.34	71.82	95.71	4.01	99.72
		Note 34	19.03	0.43	19.46	14.09	0.22	14.31
	Total		86.70	14.07	100.77	115.33	4.56	119.89

### NOTE [40]

The expenditure on research and development activities recognised as expense in the Statement of Profit and Loss is ₹ 145.98 crore (previous year: ₹ 149.62 crore). Further, the company has incurred capital expenditure on research and development activities as follows:

- (a) on tangible assets of ₹ 9.43 crore (previous year: ₹ 5.19 crore);  
 (b) on intangible assets being expenditure on new product development of ₹ 43.01 crore (previous year: ₹ 48.19 crore) [Note 1(i)(ii)] and  
 (c) on other intangible assets of ₹ 1.09 crore (previous year: ₹ 0.55 crore).

## Notes forming part of the Financial Statements (contd.)

### NOTE [41]

Disclosures pursuant to Ind AS 17 "Leases":

(a) Where the Company is a lessor

(i) Operating leases:

The Company has given a building under non-cancellable operating lease, the future minimum lease payments receivable in respect of which are as follows:

Sr. no.	Particulars	₹ crore		
		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Receivable not later than 1 year	48.69	46.42	20.02
2.	Receivable later than 1 year and not later than 5 years	34.41	67.47	12.28
3.	Receivable later than 5 years	–	–	–
	Total	83.10	113.89	32.30

(b) Where the Company is a lessee:

(i) Finance leases:

(A) Assets acquired on finance lease comprises plant and equipment and land. The leases have a primary period, which is fixed and non-cancellable. The company has an option to renew the lease for a secondary period.

(B) The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

Sr. no.	Particulars	Minimum lease payments			Present value of minimum lease payments		
		As at	As at	As at	As at	As at	As at
		31-3-2017	31-3-2016	1-4-2015	31-3-2017	31-3-2016	1-4-2015
1.	Payable not later than 1 year	0.56	0.01	–	0.50	–	–
2.	Payable later than 1 year and not later than 5 years	0.16	0.02	–	0.14	–	–
3.	Payable later than 5 years	0.15	0.15	–	0.06	0.07	–
	Total (1+2+3)	0.87	0.18	–	0.70	0.07	–
	Less: Future finance charges	0.17	0.11	–	–	–	–
	Present value of minimum lease payments	0.70	0.07	–	0.70	0.07	–

(C) Contingent rent recognised in the Statement of Profit and Loss: ₹ Nil (previous year: ₹ Nil)

(ii) Operating leases:

(A) The Company has taken various commercial premises and plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

(B) Assets acquired on non-cancellable operating lease comprises commercial premises, cars and technology assets, the future minimum lease payments in respect of which are as follows:

Sr. No.	Particulars	₹ crore		
		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Payable not later than 1 year	18.33	18.05	13.09
2.	Payable later than 1 year and not later than 5 years	27.13	20.27	9.23
3.	Payable later than 5 years	–	–	–
	Total	45.46	38.32	22.32

(C) Lease rental expense in respect of operating leases: ₹ 109.10 crore (previous year: ₹ 76.97 crore)

(D) Contingent rent recognised in the Statement of Profit and Loss: ₹ Nil (previous year: ₹ Nil)

## Notes forming part of the Financial Statements (contd.)

### NOTE [42]

Disclosure pursuant to Ind AS 105 "Non-current assets held for sale and discontinued operations":

₹ crore

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Investments held for sale (A)	388.00	–	–
Assets of disposal group classified as held for sale (B)	–	–	141.79
Group(s) of assets as classified as held for sale	388.00	–	141.79
Liabilities of disposal group classified as held for sale (B)	–	–	37.22

The Company has identified the above as held for sale to optimise the capital allocation and focus on core business. The sale is envisaged through transfer of title deeds for identified assets held for sale and through divestment of stake/business transfer agreement in case of disposal group held for sale. The proposed sale are expected to be completed within 12 months from the respective reporting dates.

(A) Investments held for sale:

- (i) Through a scheme of arrangement of demerger, the Port business in L&T Shipbuilding Limited (effective date March 22, 2017) is transferred to Marine Infrastructure Developer Private Limited (MIDPL). As a shareholder L&T has received 38,80,00,000 equity shares of ₹ 10 each. L&T is planning to divest its stake in MIDPL to an identified strategic partner. Accordingly, the investment in MIDPL is presented as assets held for sale.
- (ii) The Investment held for sale forms part of the unallocable corporate assets. [Note 47(a)].

(B) Assets and Liabilities of disposal group classified as held for sale:

- (i) Pursuant to Board of Directors decision on November 7, 2014, to sell Company's Foundry Business Unit a definitive agreement with M/S Bradken Operations Pty Limited was executed on November 11, 2014. The associated assets and liabilities are consequently presented as held for sale as at April 1, 2015. The Foundry Business was subsequently sold on March 31, 2016.
- (ii) Details of assets and liabilities of disposal group classified as held for sale as at April 1, 2015:

Particulars	₹ crore
Assets classified as held for sale:	
Property, plant and equipment	75.53
Other intangible assets	0.22
Inventories	22.42
Trade receivables	34.63
Cash and cash equivalents	0.11
Other current assets	8.88
<b>Total assets of disposal group classified as held for sale</b>	<b>141.79</b>

Particulars	₹ crore
Liabilities directly associated with assets classified as held for sale:	
Borrowings	0.01
Trade payables	32.89
Provisions	0.46
Other current liabilities	3.86
<b>Total liabilities of disposal group classified as held for sale</b>	<b>37.22</b>

- (iii) The assets and liabilities of the disposal group are presented in assets and liabilities of construction equipment & others segment reported under "Others" segment. [Note 47(a)].

## Notes forming part of the Financial Statements (contd.)

### NOTE [43]

Disclosure pursuant to Ind AS 1 "Presentation of financial statements":

(a) Current assets expected to be recovered within twelve months and after twelve months from the reporting date:

₹ crore

Particulars	Note	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
		Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Inventories	9	1706.03	56.83	1762.86	1914.84	40.27	1955.11	2236.19	24.58	2260.77
Trade receivables	11	19527.21	392.76	19919.97	18516.81	450.94	18967.75	16233.86	556.14	16790.00
Loans - current	14	1914.37	5.04	1919.41	2432.23	0.03	2432.26	1377.11	4.50	1381.61
Other financial assets	15	1949.83	104.80	2054.63	1772.38	108.11	1880.49	1318.01	110.08	1428.09
Other current assets	16	23972.84	9290.86	33263.70	23418.54	10063.41	33481.95	19909.13	8545.70	28454.83

(b) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date:

₹ crore

Particulars	Note	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
		Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Trade payables	25	22779.22	1252.61	24031.83	21223.65	992.27	22215.92	17215.21	1160.79	18376.00
Other financial liabilities	26	1529.91	42.74	1572.65	1280.68	39.00	1319.68	1159.37	31.20	1190.57
Other current liabilities	27	12184.01	6113.71	18297.72	13186.78	5465.18	18651.96	11149.24	5636.74	16785.98
Provisions	28	963.70	128.45	1092.15	821.76	75.53	897.29	754.28	47.14	801.42

### NOTE [44]

Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures": Market risk management

(a) Foreign exchange rate and interest rate risk:

The Company regularly reviews its foreign exchange forward and option positions and interest rate swaps, both on a standalone basis and in conjunction with its underlying foreign currency and interest rate related exposures. The Company follows cash flow hedge accounting for Highly Probable Forecasted Exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on Balance Sheet exposure, the changes in MTM of the hedge contracts will impact the Balance Sheet of the Company. Further, given the effective horizons of the Company's risk management activities which coincide with the durations of the projects under execution and could extend across 3-4 years and the business uncertainties associated with the timing and estimation of the project exposures, the recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may affect the Company's financial condition and operating results. Hence, the Company monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on Balance Sheet exposures, the Company monitors the risks on net unhedged exposures.

(i) Foreign exchange rate risk:

In general, the Company is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Company's net sales and gross margins as expressed in Indian Rupees. There is a risk that the Company may have to adjust local currency product pricing due to competitive pressures when there have been significant volatility in foreign currency exchange rates.

The Company may enter into foreign currency forward and option contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted

## Notes forming part of the Financial Statements (contd.)

### NOTE [44] (contd.)

future cash flows and net investments in foreign subsidiaries. In addition, the Company has entered and may enter in the future, into non-designated foreign currency contracts to partially offset the foreign currency exchange gains and losses on its foreign-denominated debt issuances. The Company's practice is to hedge a portion of its material foreign exchange exposures with tenors in line with the project/business life cycle, however, the Company may choose not to hedge certain foreign exchange exposures for a variety of reasons.

The net exposure to foreign currency risk (based on notional amount) in respect of recognised financial assets, recognised financial liabilities and derivatives is as follows:

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	US Dollars including pegged currencies	EURO	Japanese Yen	US Dollars including pegged currencies	EURO	Japanese Yen	US Dollars including pegged currencies	EURO	Japanese Yen
Net exposure to foreign currency risk in respect of recognised financial assets/ (recognised financial liabilities)	(1729.90)	(397.06)	(366.03)	(933.60)	(190.65)	(206.00)	(1587.07)	(104.70)	(206.44)
Derivatives including embedded derivatives for hedging receivable/ (payable) exposure with respect to firm commitments and forecast transactions	3664.22	(1085.56)	604.27	3027.96	(855.69)	105.37	2787.36	(1069.82)	94.63
Receivable/(payable) exposure with respect to forward contracts and embedded derivatives not designated as cash flow hedge	752.13	(5.42)	–	119.60	(27.30)	–	7.00	21.33	–

₹ crore

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off-Balance Sheet exposures and unhedged portion of on-Balance Sheet financial assets and liabilities, the Company uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian Rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. Because the Company uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increase in the fair value of the underlying exposures for on Balance Sheet exposures. The overnight VAR for the Company at 95% confidence level is ₹ 59.80 crore as at March 31, 2017 and ₹ 27.60 crore as at March 31, 2016.

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analysis performed as at March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange rates and the Company's actual exposures and position.

#### (ii) Interest rate risk:

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding floating rate debt. While most of the Company's outstanding debt in local currency is on fixed rate basis and hence not subject to interest rate risk. A major portion of foreign currency debt is linked to international interest rate benchmarks like LIBOR. The Company also hedges a portion of these risks by way of derivative instruments like interest rate swaps and currency swaps.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	₹ crore		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Floating rate borrowings	4470.01	6570.15	5958.86

A hypothetical 25 basis point shift in respective currency LIBORs on the unhedged loans would result in a corresponding increase/decrease in interest cost for the Company on a yearly basis.

## Notes forming part of the Financial Statements (contd.)

### NOTE [44] (contd.)

₹ crore

Particulars	Impact on Profit and Loss after tax		Impact on equity	
	2016-17	2015-16	As at 31-3-2017	As at 31-3-2016
Indian Rupee				
Interest rates - increase by 0.25% in INR interest rate *	(0.55)	(0.32)	(0.55)	(0.32)
Interest rates - decrease by 0.25% in INR interest rate *	0.55	0.32	0.55	0.32
US Dollar				
Interest rates - increase by 0.25% in USD interest rate *	(6.77)	(9.88)	(6.77)	(9.88)
Interest rates - decrease by 0.25% in USD interest rate *	6.77	9.88	6.77	9.88

\* Holding all other variables constant

#### (b) Liquidity risk management:

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse businesses, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

The Company's investment policy and strategy are focused on preservation of capital and supporting the Company's liquidity requirements. The Company uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Company typically invests in money market funds, large debt funds, government of india securities, equity funds and other highly rated securities under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. The policy requires investments generally to be investment grade, with the primary objective of minimising the potential risk of principal loss. To provide a meaningful assessment of the price risk associated with the Company's investment portfolio, the Company performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% movement in debt funds and debt securities and a 5% movement in the NAV of the equity funds. Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- ₹ 4.08 crore as at March 31, 2017 and +/- ₹ 14.83 crore as at March 31, 2016. 5% change in the equity funds NAV would result in a value change of +/- ₹ 17.14 crore as at March 31, 2017 and +/- ₹ 2.87 crore as at March 31, 2016. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

#### (c) Credit Risk Management:

The Company's customer profile include public sector enterprises, state owned companies and large private corporates. Accordingly, the Company's customer credit risk is low. The Company's average project execution cycle is around 24 to 36 months. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project. In some cases retentions are substituted with bank/corporate guarantees. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

The company is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

₹ crore

Particulars	2016-17	2015-16
Opening balance	1568.79	1008.78
Changes in loss allowance (Provision for doubtful debts):		
Loss allowance based on ECL	220.71	345.66
Additional provision	167.14	221.31
Write off as bad debts	(39.98)	(6.96)
Closing balance [reported under Note 11]	1916.66	1568.79

## Notes forming part of the Financial Statements (contd.)

### NOTE [45]

Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

(a) Category-wise classification for applicable financial assets:

₹ crore				
Sr. no.	Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
I.	Measured at fair value through Profit or Loss (FVTPL):			
	(i) Investment in equity instruments	56.04	56.04	173.30
	(ii) Investment in preference shares	605.10	441.95	45.65
	(iii) Investment in mutual funds	5031.03	2680.28	3041.48
	(iv) Investment in bonds	202.33	300.13	164.19
	(v) Derivative instruments not designated as cash flow hedges	6.08	1.31	18.41
	(vi) Embedded derivatives not designated as cash flow hedges	78.97	131.64	10.39
	Sub-total (I)	5979.55	3611.35	3453.42
II.	Measured at amortised cost:			
	(i) Loans	3683.59	5224.53	2397.63
	(ii) Trade receivables	19919.97	18967.75	16790.00
	(iii) Advances recoverable in cash	796.49	954.51	631.25
	(iv) Cash and cash equivalents and bank balances	4025.79	3668.44	3096.21
	(v) Other receivables	787.33	670.43	549.76
	Sub-total (II)	29213.17	29485.66	23464.85
III.	Measured at fair value through Other Comprehensive Income (FVTOCI):			
	(i) Investment in government securities, bonds and debentures	1748.72	1822.91	2312.38
	(ii) Derivative financial instruments designated as cash flow hedges	659.92	494.21	487.21
	(iii) Embedded derivatives designated as cash flow hedges	2.62	4.31	1.94
	Sub-total (III)	2411.26	2321.43	2801.53
	<b>Total (I+II+III)</b>	<b>37603.98</b>	<b>35418.44</b>	<b>29719.80</b>

(b) Category-wise classification for applicable financial liabilities:

₹ crore				
Sr. no.	Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
I.	Measured at fair value through profit or loss (FVTPL):			
	(i) Derivative Instruments not designated as cash flow hedges	8.53	18.61	14.99
	(ii) Embedded derivatives not designated as cash flow hedges	83.26	141.09	7.10
	Sub-total (I)	91.79	159.70	22.09
II.	Measured at amortised cost:			
	(i) Borrowings	10580.01	13924.41	13077.32
	(ii) Trade payables	24031.83	22215.92	18376.00
	(iii) Others	1217.12	1057.15	853.81
	Sub-total (II)	35828.96	37197.48	32307.13
III.	Derivative instruments (including embedded derivatives) through Other Comprehensive Income:			
	(i) Derivative Instruments designated as cash flow hedges	279.60	130.29	353.97
	(ii) Embedded derivatives designated as cash flow hedges	50.43	8.45	23.32
	Sub-total (III)	330.03	138.74	377.29
IV.	Financial guarantee contracts	20.71	34.96	37.73
	<b>Total (I+II+III+IV)</b>	<b>36271.49</b>	<b>37530.88</b>	<b>32744.24</b>



## Notes forming part of the Financial Statements (contd.)

### NOTE [45]

Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures" (contd.)

(c) Items of income, expense, gains or losses related to financial instruments:

		₹ crore	
Sr. no.	Particulars	2016-17	2015-16
I	Net gains/(losses) on financial assets and financial liabilities measured at fair value through Profit or Loss and amortised cost:		
A	Mandatorily measured at fair value through Profit or Loss:		
	(i) Gains/(losses) on fair valuation or sale of investment	(180.66)	11.98
	(ii) Gains/(losses) on fair valuation or settlement of forward contracts not designated as cash flow hedges	(33.57)	(25.45)
	(iii) Gains/(losses) on fair valuation or settlement of embedded derivative contracts not designated as cash flow hedges	9.93	(0.16)
	Sub-total (A)	(204.30)	(13.63)
B	Financial assets measured at amortised cost:		
	(i) exchange difference gains/(losses) on revaluation or settlement of items denominated in foreign currency (trade receivables, loans given etc.)	(173.03)	291.03
	(ii) (Allowance)/reversal for ECL recognised during the year in the Statement of Profit and Loss	(220.71)	(345.66)
	(iii) Provision for doubtful debts (other than ECL) (net)	(167.14)	(221.31)
	(iv) Bad debts written off (net)	(42.43)	(108.23)
	Sub-total (B)	(603.31)	(384.17)
C	Financial liabilities measured at amortised cost:		
	(i) exchange difference gains/(losses) on re-valuation or settlement of items denominated in foreign currency (trade payables, borrowings availed etc.)	277.28	(831.25)
	(ii) Unclaimed credit balances written back	130.71	57.11
	Sub-total (C)	407.99	(774.14)
	<b>Total [I] = (A+B+C)</b>	(399.62)	(1171.94)
II	Net gains/(losses) on financial assets and financial liabilities measured at fair value through Other Comprehensive Income:		
A	Financial assets measured at fair value through Other Comprehensive Income:		
	(i) Gains/(losses) recognised in Other Comprehensive Income:		
	1. Gains/(losses) on fair valuation or sale of government securities, bonds, debentures etc.	103.82	(29.81)
	2. Gains/(losses) on fair valuation or settlement of forward contracts designated as cash flow hedges	(129.42)	(146.14)
	3. Gains/(losses) on fair valuation or settlement of embedded derivative contracts designated as cash flow hedges	(24.02)	9.72
	Sub-total (i)	(49.62)	(166.23)
	Less:		
	(ii) Gains/(losses) reclassified to Profit and Loss from Other Comprehensive Income:		
	1. On government securities, bonds, debentures etc. upon sale	112.99	(25.94)
	2. On forward contracts upon hedged future cash flows affecting the profit or Loss or related assets or liabilities	(142.39)	274.12
	3. On embedded derivative contracts upon hedged future cash flows affecting the profit or loss or related asset or liability	(4.08)	-
	Sub-total (ii)	(33.48)	248.18
	<b>Net gain recognised in Other Comprehensive Income [II] = [(i)-(ii)]</b>	(16.14)	(414.41)
III	Other income/expense:		
A	Dividend income:		
	(i) Dividend income from investments measured at FVTPL	659.63	113.06
B	Interest income:		
	(i) Financial assets measured at amortised cost	380.28	330.27
	(ii) Financial assets measured at fair value through Other Comprehensive Income	157.84	199.13
	(iii) Financial assets measured at fair value through Profit or Loss	1.08	1.29
	Sub-total (B)	539.20	530.69

## Notes forming part of the Financial Statements (contd.)

### NOTE [45]

(c) Items of income, expense, gains or losses related to financial instruments (contd.)

Sr. no.	Particulars	₹ crore	
		2016-17	2015-16
C	Interest expense		
	(i) Financial liabilities measured at fair value through Other Comprehensive Income	(401.21)	(528.20)
	(ii) Financial liabilities measured at amortised cost	(832.36)	(863.84)
	(iii) Financial liabilities measured at fair value through Profit or Loss	5.69	(27.85)
	Sub-total (C)	(1227.88)	(1419.89)
	<b>Total [III] = (A+B+C)</b>	(29.05)	(776.14)

(d) Fair value of financial assets and financial liabilities measured at amortised cost:

(i) Financial assets measured at amortised cost:

The carrying amounts of trade receivables and cash and cash equivalents are considered to be the same as their fair values due to their short term nature. The carrying amounts of long term loans given with floating rate of interest are considered to be close to the fair value.

(ii) Financial liabilities measured at amortised cost:

Particulars	₹ crore						Fair value hierarchy
	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015		
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	
0.675 % Foreign currency convertible bonds	1201.78	1222.20	1190.86	1236.75	1089.81	1106.46	L2*
Redeemable non-convertible fixed rate debentures	2588.03	2677.39	3187.31	3234.66	2736.19	2789.39	L2*
Foreign currency non-resident loan	—	—	—	—	315.18	314.93	L2*
<b>Total</b>	<b>3789.81</b>	<b>3899.59</b>	<b>4378.17</b>	<b>4471.41</b>	<b>4141.18</b>	<b>4210.78</b>	

Note: The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short term nature. The carrying amounts of borrowings with floating rate of interest are considered to be close to the fair value.

\* Valuation technique L2: Future cash flows discounted using G-sec/LIBOR rates plus corporate spread.

(e) Fair value hierarchy of financial assets and liabilities measured at fair value:

Particulars	Note	₹ crore											
		As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:													
Investments at FVTPL													
(i) Equity shares (other than those held in subsidiary & associate companies)	5	—	—	56.04	56.04	—	—	56.04	56.04	117.26	—	56.04	173.30
(ii) Preference shares	5	—	605.10	—	605.10	—	441.95	—	441.95	—	45.65	—	45.65
(iii) Mutual fund units	10	5031.03	—	—	5031.03	2680.28	—	—	2680.28	3041.48	—	—	3041.48
(iv) Bonds	10	202.33	—	—	202.33	300.13	—	—	300.13	164.19	—	—	164.19
(v) Derivative instruments not designated as cash flow hedges	7,15	—	6.08	—	6.08	—	1.31	—	1.31	—	18.41	—	18.41
(vi) Embedded derivative instruments not designated as cash flow hedges	7,15	—	78.97	—	78.97	—	131.64	—	131.64	—	10.39	—	10.39

## Notes forming part of the Financial Statements (contd.)

### NOTE [45]

(e) Fair value hierarchy of financial assets and liabilities measured at fair value (contd.)

₹ crore

Particulars	Note	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments at FVTOCI													
(i) Debt instruments viz. government securities, bonds, debentures etc.	10	1748.72	-	-	1748.72	1822.91	-	-	1822.91	2312.38	-	-	2312.38
(ii) Derivative financial instruments designated as cash flow hedges	7, 15	-	659.92	-	659.92	-	494.21	-	494.21	-	487.21	-	487.21
(iii) Embedded derivative financial instruments designated as cash flow hedges	7, 15	-	2.62	-	2.62	-	4.31	-	4.31	-	1.94	-	1.94
<b>Total</b>		<b>6982.08</b>	<b>1352.69</b>	<b>56.04</b>	<b>8390.81</b>	<b>4803.32</b>	<b>1073.42</b>	<b>56.04</b>	<b>5932.78</b>	<b>5635.31</b>	<b>563.60</b>	<b>56.04</b>	<b>6254.95</b>
Financial liabilities:													
Financial liabilities at FVTPL													
(i) Designated as at FVTPL													
(a) Derivative instruments not designated as cash flow hedges	20,26	-	8.53	-	8.53	-	18.61	-	18.61	-	14.99	-	14.99
(b) Embedded derivative instruments not designated as cash flow hedges	20,26	-	83.26	-	83.26	-	141.09	-	141.09	-	7.10	-	7.10
(ii) Derivative instruments (including embedded derivatives)													
(a) Derivative financial instruments designated as cash flow hedges	20,26	-	279.60	-	279.60	-	130.29	-	130.29	-	353.97	-	353.97
(b) Embedded Derivative financial instruments designated as cash flow hedges	20,26	-	50.43	-	50.43	-	8.45	-	8.45	-	23.32	-	23.32
<b>Total</b>		<b>-</b>	<b>421.82</b>	<b>-</b>	<b>421.82</b>	<b>-</b>	<b>298.44</b>	<b>-</b>	<b>298.44</b>	<b>-</b>	<b>399.38</b>	<b>-</b>	<b>399.38</b>

Valuation technique and key inputs used to determine fair value:

- A. Level 1: Mutual funds, bonds, debentures and government securities - Quoted price in the active market.  
 B. Level 2: (a) Derivative instruments – Present value technique using forward exchange rates at the end of reporting period.  
 (b) Preference shares – Future cash flows are discounted using G-sec rates as at reporting date.  
 (f) Significant unobservable inputs used in level 3 fair value measurements and sensitivity of the fair value measurement to changes in unobservable inputs:

₹ crore

Particulars	Fair Value as at 31-3-2017	Fair Value as at 31-3-2016	Fair Value as at 1-4-2015	Significant unobservable inputs	Sensitivity
Equity investment in Tidel Park Limited	55.94	55.94	55.94	1. Lease realisation: Net realisation per month ₹ 30 per sq/ft. 2. Capitalisation rate 12%	1% change in net realisation would result in +/- ₹ 0.38 crore 25 bps change in capitalisation rate would result in +/- ₹ 0.78 crore

## Notes forming part of the Financial Statements (contd.)

### NOTE [45] (contd.)

(g) Maturity profile of financial liabilities:

Particulars	Note	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
		Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
		₹ crore								
<b>A. Non-derivative liabilities</b>										
Borrowings	19, 23, 24	3731.18	7797.02	11528.20	5947.08	9295.07	15242.15	5040.48	9403.71	14444.19
Trade payables	25	22776.80	1255.03	24031.83	21217.48	998.44	22215.92	17215.16	1160.83	18376.00
Other financial liabilities	20, 26	1160.08	81.09	1241.17	1007.55	89.79	1097.34	819.72	72.69	892.41
<b>Total</b>		<b>27668.06</b>	<b>9133.14</b>	<b>36801.20</b>	<b>28172.11</b>	<b>10383.30</b>	<b>38555.41</b>	<b>23075.36</b>	<b>10637.24</b>	<b>33712.60</b>
<b>B. Derivative liabilities</b>										
Forward contracts	20, 26	267.62	30.21	297.83	119.10	37.23	156.33	328.03	49.69	377.72
Embedded derivatives	20, 26	120.33	26.42	146.75	170.75	–	170.75	12.78	23.07	35.85
<b>Total</b>		<b>387.95</b>	<b>56.63</b>	<b>444.58</b>	<b>289.85</b>	<b>37.23</b>	<b>327.08</b>	<b>340.81</b>	<b>72.76</b>	<b>413.57</b>

(h) Details of outstanding hedge instruments for which hedge accounting is followed:

(i) Outstanding currency exchange rate hedge instruments:

(A) Forward covers taken to hedge exchange rate risk and accounted as cash flow hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
<b>(a) Receivable hedges</b>												
US Dollar	2817.69	66.87	2185.09	632.60	2572.61	66.75	1988.31	584.30	2026.73	66.34	1624.77	401.96
EURO	723.40	84.61	507.79	215.61	926.50	86.04	495.64	430.86	785.34	86.69	298.22	487.12
Malaysian Ringgit	331.20	14.86	331.20	–	258.49	18.57	45.24	213.25	–	–	–	–
Saudi Riyal	–	–	–	–	63.65	18.34	63.65	–	42.94	17.14	42.94	–
Omani Riyal	324.75	172.04	309.74	15.01	44.67	176.63	44.67	–	65.82	137.55	65.82	–
Arab Emirates Dirham	1229.22	17.59	1029.47	199.75	1097.11	18.83	955.63	141.48	1149.04	17.78	1010.21	138.83
Canadian Dollar	9.41	50.29	9.41	–	–	–	–	–	–	–	–	–
British Pound	6.12	81.60	6.12	–	–	–	–	–	2.35	94.05	2.35	–
Japanese Yen	845.50	0.66	467.82	377.68	262.44	0.64	159.10	103.34	207.39	0.70	0.16	207.23
Kuwaiti Dinar	187.89	220.92	164.74	23.15	141.21	228.69	118.06	23.15	165.75	211.81	165.75	–
Qatari Riyal	1184.17	15.58	1061.92	122.25	1681.41	19.07	1317.65	363.76	1477.36	17.78	1314.38	162.98
Bahraini Dinar	–	–	–	–	18.98	158.12	18.98	–	–	–	–	–
<b>(b) Payable hedges</b>												
US Dollar	7232.88	62.41	6082.60	1150.28	9328.85	67.54	5508.25	3820.60	7734.12	63.71	3889.00	3845.12
EURO	1907.72	71.72	1799.42	108.30	1934.13	75.92	1876.46	57.67	2135.94	73.42	2062.80	73.14
Arab Emirates Dirham	7.24	18.11	7.24	–	7.33	18.20	7.33	–	–	–	–	–
Swiss Franc	266.74	67.51	266.74	–	299.54	74.49	219.68	79.86	160.06	69.43	160.06	–
Chinese Yuan	63.51	9.63	63.51	–	104.77	10.70	104.77	–	2.21	10.06	2.21	–
British Pound	2.97	81.81	2.97	–	10.61	101.00	10.61	–	16.61	97.34	16.61	–
Japanese Yen	385.36	0.61	385.36	–	614.50	0.59	614.50	–	110.06	0.57	110.06	–
Kuwaiti Dinar	4.40	219.94	4.40	–	–	–	–	–	–	–	–	–
Qatari Riyal	–	–	–	–	244.46	18.57	244.46	–	175.69	17.22	175.69	–
Saudi Riyal	–	–	–	–	71.76	18.17	71.76	–	–	–	–	–

## Notes forming part of the Financial Statements (contd.)

### NOTE [45] (contd.)

(B) Options taken to hedge exchange rate risk and accounted as cash flow hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
<b>Receivable hedges</b>												
US Dollar	-	-	-	-	-	-	-	-	148.53	63.54	148.53	-

(C) Forward covers taken to hedge exchange rate risk and accounted as net investment hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
<b>Receivable hedges</b>												
Saudi Riyal	785.74	19.44	27.79	757.95	584.21	20.81	-	584.21	366.36	19.54	366.36	-

(ii) Outstanding interest rate hedge instruments:

Interest rate swaps taken to hedge interest rate risk and accounted as cash flow hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (%)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (%)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (%)	Within twelve months (₹ crore)	After twelve months (₹ crore)
Floating interest rate borrowings	1433.26	8.00	672.70	760.56	1614.52	8.01	181.30	1433.22	1614.52	8.01	-	1614.52

(iii) Outstanding commodity price hedge instruments:

Commodity Forward Contract

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
Silver (Kg)	-	-	-	-	-	-	-	-	13.45	37373.00	13.45	-
Copper (Tn)	30.99	290443.90	30.99	-	282.83	316014.00	282.83	-	123.25	357981.55	123.25	-
Aluminium (Tn)	8.20	112943.72	8.20	-	122.62	111517.20	122.62	-	80.59	120551.00	80.59	-
Iron Ore (Tn)	71.66	3592.00	43.19	28.47	41.83	3053.00	23.38	18.45	-	-	-	-
Coking Coal (Tn)	50.40	11494.00	42.07	8.33	16.86	5526.00	16.86	-	-	-	-	-
Zinc (Tn)	9.53	177153.00	9.53	-	46.56	121345.00	46.56	-	17.15	135003.00	17.15	-
Lead (Tn)	0.23	150777.00	0.23	-	13.16	121104.00	13.16	-	10.65	112455.00	10.65	-

(i) Carrying amounts of hedge instruments for which hedge accounting is followed:

Cash flow hedge

₹ crore

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Currency exposure	Interest rate exposure	Commodity price	Currency exposure	Interest rate exposure	Commodity price	Currency exposure	Interest rate exposure	Commodity price
(i) Forward contracts									
Current:									
Asset - Other financial assets	236.80	-	29.03	128.74	-	0.69	205.96	-	6.55
Liability - Other financial liabilities	286.77	-	(4.89)	115.43	-	0.06	316.29	-	3.54
Non-current:									
Asset - Other financial assets	105.25	-	3.34	27.62	-	-	57.24	-	-
Liability - Other financial liabilities	46.76	-	1.39	22.67	-	-	53.41	-	-
(ii) Swap contracts									
Current:									
Asset - Other financial assets	123.06	(1.38)	-	-	-	-	0.52	-	-
Liability - Other financial liabilities	-	-	-	0.58	-	-	-	-	-
Non-current:									
Asset - Other financial assets	116.91	(15.69)	-	328.98	(2.73)	-	167.74	22.49	-
Liability - Other financial liabilities	-	-	-	-	-	-	(6.70)	10.23	-

## Notes forming part of the Financial Statements (contd.)

### NOTE [45]

(i) Carrying amounts of hedge instruments for which hedge accounting is followed (contd.)

Net Investment										₹ crore
Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015			
	Currency exposure	Interest rate exposure	Commodity price	Currency exposure	Interest rate exposure	Commodity price	Currency exposure	Interest rate exposure	Commodity price	
(i) Forward contracts										
Current:										
Asset - Other financial assets	1.47	–	–	–	–	–	29.17	–	–	
Non-current:										
Asset - Other financial assets	63.75	–	–	15.22	–	–	–	–	–	

(j) Breakup of cash flow hedging reserve and cost of hedging reserve:

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Cash flow hedging reserve	Cost of hedging reserve	Cash flow hedging reserve	Cost of hedging reserve	Cash flow hedging reserve	Cost of hedging reserve
Balance towards continuing hedges	186.68	(58.49)	4.46	(15.07)	(21.99)	(26.41)
Balance for which hedge accounting discontinued	15.92	–	(25.22)	–	(77.18)	–

(k) Reclassification of hedging reserve and cost of hedging reserve to Profit or Loss:

Particulars	Hedge reserve	
	2016-17	2015-16
Future cash flows are no longer expected to occur:		
Sales, administration and other expenses	(9.69)	43.85
Hedged expected future cash flows affecting profit or loss:		
Progress billing	118.94	(19.59)
Revenue from operations	43.53	(14.68)
Manufacturing, construction and operating expenses	(133.47)	(141.36)
Finance costs	(401.21)	(528.20)
Sales, administration and other expenses	(46.84)	386.31

(l) Movement of hedging reserve and cost of hedging reserve:

Hedging reserve	2016-17			2015-16		
	Gross	Tax	Net of tax	Gross	Tax	Net of tax
Opening balance	(31.74)	10.98	(20.76)	(151.65)	52.48	(99.17)
Changes in the spot element of the forward contracts which is designated as hedging instrument for time period related hedges	(209.15)	72.44	(136.71)	231.72	(80.12)	151.60
Changes in fair value of forward contracts designated as hedging instruments	264.25	(91.52)	172.73	(22.52)	7.78	(14.74)
Changes in intrinsic value of option contracts	–	–	–	(0.13)	0.05	(0.08)
Changes in fair value of swaps	55.38	(19.18)	36.20	(15.22)	5.26	(9.96)
Amount reclassified to Profit or Loss	346.79	(120.11)	226.68	(93.71)	32.36	(61.35)
Amount included in non-financial assets/liabilities	(115.56)	40.02	(75.54)	19.77	(6.83)	12.94
Closing balance	309.97	(107.37)	202.60	(31.74)	10.98	(20.76)

## Notes forming part of the Financial Statements (contd.)

### NOTE [45]

(l) Movement of hedging reserve and cost of hedging reserve (contd.)

₹ crore

Cost of hedging reserve	2016-17			2015-16		
	Gross	Tax	Net of tax	Gross	Tax	Net of tax
Opening balance	(23.04)	7.97	(15.07)	(40.38)	13.97	(26.41)
Changes in the forward element of the forward contracts where changes in spot element of forward contract is designated as hedging instrument for time period related hedges	(263.92)	91.34	(172.58)	(330.27)	114.37	(215.90)
Amount reclassified to Profit or Loss	197.51	(68.35)	129.16	347.61	(120.37)	227.24
Closing balance	(89.45)	30.96	(58.49)	(23.04)	7.97	(15.07)

### NOTE [46]

Exceptional items for the year ended March 31, 2017 include the following:

- Gain of ₹ 1947.89 crore on sale of the Company's part stake in subsidiary companies viz. Larsen & Toubro Infotech Limited - ₹ 1191.70 crore and L&T Technology Services Limited - ₹ 756.19 crore;
- Loss on divestment of stake in L&T General Insurance Company Limited - ₹ 92.84 crore;
- Loss on sale of company's full stake in subsidiary company L&T Arabia LLC - ₹ 11.08 crore to a wholly owned subsidiary company and
- Provision for impairment of investment in Infrastructure Development Projects Limited - ₹ 950 crore.

Exceptional items for the year ended March 31, 2016 include the following:

- Gain on sale of the Company's part stake in L&T Finance Holdings Limited - ₹ 488.39 crore,
- Gain on divestment of stake in L&T-Valdel Engineering Limited - ₹ 36.59 crore, L&T-Gulf Private Limited - ₹ 6.74 crore and L&T Sapura Shipping Private Limited - ₹ 9.18 crore to a wholly owned subsidiary company.
- Gain of ₹ 105.86 crore on sale of the Company's stake in associate companies viz. Salzer Electronics Limited - ₹ 57.46 crore and L&T-Chiyoda Limited - ₹ 48.40 crore;
- Gain of ₹ 48.52 crore on sale of the Company's Foundry Business Unit and
- Provision for impairment of investment in L&T General Insurance Company Limited - ₹ 135 crore.

### NOTE [47]

Disclosure pursuant to Ind AS 108 "Operating Segment"

(a) Information about reportable segment

₹ crore

Particulars	For the year ended 31-3-2017			For the year ended 31-3-2016		
	External	Inter-segment	Total	External	Inter-segment	Total
<b>Revenue</b>						
Infrastructure	46573.35	321.07	46894.42	45236.94	409.50	45646.44
Power	6938.79	—	6938.79	6425.48	1.33	6426.81
Heavy Engineering	3098.38	233.39	3331.77	2779.17	156.32	2935.49
Electrical & Automation	4058.19	223.15	4281.34	3874.66	308.69	4183.35
Others	5632.64	483.17	6115.81	5496.40	410.24	5906.64
Elimination	—	(1260.78)	(1260.78)	—	(1286.08)	(1286.08)
<b>Total</b>	<b>66301.35</b>	<b>—</b>	<b>66301.35</b>	<b>63812.65</b>	<b>—</b>	<b>63812.65</b>
<b>Segment result [Profit/(Loss) before interest and tax]</b>						
Infrastructure			4147.12			4701.14
Power			201.18			112.84
Heavy Engineering			530.88			(98.48)
Electrical & Automation			520.39			436.59
Others			492.07			384.36
<b>Total</b>			<b>5891.64</b>			<b>5536.45</b>



## Notes forming part of the Financial Statements (contd.)

### NOTE [47(a)]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 "Operating Segment" (contd.)

₹ crore

Particulars	For the year ended 31-3-2017			For the year ended 31-3-2016		
	External	Inter-segment	Total	External	Inter-segment	Total
Inter-segment margin on capital jobs			(32.83)			(11.02)
			5858.81			5525.43
Unallocated corporate income/(expenditure) (net)			783.78			1116.01
<b>Operating Profit (PBIT)</b>			6642.59			6641.44
Interest expense			(1318.03)			(1476.82)
Interest income			539.31			530.72
<b>Profit before tax (PBT)</b>			5863.87			5695.34
Provision for current tax			(1675.20)			(1530.01)
Provision for deferred tax			371.10			273.97
<b>Profit after tax (before exceptional items)</b>			4559.77			4439.30
<b>Profit from exceptional items</b>			893.97			560.28
<b>Profit after tax (after exceptional items)</b>			5453.74			4999.58

₹ crore

Particulars	Segment assets			Segment liabilities		
	As at	As at	As at	As at	As at	As at
	31-3-2017	31-3-2016	1-4-2015	31-3-2017	31-3-2016	1-4-2015
Infrastructure	43931.92	42284.29	35811.84	29858.24	27176.56	23933.86
Power	6241.46	7470.09	6158.33	6362.49	7382.07	6126.57
Heavy Engineering	4868.03	5017.80	5023.67	3270.32	3318.20	2533.52
Electrical & Automation	3007.54	2907.22	3005.70	1530.93	1338.19	1410.52
Others	7940.91	8011.28	8013.04	3967.19	3887.56	3358.18
<b>Total</b>	65989.86	65690.68	58012.58	44989.17	43102.58	37362.65
Unallocable corporate assets/liabilities	36742.92	34515.85	31924.50	11730.87	14968.64	14021.90
Inter-segment assets/liabilities	(535.96)	(585.58)	(591.30)	(535.96)	(585.58)	(591.30)
<b>Total assets/liabilities</b>	102196.82	99620.95	89345.78	56184.08	57485.64	50793.25

₹ crore

Particulars	Depreciation, amortisation, impairment & obsolescence included in segment expense		Other non-cash expenses included in segment expense		Additions to non-current assets	
	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	31-3-2017	31-3-2016	31-3-2017	31-3-2016	31-3-2017	31-3-2016
Infrastructure	591.45	430.54	19.81	22.09	564.53	1158.73
Power	44.40	58.31	1.99	3.23	100.17	450.04
Heavy Engineering	105.75	110.84	2.49	3.31	92.98	231.09
Electrical & Automation	130.81	123.10	3.83	4.87	165.38	297.63
Others	122.60	151.06	4.45	5.61	75.04	131.22
<b>Total</b>	995.01	873.85	32.57	39.11	998.10	2268.71
Unallocable corporate	220.18	123.55	29.20	21.23	567.07	130.37
Inter-segment	–	–	–	–	(166.44)	(514.43)
<b>Total</b>	1215.19	997.40	61.77	60.34	1398.73	1884.65

Note: There is no impairment in non-financial assets of the segments. Unallocable corporate expenses include impairment loss of ₹ 103 crore for the year ended March 31, 2017 (previous year: ₹ Nil).

## Notes forming part of the Financial Statements (contd.)

### NOTE [47]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 "Operating Segment" (contd.)

(b) Geographical information

Particulars	Revenue	
	For the year ended	For the year ended
	31-3-2017	31-3-2016
India (i)	51738.65	50117.59
Foreign countries:		
Kingdom of Saudi Arabia	2639.59	2178.17
United Arab Emirates	2897.95	1916.57
Qatar	4655.59	4056.36
Bangladesh	1317.00	1440.76
Other countries	3052.57	4103.20
Total foreign countries (ii)	14562.70	13695.06
Total (i)+(ii)	66301.35	63812.65

₹ crore

Particulars	Non-current assets		
	As at	As at	As at
	31-3-2017	31-3-2016	1-4-2015
India (i)	9185.28	9227.49	9318.48
Foreign countries:			
Qatar	235.85	305.93	142.67
Other countries	349.91	380.78	189.38
Total foreign countries (ii)	585.76	686.71	332.05
Total (i)+(ii)	9771.04	9914.20	9650.53

₹ crore

- (c) Revenue contributed by any single customer in any of the operating segments, whether reportable or otherwise, does not exceed ten percent of the Company's total revenue.
- (d) The Company's reportable segments are organised based on the nature of products and services offered by these segments.
- (e) Basis of identifying operating segments, reportable segments, segment profit and definition of each reportable segment:
- (i) Basis of identifying operating segments:
- Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components; (b) whose operating results are regularly reviewed by the Company's Executive Management Committee (EMC) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.
- The Company has four reportable segments as described under "Segment Composition" below. The nature of products and services offered by these businesses are different and are managed separately given the different sets of technology and competency requirements.
- (ii) Reportable segments:
- An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.
- (iii) Segment profit:
- Performance of a segment is measured based on segment profit (before interest and tax), as included in the internal management reports that are reviewed by the Company's EMC.

## Notes forming part of the Financial Statements (contd.)

### NOTE [47]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 "Operating Segment" (contd.)

(iv) Segment composition:

- **Infrastructure segment** comprises engineering and construction of building and factories, transportation infrastructure, heavy civil infrastructure, power transmission & distribution, water & effluent treatment and smart world & communication projects.
- **Power segment** comprises turnkey solutions for Coal-based and Gas-based thermal power plants including power generation equipment with associated systems and/or balance-of-plant packages.
- **Heavy Engineering segment** comprises manufacture and supply of custom designed, engineered critical equipment and systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and Defence.
- **Electrical & Automation segment** comprises manufacture and sale of low and medium voltage switchgear components, custom built low and medium voltage switchboards, electronic energy meters/protection (relays) systems, control & automation products.
- **Others segment** includes metallurgical & material handling systems, realty, shipbuilding, manufacture, marketing and servicing of construction equipment and parts thereof, marketing and servicing of mining machinery and parts thereof, manufacture and sale of rubber processing machinery & castings (upto the date of sale). None of the businesses reported as part of others segment meet any of the quantitative thresholds for determining reportable segments in the year ended March 31, 2017, the year ended March 31, 2016 or as at April 1, 2015.

### NOTE [48]

(a) Disclosures pursuant to Ind AS 11 "Construction Contracts":

		₹ crore		
Sr. no.	Particulars	2016-17	2015-16	1-4-2015
i)	Contract revenue recognised for the financial year [Note 31]	58498.42	55522.22	Not applicable
ii)	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) as at end of the financial year for all contracts in progress as at that date	217253.39*	210231.40*	184245.08*
iii)	Amount of customer advances outstanding for contracts in progress as at end of the financial year	12205.69	11791.52	10431.14
iv)	Retention amounts by customers for contracts in progress as at end of the financial year	6981.26	6506.01	5767.20

\*includes provision for foreseeable loss: ₹ 121.66 crore (2015-16: ₹ 127.83 crore and 1-4-2015: ₹ 118.36 crore)

(b) The Company has revised certain estimates used in determining the cost of completion of projects, as a part of periodic review of estimates. As a result, the revenue and profit before tax for the year increased by ₹ 121.46 crore (previous year: ₹ 395.73 crore).

(c) Disclosures pursuant to Guidance Note on Accounting for Real Estate Transactions issued by the Institute of Chartered Accountants of India:

		₹ crore		
Sr. no.	Particulars	2016-17	2015-16	1-4-2015
i)	Amount of project revenue recognised for the financial year [Note 31]	403.18	843.60	Not applicable
ii)	Aggregate amount of costs incurred and profits recognised (less recognised losses) as at the end of the financial year	2332.26	2228.80	1464.99
iii)	Amount of advances received	19.16	15.73	31.40
iv)	Amount of work-in-progress and the value of inventories [Note 9]	281.83	304.82	201.11
v)	Excess of revenue recognised over actual bills raised (unbilled revenue) [Note 16]	71.28	10.24	48.71

## Notes forming part of the Financial Statements (contd.)

### NOTE [49]

Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

		₹ crore	
Sr. no.	Particulars	2016-17	2015-16
(a)	Profit or Loss section:		
	(i) Current income tax:		
	Current income tax expense	1671.58	1515.58
	Tax expense of prior periods	3.62	14.43
		1675.20	1530.01
	(ii) Deferred tax:		
	Tax expense on origination and reversal of temporary differences	(349.24)	(273.97)
	Effect of previously unrecognised tax losses used to reduce tax expense	(21.86)	–
		(371.10)	(273.97)
	<b>Income tax expense reported in Profit or Loss [(i)+(ii)]</b>	<b>1304.10</b>	<b>1256.04</b>
(b)	Other Comprehensive Income (OCI) section:		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	Current tax expense/(income):		
	On remeasurement of defined benefit plans	(4.25)	(4.47)
		(4.25)	(4.47)
	(ii) Items to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):		
	Forward covers settled, retained in hedging reserve	(14.47)	26.54
		(14.47)	26.54
	(B) Deferred tax expense/(income):		
	Net gain/(loss) on cost of hedging reserve	(22.99)	6.00
	On MTM of cash flow hedges	132.82	14.96
	On gain/(loss) on fair value of debt securities	1.08	(1.29)
	On foreign currency translation of joint operations	(2.29)	2.19
		108.62	21.86
	<b>Income tax expense reported in Other Comprehensive Income [(i)+(ii)]</b>	<b>89.90</b>	<b>43.93</b>
(c)	Retained earnings:		
	Current income tax	(133.40)	–
	Deferred tax	133.40	–
	<b>Income tax expense reported in retained earnings</b>	<b>–</b>	<b>–</b>

(b) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate applicable in India:

		₹ crore	
Sr. no.	Particulars	2016-17	2015-16
(a)	<b>Profit before tax</b>	6757.84	6255.62
(b)	Corporate tax rate as per Income Tax Act, 1961	34.61%	34.61%
(c)	<b>Tax on Accounting profit</b>	<b>2338.75</b>	<b>2164.94</b>
(d)	(i) <b>Tax on income exempt from tax:</b>		
	(A) Dividend income	(368.61)	(388.08)
	(B) Long term capital gains exempt from tax	(675.59)	(253.24)
	(C) Interest on tax free bonds	(10.58)	(11.76)
	(ii) <b>Tax on expenses not tax deductible:</b>		
	(A) CSR expenses	34.87	41.70
	(B) Expenses in relation to exempt income	19.83	50.24
	(C) Tax on employee perquisites borne by the Company	3.28	2.93
	(iii) Weighted deduction on R&D expenditure and deduction u/s 80IA	(368.93)	(269.36)
	(iv) Tax effect on impairment losses recognised and on which deferred tax asset is not recognised	328.78	46.72
	(v) Effect of previously unrecognised tax losses used to reduce tax expense	(21.86)	–
	(vi) Tax effect of losses of current year on which no deferred tax benefit is recognised	42.99	5.94
	(vii) Tax effect on various other items	(18.83)	(133.99)
	<b>Total effect of tax adjustments [(i) to (vii)]</b>	<b>(1034.65)</b>	<b>(908.90)</b>
(e)	<b>Tax expense recognised during the year</b>	<b>1304.10</b>	<b>1256.04</b>
(f)	<b>Effective tax Rate</b>	<b>19.30%</b>	<b>20.08%</b>

## Notes forming part of the Financial Statements (contd.)

### NOTE [49]

Disclosure pursuant to Ind AS 12 "Income Taxes" (contd.)

(c) i. Unused tax losses for which no deferred tax asset is recognised in Balance Sheet

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Base amount (₹ crore)	Deferred tax (₹ crore)	Expiry date (Assessment year)	Base amount (₹ crore)	Deferred tax (₹ crore)	Expiry date (Assessment year)	Base amount (₹ crore)	Deferred tax (₹ crore)	Expiry date (Assessment year)
Tax losses (capital loss on which no tax asset is created)									
Assessment Year 2017-18	1336.82	247.71	31-3-2026	–	–	–	–	–	–
Assessment Year 2016-17	1149.58	265.23	31-3-2025	1149.58	265.23	31-3-2025	–	–	–
<b>Total</b>	<b>2486.40</b>	<b>512.94</b>	<b>–</b>	<b>1149.58</b>	<b>265.23</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

ii. Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet

Sr. no.	Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Base amount	Deferred tax	Base amount	Deferred tax	Base amount	Deferred tax
(a)	Deductible temporary differences towards provision for diminution in value of investments on which DTA not created	1019.47	243.23	204.47	55.19	46.04	15.65
(b)	Temporary differences arising out of revaluation of tax base of assets (on account of indexation benefit)	4736.69	1092.85	3706.06	855.06	3832.28	868.39
	<b>Total</b>	<b>5756.16</b>	<b>1336.08</b>	<b>3910.53</b>	<b>910.25</b>	<b>3878.32</b>	<b>884.04</b>

(d) Components of deferred tax (assets) and liabilities recognised in Balance Sheet and Statement of Profit or Loss:

Sr. no.	Particulars	Balance Sheet			Statement of Profit or Loss	
		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	2016-17	2015-16
(a)	Disputed statutory liabilities claimed on payment basis u/s 43B of the Income Tax Act, 1961	150.54	113.65	100.48	36.89	13.17
(b)	Items disallowed u/s 43B of the Income Tax Act, 1961	(213.79)	(197.34)	(173.52)	(16.45)	(23.82)
(c)	Provision for doubtful debts and advances	(740.19)	(616.97)	(403.72)	(123.21)	(213.26)
(d)	Difference between book depreciation and tax depreciation	510.22	587.29	605.17	(77.07)	(17.89)
(e)	Gain/(loss) on derivative transactions	18.80	(91.20)	(112.03)	–	–
(f)	Other temporary differences	(10.80)	48.43	79.59	(191.26)	(32.17)
	<b>Deferred tax expense/(income)</b>				<b>(371.10)</b>	<b>(273.97)</b>
	<b>Net deferred tax (assets)/liabilities</b>	<b>(285.22)</b>	<b>(156.14)</b>	<b>95.97</b>		

(e) Reconciliation of deferred tax (assets)/liabilities:

Sr. no.	Particulars	2016-17	2015-16
(a)	Opening balance as at April 1	(156.14)	95.97
(b)	Tax (income)/expense during the period recognised in:		
(i)	statement of Profit and Loss in Profit or Loss section	(371.10)	(273.97)
(ii)	statement of Profit and Loss under OCI section	108.62	21.86
(iii)	retained earnings	133.40	–
	<b>Closing balance as at March 31</b>	<b>(285.22)</b>	<b>(156.14)</b>

## Notes forming part of the Financial Statements (contd.)

### NOTE [50]

Disclosure pursuant to Ind AS 19 "Employee Benefits":

(I) Defined contribution plans - Note 1(k)(ii)(A): Amount of ₹ 118.34 crore (previous year: ₹ 102.98 crore) is recognised as an expense.

(II) Defined benefit plans - Note 1(k)(ii)(B):

(a) The amounts recognised in Balance Sheet are as follows:

₹ crore

Particulars	Gratuity Plan			Post-retirement medical benefit plan		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
A) Present value of defined benefit obligation						
– Wholly funded	445.79	415.70	422.36	–	–	–
– Wholly unfunded	71.94	52.70	35.85	185.64	155.58	148.90
	517.73	468.40	458.21	185.64	155.58	148.90
Less: Fair value of plan assets	439.61	385.85	364.71	–	–	–
Add: Amount not recognised as an asset (limit in para 64(b))	–	–	2.08	–	–	–
Amount to be recognised as liability or (asset)	78.12	82.55	95.58	185.64	155.58	148.90
B) Amounts reflected in Balance Sheet						
Liabilities	78.12	82.55	95.58	185.64	155.58	148.90
Assets	–	–	–	–	–	–
Net liability/(asset)	78.12	82.55	95.58	185.64	155.58	148.90
Net liability/(asset) - current	78.12	82.55	95.58	5.25	11.16	10.04
Net liability/(asset) - non-current	–	–	–	180.39	144.42	138.86

₹ crore

Particulars	Company pension plan			Trust-managed provident fund plan		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
A) Present value of defined benefit obligation						
– Wholly funded	–	–	–	2146.56	1986.97	1856.97
– Wholly unfunded	312.75	283.25	215.64	–	9.87	27.78
	312.75	283.25	215.64	2146.56	1996.84	1884.75
Less: Fair value of plan assets	–	–	–	2156.30	1990.14	1857.15
Amount to be recognised as liability or (asset)	312.75	283.25	215.64	(9.74)	6.70	27.60
B) Amounts reflected in Balance Sheet						
Liabilities	312.75	283.25	215.64	23.33	22.29	27.60
Assets	–	–	–	–	–	–
Net liability/(asset)	312.75	283.25	215.64	23.33	22.29	27.60
Net liability/(asset) - current #	22.46	56.17	13.26	23.33	22.29	22.74
Net liability/(asset) - non-current	290.29	227.08	202.38	–	–	4.86

## Notes forming part of the Financial Statements (contd.)

### NOTE [50]

Disclosure pursuant to Ind AS 19 "Employee Benefits" (contd.)

(b) The amounts recognised in the Statement of Profit and Loss are as follows:

Particulars	₹ crore							
	Gratuity Plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1 Current service cost	67.21	57.90	10.83	7.04	2.47	3.24	66.55	72.66
2 Interest cost	27.92	30.03	11.68	11.27	21.14	16.30	168.78	154.87
3 Interest income on plan assets	(27.56)	(34.51)	–	–	–	–	(168.78)	(154.87)
4 Actuarial losses/(gains) - others	19.37	1.37	15.69	(5.09)	23.63	14.14	(9.87)	(17.91)
5 Actuarial losses/(gains) - difference between actual return on plan assets and interest income	(46.42)	2.49	–	–	–	–	(10.02)	(10.55)
6 Past service cost	–	–	–	0.97	–	49.58	–	–
7 Actuarial gain/(loss) not recognised in Books	–	–	–	–	–	–	19.89	28.46
8 Translation adjustments	0.19	–	–	–	–	–	–	–
9 Amount capitalised out of the above/ recovered from S&A	(0.10)	(0.20)	(0.01)	(0.01)	–	–	–	–
<b>Total (1 to 9)</b>	<b>40.61</b>	<b>57.08</b>	<b>38.19</b>	<b>14.18</b>	<b>47.24</b>	<b>83.26</b>	<b>66.55</b>	<b>72.66</b>
i Amount included in "employee benefits expense"	67.30	57.70	10.82	8.00	2.47	52.82	66.55	72.66
ii Amount included as part of "finance cost"	0.36	(4.48)	11.68	11.27	21.14	16.30	–	–
iii Amount included as part of "other comprehensive income"	(27.05)	3.86	15.69	(5.09)	23.63	14.14	–	–
<b>Total (i + ii + iii)</b>	<b>40.61</b>	<b>57.08</b>	<b>38.19</b>	<b>14.18</b>	<b>47.24</b>	<b>83.26</b>	<b>66.55</b>	<b>72.66</b>
Actual return on plan assets	73.98	31.95	–	–	–	–	178.80	165.42

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	₹ crore							
	Gratuity Plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016
Opening balance of the present value of defined benefit obligation	468.40	458.21	155.58	148.90	283.25	215.64	1996.84	1884.75
Add: Current service cost	67.21	57.90	10.83	7.04	2.47	3.24	66.55	72.66
Add: Interest cost	27.92	30.03	11.68	11.27	21.14	16.30	168.78	154.87
Add: Contribution by plan participants								
i) Employee	–	–	–	–	–	–	171.66	174.70
ii) Transfer-in/(out)	–	–	–	–	–	–	3.64	5.61
Add/(less): Actuarial losses/(gains)								
i) Actuarial (gains)/losses arising from changes in financial assumptions	19.28	1.19	17.26	1.05	16.80	1.01	(9.87)	(17.91)
ii) Actuarial (gains)/losses arising from changes in experience adjustments	0.09	0.18	(1.57)	(6.14)	6.83	13.13	–	–
Less: Benefit paid	(64.99)	(79.29)	(8.14)	(7.51)	(17.74)	(15.65)	(251.04)	(277.84)
Add: Past service cost	–	–	–	0.97	–	49.58	–	–
Add/(less): Translation adjustments	(0.18)	0.18	–	–	–	–	–	–
Closing balance of the present value of defined benefit obligation	517.73	468.40	185.64	155.58	312.75	283.25	2146.56	1996.84



## Notes forming part of the Financial Statements (contd.)

### NOTE [50]

Disclosure pursuant to Ind AS 19 "Employee Benefits" (contd.)

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Particulars	Gratuity Plan		Trust-managed provident fund plan	
	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016
	Opening balance of the fair value of the plan assets	385.85	364.71	1990.14
Add: Interest income on plan assets *	27.56	34.51	168.78	154.87
Add/(Less): Actuarial gains/(losses)				
Difference between actual return on plan assets and interest income	46.42	(2.49)	10.02	10.55
Add: Contribution by the employer	44.77	68.41	64.75	66.22
Add/(less): Transfer in/(out)	–	–	3.64	5.61
Add: Contribution by plan participants	–	–	170.01	173.58
Less: Benefits paid	(64.99)	(79.29)	(251.04)	(277.84)
Closing balance of the plan assets	439.61	385.85	2156.30	1990.14

\* Basis used to determine interest income on plan assets:

The Trust formed by the Company manages the investments of provident funds and gratuity fund. Interest income on plan assets is determined by multiplying the fair value of the plan assets by the discount rate stated in (g)(i) below both determined at the start of the annual reporting period.

The Company expects to fund ₹ 6.18 crore (previous year: ₹ 29.85 crore) towards its gratuity plan and ₹ 73.21 crore (previous year: ₹ 79.93 crore) towards its trust-managed provident fund plan during the year 2017-18.

# Employer's and employees' contribution due towards Provident Fund.

(e) The fair value of major categories of plan assets are as follows:

Particulars	Gratuity plan								
	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Cash and cash equivalents	–	2.41	2.41	–	0.41	0.41	–	0.78	0.78
Equity instruments	14.89	–	14.89	6.71	–	6.71	7.13	–	7.13
Debt instruments - Corporate bonds	66.30	150.47	216.77	71.88	113.42	185.30	21.63	114.81	136.44
Debt instruments - Central government bonds	135.01	–	135.01	128.16	–	128.16	145.21	–	145.21
Debt instruments - State government bonds	123.17	–	123.17	95.44	–	95.44	53.49	–	53.49
Debt instruments - PSU bonds	–	70.68	70.68	–	76.70	76.70	–	36.08	36.08
Mutual funds – Equity	–	63.87	63.87	–	54.55	54.55	–	83.35	83.35
Mutual funds – Debt	–	0.50	0.50	–	0.50	0.50	–	0.50	0.50
Mutual funds – Others	–	0.10	0.10	–	–	–	–	–	–
Fixed deposits	–	1.15	1.15	–	1.20	1.20	–	3.05	3.05
Special deposit scheme	–	1.46	1.46	–	1.46	1.46	–	1.46	1.46
Advances taken	–	(175.00)	(175.00)	–	(175.00)	(175.00)	–	(115.00)	(115.00)
Other (payables)/receivables	–	(15.40)	(15.40)	–	10.42	10.42	–	12.22	12.22
Closing balance of the plan assets	339.37	100.24	439.61	302.19	83.66	385.85	227.46	137.25	364.71

## Notes forming part of the Financial Statements (contd.)

### NOTE [50]

Disclosure pursuant to Ind AS 19 "Employee Benefits" (contd.)

₹ crore

Particulars	Trust-managed provident fund plan								
	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Cash and cash equivalents	–	8.77	8.77	–	6.95	6.95	–	8.98	8.98
Debt instruments - Corporate bonds	225.16	83.05	308.21	93.47	81.23	174.70	40.72	97.07	137.79
Debt instruments - Central government bonds	433.43	–	433.43	494.73	–	494.73	451.10	–	451.10
Debt instruments - State government bonds	451.64	–	451.64	311.63	–	311.63	276.50	–	276.50
Debt instruments - PSU bonds	252.00	446.47	698.47	251.92	519.50	771.42	221.92	551.91	773.83
Mutual funds – Equity	7.37	45.88	53.25	–	14.02	14.02	–	–	–
Mutual funds – Debt	–	2.70	2.70	–	12.14	12.14	–	1.30	1.30
Special deposit scheme	–	199.83	199.83	–	204.55	204.55	–	207.65	207.65
Closing balance of the plan assets	1369.60	786.70	2156.30	1151.75	838.39	1990.14	990.24	866.91	1857.15

- (f) The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Plans		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Gratuity plan	7.53	7.19	7.06
2.	Company pension plan	8.02	8.04	9.60
3.	Post-retirement medical benefit plan	16.65	15.85	18.55

- (g) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Particulars		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
i)	Discount rate:			
	(a) Gratuity plan	7.19%	7.79%	7.83%
	(b) Company pension plan	7.19%	7.79%	7.83%
	(c) Post-retirement medical benefit plan	7.19%	7.79%	7.83%
ii)	Annual increase in healthcare costs (see note below)	5.00%	5.00%	5.00%
iii)	Salary Growth rate:			
	(a) Gratuity plan	5.00%	5.00%	5.00%
	(b) Company pension plan	6.00%	6.00%	6.00%

- iv) Attrition Rate:

- (a) For post-retirement medical benefit plan and Company pension plan, the attrition rate varies from 2% to 8% (previous year: 2% to 8%) for various age groups.
- (b) For gratuity plan the attrition rate varies from 1% to 6% (previous year: 1% to 6%) for various age groups.

- v) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- vi) The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of Profit and Loss.

## Notes forming part of the Financial Statements (contd.)

### NOTE [50]

Disclosure pursuant to Ind AS 19 "Employee Benefits" (contd.)

- vii) The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5.00% p.a.

- viii) (A) One percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	2015-16	2016-17	2015-16
Impact of change in salary growth rate	36.73	32.84	(32.01)	(28.77)
Impact of change in discount rate	(31.16)	(27.81)	36.29	32.22

₹ crore

- (B) One percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of company pension plan:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	2015-16	2016-17	2015-16
Impact of change in discount rate	(25.62)	(21.60)	26.15	25.04

₹ crore

- (C) One percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of post-retirement medical benefit plan:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	2015-16	2016-17	2015-16
Impact of change in health care cost	22.91	18.19	(18.36)	(14.66)
Impact of change in discount rate	(27.42)	(21.97)	35.33	28.10

₹ crore

- (h) Characteristics of defined benefit plans and associated risks:

1. Gratuity plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. The defined benefit plan for gratuity of the Company is administered by separate gratuity funds that are legally separate from the Company. The trustees nominated by the Company are responsible for the administration of the plan. There are no minimum funding requirements of these plans. The funding of these plans are based on gratuity funds actuarial measurement framework set out in the funding policies of the plan. These actuarial measurements are similar compared to the assumptions set out in (g) *supra*. A small part of the gratuity plan, which is not material, is unfunded and managed by the Company. Employees do not contribute to any of these plans.

2. Post-retirement medical care plan:

The Post-retirement medical care plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

3. Company's pension plan:

In addition to contribution to state-managed pension plan (EPS scheme), the Company operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

## Notes forming part of the Financial Statements (contd.)

### NOTE [50]

Disclosure pursuant to Ind AS 19 "Employee Benefits" (contd.)

4. Trust managed provident fund plan:

The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan mandates contribution by employer at a fixed percentage of employee's salary. Employees also contribute to the plan at a fixed percentage of their salary as a minimum contribution and additional sums at their discretion. The plan guarantees interest at the rate notified by Employees' Provident Fund Organisation. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial loss. Any loss/gain arising out of the investment risk and actuarial risk associated with the plan is also recognised as expense or income in the period in which such loss/gain occurs.

All the above defined benefit plans expose the Company to general Actuarial risks such as Interest rate risk and market (investment) risk.

### NOTE [51]

Disclosure of related parties/related party transactions pursuant to Ind AS 24 "Related Party Disclosures".

(a) List of related parties over which control exist and status of transactions entered during the year:

Sr. no.	Name of the related party	Nature of relationship	Transaction entered during the year (Yes/No)
1	L&T Cutting Tools Limited	Wholly owned subsidiary	Yes
2	Bhilai Power Supply Company Limited	Subsidiary	Yes
3	Spectrum Infotech Private Limited	Wholly owned subsidiary	Yes
4	L&T-Valdel Engineering Limited % %	Wholly owned subsidiary of L&T Hydrocarbon Engineering Limited	Yes
5	L&T Shipbuilding Limited	Subsidiary	Yes
6	L&T Electricals and Automation Limited	Wholly owned subsidiary	Yes
7	Hi-Tech Rock Products & Aggregates Limited	Wholly owned subsidiary	Yes
8	L&T Seawoods Limited	Wholly owned subsidiary	Yes
9	Kesun Iron and Steel Company Private Limited	Subsidiary	Yes
10	L&T Infocity Limited**	Subsidiary	Yes
11	L&T Hitech City Limited**	Subsidiary of L&T Infocity Limited	Yes
12	Hyderabad International Trade Expositions Limited**	Subsidiary of L&T Infocity Limited	Yes
13	EWAC Alloys Limited	Wholly owned subsidiary	Yes
14	L&T Geostructure LLP	Subsidiary	Yes
15	L&T Valves Limited	Wholly owned subsidiary	Yes
16	L&T Realty Limited	Wholly owned subsidiary	Yes
17	L&T Asian Realty Project LLP	Subsidiary of L&T Realty Limited	Yes
18	L&T Parel Project LLP	Subsidiary of L&T Realty Limited	Yes
19	Chennai Vision Developers Private Limited	Wholly owned subsidiary of L&T Realty Limited	Yes
20	L&T South City Projects Limited %	Subsidiary of L&T Realty Limited	Yes
21	L&T Vision Ventures Limited	Subsidiary of L&T Realty Limited	Yes
22	L&T Power Limited	Subsidiary	Yes
23	CSJ Infrastructure Private Limited*	Wholly owned subsidiary of L&T Realty Limited	Yes
24	L&T Cassidian Limited	Subsidiary	Yes
25	Consumer Financial Services Limited % % %	Wholly owned subsidiary of L&T Housing Finance Limited	Yes
26	L&T General Insurance Company Limited***	Wholly owned subsidiary	Yes
27	L&T Aviation Services Private Limited	Wholly owned subsidiary	Yes
28	Larsen & Toubro Infotech Limited	Subsidiary	Yes

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(a) List of related parties over which control exist and status of transactions entered during the year (contd.)

Sr. no.	Name of the related party	Nature of relationship	Transaction entered during the year (Yes/No)
29	GDA Technologies Limited @@@	Wholly owned subsidiary of Larsen & Toubro Infotech Limited	Yes
30	L&T Finance Holdings Limited	Subsidiary	Yes
31	L&T Housing Finance Limited	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
32	L&T Infra Investment Partners #	Subsidiary of L&T Infrastructure Finance Company Limited	No
33	L&T Finance Limited (formerly known as Family Credit Limited)	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
34	L&T Finance Limited ~	Wholly owned subsidiary	Yes
35	L&T Capital Markets Limited	Wholly owned subsidiary	Yes
36	L&T Investment Management Limited	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
37	L&T Mutual Fund Trustee Limited	Wholly owned subsidiary of L&T Finance Holdings Limited	No
38	L&T FinCorp Limited ~	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
39	L&T Infrastructure Finance Company Limited	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
40	L&T Infra Debt Fund Limited	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
41	L&T Infra Investment Partners Advisory Private Limited	Wholly owned subsidiary of L&T Infrastructure Finance Company Limited	Yes
42	L&T Infra Investment Partners Trustee Private Limited	Wholly owned subsidiary of L&T Infrastructure Finance Company Limited	No
43	L&T Financial Consultants Limited (formerly known as L&T Vrindavan Properties Limited)	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
44	L&T Access Distribution Services Limited	Wholly owned subsidiary of L&T Finance Holdings Limited	Yes
45	Mudit Cement Private Limited	Wholly owned subsidiary of L&T Financial Consultants Limited (formerly known as L&T Vrindavan Properties Limited)	Yes
46	L&T Capital Company Limited	Wholly owned subsidiary	Yes
47	L&T Trustee Company Private Limited	Wholly owned subsidiary of L&T Capital Company Limited	Yes
48	L&T Power Development Limited	Wholly owned subsidiary	Yes
49	L&T Uttaranchal Hydropower Limited	Wholly owned subsidiary of L&T Power Development Limited	Yes
50	L&T Arunachal Hydropower Limited	Wholly owned subsidiary of L&T Power Development Limited	Yes
51	L&T Himachal Hydropower Limited	Wholly owned subsidiary of L&T Power Development Limited	Yes
52	Nabha Power Limited	Wholly owned subsidiary of L&T Power Development Limited	Yes
53	L&T Metro Rail (Hyderabad) Limited	Wholly owned subsidiary	Yes
54	L&T Technology Services Limited	Subsidiary	Yes
55	L&T Construction Equipment Limited	Wholly owned subsidiary	Yes
56	L&T Infrastructure Engineering Limited	Wholly owned subsidiary	Yes
57	L&T Thales Technology Services Private Limited	Subsidiary of L&T Technology Services Limited	Yes
58	L&T Hydrocarbon Engineering Limited	Wholly owned subsidiary	Yes
59	Sahibganj Ganges Bridge-Company Private Limited^	Wholly owned subsidiary of L&T Capital Limited	Yes
60	Seawoods Retail Private Limited^^	Wholly owned subsidiary	Yes
61	Seawoods Realty Private Limited^^^	Wholly owned subsidiary	Yes
62	Marine Infrastructure Developer Private Limited	Subsidiary	Yes
63	AugmentIQ Data Sciences Private Limited ##	Subsidiary of L&T Infotech Limited	No

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(a) List of related parties over which control exist and status of transactions entered during the year (contd.)

Sr. no.	Name of the related party	Nature of relationship	Transaction entered during the year (Yes/No)
64	L&T Infra Contractors Private Limited ###	Wholly owned subsidiary of L&T Capital Limited	No
65	Larsen & Toubro LLC	Subsidiary	No
66	Larsen & Toubro Infotech, GmbH	Wholly owned subsidiary of Larsen & Toubro Infotech Limited	Yes
67	Larsen & Toubro Infotech Canada Limited	Wholly owned subsidiary of Larsen & Toubro Infotech Limited	No
68	Larsen & Toubro Infotech LLC	Wholly owned subsidiary of Larsen & Toubro Infotech Limited	No
69	L&T Infotech Financial Services Technologies Inc.	Wholly owned subsidiary of Larsen & Toubro Infotech Limited	No
70	Larsen & Toubro Infotech South Africa (PTY) Limited	Subsidiary of Larsen & Toubro Infotech Limited	No
71	L&T Information Technology Services (Shanghai) Co. Ltd.	Subsidiary	No
72	L&T Realty FZE	Wholly owned subsidiary of L&T Realty Limited	No
73	Larsen & Toubro International FZE	Wholly owned subsidiary of L&T Global Holdings Limited	Yes
74	Larsen & Toubro Hydrocarbon International Limited LLC	Subsidiary	No
75	Thalest Limited	Wholly owned subsidiary of Larsen & Toubro International FZE	No
76	Servowatch Systems Limited	Wholly owned subsidiary of Thalest Limited	Yes
77	Larsen & Toubro (Oman) LLC	Subsidiary of Larsen & Toubro International FZE	Yes
78	L&T Modular Fabrication Yard LLC	Subsidiary of Larsen & Toubro International FZE	Yes
79	Larsen & Toubro (East Asia) SDN. BHD	Subsidiary	Yes
80	Larsen & Toubro Qatar LLC	Subsidiary of Larsen & Toubro International FZE	Yes
81	L&T Overseas Projects Nigeria Limited	Wholly owned subsidiary of Larsen & Toubro International FZE	No
82	PT Larsen & Toubro Hydrocarbon Engineering Indonesia	Subsidiary of Larsen & Toubro International FZE	No
83	L&T Electricals & Automation Saudi Arabia Company Limited LLC	Subsidiary of Larsen & Toubro International FZE	Yes
84	Larsen & Toubro Kuwait Construction General Contracting Company WLL	Subsidiary of Larsen & Toubro International FZE	Yes
85	Larsen & Toubro Readymix & Asphalt Concrete Industries LLC	Subsidiary of Larsen & Toubro International FZE	Yes
86	Larsen & Toubro (Saudi Arabia) LLC	Subsidiary	Yes
87	Larsen Toubro Arabia LLC	Subsidiary	Yes
88	Larsen & Toubro ATCO Saudia LLC	Subsidiary of Larsen & Toubro International FZE	Yes
89	Tamco Switchgear (Malaysia) SDN. BHD	Wholly owned subsidiary of Larsen & Toubro International FZE	Yes
90	Henikwon Corporation SDN. BHD	Wholly owned subsidiary of Tamco Switchgear (Malaysia) SDN. BHD	Yes
91	Larsen & Toubro Consultoria E Projeto Ltda @	Subsidiary of Larsen & Toubro International FZE	No
92	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited @@	Wholly owned subsidiary of Larsen & Toubro International FZE	Yes
93	Tamco Electrical Industries Australia Pty Ltd.	Wholly owned subsidiary of Larsen & Toubro International FZE	No
94	PT Tamco Indonesia	Subsidiary of Larsen & Toubro International FZE	Yes
95	Larsen & Toubro Heavy Engineering LLC	Subsidiary of Larsen & Toubro International FZE	Yes

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(a) List of related parties over which control exist and status of transactions entered during the year (contd.)

Sr. no.	Name of the related party	Nature of relationship	Transaction entered during the year (Yes/No)
96	L&T Electrical & Automation FZE	Wholly owned subsidiary of Larsen & Toubro International FZE	Yes
97	Kana Controls General Trading & Contracting Company WLL	Subsidiary of L&T Electrical & Automation FZE	No
98	Larsen & Toubro T&D SA (Proprietary) Limited	Subsidiary of Larsen & Toubro International FZE	Yes
99	L&T Technology Services LLC	Wholly owned subsidiary of L&T Technology Services Limited	Yes
100	L&T Infotech Austria GmbH	Wholly owned subsidiary of Larsen & Toubro Infotech Limited	No
101	L&T Global Holdings Limited	Wholly owned subsidiary	Yes
102	L&T Information Technology Spain SL	Wholly owned subsidiary of Larsen & Toubro Infotech Limited	No
103	L&T Natural Resource Limited %%%%	Wholly owned subsidiary of L&T Capital Company Limited	Yes
104	L&T Solar Limited %%%%	Wholly owned subsidiary of L&T Capital Company Limited	Yes
105	L&T Powergen Limited %%%%	Wholly owned subsidiary of L&T Capital Company Limited	Yes
<p>* The Company through its subsidiary has sold its stake on November 16, 2015  ** The Company through its subsidiary has sold its stake on March 31, 2016  *** The Company has sold its stake on September 9, 2016  @ The Company is dissolved on November 6, 2015  @@ The Company is dissolved on June 9, 2015  @@@ The Company is merged with Larsen &amp; Toubro Infotech Limited w.e.f. April 1, 2016  ~ The Company is merged with Family Credit Limited (subsequently renamed as L&amp;T Finance Limited) w.e.f. April 1, 2016  ^ The Company is incorporated on July 14, 2016  ^^ The Company is incorporated on September 2, 2016  ^^^ The Company is incorporated on October 23, 2016  # The Fund is incorporated on August 22, 2013  ## The Company through its subsidiary acquired stake on November 30, 2016  ### The Company is incorporated on March 17, 2017  % The Company through its subsidiary has sold its stake on March 20, 2017  %% The Company is merged with L&amp;T Hydrocarbon Engineering Limited w.e.f. April 1, 2016  %%% The Company is merged with L&amp;T Housing Finance Limited w.e.f. April 1, 2015  %%%% Companies merged with L&amp;T Capital Company Limited with effect from April 1, 2015</p>			

(b) (i) Names of associates with whom transactions were carried out during the year:

Sr. no.	Associate companies
1	L&T-Chiyoda Limited
2	Feedback Infra Private Limited
3	Salzer Electronics Limited*
4	JSK Electricals Private Limited #
5	Magtorq Private Limited

\* The Company has sold its stake in July and August, 2015

# The Company has sold its stake on March 29, 2016



## Notes forming part of the Financial Statements (contd.)

### NOTE [51] (contd.)

(ii) Names of joint ventures with whom transactions were carried out during the year:

Sr. no.	Joint ventures	Sr. no.	Joint ventures
1.	Larsen & Toubro Electromech LLC	2.	L&T-Sargent & Lundy Limited
3.	L&T IDPL Trustee Manager Pte. Ltd.	4.	L&T Chennai-Tada Tollway Limited
5.	L&T BPP Tollway Limited	6.	L&T Rajkot-Vadinar Tollway Limited
7.	L&T Deccan Tollways Limited	8.	L&T Samakhiali Gandhidham Tollway Limited
9.	Kudgi Transmission Limited	10.	L&T Sambalpur-Rourkela Tollway limited
11.	L&T Infrastructure Development Projects Limited	12.	Panipat Elevated Corridor Limited (formerly known as L&T Panipat Elevated Corridor Limited)
13.	Krishnagiri Thopur Toll Road Limited (formerly known as L&T Krishnagiri Thopur Toll Road Limited)	14.	Western Andhra Tollways Limited (formerly known as L&T Western Andhra Tollways Limited)
15.	Vadodara Bharuch Tollway Limited (formerly known as L&T Vadodara Bharuch Tollway Limited)	16.	L&T Transportation Infrastructure Limited
17.	L&T Western India Tollbridge Limited	18.	L&T Port Kachchigarh Limited
19.	Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Limited)	20.	L&T Halol-Shamlaji Tollway Limited
21.	L&T Krishnagiri Walajahpet Tollway Limited	22.	Devihalli Hassan Tollway Limited (formerly known as L&T Devihalli Hassan Tollway Limited)
23.	L&T Howden Private Limited	24.	L&T Sapura Shipping Private Limited
25.	L&T Sapura Offshore Private Limited	26.	L&T-Gulf Private Limited
27.	L&T-MHPS Boilers Private Limited	28.	L&T-MHPS Turbine Generators Private Limited
29.	Raykal Aluminium Company Private Limited	30.	L&T Special Steels and Heavy Forgings Private Limited
31.	PNG Tollway Limited	32.	L&T Kobelco Machinery Private Limited

(iii) Name of post-employment benefit plans with whom transactions were carried out during the year:

Sr. no.	Provident Fund Trust
1.	The Larsen & Toubro Officers & Supervisory Staff Provident Fund
2.	The Larsen & Toubro Limited Provident Fund of 1952
3.	The Larsen & Toubro Limited Provident Fund
4.	L&T Kansbahal Officers & Supervisory Provident Fund
5.	L&T Kansbahal Staff & Workmen Provident Fund

Sr. no.	Gratuity Trust
1.	Larsen & Toubro Officers & Supervisors Gratuity Fund
2.	Larsen & Toubro Gratuity Fund

(iv) Name of key management personnel and their relatives with whom transactions were carried out during the year:

Sr. no.	Executive Director	Sr. no.	Executive Director
1.	Mr. A. M. Naik (Group Executive Chairman)	2.	Mr. K. Venkataramanan (CEO & Managing Director) * Mrs. Jyothi Venkataramanan (wife)
3.	Mr. M. V. Kotwal (Whole-time Director)**	4.	Mr. S. N. Subrahmanyam (Whole-time Director)
5.	Mr. R. Shankar Raman (CFO & Whole-time Director)	6.	Mr. Shailendra Roy (Whole-time Director)
7.	Mr. D. K. Sen (Whole-time Director) #	8.	Mr. M. V. Satish (Whole-time Director) ##

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(iii) Name of key management personnel and their relatives with whom transactions were carried out during the year (contd.)

Sr. no.	Independent/Non-executive Director	Sr. no.	Independent/Non-executive Director
1.	Mr. Subodh Bhargava	2.	Mr. Vikram Singh Mehta
3.	Mr. Sushobhan Sarker	4.	Mr. M. M. Chitale
5.	Mr. M. Damodaran	6.	Mr. Thomas Mathew T. ###
7.	Ms. Naina Lal Kidwai \$\$\$	8.	Mr. Akhilesh Krishna Gupta
9.	Ms. Sunita Sharma ***	10.	Mr. Bahram Vakil @@@
11.	Mr. Ajay Shankar \$	12.	Mr. Subramanian Sarma \$\$
13.	Mr. Sanjeev Aga @	14.	Mr. Narayanan Kumar @@
15.	Mr. Adil Zainulbhai	16.	Mr. Swapan Dasgupta ~

\*Retired on September 30, 2015

# Appointed w.e.f. October 1, 2015

\*\*\* Appointed w.e.f. April 1, 2015

\$ Appointed w.e.f. May 30, 2015

\$\$\$ Appointed w.e.f. March 1, 2016

@ Appointed w.e.f. May 27, 2016

~ Appointed w.e.f. April 1, 2015 and Separated w.e.f. May 15, 2016

\*\*Retired on August 26, 2015

## Appointed w.e.f. January 29, 2016

### Appointed w.e.f. April 3, 2015

\$\$ Appointed w.e.f. August 19, 2015

@ Appointed w.e.f. May 25, 2016

@@@ Separated w.e.f. August 1, 2016

(c) Disclosure of related party transactions:

Sr. no.	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
i.	Purchase of goods & services (including commission paid)				
	Subsidiaries, including:	1121.13		850.31	
	L&T Shipbuilding Limited		428.06		249.71
	Hi-Tech Rock Products and Aggregates Limited		169.61		142.12
	L&T Geostructure LLP		172.14		
	Larsen & Toubro Readymix and Asphalt Concrete Industries LLC				96.07
	Joint ventures, including:	2323.92		1910.69	
	L&T-MHPS Boilers Private Limited		1675.16		1256.68
	L&T-MHPS Turbine Generators Private Limited		530.79		536.02
	Associates, including:	7.01		74.54	
	JSK Electricals Private Limited		-		27.99
	Salzer Electronics Limited		-		37.33
	Feedback Infra Private Limited		2.58		
	L&T-Chiyoda Limited		1.10		
	Magtorq Private Limited		3.33		
	Total	3452.06		2835.54	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(c) Disclosure of related party transactions: (contd.)

Sr. no.	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
					₹ crore
ii.	Sale of goods/contract revenue & services				
	Subsidiaries, including:	2359.81		3452.08	
	L&T Metro Rail (Hyderabad) Limited		1231.51		1395.17
	Larsen and Toubro (Saudi Arabia) LLC				623.78
	L&T Seawoods Limited		281.62		477.52
	L&T Parel Project LLP				380.75
	Nabha Power Limited		364.41		
	Joint ventures, including:	1070.75		1314.49	
	L&T Infrastructure Development Projects Limited		544.27		653.99
	L&T Deccan Tollways Limited		394.35		533.50
	L&T-MHPS Boilers Private Limited		124.02		
	Associate:	0.14		–	
	L&T-Chiyoda Limited		0.14		–
	Total	3430.70		4766.57	
iii.	Purchase/lease of property, plant and equipment				
	Subsidiaries, including:	26.45		15.45	
	Larsen and Toubro Infotech Limited				12.49
	L&T Construction Equipment Limited		9.38		
	L&T Hydrocarbon Engineering Limited		11.42		
	Joint venture:	0.02		0.04	
	L&T Infrastructure Development Projects Limited		0.02		0.04
	Total	26.47		15.49	
iv.	Sale of property, plant and equipment				
	Subsidiaries, including:	58.68		1.51	
	Larsen and Toubro (Oman) LLC				1.07
	L&T Electrical and Automation FZE		–		0.16
	L&T Valves Limited		45.01		
	L&T Shipbuilding Limited		6.56		–
	Joint ventures:	–		0.50	
	L&T-MHPS Turbine Generators Private Limited		–		0.26
	L&T Special Steels and Heavy Forgings Private Limited		–		0.19
	L&T Howden Private Limited		–		0.05
	Key management personnel:	–		9.29	
	Mr. K Venkataramanan*		–		8.85
	Mr. M. V. Kotwal**		–		0.44
	Total	58.68		11.30	
v.	Sale of Receivables				
	Subsidiary:	297.01		44.83	
	L&T Finance Limited		297.01		44.83
	Total	297.01		44.83	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(c) Disclosure of related party transactions: (contd.)

		₹ crore			
Sr. no.	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
vi.	Investments including subscription to equity and preference shares (including application money paid)				
	Subsidiaries, including:	1262.84#		3073.00	
	L&T Power Development Limited				383.40
	L&T Technology Services Limited		750.00		–
	L&T Shipbuilding Limited		276.24		943.84
	L&T Realty Limited		–		648.30
	L&T Uttaranchal Hydropower Ltd				604.75
	Joint ventures:	(0.25)		1.09	
	L&T-MHPS Boilers Private Limited		(0.03)		–
	L&T-MHPS Turbine Generators Private Limited		(0.22)		1.09
	Total	1262.59		3074.09	
vii.	Purchase of investments from				
	Subsidiaries, including:	388.00		4234.01	
	L&T Capital Company Limited		–		4233.64
	L&T Shipbuilding Limited		388.00##		–
	Joint venture:	2041.57		–	
	L&T Infrastructure Development Projects Limited		2041.57		–
	Total	2429.57		4234.01	
viii.	Sale of investments to				
	Subsidiaries, including:	11.08		5520.73	
	L&T Capital Company Limited		–		4232.03
	L&T Global Holdings Limited		–		1147.40
	L&T Hydrocarbon Engineering Limited		11.08		–
	Joint venture:	–		21.54	
	L&T Infrastructure Development Projects Limited		–		21.54
	Total	11.08		5542.27	
ix.	Capital Reduction by				
	Subsidiary:	–		21.95	
	L&T Capital Company Limited		–		21.95
	Total	–		21.95	
x.	Charges paid for miscellaneous services				
	Subsidiaries, including:	139.13		145.26	
	Larsen & Toubro Infotech Limited		101.42		84.93
	L&T Aviation Services Private Limited		23.74		23.91
	L&T Technology Services Limited				16.49
	Joint ventures, including:	3.64		7.23	
	L&T-Sargent & Lundy Limited		3.62		7.07
	Associates, including:	0.19		0.59	
	Feedback Infra Private Limited		0.17		–
	L&T-Chiyoda Limited				0.59
	Total	142.96		153.08	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(c) Disclosure of related party transactions: (contd.)

Sr. no.	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
					₹ crore
x.	Rent paid, including lease rentals under leasing/hire purchase arrangements				
	Subsidiaries, including:	1.37		1.66	
	L&T Electrical & Automation FZE		0.79		0.86
	L&T Infocity Limited		–		0.37
	PT Tamco Indonesia		0.31		0.23
	Joint venture:	–		0.01	
	L&T Infrastructure Development Projects Limited		–		0.01
	Key management personnel:	–		0.01	
	Mr. K. Venkataramanan* and Mrs. Jyothi Venkataramanan		–		0.01
	<b>Total</b>	<b>1.37</b>		<b>1.68</b>	
xii.(a)	Charges incurred for deputation of employees from related parties				
	Subsidiaries, including:	12.65		13.70	
	L&T Hydrocarbon Engineering Limited				2.18
	L&T Electricals and Automation Saudi Arabia Company Limited LLC		1.38		2.18
	L&T Electrical and Automation FZE		6.16		4.43
	Larsen and Toubro Infotech Limited				2.59
	PT Tamco Indonesia		1.55		
	<b>Total</b>	<b>12.65</b>		<b>13.70</b>	
xii.(b)	Charges recovered for deputation of employees to related parties				
	Subsidiaries, including:	84.47		77.04	
	L&T Parel Project LLP		22.39		25.35
	L&T Electrical and Automation FZE		8.54		
	L&T Construction Equipment Limited		8.96		
	Joint ventures, including:	3.99		2.46	
	L&T-MHPS Boilers Private Limited		0.64		0.58
	L&T Special Steels and Heavy Forgings Private Limited		1.21		1.87
	L&T Infrastructure Development Projects Limited		2.14		–
	Associate:	18.01		18.72	
	L&T-Chiyoda Limited		18.01		18.72
	<b>Total</b>	<b>106.47</b>		<b>98.22</b>	
xiii.	Dividend received				
	Subsidiaries, including:	405.47		994.16	
	Larsen & Toubro Infotech Limited		149.48		526.48
	L&T Technology Services Limited		99.05		302.00
	L&T Finance Holdings Limited		93.58		100.39
	Joint venture:	–		13.75	
	L&T-Sargent & Lundy Limited		–		13.75
	Associate:			0.38	
	Salzer Electronics Limited				0.38
	<b>Total</b>	<b>405.47</b>		<b>1008.29</b>	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(c) Disclosure of related party transactions: (contd.)

Sr. no.	Nature of transaction/relationship/major parties	₹ crore			
		2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
xiv.	Commission received, including those under agency arrangements				
	Subsidiary:	5.82		4.84	
	L&T Construction Equipment Limited		5.82		4.84
	Joint venture:	0.65		2.64	
	L&T Kobelco Machinery Private Limited		0.65		2.64
	Total	6.47		7.48	
xv.	Rent received, overheads recovered and miscellaneous income				
	Subsidiaries, including:	423.18		538.26	
	Larsen & Toubro Infotech Limited		67.78		77.23
	L&T Technology Services Limited		49.04		69.89
	L&T Hydrocarbon Engineering Limited		90.99		96.83
	L&T Geostructure LLP		77.44		
	L&T Capital Company Limited				72.65
	Joint ventures, including:	90.00		81.48	
	L&T-MHPS Boilers Private Limited		35.50		23.42
	L&T-Sargent & Lundy Limited		17.70		17.64
	L&T-MHPS Turbine Generators Private Limited		9.64		10.31
	L&T Special Steels and Heavy Forgings Private Limited				10.00
	Associate:	2.77		1.06	
	L&T-Chiyoda Limited		2.77		1.06
	Key management personnel:	0.07		–	
	Mr. D. K. Sen\$		0.07		–
	Total	516.02		620.80	
xvi.	Guarantee charges recovered from				
	Subsidiaries, including:	30.98		22.58	
	Nabha Power Limited		9.45		9.90
	L&T Shipbuilding Limited				3.45
	L&T Hydrocarbon Engineering Limited		6.40		6.02
	Larsen & Toubro (Saudi Arabia) LLC		4.64		
	Larsen Toubro Arabia LLC		5.53		–
	Total	30.98		22.58	
xvii.	Interest received from				
	Subsidiaries, including:	248.30		212.60	
	L&T Realty Limited				69.94
	L&T Shipbuilding Limited		71.21		90.62
	Nabha Power Limited		62.41		31.50
	Marine Infrastructure Developer Private Limited		69.64		–
	Joint ventures, including:	79.54		57.86	
	L&T Special Steels and Heavy Forgings Private Limited		78.98		52.58
	Total	327.84		270.46	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(c) Disclosure of related party transactions: (contd.)

Sr. no.	Nature of transaction/relationship/major parties	₹ crore			
		2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
xviii.	Interest paid to				
	Subsidiaries, including:	45.38		13.88	
	L&T Hydrocarbon Engineering Limited		40.04		6.31
	Nabha Power Limited				4.70
	L&T Construction Equipment Limited		–		1.98
	Joint venture:	–		3.89	
	L&T Infrastructure Development Projects Limited		–		3.89
	Total	45.38		17.77	
xix.	Contribution to post-employment benefit plan				
(a)	Transaction with trust managed provident fund				
(i)	Towards Employer's contribution:	59.68		60.26	
	The Larsen & Toubro Officers & Supervisory Staff Provident Fund		51.52		52.05
	The Larsen & Toubro Limited Provident Fund of 1952		6.64		6.65
	Total	59.68		60.26	
(ii)	Towards advance contribution:	–		0.43	
	The Larsen & Toubro Limited Provident Fund		–		0.43
	Total	–		0.43	
(iii)	Subscription or purchase by the fund of the debt securities issued by the company:	–		25.00	
	The Larsen & Toubro Officers & Supervisory Staff Provident Fund		–		25.00
	Total	–		25.00	
(b)	Transaction with approved gratuity fund				
(i)	Towards Employer's contribution:	29.85		59.73	
	Larsen & Toubro Officers & Supervisors Gratuity Fund		23.59		47.73
	Larsen & Toubro Gratuity Fund		6.26		12.00
	Total	29.85		59.73	
(ii)	Towards advance contribution:	–		60.00	
	Larsen & Toubro Officers & Supervisors Gratuity Fund		–		48.15
	Larsen & Toubro Gratuity Fund		–		11.85
	Total	–		60.00	

"Major parties" denote entities account for 10% or more of the aggregate for that category of transaction during respective period.

# The scheme of arrangement between L&T Valves Limited and L&T Electrical & Automation Limited was approved by National Company Law Tribunal on April 27, 2017 with appointed date as November 1, 2016. Pursuant to the scheme L&T Electrical & Automation Limited issued 73,88,796 shares to Larsen & Toubro Limited as a consideration towards transfer of certain assets by L&T Valves Limited. The value of shares issued is derived based on fair value of assets transferred to the total value of assets of L&T Valves Limited as at appointed date. Accordingly the value of investment in L&T Electrical and Automation Limited was increased by ₹ 40.31 crore and reduced in L&T Valves Limited by ₹ 40.31 crore during the year 2016-17.

## Pursuant to the scheme of demerger approved by National Company Law Tribunal (NCLT), the existing share capital of Marine Infrastructure Developer Limited held by L&T Shipbuilding Limited stands cancelled. The Company has now acquired 38,80,00,000 equity shares of Marine Infrastructure Developer Limited for a consideration of ₹ 388 crore from L&T Shipbuilding Limited. The acquisition has been completed on March 31, 2017. Further, 38,80,00,000 equity shares of L&T Shipbuilding Limited held by the Company have been extinguished and 38,80,00,000 9% non-cumulative, optionally convertible and redeemable preference shares of ₹ 10 each have been issued to the Company in lieu of the same on March 29, 2017.



## Notes forming part of the Financial Statements (contd.)

### NOTE [51] (contd.)

xx. Compensation paid to key management personnel:

₹ crore

Key Management Personnel	2016-17				2015-16				
	Short term employee benefits	Post-employment benefits	Other long term benefits	Total	short term employee benefits	post-employment benefits	Other long term benefits	share-based payments	Total
Mr. A. M. Naik	21.86	5.83	32.21 ***	59.90	21.57	5.76	–	–	27.33
Mr. K. Venkataraman*	–	–	–	–	4.74	22.43	13.53	–	40.70
Mr. M. V. Kotwal**	–	–	–	–	3.35	15.35	7.89	–	26.59
Mr. S. N. Subrahmanyam	13.26	3.51	–	16.77	11.53	3.06	–	–	14.59
Mr. R. Shankar Raman	9.00	2.38	–	11.38	8.28	2.19	–	–	10.47
Mr. Shailendra Roy	8.13	1.93	–	10.06	6.43	1.47	–	–	7.90
Mr. D. K. Sen \$	6.20	1.57	–	7.77	2.60	0.69	–	–	3.29
Mr. M. V. Satish \$\$	5.96	1.44	–	7.40	0.93	0.24	–	–	1.17
Mr. Subramanian Sarma (Non-executive director)	–	–	–	–	–	–	–	10.35^	10.35
Other non-executive directors	4.37	–	–	4.37	4.06	–	–	–	4.06
<b>Total</b>	<b>68.78</b>	<b>16.66</b>	<b>32.21</b>	<b>117.65</b>	<b>63.49</b>	<b>51.19</b>	<b>21.42</b>	<b>10.35</b>	<b>146.45</b>

\* Retired on September 30, 2015

\*\* Retired on August 26, 2015

\*\*\* Represents encashment of past service accumulated leave

\$ Appointed w.e.f. October 1, 2015

\$\$ Appointed w.e.f. January 29, 2016

^ Represents fair value of employee stock options granted during 2015-16 to be vested over a period of time. The fair value of the stock options is being recovered from L&T Hydrocarbon Engineering Limited over the period of vesting.

(d) Amount due to/from related parties:

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Amount	Amounts for major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
i.	Accounts receivable						
	Subsidiaries, including:	535.22		926.92		1007.57	
	L&T Metro Rail (Hyderabad) Limited		212.29		297.99		115.04
	Larsen and Toubro (Saudi Arabia) LLC				202.25		253.41
	Nabha Power Limited						256.39
	Joint ventures, including:	396.97		535.68		435.67	
	L&T-MHPS Boilers Private Limited		65.55		102.69		77.32
	L&T Infrastructure Development Projects Limited		78.42		129.61		111.56
	L&T Samakhiali Gandhidham Tollway Limited		43.30		58.20		89.13
	L&T Deccan Tollways Limited		125.63		139.21		90.97
	L&T Krishnagiri Walajahpet Tollway Limited		44.68		–		–
	<b>Total</b>	<b>932.19</b>		<b>1462.60</b>		<b>1443.24</b>	
ii.	Accounts payables, including other payables						
	Subsidiaries, including:	635.25		601.89		379.38	
	Larsen and Toubro Infotech Limited				77.60		
	Hi-Tech Rock Products and Aggregates Limited		103.27				
	Larsen and Toubro (Oman) LLC		118.89		94.99		97.38
	L&T Geosturcture LLP		108.78				
	Tamco Switchgear (Malaysia) SDN BHD						75.54
	Joint ventures, including:	1843.77		1676.32		1414.86	
	L&T-MHPS Boilers Private Limited		1171.07		1042.25		830.70
	L&T-MHPS Turbine Generators Private Limited		605.53		555.34		547.20
	Associates, including:	1.99		5.35		22.81	
	Feedback Infra Private Limited		1.27		0.98		
	Magtorq Private Limited		0.57		3.18		
	L&T-Chiyoda Limited				1.19		
	Salzer Electronics Limited		–		–		18.54
	<b>Total</b>	<b>2481.01</b>		<b>2283.56</b>		<b>1817.05</b>	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(d) Amount due to/from related parties: (contd.)

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Amount	Amounts for major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
							₹ crore
iii.	Investments in debt securities						
	Subsidiaries, including:	627.85		464.43		68.64	
	L&T Shipbuilding Limited		605.10		441.95		45.65
	L&T Finance Limited						23.00
	Total	627.85		464.43		68.64	
iv.	Loans and advances recoverable						
	Subsidiaries, including:	3197.90		4738.83		1357.61	
	L&T Shipbuilding Limited		932.58		2275.52		412.50
	L&T Hydrocarbon Engineering Limited				582.43		199.32
	Nabha Power Limited		1587.64		918.16		
	L&T Realty Limited						710.90
	Joint ventures, including:	1667.61		1631.55		1682.91	
	L&T Special Steels and Heavy Forgings Private Limited		1184.98		877.59		564.15
	L&T-MHPS Boilers Private Limited		215.18		431.85		606.23
	L&T-MHPS Turbine Generators Private Limited		210.22		282.66		421.59
	Associates, including:	4.36		5.83		3.16	
	L&T-Chiyoda Limited		3.96		5.83		3.16
	Key management personnel:	–		–		0.01	
	Mr. K Venkataramanan* and Mrs Jyothi Venkataramanan		–		–		0.01
	Total	4869.87		6376.21		3043.69	
v.	Advances against equity contribution						
	Subsidiaries, including:	6.35		5.25		1986.84	
	L&T Uttaranchal Hydropower Limited		–		5.25		523.00
	L&T Power Development Limited		–		–		379.40
	L&T Realty Limited		–		–		648.29
	L&T Shipbuilding Limited		–		–		421.86
	L&T Metro Rail (Hyderabad) Limited		6.35		–		–
	Total	6.35		5.25		1986.84	
vi.	Unsecured loans (including lease finance)						
	Subsidiaries:	5.52		9.25		57.25	
	L&T Hydrocarbon Engineering Ltd		5.52		–		–
	L&T Cutting Tools Limited		–		9.25		12.25
	L&T Construction Equipment Limited		–		–		45.00
	Total	5.52		9.25		57.25	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(d) Amount due to/from related parties: (contd.)

Sr. no.	Nature of transaction/relationship/major parties	₹ crore					
		As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Amount	Amounts for major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
vii.	Advances received in the capacity of supplier of goods/ services classified as "advances from customers" in the Balance Sheet						
	Subsidiaries, including:	90.12		147.48		357.26	
	L&T Metro Rail (Hyderabad) Limited		73.15		129.40		223.24
	L&T Seawoods Limited						82.95
	Joint ventures, including:	23.21		119.26		228.85	
	L&T Infrastructure Development Projects Limited				68.84		122.24
	L&T Deccan Tollways Limited				36.97		96.03
	L&T-MHPS Boilers Private Limited		21.54		13.46		
	Total	113.33		266.74		586.11	
viii.	Due to whole-time directors #: (Key management personnel)	55.58		51.30		53.83	
	Mr. A. M. Naik		18.24		17.96		18.19
	Mr. K. Venkataramanan*		–		3.77		7.39
	Mr. S. N. Subrahmanyam		11.29		9.90		8.73
	Mr. R. Shankar Raman		7.41		6.90		6.91
	Mr. Shailendra Roy		5.84		4.40		4.48
	Mr. M. V. Kotwal**		–		2.04		4.91
	Mr. D. K. Sen		4.93		2.13		–
	Mr. M. V. Satish		4.32		0.73		–
	Total	55.58		51.30		53.83	
ix.(a)	Capital commitments given						
	Subsidiaries, including:	8.93		1.51		1.77	
	L&T Construction Equipment Limited		5.30		1.51		0.24
	Larsen and Toubro (Oman) LLC		–		–		1.31
	L&T Technology Services Limited		1.60		–		–
	L&T Hydrocarbon Engineering Limited		1.99		–		–
	Total	8.93		1.51		1.77	
ix.(b)	Revenue commitments given						
	Subsidiaries, including:	1660.62		1775.11		324.79	
	Henikwon Corporation SDN. BHD						35.81
	L&T Shipbuilding Limited		1260.35		1655.69		209.32
	Larsen & Toubro Readymix and Asphalt Concrete Industries LLC				–		42.50
	L&T Geostructure LLP		290.20		–		–
	Joint ventures, including:	3386.85		3385.37		517.08	
	L&T-MHPS Boilers Private Limited		2232.20		2254.94		300.05
	L&T-MHPS Turbine Generators Private Limited		1086.15		1066.91		177.16
	Associates, including:	3.89		3.53		5.82	
	Feedback Infra Private Limited		0.80		1.59		–
	L&T-Chiyoda Limited		0.96		1.29		0.78
	Magtorq Private Limited		2.13		0.65		–
	JSK Electricals Private Limited		–		–		3.10
	Salzer Electronics Limited		–		–		1.67
	Total	5051.36		5164.01		847.69	

## Notes forming part of the Financial Statements (contd.)

### NOTE [51]

(d) Amount due to/from related parties: (contd.)

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Amount	Amounts for major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
							₹ crore
x.	Commitment to Fund						
	Subsidiaries, including:	1063.20		876.00		1294.59	
	L&T Seawoods Limited		–		413.00		734.40
	L&T Uttaranchal Hydropower Limited		442.75		459.00		546.00
	L&T Metro Rail (Hyderabad) Limited		620.45				
	Joint venture:	–		405.00		1443.41	
	L&T Infrastructure Development Projects Limited		–		405.00		1443.41
	Total	1063.20		1281.00		2738.00	
xi.	Revenue commitments received						
	Subsidiaries, including:	2261.68		3550.18		5651.12	
	L&T Metro Rail (Hyderabad) Limited		1396.43		2650.68		3299.75
	L&T Parel Project LLP		397.04				665.80
	L&T Asian Realty Project LLP		237.62				
	Larsen and Toubro (Saudi Arabia) LLC						621.93
	L&T Seawoods Limited						775.01
	Joint ventures, including:	138.67		1000.60		2225.39	
	L&T Deccan Tollways Limited		25.95		350.30		883.80
	L&T Infrastructure Development Projects Limited		60.00		593.65		1236.11
	L&T Krishnagiri Walajahpet Tollway Limited		13.65		–		–
	L&T BPP Tollway Limited		26.27				
	Total	2400.35		4550.78		7876.51	
xii.	Capital commitments received						
	Subsidiary:	0.77		–		–	
	L&T Shipbuilding Ltd		0.77		–		–
	Total	0.77		–		–	

“Major parties” denote entities account for 10% or more of the aggregate for that category of transaction during respective period.

# Includes commission due to non-executive directors ₹ 3.55 crore (As at 31-3-2016: ₹ 3.47 crore; as at 1-4-2015: ₹ 3.22 crore)

\* Retired on September 30, 2015

\*\* Retired on August 26, 2015

\$ Appointed w.e.f. October 1, 2015

## Notes forming part of the Financial Statements (contd.)

### NOTE [52]

Basic and Diluted Earnings per share [EPS] computed in accordance with Ind AS 33 "Earnings per Share":

Particulars		2016-17	2015-16
<b>Basic earnings per share</b>			
Profit after tax as per accounts (₹ crore)	A	5453.74	4999.58
Weighted average number of equity shares outstanding	B	93,23,49,030	93,07,61,648
<b>Basic EPS (₹)</b>	A/B	58.49	53.71
<b>Diluted earnings per share</b>			
Profit after tax as per accounts (₹ crore)	A	5453.74	4999.58
Weighted average number of equity shares outstanding	B	93,23,49,030	93,07,61,648
Add: Weighted average number of potential equity shares on account of employee stock options	C	31,60,400	43,02,265
Weighted average number of equity shares outstanding for diluted EPS	D=B+C	93,55,09,430	93,50,63,913
<b>Diluted EPS (₹)</b>	A/D	58.30	53.47
Face value per share (₹)		2	2

The following potential equity shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of diluted earnings per share:

Particulars	2016-17	2015-16
Weighted average number of potential equity shares on account of conversion of foreign currency convertible bonds	63,46,986	63,46,986

Note: On May 29, 2017, the Board of Directors has recommended for the approval of shareholders, the issue of bonus equity shares in the ratio of 1:2 (one bonus equity share of ₹ 2 each for every two equity shares of ₹ 2 each held). The effect of the said bonus issue will be given in the year 2017-18 post approval by shareholders.

### NOTE [53]

Disclosure pursuant to Ind AS 27 "Separate Financial Statements"

Investment in following subsidiary companies, joint venture companies and associates is accounted at cost.

#### Subsidiaries :

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)
<b>Indian subsidiaries</b>								
1	L&T Cutting Tools Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
2	Bhilai Power Supply Company Limited	India	99.90	99.90	99.90	99.90	99.90	99.90
3	Spectrum Infotech Private Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
4	L&T-Valdel Engineering Limited %%	India	–	–	100.00	100.00	100.00	100.00
5	L&T Shipbuilding Limited	India	97.00	97.00	97.00	97.00	97.00	97.00
6	L&T Electricals and Automation Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
7	Hi-Tech Rock Products & Aggregates Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
8	L&T Seawoods Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
9	Kesun Iron and Steel Company Private Limited	India	95.00	95.00	95.00	95.00	95.00	95.00
10	L&T Infocity Limited	India	–	–	–	–	89.00	89.00
11	EWAC Alloys Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
12	L&T Valves Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
13	L&T Realty Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
14	L&T Power Limited	India	99.99	99.99	99.99	99.99	99.99	99.99

## Notes forming part of the Financial Statements (contd.)

### NOTE [53] (contd.)

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)
<b>Indian subsidiaries</b>								
15	L&T Cassidian Limited	India	74.00	74.00	74.00	74.00	74.00	74.00
16	L&T General Insurance Company Limited*	India	–	–	100.00	100.00	100.00	100.00
17	L&T Aviation Services Private Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
18	Larsen & Toubro Infotech Limited	India	84.28	84.28	94.96	94.96	100.00	100.00
19	L&T Finance Holdings Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
20	L&T Capital Company Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
21	L&T Power Development Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
22	L&T Metro Rail (Hyderabad) Limited	India	100.00	100.00	97.48	97.48	97.48	97.48
23	L&T Technology Services Limited	India	89.77	89.77	100.00	100.00	100.00	100.00
24	L&T Construction Equipment Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
25	L&T Infrastructure Engineering Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
26	L&T Hydrocarbon Engineering Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
27	Seawoods Retail Private Limited^^	India	100.00	100.00	–	–	–	–
28	Seawoods Realty Private Limited^^^	India	100.00	100.00	–	–	–	–
29	L&T Natural Resources Limited	India	–	–	–	–	100.00	100.00
30	L&T Powergen Limited	India	–	–	–	–	100.00	100.00
31	L&T Solar Limited	India	–	–	–	–	100.00	100.00
32	Marine Infrastructure Developer Private Limited	India	97.00	97.00	100.00	100.00	–	–

\* The Company has sold its stake on September 9, 2016

% The Company is merged with L&T Hydrocarbon Engineering Limited w.e.f. April 1, 2016

^^ The Company is incorporated on September 2, 2016

^^^ The Company is incorporated on October 23, 2016

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)
<b>Foreign subsidiaries</b>								
1	Larsen & Toubro LLC	USA	100.00	100.00	100.00	100.00	100.00	100.00
2	Larsen & Toubro International FZE	UAE	100.00	100.00	100.00	100.00	100.00	100.00
3	Larsen & Toubro Hydrocarbon International Limited LLC	Kindgom of Saudi Arabia	100.00	100.00	100.00	100.00	100.00	100.00
4	Larsen & Toubro (Saudi Arabia) LLC	Kindgom of Saudi Arabia	100.00	100.00	100.00	100.00	100.00	100.00
5	Larsen Toubro Arabia LLC	Kindgom of Saudi Arabia	75.00	75.00	75.00	75.00	75.00	75.00
6	Larsen & Toubro Consultoria E Projeto Ltda	Brazil	–	–	–	–	100.00	100.00
7	L&T Global Holdings Limited	UAE	100.00	100.00	100.00	100.00	–	–

## Notes forming part of the Financial Statements (contd.)

### NOTE [53] (contd.)

#### Associate companies:

Sr. no.	Name of associate company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)	Effective proportion of ownership Interest (%)	Effective proportion of voting power held (%)
1	L&T-Chiyoda Limited	India	50.00	50.00	50.00	50.00	50.00	50.00
2	Gujarat Leather Industries Limited @	India	50.00	50.00	50.00	50.00	50.00	50.00
3	Salzer Electronics Limited	India	–	–	–	–	26.06	26.06
4	JSK Electricals Private Limited	India	–	–	–	–	26.00	26.00
5	Rishi Consfab Private Limited	India	–	–	–	–	26.00	26.00
6	Magtorq Private Limited	India	42.85	42.85	42.85	42.85	42.85	42.85

@ The Company is under liquidation

#### Joint ventures:

Sr. no.	Name of joint venture	Principal place of business	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
			Effective proportion of ownership interest (%)	Effective proportion of ownership interest (%)	Effective Proportion of ownership interest (%)
1	L&T Chennai-Tada Tollway Limited	India	97.45	97.45	97.45
2	L&T Rajkot-Vadinar Tollway Limited	India	97.45	97.45	97.45
3	L&T Samakhiali Gandhidham Tollway Limited	India	97.45	97.45	97.45
4	L&T Infrastructure Development Projects Limited	India	97.45	97.45	97.45
5	L&T Transportation Infrastructure Limited	India	98.12	98.12	98.12
6	Ahmedabad - Maliya Tollway Limited	India	97.45	97.45	97.45
7	L&T Halol-Shamlaji Tollway Limited	India	47.75	97.45	97.45
8	L&T Krishnagiri Walajahpet Tollway Limited	India	97.45	97.45	97.45
9	Devihalli Hassan Tollway Limited	India	97.45	97.45	97.45
10	L&T Howden Private Limited	India	50.10	50.10	50.10
11	L&T Sapura Shipping Private Limited	India	60.00	60.00	60.00
12	L&T Sapura Offshore Private Limited	India	60.00	60.00	60.00
13	L&T-Gulf Private Limited	India	50.00	50.00	50.00
14	L&T-MHPS Boilers Private Limited	India	51.00	51.00	51.00
15	L&T-MHPS Turbine Generators Private Limited	India	51.00	51.00	51.00
16	Raykal Aluminium Company Private Limited	India	75.50	75.50	75.50
17	L&T Special Steels and Heavy Forgings Private Limited	India	74.00	74.00	74.00
18	PNG Tollway Limited	India	72.11	72.11	72.77
19	L&T Kobelco Machinery Private Limited	India	51.00	51.00	51.00
20	L&T-Sargent & Lundy Limited	India	50.00	50.00	50.00



## Notes forming part of the Financial Statements (contd.)

### NOTE [54]

Disclosures pursuant to Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

(a) Movement in provisions:

₹ crore

Sr. no.	Particulars	Class of provisions				Total
		Product warranties	Expected tax liability in respect of indirect taxes	Litigation related obligations	Contractual rectification cost - construction contracts	
1.	Balance as at 1-4-2016	10.09	132.36	6.94	125.77	275.16
2.	Additional provision during the year	12.24	54.75	–	231.67	298.66
3.	Provision used/reversed during the year #	(1.38)	(5.22)	–	(94.10)	(100.70)
4.	Additional provision for unwinding of interest and change in discount rate	0.30	–	0.44	–	0.74
5.	Balance as at 31-3-2017 (5=1+2+3+4)	21.25	181.89	7.38	263.34	473.86

# includes provision used during the year ₹ 5.39 crore

(b) Nature of provisions:

- i. Product warranties: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2017 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of two to five years from the date of Balance Sheet.
- ii. Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms.
- iii. Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.
- iv. Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Ind AS 11 "Construction Contracts".

(c) Disclosure in respect of contingent liabilities is given as part of Note 29 to the Balance Sheet.

### NOTE [55]

Auditors' remuneration (excluding service tax):

₹ crore

Sr. no.	Particulars	2016-17	2015-16
a.	For Audit fees	2.45	1.70
b.	For Taxation matters	0.48	0.48
c.	For Company law matters	0.25	0.25
d.	For Other services:		
	(i) Limited review of standalone and consolidated financial statements on a quarterly basis	1.30	1.30
	(ii) Other services including certification work	0.58	0.54
e.	For reimbursement of expenses	0.27	0.13

### NOTE [56]

Contribution to political parties during the year 2016-17 is ₹ Nil (previous year ₹ Nil).

## Notes forming part of the Financial Statements (contd.)

### NOTE [57]

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2017. The disclosure pursuant to the said Act is as under:

Particulars	₹ crore	
	2016-17	2015-16
Principal amount due to suppliers under MSMED Act, 2006	106.28	121.14
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	3.39	2.90
Payment made to suppliers (other than interest) beyond the appointed day during the year	187.48	264.03
Interest paid to suppliers under MSMED Act (other than Section 16)	–	–
Interest paid to suppliers under MSMED Act (Section 16)	–	0.01
Interest due and payable towards suppliers under MSMED Act for payments already made	3.60	7.83
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	14.08	13.16
Amount of further interest remaining due and payable even in the succeeding years	8.20	1.20

### NOTE [58]

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

### NOTE [59]

Disclosure on Specified Bank Notes (SBN) pursuant to MCA notification 308(E) dated March 30, 2017:

Particulars	₹ crore		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	5.39	8.73	14.12
(+) Permitted receipts	–	15.71	15.71
(-) Permitted payments	0.02	20.09	20.11
(-) Amount deposited in Banks	5.37	0.03	5.40
Closing cash in hand as on 30.12.2016	–	4.32	4.32

## Notes forming part of the Financial Statements (contd.)

### NOTE [60]

Disclosure pursuant to Ind AS 101 "First time adoption of Indian Accounting Standards"

(a) Effect of Ind AS adoption on Balance Sheet as at April 1, 2015:

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>ASSETS:</b>							
<b>Non-current assets</b>							
Property, plant and equipment	A, B, M		7402.20	(333.24)			7068.96
Capital work-in-progress	A		304.54	81.19			385.73
Investment property	A, B		–	471.18			471.18
Other intangible assets	M		85.16	(0.22)			84.94
Intangible assets under development			189.50	–			189.50
Financial Assets							
Investments	A, D, E	17672.83		(226.69)		17446.14	
Loans	A, F, M	3017.38		(14.52)		3002.86	
Other financial assets	E	334.76		11.70		346.46	
			21024.97	(229.51)			20795.46
Deferred tax assets/(liabilities) [net]	A, G		(362.99)	267.02			(95.97)
Other non-current assets	A, C		1405.72	44.50			1450.22
<b>Current assets</b>							
Inventories	A, C, M		2270.72	(9.95)			2260.77
Financial assets							
Investments	D	5426.91		91.14		5518.05	
Trade receivables	A, H, M	16891.29		(101.29)		16790.00	
Cash and cash equivalents	A, M	1346.95		1417.83		2764.78	
Other bank balances	A	235.94		19.90		255.84	
Loans	A	1368.04		13.57		1381.61	
Other financial assets	A, E, I, N	1281.40		146.69		1428.09	
			26550.53	1587.84			28138.37
Other current assets	A, C, H, M, N		27554.18	900.65			28454.83
Group(s) of assets classified as held for sale	M		–	141.79			141.79
<b>TOTAL ASSETS</b>			<u>86424.53</u>	<u>2921.25</u>			<u>89345.78</u>

## Notes forming part of the Financial Statements (contd.)

### NOTE [60]

(a) Effect of Ind AS adoption on Balance Sheet as at April 1, 2015 (contd.)

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>EQUITY AND LIABILITIES:</b>							
<b>Equity</b>							
Equity share capital		185.91		–		185.91	
Other equity		36898.67		1467.95		38366.62	
<b>Total equity</b>			37084.58		1467.95		38552.53
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial Liabilities							
Borrowings	C, J	8596.85		(166.04)		8430.81	
Other financial liabilities	E, F	78.21		23.79		102.00	
			8675.06		(142.25)		8532.81
Provisions	O		344.83		1.27		346.10
Other non-current liabilities	F		–		0.81		0.81
<b>Current liabilities</b>							
Financial Liabilities							
Borrowings	A	3804.21		194.37		3998.58	
Current maturities of long term borrowings	C	648.31		(0.38)		647.93	
Trade payables	A, M	17838.72		537.28		18376.00	
Other financial liabilities	A, E, K, N	888.37		302.20		1190.57	
			23179.61		1033.47		24213.08
Other current liabilities	A, M, N		14617.31		2168.67		16785.98
Provisions	A, L, M		2447.31		(1645.89)		801.42
Current tax liabilities (net)			75.83		–		75.83
Liabilities associated with group(s) of assets classified as held for sale	M		–		37.22		37.22
<b>TOTAL EQUITY AND LIABILITIES</b>			86424.53		2921.25		89345.78

(b) Statement of reconciliation of equity under Ind AS and equity reported under I-GAAP as at April 1, 2015:

Sr. no.	Particulars	Note	₹ crore
	<b>Equity as per I-GAAP</b>		37084.58
I	Provision for expected credit loss	H	(483.50)
II	Provision for employee benefits based on constructive obligations	K	(353.22)
III	Gain on fair valuation of investments	D	247.83
IV	Increase in borrowing cost pursuant to application of effective interest rate method	C	(29.34)
V	Reversal of Dividend & DDT	L	1644.87
VI	Equity component of other financial instruments (FCCB)	J	153.20
VII	Others	J, E, N, O	21.09
VIII	Deferred and current taxes	G	267.02
	<b>Equity as per Ind AS</b>		38552.53

## Notes forming part of the Financial Statements (contd.)

### NOTE [60] (contd.)

(c) Effect of Ind AS adoption on Balance Sheet as at March 31, 2016:

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>ASSETS:</b>							
<b>Non-current assets</b>							
Property, plant and equipment	A, B		7120.59		9.30		7129.89
Capital work-in-progress	A, C, N		250.69		2.53		253.22
Investment property	A, B		–		446.90		446.90
Other intangible assets	A		138.40		0.18		138.58
Intangible assets under development			158.91		–		158.91
Financial Assets							
Investments	A, D, E	19897.94		(710.08)		19187.86	
Loans	A, F	2809.71		(12.19)		2797.52	
Other financial assets	E	468.38		5.71		474.09	
			23176.03		(716.56)		22459.47
Deferred tax assets/(liabilities) [net]	G		(203.35)		359.49		156.14
Other non-current assets	A, C		1775.66		11.04		1786.70
<b>Current assets</b>							
Inventories	A, C		1888.00		67.11		1955.11
Financial assets							
Investments	D	4701.55		101.77		4803.32	
Trade receivables	A, H	19089.92		(122.17)		18967.75	
Cash and cash equivalents	A	1505.19		570.64		2075.83	
Other bank balances	A	237.30		1257.13		1494.43	
Loans	A	2417.83		14.43		2432.26	
Other financial assets	A, E, I, N	1713.32		167.17		1880.49	
			29665.11		1988.97		31654.08
Other current assets	A, C, H, N		32600.81		881.14		33481.95
<b>TOTAL ASSETS</b>			<u>96570.85</u>		<u>3050.10</u>		<u>99620.95</u>

## Notes forming part of the Financial Statements (contd.)

### NOTE [60]

(c) Effect of Ind AS adoption on Balance Sheet as at March 31, 2016 (contd.)

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>EQUITY AND LIABILITIES:</b>							
<b>Equity</b>							
Equity share capital		186.30		–		186.30	
Other equity		40532.03		1416.98		41949.01	
<b>Total equity</b>			40718.33		1416.98		42135.31
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	C, J	8486.18		(173.71)		8312.47	
Other financial liabilities	E, F	60.94		11.51		72.45	
			8547.12		(162.20)		8384.92
Provisions	O		370.23		1.27		371.50
Other non-current liabilities	F		0.58		5.25		5.83
<b>Current liabilities</b>							
Financial liabilities							
Borrowings	A, C	3881.87		294.11		4175.98	
Current maturities of long term borrowings		1436.03		–		1436.03	
Trade payables	A	21391.11		824.81		22215.92	
Other financial liabilities	A, E, K, N	966.38		353.30		1319.68	
			27675.39		1472.22		29147.61
Other current liabilities	A, N		16530.46		2121.50		18651.96
Provisions	A, L, O		2703.11		(1805.82)		897.29
Current tax liabilities (net)	A		25.63		0.90		26.53
<b>TOTAL EQUITY AND LIABILITIES</b>			96570.85		3050.10		99620.95

(d) Statement of reconciliation of equity under Ind AS and equity reported under I-GAAP as at March 31, 2016:

Sr. no.	Particulars	Note	₹ crore
	<b>Equity as per I-GAAP</b>		40718.33
I	Provision for expected credit loss	H	(785.56)
II	Provision for employee benefits based on constructive obligations	K	(379.07)
III	Gain on fair valuation of investments	D	172.49
IV	Increase in borrowing cost pursuant to application of effective interest rate method	C	(53.91)
V	Reversal of Dividend & DDT	L	1840.83
VI	Equity component of other financial instruments (FCCB)	J	153.20
VII	Others	J, E, N	109.51
VIII	Deferred and current taxes	G	359.49
	<b>Equity as per Ind AS</b>		42135.31

## Notes forming part of the Financial Statements (contd.)

### NOTE [60] (contd.)

(e) Effect of Ind AS adoption on the Statement of Profit and Loss for the period ended March 31, 2016:

	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>INCOME</b>							
Revenue from operations	A, N	60415.00		3397.65		63812.65	
Other income	A, D	2395.82		(54.78)		2341.04	
<b>Total income</b>		<u>62810.82</u>		<u>3342.87</u>		<u>66153.69</u>	
<b>EXPENSES</b>							
Manufacturing, construction and operating expenses							
Cost of raw materials components consumed	A	7396.35		1.20		7397.55	
Excise duty		635.39		–		635.39	
Construction materials consumed	A, N	17805.37		999.33		18804.70	
Purchase of stock-in-trade	A	1129.18		0.27		1129.45	
Stores, spares and tools consumed	A	1448.90		(99.67)		1349.23	
Sub-contracting charges	A	14066.80		1501.07		15567.87	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	A	114.98		(38.41)		76.57	
Other manufacturing, construction and operating expenses	A	4667.51		540.82		5208.33	
			47264.48		2904.61		50169.09
Employee benefits expense	A, K, O, P	4480.20		494.60		4974.80	
Sales, administration and other expenses	A, H	2494.91		350.86		2845.77	
Finance costs	A, C	1449.04		27.78		1476.82	
Depreciation, amortisation, impairment and obsolescence	A	998.88		(1.48)		997.40	
			56687.51		3776.37		60463.88
Less: Overheads capitalised		5.53		–		5.53	
<b>Total expenses</b>		<u>56681.98</u>		<u>3776.37</u>		<u>60458.35</u>	
<b>Profit before exceptional items and tax</b>		<u>6128.84</u>		<u>(433.50)</u>		<u>5695.34</u>	
Exceptional items		560.28		–		560.28	
<b>Profit before tax</b>		<u>6689.12</u>		<u>(433.50)</u>		<u>6255.62</u>	
Tax expenses							
Current tax	A, G	1551.19		(21.18)		1530.01	
Deferred tax	A, G	(173.54)		(100.43)		(273.97)	
			1377.65		(121.61)		1256.04
<b>Profit after tax</b>		<u>5311.47</u>		<u>(311.89)</u>		<u>4999.58</u>	
Other Comprehensive Income [net of tax]	D, G N, P	–		82.86		82.86	
<b>Total comprehensive income</b>		<u>5311.47</u>		<u>(229.03)</u>		<u>5082.44</u>	



## Notes forming part of the Financial Statements (contd.)

### NOTE [60] (contd.)

(f) Statement of reconciliation of total comprehensive income for the period ended March 31, 2016:

Sr. no.	Particulars	Note	₹ crore
	<b>Net Profit after tax as per I-GAAP</b>		5311.46
I	Impact of provision for expected credit loss	H	(302.06)
II	Provision for employee benefits based on constructive obligations	K	(25.85)
III	Impact of fair valuation of investments	D	(71.46)
IV	Increase in borrowing cost pursuant to application of effective interest rate method	C	(24.57)
V	Reclassification of net actuarial loss on employee defined benefit obligations to OCI	P	12.90
VI	Others	E, J, N, O	(23.78)
VII	Deferred and current taxes	G	122.94
	<b>Net Profit after tax as per Ind AS</b>		4999.58
VIII	Other comprehensive income [net of tax]	D, G, N, P	82.86
	<b>Total comprehensive income as per Ind AS</b>		5082.44

(g) Effect of Ind AS adoption on Statement of Cash Flows for the period ended March 31, 2016:

Particulars	Note	I-GAAP	₹ crore	
			Ind AS Adjustments	Ind AS
Net cash flows from operating activities	A	3272.72	27.14	3299.86
Net cash flows from investing activities	A	(545.27)	(976.98)	(1522.25)
Net cash flows from financing activities	A	(2567.21)	102.88	(2464.33)
<b>Net increase/(decrease) in cash and cash equivalents</b>		160.24	(846.96)	(686.72)
Cash and cash equivalents as at April 1, 2015		1347.18	1417.60	2764.78
Cash and cash equivalents as at March 31, 2016	A	1507.42	570.64	2078.06

(h) Following assets and liabilities of joint operations have been consolidated in standalone financials on a line by line basis under Ind AS as against a single line item accounted under I-GAAP (Note A).

	As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore
<b>ASSETS:</b>				
<b>Non-current assets</b>				
Property, plant and equipment		448.91		205.24
Capital work-in-progress		1.20		81.19
Investment property		7.56		14.38
Other intangible assets		0.18		–
Deferred tax assets (net)		–		1.13
Other non-current assets		36.25		25.85
Carried forward		494.10		327.79

## Notes forming part of the Financial Statements (contd.)

### NOTE [60] (contd.)

	As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		494.10		327.79
<b>Current assets</b>				
Inventories		67.12		12.39
Financials assets				
Trade receivables	597.82		371.00	
Cash and cash equivalents	570.53		1417.16	
Other bank balances	1257.13		19.90	
Loans	14.43		13.57	
Other financial assets	135.20		123.07	
		2575.11		1944.70
Other current assets		1060.49		1145.90
<b>TOTAL (A)</b>		<u>4196.82</u>		<u>3430.78</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Financial Liabilities				
Borrowings	293.55		194.37	
Trade payables	863.12		652.99	
Other financials liabilities	519.69		304.43	
		1676.36		1151.79
Other current Liabilities		2158.52		2145.37
Provisions		8.65		1.87
Current tax liabilities (net)		0.90		
<b>TOTAL (B)</b>		<u>3844.43</u>		<u>3299.03</u>
<b>Net assets recognised under Ind AS [C = (A)-(B)]</b>		<u>352.39</u>		<u>131.75</u>
<b>Presented as a part of investments in Integrated Joint Ventures under I-GAAP</b>		<u>352.39</u>		<u>131.75</u>

## Notes forming part of the Financial Statements (contd.)

### NOTE [60] (contd.)

- (i) Following items of income and expenses of joint operations have been consolidated in standalone financials on a line by line basis under Ind AS as against a Company's share of profit or loss accounted under I-GAAP (Note A).

	₹ crore	₹ crore
<b>INCOME:</b>		
Revenue from operations		3578.64
Other income		11.88
<b>Total Income</b>		<u>3590.52</u>
<b>EXPENSES:</b>		
Manufacturing ,construction and operating expenses		2782.57
Employee benefits expense		422.16
Sales, administration and other expenses		146.46
Finance costs		11.76
Depreciation ,amortization ,impairment and obsolescence		(1.48)
<b>Total expenses</b>		<u>3361.47</u>
<b>Profit before exceptional items and tax</b>		229.05
Exceptional items		-
<b>Profit before tax</b>		229.05
Tax expenses		
Current tax	1.18	
Deferred tax	0.45	
		<u>1.63</u>
<b>Profit after tax recognised under Ind AS</b>		227.42
<b>Company's share of profit accounted under I-GAAP</b>		<u>227.42</u>

### Notes:

- A. The Company is executing some of the projects through unincorporated joint ventures (UJV). Such arrangements have been classified as joint operations pursuant to Ind AS 111 and accordingly Company's share in assets, liabilities, income and expenses of UJVs has been consolidated in standalone financials on a line by line basis. Under I-GAAP the investment in UJVs was being presented as a single line item in the Balance Sheet and the Company's share in the net profit or loss was accounted as a single line item in the Statement of Profit and Loss.
- B. Pursuant to Ind AS requirements, investment property is presented separately. Under I-GAAP the same was presented as part of tangible assets. Tangible assets have been now divided into two categories under Ind AS viz. Property, plant and equipment and Investment property.
- C. Under Ind AS 23 borrowing cost is calculated following effective rate of interest (EIR) method as described under Ind AS 109. Under I-GAAP borrowing cost was computed by applying the coupon rate to the principle amount for the period with consequential impact in the asset items where borrowing cost is capitalised/inventorised. Borrowings are recognised at fair value at the inception and subsequently at amortised cost with interest recognised based on EIR method.
- D. All Investments except investments in group companies have been fair valued in accordance with Ind AS 109. Investments in debt securities are fair valued through OCI and reclassified to profit or loss on their sale. Other investments are fair valued through profit or loss. Under I-GAAP the current investments were carried at cost net of diminution in their value as at the Balance Sheet date. The long term investments were carried at cost net of permanent diminution, if any.
- E. Financial guarantee contracts have been recognised at fair value at the inception in accordance with Ind AS 109 along with accrued guarantee charges. Under I-GAAP financial guarantee given was disclosed as contingent liability and commitments.

## **Notes forming part of the Financial Statements (contd.)**

### **NOTE [60] (contd.)**

- F. Under Ind AS financial assets and liabilities are measured at fair value at the inception and subsequently at amortised cost or at fair value based on their classification. Under I-GAAP the financial assets and liabilities were measured at cost.
- G. Deferred tax under Ind AS has been recognised for temporary differences between tax base and the book base of the relevant assets and liabilities. Under I-GAAP the deferred tax was accounted based on timing differences impacting the Statement of Profit and Loss for the period.
- H. The provision is made against trade receivables based on “expected credit loss” model as per Ind AS 109. Under I-GAAP the provision was made when the receivable turned doubtful based on the assessment on case to case basis.
- I. ESOP charge is accounted using fair value method. The portion of ESOP charge recoverable from the group companies is accordingly measured and recognised at fair value. Under I-GAAP ESOP charge was calculated based on intrinsic value method.
- J. Pursuant to Ind AS 32, Foreign Currency Convertible Bonds (FCCB) issued by the Company is split into equity and liability component and presented accordingly. The measurement of liability component is done at fair value at the inception and subsequently at amortised cost. Under I-GAAP FCCB was accounted at cost and presented as borrowing.
- K. Provision is made under Ind AS towards constructive obligations of the Company related to payment of performance linked rewards to the employees and tax on ESOP benefits, wherever applicable. Under I-GAAP the cost was recognised on actual payments.
- L. Under Ind AS the final dividend including related tax is recognised in the period in which the obligation to pay is established on its approval, post reporting of financial statements. Under I-GAAP a provision was required to be made in the financial statements for the proposed final dividend in the period to which the liability related.
- M. In accordance with Ind AS 105 group of assets held for sale and liabilities associated with such group is presented separately. Under I-GAAP there was no such requirement.
- N. Change in fair value of derivative instrument taken to hedge off-Balance Sheet item is accounted in the hedging reserve. Under I-GAAP the premium on these derivative instrument was recognised on accrual basis in the Statement of Profit and Loss.
- O. Past service cost arising out of modifications in the post-retirement benefits is recognised in Profit or Loss pursuant to Ind AS 19. Under I-GAAP the past service cost was amortised over a period.
- P. Actuarial gains and losses pertaining to defined benefit obligations and re-measurement pertaining to return on plan assets are recognised in Other Comprehensive Income in accordance with Ind AS 19 and are not reclassified to profit or loss. Further, there are certain other items (as presented in OCI) that are accounted in Other Comprehensive Income and subsequently reclassified to Profit or Loss in accordance with Ind AS requirements.
- Q. The previous year I-GAAP figures have been reclassified/regrouped to make them comparable with Ind AS presentation.



## **Consolidated Financial Statements 2016-17**

### **INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF A GROUP UNDER THE COMPANIES ACT, 2013 AND THE RULES THEREUNDER**

**DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Indiabulls Finance Centre, Tower 3  
27th – 32nd Floor, Senapati Bapat Marg  
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Mumbai 400 013.

**SHARP & TANNAN**  
Chartered Accountants  
Ravindra Annexe  
194, Churchgate Reclamation,  
Dinshaw Vachha Road  
Mumbai 400 020.

## **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF  
LARSEN & TOUBRO LIMITED**

### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying Consolidated Ind AS financial statements of **LARSEN & TOUBRO LIMITED** (hereinafter referred to as the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group") its joint ventures and associates, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements") and which also includes Joint operations of the Group.

### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated statement of cash flows and the consolidated statement of changes in equity of the Group including its joint operations, joint ventures and associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Boards of Directors of the companies included in the Group and of its joint operations, joint ventures and associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, and of its joint operations, joint ventures and associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating

the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of joint operations, subsidiaries, joint ventures and associates referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its joint operations, joint ventures and associates as at March 31, 2017, and its consolidated profit, consolidated total comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended on that date.

### **Other Matters**

- (a) The consolidated Ind AS financial statements include the financial statements of 16 joint operations included in the standalone financial statements of the Parent included in the Group whose financial statements reflect total assets of ₹ 3,647.41 crore as at March 31, 2017 and total revenues of ₹ 4,360.69 crore for the year ended on that date, as considered in the standalone financial statements of the Parent included in the Group. The financial statements of these joint operations have been audited by the other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these joint operations, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint operations is based solely on the report of such other auditors.

The above includes 7 joint operations which are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's management has converted the financial statements of such joint operations located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent management. Our opinion in so far as it relates to the amounts and disclosures included in respect of said joint operations located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent and audited by us.

- (b) The consolidated Ind AS financial statements include the financial statements of 34 subsidiaries, whose financial statements reflect total assets of ₹ 55,693.16 crore as at March 31, 2017, total revenues of ₹ 15,300.27 crore and net cash outflows amounting to ₹ 343.25 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements which have not been audited by us. The consolidated Ind AS financial statements also include the Group's share of loss (net) of ₹ 561.10 crore for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of 4 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

The above include 28 subsidiaries and a joint venture which are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's management has converted the financial statements of such subsidiaries and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the amounts and disclosures included in respect of said subsidiaries and joint venture located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the parent and audited by us.

- (c) The consolidated Ind AS financial statements include the financial statements/information of 14 subsidiaries, whose financial statements reflect total assets of ₹ 70.15 crore as at March 31, 2017, total revenues of ₹ 333.18 crore and net cash outflows amounting to ₹ 31.38 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements which have not been audited by us. The consolidated Ind AS financial statements also include the Group's share of profit (net) ₹ 7.37 crore for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of 2 joint ventures and 6 associates, whose financial statements/information have not been audited by their auditors. These financial



statements/information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements/information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/information are not material to the Group.

- (d) The comparative financial statements for the year ended March 31, 2016 in respect of 4 joint operations, 37 subsidiaries and 4 joint ventures included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

The consolidated Ind AS financial statements also includes the comparative financial statements/information for the year ended March 31, 2016 in respect of 16 joint operations, 22 subsidiaries, 3 joint ventures and 10 associates included in consolidated Ind AS financial statements prepared in accordance with the Ind AS have not been audited by their auditors. These financial statements/information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations, subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements/ information. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of joint operations, subsidiaries, joint venture and associate companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Cash Flows and consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, joint operation companies, subsidiary companies, associate companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures.
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India.

- iv. To the best of our information and according to the information and explanations given to us, we report that, except where, for reasons explained in note no. 59 to the consolidated financial statements, the disclosures by certain subsidiaries in the financial services segments of the Group with regard to the Specified Bank Notes (“SBNs”) were restricted to readily available information and also considering that certain amounts directly deposited into the bank accounts of those entities by their customers for which information relating to SBNs was not available with those entities were classified as “Permitted receipts/Other Denomination Notes”, the Parent Company has provided requisite disclosures in the consolidated financial statements as regards the Group entities’ holding and dealings in SBNs, as defined in the Notification S.O. 3407(E) dated 8th November, 2016, of the Ministry of Finance, during the period from November 9, 2016 to December 30, 2016. Based on audit procedures performed by us and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements which, as the case may be, were produced before us or other auditors by the managements of the respective Group entities.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**P. R. RAMESH**  
(Partner)  
(Membership No. 70928)

**For SHARP & TANNAN**  
Chartered Accountants  
(Firm Registration No. 109982W)

**FIRDOSH D. BUCHIA**  
(Partner)  
(Membership No. 38332)

MUMBAI, May 29, 2017

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## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

**(Referred to in paragraph “f” under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **LARSEN & TOUBRO LIMITED** (hereinafter referred to as the “Parent”) and its subsidiary companies (hereinafter referred to as the “Group”), which includes internal financial controls over financial reporting of the joint operations which are companies incorporated in India, its joint ventures and associate companies, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Boards of Directors of the Parent, its joint operations, its subsidiary companies, its joint ventures and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its joint operations, its joint ventures and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend

on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, joint operations, joint ventures and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its joint operations, its joint ventures and associate companies, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its joint operations, its joint ventures and associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note.

#### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 1 joint operation, 4 subsidiary companies, and 2 joint venture companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 7 subsidiary companies and 4 associate companies, which are companies incorporated in India, whose financial statements/information are unaudited and our opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Group is not affected as these financial statements/information are not material to the Group.

Our opinion is not modified in respect of the above matters.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**P. R. RAMESH**  
(Partner)  
(Membership No. 70928)

MUMBAI, May 29, 2017

**For SHARP & TANNAN**  
Chartered Accountants  
(Firm Registration No. 109982W)

**FIRDOSH D. BUCHIA**  
(Partner)  
(Membership No. 38332)

## Consolidated Balance Sheet as at March 31, 2017

	Note	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>ASSETS:</b>							
<b>Non-current assets</b>							
Property, plant and equipment	2		11242.66	12172.17		13669.78	
Capital work-in-progress	2		2118.19	1790.53		1452.66	
Investment property	3		3429.72	4386.00		2768.70	
Goodwill	4		1398.66	1446.96		1536.98	
Other intangible assets	5		432.59	556.57		568.47	
Intangible assets under development	5		11353.23	9183.92		6473.66	
Financial assets							
Investments in joint ventures and associates	55(e)		2772.90	1257.88		2066.65	
Other investments	6		3180.74	2327.01		1888.39	
Loans	7		1473.82	1037.65		806.43	
Loans towards financing activities	8		47133.86	47888.27		41431.60	
Other financial assets	9		775.12	563.55		480.60	
			55336.44	53074.36		46673.67	
Deferred tax assets (net)	50(d)		1736.15	1371.91		1009.90	
Non current assets for current tax (net)			165.37	553.99		236.27	
Other non-current assets	10		3238.16	2737.19		2395.00	
<b>Current assets</b>							
Inventories	11		4139.74	4854.21		5981.16	
Financial assets							
Investments	12		13799.39	7494.19		7353.81	
Trade receivables	13		27969.60	26024.98		22254.43	
Cash and cash equivalents	14		3793.33	3806.54		4412.57	
Other bank balances	15		1779.16	1583.37		696.85	
Loans	16		480.84	651.14		542.64	
Loans towards financing activities	17		24927.38	18706.34		14322.02	
Other financial assets	18		2703.58	2298.67		2128.97	
			75453.28	60565.23		51711.29	
Other current assets	19		40366.11	40453.65		34972.91	
Group(s) of assets classified as held for sale	52		1649.37	1579.46		1671.35	
<b>TOTAL ASSETS</b>			<u>212059.67</u>	<u>194726.15</u>		<u>171121.80</u>	

## Consolidated Balance Sheet as at March 31, 2017 (contd.)

	Note	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>EQUITY AND LIABILITIES:</b>							
<b>Equity</b>							
Equity share capital	20	186.59		186.30		185.91	
Other equity	21	50029.93		43994.06		41022.18	
Equity attributable to owners of the Company			50216.52		44180.36		41208.09
Non-controlling interest			3563.60		2892.84		1970.62
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	22	67340.58		61223.84		52709.64	
Other financial liabilities	23	191.33		141.40		222.12	
			67531.91		61365.24		52931.76
Provisions	24		526.59		424.66		385.35
Deferred tax liabilities (net)	50(d)		610.95		635.48		659.49
Other non-current liabilities	25		172.14		181.14		211.93
<b>Current liabilities</b>							
Financial liabilities							
Borrowings	26	16556.79		14896.75		15897.14	
Current maturities of long term borrowings	27	10078.90		12014.90		8122.87	
Trade payables	28	29774.25		27003.56		22056.89	
Other financial liabilities	29	5189.05		4322.44		3772.85	
			61598.99		58237.65		49849.75
Other current liabilities	30		23444.74		24407.89		20804.60
Provisions	31		2658.34		2303.52		1676.85
Current tax liabilities (net)			240.29		83.49		299.55
Liabilities associated with group(s) of assets classified as held for sale	52		1495.60		13.88		1123.81
<b>TOTAL EQUITY AND LIABILITIES</b>			<u>212059.67</u>		<u>194726.15</u>		<u>171121.80</u>
<b>CONTINGENT LIABILITIES</b>							
<b>COMMITMENTS</b> (capital and others)	32						
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	33						
	1 to 63						

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

For SHARP & TANNAN  
Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

FIRDOSH D. BUCHIA  
Partner  
Membership No. 038332

Mumbai, May 29, 2017

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Company Secretary  
M. No. A3471

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

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(DIN 00101004)

SUSHOBHAN SARKER  
(DIN 00088276)

SANJEEV AGA  
(DIN 00022065)

## Consolidated Statement of Profit and Loss for the year ended March 31, 2017

	Note	2016-17		2015-16	
		₹ crore	₹ crore	₹ crore	₹ crore
<b>INCOME:</b>					
Revenue from operations	34		110011.00		101975.34
Other income	35		1401.01		904.35
<b>Total income</b>			<u>111412.01</u>		<u>102879.69</u>
<b>EXPENSES:</b>					
Manufacturing, construction and operating expenses:	36				
Cost of raw materials, components consumed		14320.98		13729.98	
Excise duty		699.19		852.86	
Construction materials consumed		20732.39		20256.77	
Purchase of stock-in-trade		1610.57		1333.44	
Stores, spares and tools consumed		2090.42		1834.19	
Sub-contracting charges		22556.13		20788.86	
Changes in inventories of finished goods, work-in-progress and stock-in-trade and property development		84.00		(514.86)	
Other manufacturing, construction and operating expenses		10583.48		9160.56	
Finance cost of financial services business and finance lease activity		5362.09		4967.11	
			<u>78039.25</u>		<u>72408.91</u>
Employee benefits expense	37		13853.07		13330.84
Sales, administration and other expenses	38		7045.50		5778.52
Finance costs	39		1339.84		1655.06
Depreciation, amortisation, impairment and obsolescence			2369.93		1786.73
			<u>102647.59</u>		<u>94960.06</u>
Less: Overheads capitalised			1.51		5.77
<b>Total expenses</b>			<u>102646.08</u>		<u>94954.29</u>
<b>Profit before exceptional items and tax</b>			8765.93		7925.40
Exceptional items	42		121.43		94.22
<b>Profit before tax</b>			8887.36		8019.62
Tax expense:					
Current tax	50(a)	2976.31		2817.69	
Deferred tax (net)	50(a)	(827.76)		(380.73)	
			<u>2148.55</u>		<u>2436.96</u>
<b>Profit after tax</b>			6738.81		5582.66
Less: Additional provision/(reversal) of tax on dividend distributed by subsidiaries			(141.96)		47.80
			<u>6880.77</u>		<u>5534.86</u>
Add: Share in profit/(loss) of joint ventures/associates (net)	55(f)		(395.27)		(990.16)
<b>Profit for the year</b>			<u>6485.50</u>		<u>4544.70</u>
Carried forward			6485.50		4544.70

## Consolidated Statement of Profit and Loss for the year ended March 31, 2017 (contd.)

	Note	2016-17		2015-16	
		₹ crore	₹ crore	₹ crore	₹ crore
Brought forward			6485.50		4544.70
<b>Other comprehensive income</b>					
<b>A. Items that will not be reclassified to profit or loss:</b>					
Remeasurements of the defined benefit plans [net of tax]			(25.35)		(10.42)
<b>B. Items that will be reclassified to profit or loss:</b>					
Debt instruments through other comprehensive income [net of tax]			(6.41)		(2.59)
Exchange differences in translating the financial statements of foreign operations [net of tax]			(130.83)		68.93
Effective portion of gains and losses on hedging instruments in a cash flow hedge [net of tax]			382.94		91.78
Cost of hedging reserve [net of tax]			(42.57)		11.35
Other comprehensive income for the year [net of tax]			177.78		159.05
<b>Total comprehensive income for the year</b>			6663.28		4703.75
Profit for the year attributable to:					
- Owners of the Company			6041.23		4232.88
- Non-controlling interests			444.27		311.82
			6485.50		4544.70
Other comprehensive income for the year attributable to:					
- Owners of the Company			146.38		155.82
- Non-controlling interests			31.40		3.23
			177.78		159.05
Total comprehensive income for the year attributable to:					
- Owners of the Company			6187.61		4388.70
- Non-controlling interests			475.67		315.05
			6663.28		4703.75
Basic earnings per equity share (₹)	<b>49</b>		64.80		45.48
Diluted earnings per equity share (₹)	<b>49</b>		64.58		45.27
Face value per equity share (₹)			2.00		2.00
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	<b>1 to 63</b>				

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by the hand of

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Partner  
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For SHARP & TANNAN  
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FIRDOSH D. BUCHIA  
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Mumbai, May 29, 2017

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## Consolidated Statement of Changes in Equity for the year ended March 31, 2017

### A. Equity share capital

Particulars	2016-17		2015-16	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	93,14,78,845	186.30	92,95,62,061	185.91
Add: Shares issued on exercise of employee stock options during the year	14,86,958	0.29	19,16,784	0.39
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	93,29,65,803	186.59	93,14,78,845	186.30

### B. Other equity

Particulars	Equity component of foreign currency convertible bonds	Reserves and surplus					Items of other comprehensive income			Total other equity	Non-controlling interest	Total
		Capital reserve	Securities premium account	Employee share options (net)	Statutory reserves	Retained earnings	Foreign currency translation reserve	Hedging reserve	Debt instruments through other comprehensive income			
<b>Balance as at 1-4-2015</b>	153.20	281.06	7963.16	369.24	1987.37	29703.20	538.23	(51.90)	78.62	41022.18	1970.62	42992.80
Profit for the year (a)	-	-	-	-	-	4232.88	-	-	-	4232.88	311.82	4544.70
Other comprehensive income (b)	-	-	-	-	-	(8.86)	71.36	95.91	(2.59)	155.82	3.23	159.05
<b>Total comprehensive income for the year (a+b)</b>	-	-	-	-	-	4224.02	71.36	95.91	(2.59)	4388.70	315.05	4703.75
Issue of equity shares	-	-	201.63	-	-	-	-	-	-	201.63	-	201.63
Share issue expenses	-	-	(0.07)	-	-	-	-	-	-	(0.07)	-	(0.07)
Impact of business combination	-	(0.66)	-	-	-	-	-	-	-	(0.66)	-	(0.66)
Transfer from/(to) retained earnings during the year	-	-	-	(12.35)	671.93	(659.58)	-	-	-	-	-	-
Employee share options (net)	-	-	-	(74.67)	-	-	-	-	-	(74.67)	(0.69)	(75.36)
Dividend paid for the previous year (including tax on dividend)	-	-	-	-	-	(1805.90)	-	-	-	(1805.90)	(57.77)	(1863.67)
Net gain/loss on transaction with non-controlling interest	-	-	-	-	-	262.85	-	-	-	262.85	(262.85)	-
Increase in non-controlling interest due to dilution/ divestment/ acquisition	-	-	-	-	-	-	-	-	-	-	928.48	928.48
<b>Balance as at 31-3-2016</b>	153.20	280.40	8164.72	282.22	2659.30	31724.59	609.59	44.01	76.03	43994.06	2892.84	46886.90

## Consolidated Statement of Changes in Equity for the year ended March 31, 2017 (contd.)

Particulars	Reserves and surplus									Total other equity	Non-controlling interest	Total
	Equity component of foreign currency convertible bonds	Capital reserve	Securities premium account	Employee share options (net)	Statutory reserves	Retained earnings	Foreign currency translation reserve	Hedging reserve	Debt instruments through other comprehensive income			
<b>Balance as at 1-4-2016</b>	153.20	280.40	8164.72	282.22	2659.30	31724.59	609.59	44.01	76.03	43994.06	2892.84	46886.90
Profit for the year (c)	-	-	-	-	-	6041.23	-	-	-	6041.23	444.27	6485.50
Other comprehensive income (d)	-	-	-	-	-	(20.72)	(131.35)	303.51	(5.06)	146.38	31.40	177.78
<b>Total comprehensive income for the year (c+d)</b>	-	-	-	-	-	6020.51	(131.35)	303.51	(5.06)	6187.61	475.67	6663.28
Issue of equity shares	-	-	154.18	-	-	-	-	-	-	154.18	-	154.18
Share issue expenses	-	-	(0.05)	-	-	-	-	-	-	(0.05)	-	(0.05)
Impact of business combination	-	(0.12)	-	-	-	-	-	-	-	(0.12)	-	(0.12)
Transfer from/(to) retained earnings during the year	-	-	-	(21.86)	83.00	(61.14)	-	-	-	-	-	-
Employee share options (net)	-	-	-	42.89	-	-	-	-	-	42.89	19.96	62.85
Income tax charged against retained earnings	-	-	-	-	-	(0.30)	-	-	-	(0.30)	-	(0.30)
Dividend paid for the previous year (including tax on dividend)	-	-	-	-	-	(2070.00)	-	-	-	(2070.00)	(92.14)	(2162.14)
Net gain/loss on transaction with non-controlling interest	-	-	-	-	-	1721.66	-	-	-	1721.66	(1721.66)	-
Increase in non-controlling interest due to dilution/ divestment/ acquisition	-	-	-	-	-	-	-	-	-	-	1988.93	1988.93
<b>Balance as at 31-3-2017</b>	153.20	280.28	8318.85	303.25	2742.30	37335.32	478.24	347.52	70.97	50029.93	3563.60	53593.53

In terms of our report attached  
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by the hand of

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Partner  
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FIRDOSH D. BUCHIA  
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Mumbai, May 29, 2017

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SANJEEV AGA  
(DIN 00022065)

## **Consolidated Statement of Cash Flows for the year ended March 31, 2017**

	2016-17	2015-16
	₹ crore	₹ crore
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax (excluding non-controlling interest and exceptional items)</b>	8765.93	7925.40
Adjustments for:		
Dividend received	(748.63)	(196.12)
Depreciation, amortisation, impairment and obsolescence	2369.93	1786.73
Exchange difference on items grouped under financing/investing activities	(80.51)	45.56
Effect of exchange rate changes on cash and cash equivalents	34.92	(7.42)
Interest expense	1339.84	1655.06
Interest income	(422.62)	(426.85)
(Profit)/loss on sale of property, plant and equipment (net)	(17.88)	(60.55)
(Profit)/loss on sale/fair valuation of investments (net)	(34.22)	(65.73)
(Profit)/loss on sale of stake in subsidiary and joint venture companies of Developmental Projects and Realty Segments	(95.81)	(236.53)
Employee stock option-discount forming part of employee benefits expense	88.17	65.33
<b>Operating profit before working capital changes</b>	11199.12	10484.88
Adjustments for:		
(Increase)/decrease in trade and other receivables	(2078.84)	(9449.56)
(Increase)/decrease in inventories	1509.77	216.60
Increase/(decrease) in trade payables and customer advances	4550.32	9308.11
<b>Cash generated from operations before financing activities</b>	15180.37	10560.03
(Increase)/decrease in loans and advances towards financing activities	(5743.85)	(10584.93)
<b>Cash generated from operations</b>	9436.52	(24.90)
Direct taxes refund/(paid) [net]	(3201.67)	(3214.69)
<b>Net cash (used in)/from operating activities</b>	6234.85	(3239.59)
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(2978.71)	(4321.63)
Sale of fixed assets (including advance received)	156.33	198.25
Purchase of non-current investments	(1551.99)	(575.05)
Sale of non-current investments	67.00	333.08
(Purchase)/sale of current investments (net)	(6273.01)	(171.25)
Change in other bank balance and cash not available for immediate use	(321.17)	(909.11)
Investment in joint ventures	(2010.36)	-
Deposits/ loans made with associates, joint ventures and third parties (net)	(212.35)	(242.25)
Interest received	408.84	402.31
Dividend received from associates	0.57	16.93
Dividend received from other investments	748.63	196.12
Consideration received on transfer of foundry business unit	83.65	79.70
Consideration received on disposal of subsidiaries (including advance received)	2169.01	410.30
Consideration received on disposal of joint venture	-	21.54
Consideration paid on acquisition of subsidiaries	(7.07)	(32.36)
Cash & cash equivalents discharged pursuant to disposal of subsidiaries/joint ventures	(19.61)	(33.14)
<b>Net cash (used in)/from investing activities</b>	(9740.24)	(4626.56)

## Consolidated Statement of Cash Flows for the year ended March 31, 2017 (contd.)

	2016-17	2015-16
	₹ crore	₹ crore
<b>C. Cash flow from financing activities:</b>		
Proceeds from issue of share capital	53.32	70.19
Proceeds from non-current borrowings	30900.44	30224.75
Repayment of non-current borrowings	(27531.88)	(19753.06)
Proceeds from other borrowings (net)	1704.64	44.07
Payment (to)/from non controlling interest (net)- including sale proceeds on divestment of part stake in subsidiary companies	2058.82	970.58
Dividends paid	(1701.51)	(1512.33)
Additional tax on dividend	(391.54)	(329.91)
Interest paid (including cash flows from interest rate swaps)	(1565.20)	(2461.59)
<b>Net cash (used in)/from financing activities</b>	<b>3527.09</b>	<b>7252.70</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>21.70</b>	<b>(613.45)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>3789.51</b>	<b>4402.96</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3811.21</b>	<b>3789.51</b>

### Notes:

- Statement of Cash Flows has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant & equipment, investment property and intangible assets adjusted for movement of (a) capital work in progress for property, plant & equipment and investment property and (b) intangible assets under development during the year.
- Cash and cash equivalents included in the Statement of Cash Flows comprise the following :

	2016-17	2015-16
	₹ crore	₹ crore
(a) Cash and cash equivalents disclosed under current assets [Note 14]	3793.33	3806.54
(b) Other bank balances disclosed under current assets [Note 15]	1779.16	1583.37
(c) Cash and cash equivalents disclosed under non-current assets [Note 9]	223.56	98.18
<b>Total Cash and cash equivalents as per Balance Sheet</b>	<b>5796.05</b>	<b>5488.09</b>
Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents	17.88	(17.03)
Less: (ii) Other bank balances disclosed under current assets [Note 15]	1779.16	1583.37
Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 9]	223.56	98.18
<b>Total Cash and cash equivalents as per Statement of Cash Flows</b>	<b>3811.21</b>	<b>3789.51</b>

- Previous year's figures have been regrouped/reclassified wherever applicable.

In terms of our report attached  
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by the hand of

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(DIN 00022065)

Mumbai, May 29, 2017

## **Notes forming part of the Consolidated Financial Statements**

### **NOTE [1]**

#### **Significant Accounting Policies**

##### **(a) Statement of compliance**

The Group's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 1956. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. The financials for the year ended March 31, 2017 of the Group are the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2015. The financial statements upto the year ended March 31, 2016, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("I-GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2016 have now been restated under Ind AS to provide comparability. These financial statements have been approved for issue by the Board of Directors at their meeting held on May 29, 2017.

##### **(b) Basis of accounting**

The Group maintains its accounts on accrual basis following historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS and certain items of property, plant and equipment that were revalued in earlier year in accordance with the I-GAAP principles. The carrying value of all the items of property, plant and equipment as on the date of transition is considered as the deemed cost.

Fair value measurements under Ind AS are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

##### **(c) Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

##### **(d) Basis of consolidation**

- (i) The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- (ii) Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- (iii) The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [1] (contd.)

policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.

- (iv) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.
- (v) The gains/losses in respect of part divestment/dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company.
- (vi) The gains/losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

### (e) Investments in joint venture and associates

When the Group has with other parties joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interests as associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve. The unrealised profits/losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of investment in joint ventures and associates is reduced to recognise impairment, if any, when there is objective evidence of impairment.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

### (f) Interests in joint operations

When the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Parent Company and its subsidiaries are combined for consolidation. Interests in joint operations are included in the segments to which they relate.

### (g) Goodwill on consolidation

Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

consolidation represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

Goodwill on consolidation arising on acquisitions on or after the date of transition represents the excess of the cost of acquisition at each point of time of making the investment in the subsidiary, over the Group's share in the fair value of the net assets of a subsidiary.

Goodwill on consolidation is allocated to cash generating units or group of cash generating units that are expected to benefit from the synergies of the acquisition.

#### **(h) Operating cycle for current and non-current classification**

Operating cycle for the business activities of the Group covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

#### **(i) Revenue recognition**

Revenue is recognised based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances.

##### **(i) Revenue from operations**

Revenue includes excise duty and adjustments made towards liquidated damages and price variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

##### **A. Sale of goods**

Revenue from sale of manufactured and traded goods is recognised when the goods are delivered and titles have passed, provided all the following conditions are satisfied:

1. significant risks and rewards of ownership of the goods are transferred to the buyer;
2. the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
3. the amount of revenue can be measured reliably;
4. it is probable that the economic benefits associated with the transaction will flow to the Group; and
5. the costs incurred or to be incurred in respect of the transaction can be measured reliably

##### **B. Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:**

1. Cost plus contracts: Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the margin as agreed with the customer.
2. Fixed price contracts: Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably subject to the condition that it is probable such cost will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

- i. the amount of revenue can be measured reliably;
- ii. it is probable that the economic benefits associated with the contract will flow to the Group;
- iii. the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- iv. the costs incurred or to be incurred in respect of the contract can be measured reliably



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [1] (contd.)

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to date plus recognised profits (or recognised losses as the case may be), the surplus is shown as the amount due to customers. Amounts received before the related work is performed are included in the consolidated Balance Sheet, as a liability towards advance received. Amount billed for work performed but yet to be paid by the customer are disclosed in the consolidated Balance Sheet as trade receivables. The amount of retention money held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

- C. Revenue from construction/project related activity and contracts executed in joint arrangements under work-sharing arrangement [being joint operations, in terms of Ind AS 111 "Joint Arrangements"], is recognised on the same basis as adopted in respect of contracts independently executed by the Group.
- D. Revenue from property development activity which are in substance similar to delivery of goods is recognised when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

Revenue from those property development activities in the nature of a construction contract is recognised based on the 'Percentage of completion method' (POC) when the outcome of the contract can be estimated reliably upon fulfillment of all the following conditions:

1. all critical approvals necessary for commencement of the project have been obtained;
2. contract costs for work performed (excluding cost of land/developmental rights and borrowing cost) constitute at least 25% of the estimated total contract costs representing a reasonable level of development ;
3. at least 25% of the saleable project area is secured by contracts or agreements with buyers; and
4. at least 10% of the total revenue as per the agreements of sale or any other legally enforceable documents is realised at the reporting date in respect of each of the contracts and the parties to such contracts can be reasonably expected to comply with the contractual payment terms.

The costs incurred on property development activities are carried as "Inventories" till such time the outcome of the project cannot be estimated reliably and all the aforesaid conditions are fulfilled. When the outcome of the project can be ascertained reliably and all the aforesaid conditions are fulfilled, revenue from property development activity is recognised at cost incurred plus proportionate margin, using percentage of completion method. Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. For the purpose of computing percentage of construction, cost of land, developmental rights and borrowing costs are excluded.

Expected loss, if any, on the project is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

In the case of the developmental project business and the realty business, revenue includes profit on sale of stake in the subsidiary and/or joint venture companies as the divestments are inherent in the business model.

- E. Rendering of services

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

1. the amount of revenue can be measured reliably;
2. it is probable that the economic benefits associated with the transaction will flow to the Group;
3. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
4. the costs incurred or to be incurred in respect of the transaction can be measured reliably

Stage of completion is determined by the proportion of actual costs incurred to date to the estimated total costs of the transaction. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

In respect of information technology (IT) business and technology services business, revenue from contracts awarded on time and material basis is recognised when services are rendered and related costs are incurred. Revenue from fixed price contracts is recognised using the proportionate completion method.

- F. Revenue from contracts for rendering of engineering design services and other services which are directly related to the construction of an asset is recognised on similar basis as stated in (i) B above.
- G. Income from hire purchase and lease transactions is accounted on accrual basis, pro-rata for the period, at the rates implicit in the transaction. Income from bill discounting, advisory and syndication services and other financing activities is accounted on accrual basis. Income from interest-bearing assets is recognised on accrual basis over the life of the asset based on the constant effective yield.
- H. Revenue on account of construction services rendered in connection with Build-Operate-Transfer (BOT) projects undertaken by the Group is recognised during the period of construction using percentage of completion method. After the completion of construction period, revenue relatable to toll collections of such projects from users of facilities are accounted when the amount is due and recovery is certain. License fees for way-side amenities are accounted on accrual basis.
- I. Commission income is recognised as and when the terms of the contract are fulfilled.
- J. Income from investment management fees is recognised in accordance with the contractual terms and the SEBI regulations based on average Assets Under Management (AUM) of mutual fund schemes over the period of the agreement in terms of which services are performed. Portfolio management fees are recognised in accordance with the related contracts entered with the clients over the period of the agreement. Trusteeship fees are accounted on accrual basis.
- K. Revenue from port operation services is recognised on completion of respective services or as per terms agreed with the port operator, wherever applicable.
- L. Revenue from charter hire is recognised based on the terms of the time charter agreement.
- M. Revenue from operation and maintenance services of power plant receivable under the Power Purchase Agreement is recognised on accrual basis.
- N. Other operational revenue:  
Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

#### (ii) Other income

- A. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- B. Dividend income is accounted in the period in which the right to receive the same is established.
- C. Other Government grants, which are revenue in nature and are towards compensation for the qualifying costs, incurred by the Group, are recognised as income in the Statement of Profit and Loss in the period in which such costs are incurred.
- D. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably.

#### **(j) Exceptional items**

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the notes to accounts.

#### **(k) Property, plant and equipment (PPE)**

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. PPE acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

For transition to Ind AS, the group has elected to adopt as deemed cost, the carrying value of PPE measured as per I-GAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2015. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment is taken as cost on transition date.

Own manufactured PPE is capitalised at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". (Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions below).

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Extra shift depreciation is provided on a location basis at rates specified in Schedule II to the Companies Act, 2013.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the Group shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Group for similar assets.

Freehold land is not depreciated.

### **(l) Investment property**

Properties (including those under construction) held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

For transition to Ind AS, the group has elected to adopt as deemed cost, the carrying value of investment property as per I-GAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2015. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment is taken as cost on transition date.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

### **(m) Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Research and development expenditure on new products:

- (i) Expenditure on research is expensed under respective heads of account in the period in which it is incurred.
- (ii) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:
  - A. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - B. the Group has intention to complete the intangible asset and use or sell it;
  - C. the Group has ability to use or sell the intangible asset;
  - D. the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
  - E. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
  - F. the Group has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis. The estimated useful life for major categories of the intangible assets are as follows:

- (i) specialised software: over a period of three to ten years;
- (ii) technical know-how: over a period of three to seven years;
- (iii) development costs for new products: over a period of five years;
- (iv) customer contracts and relationships: over a period of the contract which generally is over seven to ten years;
- (v) intangible assets with indefinite useful life that are acquired separately are carried at cost less accumulated impairment losses;
- (vi) fare collection rights obtained in consideration for rendering construction services represent the right to collect fare during the concession period in respect of Build-Operate-Transfer (BOT) projects undertaken by the Group. Fare collection rights are capitalised as intangible asset upon completion of the project at the cumulative construction costs including related margins. Till the completion of the project, the same is recognised as intangible assets under development. Fare collection rights are amortised using the straight line method over the period of concession; and
- (vii) exploration and evaluation expenditure incurred for potential mineral reserves is recognised and reported as part of "intangible assets under development" under "intangible assets" when such costs are expected to be either recouped in full through successful exploration and development of the area of interest or alternatively, by its sale; or when exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically available reserves and active and significant operations in relation to the area are continuing or are planned for the future. Exploration assets are re-assessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met. All other exploration and evaluation expenditure is recognised as expense in the period in which it is incurred.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

### **(n) Impairment of assets**

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [1] (contd.)

PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (the smallest identifiable group of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

### (o) Employee benefits

- (i) Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia, and performance linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

- (ii) Post-employment benefits:

- A. Defined contribution plans: The Group's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
- B. Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the company, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

#### (iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences, long service award etc. is measured at present value of estimated future cash flows expected to be made by the Group and is recognised in a similar manner as in the case of defined benefit plans vide (ii) B above.

Long term employee benefit costs comprising current service cost and gains or losses on curtailments and settlements, remeasurements including actuarial gains and losses are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in long term employee benefit cost is recognised in the Statement of Profit and Loss under finance cost.

#### (iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the company's offer of the termination benefit is accepted or when the Group recognises the related restructuring costs whichever is earlier.

### **(p) Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception. Power generation projects executed under long term Power Purchase Agreements (PPA) with state utilities that are in substance finance leases are classified accordingly.

#### (i) Finance leases:

- A. Leases where the Group has substantially transferred all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance lease are capitalised at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- B. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

#### (ii) Operating leases:

The leases which are not classified as finance lease are operating leases.

- A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.
- B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease.

(Also refer to policy on depreciation, above)

### **(q) Financial instruments**

Financial assets and/or financial liabilities are recognised when the Group becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from, as the case may be, the fair value of such financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

(i) Financial assets

- A. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets as follows:
1. Investments in debt instruments that are designated as fair value through profit or loss (FVTPL) - at fair value
  2. Other investments in debt instruments – at amortised cost, subject to following conditions:
    - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
    - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  3. Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income [FVTOCI] (unless the same are designated as fair value through profit or loss)
    - The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
    - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  4. Debt instruments at FVTPL is a residual category for debt instruments, if any, and all changes are recognised in profit or loss.
  5. Investments in equity instruments are classified as FVTPL, unless the related instruments are not held for trading and the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.
  6. The group has elected to measure the investments in associates and joint ventures held through unit trusts at FVTPL.
- B. For financial assets that are measured at FVTOCI, income by way of interest, dividend and exchange difference, if any, (on debt instrument) is recognised in profit or loss and changes in fair value (other than on account of such income) are recognised in other comprehensive income and accumulated in other equity. On disposal of debt instruments at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss. In case of equity instruments at FVTOCI, such cumulative gain or loss is not reclassified to profit or loss on disposal of investments.
- C. A financial asset is primarily derecognised when:
1. the right to receive cash flows from the asset has expired, or
  2. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and a) the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.
- D. Impairment of financial assets: The Group recognises impairment loss on trade receivables using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109.

In respect of financial services business, the Group applies a separate model of the expected credit loss for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL as follows:

- Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.



## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

- The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.
- When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

#### (ii) Financial liabilities

- A. Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher. All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.
- B. A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

#### (iii) The Group designates certain hedging instruments such as derivatives, embedded derivatives and in respect of foreign currency risk, certain non-derivatives as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.

- A. Fair value hedges: Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.
- B. Cash flow hedges: In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion are reclassified to profit or loss in the period when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

In case of time period related hedges, the forward element and the spot element of a forward contract is separated and only the change in the value of the spot element of the forward contract is designated as the hedging instrument. Similarly, wherever applicable, the foreign currency basis spread is separated from the financial instrument and is excluded from the designation of that financial instrument as the hedging instrument in case of time period related hedges. The changes in the fair value of the forward element of the forward contract or the foreign currency basis spread of the financial instrument is accumulated in a separate component of equity as 'cost of hedging'. The changes in the fair value of such forward element or foreign currency basis spread are reclassified to profit or loss as a reclassification adjustment on a straight line basis over the period of the forward contract or the financial instrument.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

- (iv) Compound financial instruments issued by the Group which can be converted into fixed number of equity shares at the option of the holders irrespective of changes in the fair value of the instrument are accounted by separately recognising the liability and the equity components. The liability component is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

### **(r) Inventories**

Inventories are valued after providing for obsolescence, as under:

- (i) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- (ii) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In some cases, manufacturing work-in-progress are valued at lower of specifically identifiable cost or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.
- (iii) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.
- (iv) Completed property/work-in-progress (including land) in respect of property development activity at lower of specifically identifiable cost or net realisable value.

Assessment of net realisable value is made in each subsequent period and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to that extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

### **(s) Cash and bank balances**

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

### **(t) Securities premium account**

- (i) Securities premium includes:
- A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.
- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

### **(u) Borrowing Costs**

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

#### **(v) Share-based payment arrangements**

The stock options granted to employees pursuant to the Group's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

#### **(w) Foreign currencies**

- (i) The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group and foreign operations has been determined based on the primary economic environment in which the Group and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for:
  - A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
  - B. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
  - C. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.
- (iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:
  - A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
  - B. income and expenses for each income statement are translated at average exchange rates; and
  - C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations. The portion of foreign currency translation reserve attributed to non-controlling interest is reflected as part of non-controlling interest.

#### **(x) Accounting and reporting of information for Operating Segments**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Group. In addition, the following specific accounting policies have been followed for segment reporting:

- (i) Segment revenue includes sales and other operational revenue directly identifiable with/allocable to the segment including (a) inter segment revenue and (b) profit on sale of stake in the subsidiary and/or joint venture companies under Developmental projects segment and Realty business grouped under "Others" segment
- (ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. In respect of (a) Financial Services segment and (b) Power Generation projects under Developmental Projects segment which are classified as assets given on finance lease, the interest expenses on borrowings are accounted as segment expenses.
- (iii) Most of the centrally incurred costs are allocated to segments mainly on the basis of their respective expected segment revenue estimated at the beginning of the reported period.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [1] (contd.)

- (iv) Income which relates to the Group as a whole and not allocable to segments is included in “unallocable corporate income”.
- (v) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Group.
- (vi) Segment assets and liabilities include those directly identifiable with the respective segments. In respect of (a) Financial Services segment, and (b) Power Generation projects under Developmental Projects segment which are classified as assets given on finance lease, segment liabilities include borrowings as the interest expenses on borrowings are accounted as segment expenses in respect of the segment and projects. Investment in joint ventures and associates identified with a particular segment are reported as part of the segment assets of those respective segments.  
  
Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole.
- (vii) Segment non-cash expenses forming part of segment expenses includes the fair value of the employee stock options which is accounted as employee compensation cost [see Note 1(v) above] and is allocated to the segment.
- (viii) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which are either determined to yield a desired margin or agreed on a negotiated basis

### (y) Taxes on income

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Dividend distribution tax paid on profits distributed by the subsidiary company during the period is treated as an item of expense and recognised in the Statement of Profit and Loss. The dividend distribution tax paid in earlier years for which set off is available against the tax liability arising out of the dividend distribution by the Parent Company is recognised as an item of income in the period in which such set off is availed with corresponding effect in the equity to the extent of such set off. Both the recognition of expense and income as aforesaid are separately disclosed in the Statement of Profit and Loss as provision/reversal of additional tax on dividend distributed by subsidiaries.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution tax payable on profits of subsidiary companies which are proposed to be distributed in foreseeable future, is recognised as deferred tax liability with corresponding effect in the Statement of Profit and Loss in the period in which such profits are proposed to be so distributed. Such liability is reversed in the period in which the profits are distributed by the subsidiary company.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head “capital gains” are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

#### **(z) Provisions, contingent liabilities and contingent assets**

Provisions are recognised only when:

- (i) an entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

#### **(aa) Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid;
- c) funding related commitment to associate and joint venture companies; and
- d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

#### **(ab) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

#### **(ac) Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [1] (contd.)**

#### **(ad) Key sources of estimation**

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

#### **(ae) First time adoption of Ind AS**

The Group has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from I-GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities. The exemptions availed by the Group are as follows:

- (i) The Group has adopted the carrying value determined in accordance with I-GAAP for all of its property plant and equipment and investment property as deemed cost of such assets at the transition date.
- (ii) Ind AS 102 "Share-based Payment" has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.
- (iii) The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015.
- (iv) The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
- (v) The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, as permitted by Ind AS 101, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition,
- (vi) The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.
- (vii) The Group has not elected the option to reset the cumulative translation differences on foreign operations that exist to zero as of the transition date.
- (viii) The estimates as at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with the I-GAAP.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [2]

#### Property, plant and equipment and capital work-in-progress

₹ crore

Class of assets	Cost						Depreciation						Impairment	Book value	
	Pursuant to acquisition		Foreign currency		As at 31-3-2017		Pursuant to acquisition		Foreign currency		Up to 31-3-2017	Up to 31-3-2017	As at 31-3-2017	As at 31-3-2016	
	As at 1-4-2016	of subsidiaries	Additions	fluctuation			Deductions	Up to 31-3-2016	of subsidiaries	For the year					fluctuation
<b>Land</b>															
Freehold	601.85	-	12.15	(1.46)	3.41	609.13	-	-	-	-	-	-	-	609.13	601.79
Taken on lease	468.86	-	2.74	(0.53)	29.72	441.35	11.34	-	9.21	(0.05)	16.69	3.81	-	437.54	465.52
<b>Sub-total - Land</b>	<b>1070.71</b>	<b>-</b>	<b>14.89</b>	<b>(1.99)</b>	<b>33.13</b>	<b>1050.48</b>	<b>11.34</b>	<b>-</b>	<b>9.21</b>	<b>(0.05)</b>	<b>16.69</b>	<b>3.81</b>	<b>-</b>	<b>1046.67</b>	<b>1067.31</b>
<b>Buildings</b>															
Owned	3592.80	-	164.36	(11.79)	23.92	3721.45	177.11	-	185.84	(0.98)	17.37	344.60	87.25	3289.60	3416.95
Leased out	70.02	-	13.70	-	15.74	67.98	5.30	-	3.82	-	1.01	8.11	-	59.87	63.52
<b>Sub-total - Buildings</b>	<b>3662.82</b>	<b>-</b>	<b>178.06</b>	<b>(11.79)</b>	<b>39.66</b>	<b>3789.43</b>	<b>182.41</b>	<b>-</b>	<b>189.66</b>	<b>(0.98)</b>	<b>18.38</b>	<b>352.71</b>	<b>87.25</b>	<b>3349.47</b>	<b>3480.47</b>
<b>Plant &amp; equipment</b>															
Owned	6311.04	-	484.39	(22.00)	112.64	6660.79	851.55	-	979.46	(3.22)	80.78	1747.01	15.50	4898.28	5462.26
Leased out	65.25	-	-	-	23.10	42.15	10.47	-	8.44	-	10.63	8.28	-	33.87	55.10
<b>Sub-total - Plant &amp; equipment</b>	<b>6376.29</b>	<b>-</b>	<b>484.39</b>	<b>(22.00)</b>	<b>135.74</b>	<b>6702.94</b>	<b>862.02</b>	<b>-</b>	<b>987.90</b>	<b>(3.22)</b>	<b>91.41</b>	<b>1755.29</b>	<b>15.50</b>	<b>4932.15</b>	<b>5517.36</b>
<b>Computers</b>															
Owned	456.58	0.11	132.74	(1.34)	48.97	539.12	155.58	0.09	151.44	(0.15)	48.96	258.00	-	281.12	301.95
Leased out	2.11	-	-	-	0.24	1.87	0.58	-	0.69	-	-	1.27	-	0.60	1.53
Taken on lease	0.04	-	-	-	-	0.04	0.03	-	0.01	-	-	0.04	-	-	0.01
<b>Sub-total - Computers</b>	<b>458.73</b>	<b>0.11</b>	<b>132.74</b>	<b>(1.34)</b>	<b>49.21</b>	<b>541.03</b>	<b>156.19</b>	<b>0.09</b>	<b>152.14</b>	<b>(0.15)</b>	<b>48.96</b>	<b>259.31</b>	<b>-</b>	<b>281.72</b>	<b>303.49</b>
<b>Office equipment</b>															
Owned	221.70	0.01	52.88	(0.74)	9.76	264.09	63.18	-	63.17	(0.22)	9.75	116.38	0.01	147.70	152.13
Leased out	1.07	-	-	-	0.05	1.02	0.26	-	0.36	-	0.05	0.57	-	0.45	0.81
<b>Sub-total - Office equipment</b>	<b>222.77</b>	<b>0.01</b>	<b>52.88</b>	<b>(0.74)</b>	<b>9.81</b>	<b>265.11</b>	<b>63.44</b>	<b>-</b>	<b>63.53</b>	<b>(0.22)</b>	<b>9.80</b>	<b>116.95</b>	<b>0.01</b>	<b>148.15</b>	<b>152.94</b>
<b>Furniture and fixtures</b>															
Owned	280.11	0.01	40.52	(1.16)	15.05	304.43	47.31	-	52.59	(0.30)	11.26	88.34	0.24	215.85	240.42
Leased out	12.43	-	0.39	-	1.01	11.81	1.59	-	2.20	-	0.30	3.49	-	8.32	16.94
<b>Sub-total - Furniture &amp; fixtures</b>	<b>292.54</b>	<b>0.01</b>	<b>40.91</b>	<b>(1.16)</b>	<b>16.06</b>	<b>316.24</b>	<b>48.90</b>	<b>-</b>	<b>54.79</b>	<b>(0.30)</b>	<b>11.56</b>	<b>91.83</b>	<b>0.24</b>	<b>224.17</b>	<b>257.36</b>
<b>Vehicles</b>															
Owned	263.52	-	63.80	(1.22)	30.01	296.09	46.40	-	51.83	(0.21)	12.98	85.04	-	211.05	218.32
Leased out	131.18	-	1.83	-	26.81	106.20	27.77	-	19.52	-	-	47.29	-	58.91	103.41
<b>Sub-total - Vehicles</b>	<b>394.70</b>	<b>-</b>	<b>65.63</b>	<b>(1.22)</b>	<b>56.82</b>	<b>402.29</b>	<b>74.17</b>	<b>-</b>	<b>71.35</b>	<b>(0.21)</b>	<b>12.98</b>	<b>132.33</b>	<b>-</b>	<b>269.96</b>	<b>321.73</b>
<b>Other assets</b>															
Owned															
Aircraft	92.76	-	-	-	43.53	49.23	6.67	-	6.67	-	6.52	6.82	-	42.41	86.09
Ships	37.57	-	-	-	0.32	37.25	4.92	-	4.84	-	0.09	9.67	-	27.58	33.09
Dredged channel and Breakwater structures	1006.11	-	4.97	-	-	1011.08	55.39	-	56.08	-	-	111.47	-	899.61	950.72
Leasehold Improvements	42.38	-	4.97	(0.23)	3.12	44.00	19.76	-	6.20	(0.14)	2.59	23.23	-	20.77	1.61
<b>Sub-total - Other assets</b>	<b>1178.82</b>	<b>-</b>	<b>9.94</b>	<b>(0.23)</b>	<b>46.97</b>	<b>1141.56</b>	<b>86.74</b>	<b>-</b>	<b>73.79</b>	<b>(0.14)</b>	<b>9.20</b>	<b>151.19</b>	<b>-</b>	<b>990.37</b>	<b>1071.51</b>
<b>Total</b>	<b>13657.38</b>	<b>0.13</b>	<b>979.44</b>	<b>(40.47)</b>	<b>387.40</b>	<b>14209.08</b>	<b>1485.21</b>	<b>0.09</b>	<b>1602.37</b>	<b>(5.27)</b>	<b>218.98</b>	<b>2863.42</b>	<b>103.00</b>	<b>11242.66</b>	<b>12172.17</b>
Add: Capital work-in-progress														2118.19	1790.53
														<b>13360.85</b>	<b>13962.70</b>



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [2] (contd.)

₹ crore

Class of assets	Cost					Depreciation					Impairment	Book value	
	As at 1-4-2015		Foreign currency fluctuation		As at 31-3-2016	Up to 31-3-2015		Foreign currency fluctuation		Up to 31-3-2016	Up to 31-3-2016	As at 31-3-2016	As at 1-4-2015
	Additions	Deductions	Deductions			For the year	Deductions	Deductions					
<b>Land</b>													
Freehold	613.41	4.01	0.49	16.12	601.79	-	-	-	-	-	-	601.79	613.41
Taken on lease	610.47	11.79	0.66	154.05	468.87	-	12.79	-	1.45	11.34	-	457.53	610.47
<b>Sub total - Land</b>	<b>1223.88</b>	<b>15.80</b>	<b>1.15</b>	<b>170.17</b>	<b>1070.66</b>	<b>-</b>	<b>12.79</b>	<b>-</b>	<b>1.45</b>	<b>11.34</b>	<b>-</b>	<b>1059.32</b>	<b>1223.88</b>
<b>Buildings</b>													
Owned	3374.35	373.76	14.92	166.93	3596.10	-	183.84	-	6.68	177.16	-	3418.94	3374.35
Leased out	36.26	35.60	-	5.10	66.76	-	10.18	-	4.93	5.25	-	61.51	36.26
<b>Sub total - Buildings</b>	<b>3410.61</b>	<b>409.36</b>	<b>14.92</b>	<b>172.03</b>	<b>3662.86</b>	<b>-</b>	<b>194.02</b>	<b>-</b>	<b>11.61</b>	<b>182.41</b>	<b>-</b>	<b>3480.45</b>	<b>3410.61</b>
<b>Plant &amp; equipment</b>													
Owned	5743.54	1026.74	29.50	486.09	6313.69	-	887.81	-	36.58	851.23	-	5462.46	5743.54
Leased out	70.14	4.88	-	9.13	65.89	-	11.00	-	0.21	10.79	-	55.10	70.14
<b>Sub total - Plant &amp; equipment</b>	<b>5813.68</b>	<b>1031.62</b>	<b>29.50</b>	<b>495.22</b>	<b>6379.58</b>	<b>-</b>	<b>898.81</b>	<b>-</b>	<b>36.79</b>	<b>862.02</b>	<b>-</b>	<b>5517.56</b>	<b>5813.68</b>
<b>Computers</b>													
Owned	297.46	172.16	0.60	14.36	455.86	0.44	164.80	-	9.66	155.58	-	300.28	297.02
Leased out	0.19	1.92	-	-	2.11	-	0.58	-	-	0.58	-	1.53	0.19
Taken on lease	0.04	-	-	-	0.04	-	0.03	-	-	0.03	-	0.01	0.04
<b>Sub total - Computers</b>	<b>297.69</b>	<b>174.08</b>	<b>0.60</b>	<b>14.36</b>	<b>458.01</b>	<b>0.44</b>	<b>165.41</b>	<b>-</b>	<b>9.66</b>	<b>156.19</b>	<b>-</b>	<b>301.82</b>	<b>297.25</b>
<b>Office equipment</b>													
Owned	158.60	73.63	1.13	14.26	219.10	0.02	66.46	(0.01)	3.29	63.18	-	155.92	158.58
Leased out	1.93	-	-	0.86	1.07	-	0.45	-	0.19	0.26	-	0.81	1.93
<b>Sub total - Office equipment</b>	<b>160.53</b>	<b>73.63</b>	<b>1.13</b>	<b>15.12</b>	<b>220.17</b>	<b>0.02</b>	<b>66.91</b>	<b>(0.01)</b>	<b>3.48</b>	<b>63.44</b>	<b>-</b>	<b>156.73</b>	<b>160.51</b>
<b>Furniture and fixtures</b>													
Owned	228.25	62.35	0.83	11.37	280.06	0.02	51.24	-	3.95	47.31	-	232.75	228.23
Leased out	12.72	4.01	-	4.30	12.43	-	1.82	-	0.23	1.59	-	10.84	12.72
<b>Sub total - Furniture &amp; fixtures</b>	<b>240.97</b>	<b>66.36</b>	<b>0.83</b>	<b>15.67</b>	<b>292.49</b>	<b>0.02</b>	<b>53.06</b>	<b>-</b>	<b>4.18</b>	<b>48.90</b>	<b>-</b>	<b>243.59</b>	<b>240.95</b>
<b>Vehicles</b>													
Owned	194.09	85.89	1.68	18.48	263.18	-	50.65	-	4.25	46.40	-	216.78	194.09
Leased out	137.21	24.89	-	30.92	131.18	-	27.77	-	-	27.77	-	103.41	137.21
<b>Sub total - Vehicles</b>	<b>331.30</b>	<b>110.78</b>	<b>1.68</b>	<b>49.40</b>	<b>394.36</b>	<b>-</b>	<b>78.42</b>	<b>-</b>	<b>4.25</b>	<b>74.17</b>	<b>-</b>	<b>320.19</b>	<b>331.30</b>
<b>Other assets</b>													
Owned													
Aircraft	92.76	-	-	-	92.76	-	6.67	-	-	6.67	-	86.09	92.76
Ships	38.01	-	-	-	38.01	-	4.92	-	-	4.92	-	33.09	38.01
Dredged channel and Breakwater structures	2059.65	0.84	-	1054.38	1006.11	-	79.44	-	24.05	55.39	-	950.72	2059.65
Leasehold Improvements	1.18	42.37	-	1.18	42.37	-	20.94	-	1.18	19.76	-	22.61	1.18
<b>Sub total - Other assets</b>	<b>2191.60</b>	<b>43.21</b>	<b>-</b>	<b>1055.56</b>	<b>1179.25</b>	<b>-</b>	<b>111.97</b>	<b>-</b>	<b>25.23</b>	<b>86.74</b>	<b>-</b>	<b>1092.51</b>	<b>2191.60</b>
<b>Total</b>	<b>13670.26</b>	<b>1924.84</b>	<b>49.81</b>	<b>1987.53</b>	<b>13657.38</b>	<b>0.48</b>	<b>1581.39</b>	<b>(0.01)</b>	<b>96.65</b>	<b>1485.21</b>	<b>-</b>	<b>12172.17</b>	<b>13669.78</b>
Add: Capital work-in-progress												1790.53	1452.66
												13962.70	15122.44

#### Notes:

- Carrying value of property, plant and equipment pledged as collateral for liabilities and/or commitments as at March 31, 2017 ₹1855.94 crore (₹ 1867.29 crore as at March 31, 2016; ₹ 3354.87 crore as at April 1, 2015)
- Carrying value of property, plant and equipment having restriction on title as at March 31, 2017 ₹ 2240.12 crore (₹ 2086.27 crore as at March 31, 2016; ₹ 3715.71 crore as at April 1, 2015)
- Cost of:
  - Freehold land includes:
    - ₹ 2.30 crore (previous year: ₹ 1.17 crore) for which conveyance is yet to be completed.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [2] (contd.)

- (ii) Leasehold land includes:
- ₹ 258.85 crore (*previous year: ₹ 258.85 crore*) taken on lease from M/s Tamilnadu Industrial Development Corporation Limited (TIDCO) on various dates for development of port and shipyard.
  - ₹ 0.35 crore (*previous year: ₹ 0.35 crore*) representing 4.728 hectares of forest land in district Rudryaprayag, State of Uttarakhand taken on lease for 30 years w.e.f. 10-9-2017.
  - ₹ 0.63 crore (*previous year: ₹ 0.63 crore*) representing 34.341 hectares of forest land in district Rudryaprayag, State of Uttarakhand taken on lease for 30 years w.e.f. 24-9-2009.
  - ₹ 71.45 crore (*previous year: ₹ 73.92 crore*) added during the year in respect of which lease agreements are yet to be executed.
- (d) Cost of buildings includes ownership accommodation:
- (i)
- in various co-operative societies, shop-owners' associations and non-trading corporation: ₹ 88.09 crore (*previous year: ₹ 86.92 crore*), including 2550 (*previous year: 2570*) shares of ₹ 50 each, 232 (*previous year: 232*) shares of ₹ 100 each and 1 (*previous year: 1*) share of ₹ 250.
  - in proposed co-operative societies ₹ 27.80 crore (*previous year: ₹ 0.53 crore*).
  - in various co-operative societies and apartments and shop-owners' associations: ₹ 7.94 crore (*previous year: ₹ 14.60 crore*), for which share certificate are yet to be issued.
- (ii) of ₹ 3.53 crore (*previous year: ₹ 3.86 crore*) in respect of which the deed of conveyance is yet to be executed.
- (iii) of ₹ 8.48 crore (*previous year: ₹ 8.48 crore*) representing undivided share in a property at a certain location.
- (e) Depreciation for the year includes ₹ 25.42 crore (*previous year: ₹ 27.58 crore*) on account of obsolescence.
- (f) Impairment during the year and upto 31-3-2017 is ₹ 111.86 crore out of which ₹ 8.86 crore transferred to held for sale.
- (g) Owned assets given on operating lease have been presented separately under respective class of assets as "Leased out" pursuant to "Indian Accounting Standard (Ind AS) 17 "Leases".
- (h) Cost as at April 1, 2016 and April 1, 2015 of individual assets has been reclassified, wherever necessary.
- (i) Amount transferred from property, plant & equipment to group(s) of assets classified as held for sale: ₹ 70.21 crore (*previous year: ₹ 1573.63 crore*)
- (j) Range of useful life of property, plant and equipment is as below:

Sr. no.	Class of assets	Minimum useful life (in years)	Maximum useful life (in years)
1.	Leasehold land	15	999
2.	Owned buildings	5	61
3.	Leased out buildings	10	30
4.	Owned plant and equipment	3	35
5.	Leased out plant and equipment	9	15
6.	Computers	3	7
7.	Office equipment	3	30
8.	Furniture and fixtures	3	13
9.	Owned vehicles	3	15
10.	Leased out vehicles	6	6
11.	Railway sidings	5	5
12.	Aircraft	18	18
13.	Ships	14	14
14.	Dredged channel	9	50
15.	Breakwater structures	50	50
16.	Leasehold improvements	2	10

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [3] Investment Property

₹ crore

Class of assets	Cost						Depreciation						Book Value	
	As at 1-4-2016	Additions	Foreign currency fluctuation	Transfer from inventories and owner-occupied property	Deductions	As at 31-3-2017	Upto 31-3-2016	For the year	Foreign currency fluctuation	Transfer from inventories and owner-occupied property	Deductions	Up to 31-3-2017	As at 31-3-2017	As at 31-3-2016
Land	58.41	–	(0.19)	–	18.15	40.07	–	–	–	–	–	–	40.07	58.41
Buildings	141.85	42.72	–	4.40	56.64	132.33	5.05	6.40	–	0.42	3.00	8.87	123.46	136.80
<b>Total</b>	<b>200.26</b>	<b>42.72</b>	<b>(0.19)</b>	<b>4.40</b>	<b>74.79</b>	<b>172.40</b>	<b>5.05</b>	<b>6.40</b>	<b>–</b>	<b>0.42</b>	<b>3.00</b>	<b>8.87</b>	<b>163.53</b>	<b>195.21</b>
Add: Capital work-in-progress												3266.19	4190.79	
												3429.72	4386.00	

₹ crore

Class of assets	Cost						Depreciation						Book Value	
	As at 1-4-2015	Additions	Foreign currency fluctuation	Transfer from inventories and owner-occupied property	Deductions	As at 31-3-2016	Upto 31-3-2015	For the year	Foreign currency fluctuation	Transfer from inventories and owner-occupied property	Deductions	Up to 31-3-2016	As at 31-3-2016	As at 1-4-2015
Land	73.41	–	0.55	–	15.55	58.41	–	–	–	–	–	–	58.41	73.41
Buildings	279.98	–	–	–	138.13	141.85	–	5.14	–	–	0.09	5.05	136.80	279.98
<b>Total</b>	<b>353.39</b>	<b>–</b>	<b>0.55</b>	<b>–</b>	<b>153.68</b>	<b>200.26</b>	<b>–</b>	<b>5.14</b>	<b>–</b>	<b>–</b>	<b>0.09</b>	<b>5.05</b>	<b>195.21</b>	<b>353.39</b>
Add: Capital work-in-progress												4190.79	2415.31	
												4386.00	2768.70	

#### Notes:

- Carrying value of Investment property pledged as collateral for liabilities and/or commitments and having restriction on title as at March 31, 2017 ₹ 0.16 crore (₹ 0.16 crore as at March 31, 2016; ₹ 0.16 crore as at April 1, 2015)
- Useful life of building included in investment property: 20 to 60 years
- Amount recognised in the Statement of Profit and Loss for investment property:

₹ crore

Sr. no.	Particulars	2016-17	2015-16
1.	Rental income derived from investment property	74.82	105.44
2.	Direct operating expenses arising from investment property that generated rental income	2.57	5.57

- Fair value of investment property: ₹ 5598.86 crore as at March 31, 2017 (₹ 6124.48 crore as at March 31, 2016; ₹ 4397.36 crore as at April 1, 2015).
- The fair values of investment property have been determined with the help of internal architectural department and independent valuer on a case to case basis. Fair value of property that are evaluated by independent valuer is amounted to ₹ 4106.49 crore (₹ 3569.51 crore as at March 31, 2016; ₹ 2428.42 crore as at April 1, 2015). Valuation is based on government rates, market research, marked trend and comparable values as considered appropriate.
- Impairment during the year and upto 31-3-2017 is ₹ 403.71 crore out of which ₹ 270.22 crore pertained to assets disposed off.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [4]

#### Goodwill

₹ crore

Class of assets	Cost					Amortisation					Impairment	Book value	
	As at	Additions*	Foreign currency fluctuation	Deductions	As at	Up to	For the year	Foreign currency fluctuation	Deductions	Up to	Up to	As at	As at
	1-4-2016				31-3-2017								
Goodwill on consolidation	1495.06	2.83	(44.61)	6.52	1446.76	-	-	-	-	-	48.10	1398.66	1446.96
Previous year	1585.08	16.48	4.95	111.45	1495.06	-	-	-	-	-	48.10	1446.96	1536.98

# Impairment upto 31-3-2017 ₹ 48.10 crore, during the year ₹ Nil.

\* Refer Note 51(c)

### NOTE [5]

#### Other Intangible assets and intangible assets under development

₹ crore

Class of assets	Cost					Amortisation					Book value			
	As at	Pursuant to acquisition of subsidiaries	Additions	Foreign currency fluctuation	Deductions	As at	Up to	Pursuant to acquisition of subsidiaries	For the year	Foreign currency fluctuation	Deductions	Up to	As at	As at
	1-4-2016				31-3-2017	31-3-2016								
Specialised softwares	1069.50	0.01	68.94	(16.50)	133.65	988.30	721.74	-	157.69	(11.60)	132.29	735.54	252.76	347.76
Technical know-how	46.22	-	20.93	(0.06)	2.18	64.91	29.40	-	8.19	(0.06)	2.18	35.35	29.56	16.82
New product design and development	164.78	-	7.86	(7.83)	-	164.81	48.91	-	27.72	(3.31)	-	73.32	91.49	115.87
Customer contracts and relationship	137.57	-	0.29	(6.13)	-	131.73	61.45	-	15.01	(3.51)	-	72.95	58.78	76.12
<b>Total</b>	<b>1418.07</b>	<b>0.01</b>	<b>98.02</b>	<b>(30.52)</b>	<b>135.83</b>	<b>1349.75</b>	<b>861.50</b>	<b>-</b>	<b>208.61</b>	<b>(18.48)</b>	<b>134.47</b>	<b>917.16</b>	<b>432.59</b>	<b>556.57</b>
Add: Intangible assets under development													11353.23	9183.92
													11785.82	9740.49

₹ crore

Class of assets	Cost					Amortisation					Book value			
	As at	Pursuant to acquisition of subsidiaries	Additions	Foreign currency fluctuation	Deductions	As at	Up to	Pursuant to acquisition of subsidiaries	For the year	Foreign currency fluctuation	Deductions	Up to	As at	As at
	1-4-2015				31-3-2016	1-4-2015								
Specialised softwares	963.43	-	97.96	13.76	5.65	1069.50	557.10	-	160.71	7.47	3.54	721.74	347.76	406.33
Technical know-how	42.18	-	3.94	0.10	-	46.22	23.30	-	6.00	0.10	-	29.40	16.82	18.88
New product design and development	86.60	-	77.89	0.74	0.45	164.78	30.24	-	18.84	0.23	0.40	48.91	115.87	56.36
Customer contracts and relationship	131.24	-	-	6.33	-	137.57	44.34	-	14.85	2.26	-	61.45	76.12	86.90
<b>Total</b>	<b>1223.45</b>	<b>-</b>	<b>179.79</b>	<b>20.93</b>	<b>6.10</b>	<b>1418.07</b>	<b>654.98</b>	<b>-</b>	<b>200.40</b>	<b>10.06</b>	<b>3.94</b>	<b>861.50</b>	<b>556.57</b>	<b>568.47</b>
Add: Intangible assets under development													9183.92	6473.66
													9740.49	7042.13

Addition to other intangible assets include internally developed: ₹ 34.99 crore (previous year: ₹ 102.50 crore)

#### Notes:

(a) Borrowing cost capitalised in accordance with Indian Accounting Standard (Ind AS) 23 "Borrowing Costs" is as follows:

₹ crore

Class of assets	2016-17	2015-16
Buildings (owned)	3.63	3.13
Investment Property	137.01	285.09
Capital work-in-progress (PPE)	92.82	414.92
Intangible assets under development	784.79	507.46
<b>Total</b>	<b>1018.25</b>	<b>1210.60</b>

(b) The average capitalization rate for borrowing cost is 10.26%. (previous year: 9.42%)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [6]

#### Financial assets: Other Investments - non-current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore		₹ crore		₹ crore	
Equity instruments	600.03		482.53		348.79	
Preference shares	70.88		157.62		172.36	
Government or trust securities	–		213.98		179.97	
Debentures or bonds	1875.64		1229.82		941.54	
Mutual funds	17.06		13.77		1.69	
Security receipts	505.27		196.37		218.15	
Units of fund	111.86		32.92		25.89	
	<u>3180.74</u>		<u>2327.01</u>		<u>1888.39</u>	

### NOTE [7]

#### Financial assets: Loans - non-current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Unsecured security deposits, considered good	156.93		205.03		210.01	
Unsecured security deposits, doubtful:	0.45		0.45		0.45	
Less: Provision for doubtful security deposits	0.45		0.45		0.45	
	–		–		–	
Secured long term loans to related parties [KMPs]	–		–		0.01	
Unsecured long term loans to related parties:						
Associates companies:						
Advances	18.40		18.79		17.73	
	18.40		18.79		17.73	
Joint Ventures:						
Inter-corporate deposits	1167.22		779.72		572.71	
Amount receivable	130.41		32.79		–	
	1297.63		812.51		572.71	
Other secured loans, considered good:						
Loans against mortgage of house property	0.74		1.24		2.36	
Other inter-corporate deposits	–		–		3.00	
	0.74		1.24		5.36	
Other unsecured loans, considered good:						
Advance recoverable in cash		0.12		0.08		0.61
Other loans unsecured, doubtful:						
Doubtful other loans and advances	2.29		3.19		5.29	
Less: Provision for doubtful advances	2.29		3.19		5.29	
	–		–		–	
	<u>1473.82</u>		<u>1037.65</u>		<u>806.43</u>	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [8]

#### Financial assets: Loans towards financing activities - non-current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Secured loans:						
Considered good:						
Term loans	30984.17		31672.86		27650.61	
Finance lease	44.36		32.46		68.31	
Debentures	4044.53		4112.53		2697.50	
Considered doubtful:						
Term loans	2488.74		1264.32		1163.76	
	<u>37561.80</u>		<u>37082.17</u>		<u>31580.18</u>	
Less: Allowance for expected credit losses	2488.74		1264.32		1163.76	
		35073.06		35817.85		30416.42
Unsecured loans:						
Considered good:						
Term loans	2125.74		2096.48		1382.01	
Finance lease	9229.02		9512.46		9339.95	
Debentures	706.04		461.48		293.22	
Considered doubtful:						
Term loans	–		10.36		13.55	
	<u>12060.80</u>		<u>12080.78</u>		<u>11028.73</u>	
Less: Allowance for expected credit losses	–		10.36		13.55	
		12060.80		12070.42		11015.18
		<u>47133.86</u>		<u>47888.27</u>		<u>41431.60</u>

### NOTE [9]

#### Other financial assets - non-current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Cash and bank balances not available for immediate use	223.56	98.18	75.59
Fixed deposits with banks (maturity more than 12 months)	1.68	5.33	2.88
Forward contract receivables	494.58	411.39	378.15
Embedded derivative receivables	10.74	4.81	6.39
Other receivables	44.56	43.84	17.59
	<u>775.12</u>	<u>563.55</u>	<u>480.60</u>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [10]

#### Other non-current assets

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Capital advances:						
Secured	26.47		30.53		30.89	
Unsecured	146.42		217.54		265.20	
		172.89		248.07		296.09
Advance recoverable other than in cash		3065.27		2489.12		2098.91
		3238.16		2737.19		2395.00

### NOTE [11]

#### Inventories (at cost or net realisable value whichever is lower)

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Raw materials [includes goods-in-transit ₹ 38.52 crore (as at 31-3-2016: ₹ 45.88 crore, as at 1-4-2015: ₹ 42.58 crore)]	576.51	842.45	998.81
Components [includes goods-in-transit ₹ 23.72 crore (as at 31-3-2016: ₹ 14.68 crore, as at 1-4-2015: ₹ 24.00 crore)]	518.24	527.53	588.15
Construction materials [includes goods-in-transit ₹ 55.70 crore (as at 31-3-2016: ₹ 113.43 crore, as at 1-4-2015: ₹ 75.60 crore)]	164.03	261.58	265.93
Manufacturing work-in-progress	828.36	886.41	1098.15
Finished goods	340.82	284.99	403.10
Stock-in-trade (in respect of goods acquired for trading) [includes goods-in-transit ₹ 18.77 crore (as at 31-3-2016: ₹ 34.82 crore, as at 1-4-2015: ₹ 36.02 crore)]	188.59	179.99	178.02
Stores and spares [includes goods-in-transit ₹ 5.09 crore (as at 31-3-2016: ₹ 3.05 crore, as at 1-4-2015: ₹ 7.56 crore)]	248.34	363.70	305.60
Loose tools [includes goods-in-transit ₹ 0.09 crore (as at 31-3-2016: ₹ 0.04 crore, as at 1-4-2015: ₹ 0.05 crore)]	15.09	18.35	14.20
Property development projects (including land)	1259.76	1489.21	2129.20
	4139.74	4854.21	5981.16

Note: During the year ₹ 746.21 crore (previous year: ₹ 41.80 crore) was recognised as expense towards write-down of inventory.



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [12]

#### Financial Assets: Investments - current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Equity shares	199.17	43.30	51.15
Government and trust securities	780.10	1078.36	1511.23
Debentures and bonds	2592.27	1506.31	1370.71
Mutual funds	10227.85	4847.73	4347.17
Preference shares	–	–	50.36
Other investments	–	18.49	23.19
	<u>13799.39</u>	<u>7494.19</u>	<u>7353.81</u>

### NOTE [13]

#### Financial assets - current: Trade receivables

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Secured, considered good		17.84		4.84		8.46
Unsecured:						
Considered good	27951.76		26020.14		22245.97	
Considered doubtful	2465.29		1961.09		1311.52	
	<u>30417.05</u>		<u>27981.23</u>		<u>23557.49</u>	
Less: Allowance for doubtful debts	2465.29		1961.09		1311.52	
	<u>27951.76</u>		<u>26020.14</u>		<u>22245.97</u>	
	<u>27969.60</u>		<u>26024.98</u>		<u>22254.43</u>	

### NOTE [14]

#### Financial assets - Cash and cash equivalents

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Balance with banks	2905.51	2942.75	3339.18
Cheques and drafts on hand	571.85	543.40	271.16
Cash on hand	64.48	35.09	113.10
Fixed deposits with banks (maturity less than 3 months)	251.49	285.30	689.13
	<u>3793.33</u>	<u>3806.54</u>	<u>4412.57</u>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [15]

#### Financial assets - current: Other bank balances

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore		₹ crore		₹ crore	
Fixed deposits with banks	1557.59		1328.46		435.77	
Earmarked balances with banks - unclaimed dividend	46.92		39.39		33.59	
Earmarked balances with banks-others	-		17.40		10.59	
Cash and bank balances not available for immediate use including margin money deposits	174.65		198.12		216.90	
	<u>1779.16</u>		<u>1583.37</u>		<u>696.85</u>	

### NOTE [16]

#### Financial assets: Loans - current

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Unsecured security deposits, considered good	462.01		469.31		428.01	
Unsecured security deposits, doubtful	3.74		3.44		5.70	
Less: Provision for doubtful security deposits	<u>3.74</u>		<u>3.44</u>		<u>5.70</u>	
	-		-		-	
Unsecured long term loans to related parties:						
Associates companies:						
Advances	<u>-</u>		<u>-</u>		<u>3.68</u>	
	-		-		3.68	
Joint Ventures:						
Inter-corporate deposits	<u>18.20</u>		<u>105.04</u>		<u>39.51</u>	
	18.20		105.04		39.51	
Other secured loans, considered good:						
Loans against mortgage of house property	0.31		0.85		0.89	
Other inter-corporate deposits	<u>-</u>		<u>75.62</u>		<u>70.00</u>	
	0.31		76.47		70.89	
Other unsecured loans, considered good:						
Others	<u>0.32</u>		<u>0.32</u>		<u>0.55</u>	
	<u>480.84</u>		<u>651.14</u>		<u>542.64</u>	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [17]

#### Financial assets - current: Loans towards financing activities

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Secured loans:						
Considered good:						
Term loans	18212.95		13736.23		10678.00	
Finance lease	25.85		46.30		65.00	
Debentures	1052.12		176.80		96.03	
Considered doubtful:						
Term loans	0.14		86.74		5.95	
	19291.06		14046.07		10844.98	
Less: Allowance for expected credit losses	0.14		86.74		5.95	
		19290.92		13959.33		10839.03
Unsecured loans:						
Considered good:						
Term loans	5325.67		4424.99		3222.72	
Finance lease	303.81		303.79		220.27	
Debentures	6.98		18.23		40.00	
		5636.46		4747.01		3482.99
		24927.38		18706.34		14322.02

### NOTE [18]

#### Other current financial assets

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Inter-corporate deposits - unsecured		20.01		-		-
Advances to related parties:						
Associate companies	7.87		7.78		21.02	
Joint venture companies	129.37		102.50		74.35	
		137.24		110.28		95.37
Advances recoverable in cash		2348.04		2018.62		1916.58
Premium receivable on financial guarantee contracts		1.06		0.43		0.43
Embedded derivative receivables		197.23		144.41		61.44
Doubtful advances:						
Deferred credit sale of ships	26.97		27.55		25.99	
Other loan and advances	170.78		177.01		179.01	
	197.75		204.56		205.00	
Less: Allowance for doubtful loan and advances	197.75		204.56		205.00	
		-		-		-
Billed interest and other receivable		-		24.93		55.15
		2703.58		2298.67		2128.97

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [19]

#### Other current assets

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Due from customers (construction and project related activity) [Note 44(a)]	23751.38	24975.43	22723.51
Due from customers (property development activity) [Note 44(d)]	91.05	178.73	129.94
Unbilled revenue (including retention money)	11023.56	9546.85	7461.44
Unamortised expenses	10.13	2.94	2.99
Accrual of fee income	0.16	1.71	2.13
Balance with customs, port trust etc.	199.55	175.81	216.80
Advance recoverable other than in cash	4484.40	5216.09	4249.90
Government grant receivable	45.57	45.57	49.73
Others	760.31	310.52	136.47
	<u>40366.11</u>	<u>40453.65</u>	<u>34972.91</u>

### NOTE [20]

#### Equity share capital

##### (a) Share capital authorised, issued, subscribed and paid up:

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Number of shares	₹ crore	Number of shares	₹ crore	Number of shares	₹ crore
<b>Authorised:</b>						
Equity shares of ₹ 2 each	<u>1,62,50,00,000</u>	<u>325.00</u>	<u>1,62,50,00,000</u>	<u>325.00</u>	<u>1,62,50,00,000</u>	<u>325.00</u>
<b>Issued, subscribed and fully paid up:</b>						
Equity shares of ₹ 2 each	<u>93,29,65,803</u>	<u>186.59</u>	<u>93,14,78,845</u>	<u>186.30</u>	<u>92,95,62,061</u>	<u>185.91</u>

##### (b) Reconciliation of the number of equity shares and share capital:

Particulars	2016-17		2015-16	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity share outstanding at the beginning of the year	93,14,78,845	186.30	92,95,62,061	185.91
Add: Shares issued on exercise of employee stock options during the year	14,86,958	0.29	19,16,784	0.39
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	<u>93,29,65,803</u>	<u>186.59</u>	<u>93,14,78,845</u>	<u>186.30</u>

##### (c) Terms/rights attached to equity shares:

The Company has only one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

## Notes forming part of the Consolidated Financial Statements (contd.)

### (d) Shareholder holding more than 5% of equity shares as at the end of the year:

Name of the shareholder	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
Life Insurance Corporation of India	14,64,24,938	15.69	14,64,19,088	15.72	15,55,22,285	16.73
L&T Employees Welfare Foundation	11,47,52,281	12.30	11,47,52,281	12.32	11,16,06,174	12.01
Administrator of the Specified Undertaking of the Unit Trust of India	6,11,02,860	6.55	7,59,26,462	8.15	7,59,25,962	8.17

### (e) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Number of equity shares to be issued as fully paid	₹ crore (at face value)	Number of equity shares to be issued as fully paid	₹ crore (at face value)	Number of equity shares to be issued as fully paid	₹ crore (at face value)
Employee stock options granted and outstanding #	42,47,360	0.85 *	57,93,042	1.16 *	77,08,842	1.54 *
0.675% 5 years & 1 day US\$ denominated foreign currency convertible bonds (FCCB)	63,46,986	1.27 **	63,46,986	1.27 **	63,46,986	1.27 **

\* The equity shares will be issued at a premium of ₹ 146.71 crore (previous year: ₹ 203.97 crore)

\*\* The equity shares will be issued at a premium of ₹ 1215.13 crore (previous year: ₹ 1215.13 crore) on the exercise of options by the bond holders

# Note 20(h) for terms of employee stock option schemes

(f) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2017 are 30,82,94,576 (previous period of five years ended March 31, 2016: 30,82,94,576 shares)

(g) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on March 31, 2017 – Nil (previous period of five years ended March 31, 2016: Nil)

### (h) Stock option schemes of Parent Company

#### (i) Terms:

- The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of 4 years [5 years in the case of series 2006(A)], subject to the discretion of the management and fulfillment of certain conditions.
- Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of issue of equity shares. Management has discretion to modify the exercise period.

#### (ii) The details of the grants under the aforesaid schemes under various series are summarized below:

Sr. no.	Series reference	2000		2002 (A)		2002 (B)		2003 (A)		2003(B)		2006		2006(A)	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1	Grant price - (₹)	2.30	2.30	2.30	2.30	2.30	2.30	11.70	11.70	11.70	11.70	400.70	400.70	400.70	400.70
2	Grant dates	1-6-2000		19-4-2002		19-4-2002		23-5-2003 onwards		23-5-2003 onwards		1-9-2006 onwards		1-7-2007 onwards	
3	Vesting commences on	1-6-2001		19-4-2003		19-4-2003		23-5-2004 onwards		23-5-2004 onwards		1-9-2007 onwards		1-7-2008 onwards	
4	Options granted and outstanding at the beginning of the year	25,200	25,200	32,250	32,250	59,550	59,550	47,178	47,178	5,26,919	5,85,284	2,57,366	3,04,656	48,44,579	66,54,724
5	Options lapsed during the year	-	-	-	-	-	-	-	-	41,662	40,611	35,747	11,270	4,54,865	4,42,400
6	Options granted during the year	-	-	-	-	-	-	-	-	89,100	1,50,400	-	-	3,84,450	3,44,865

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [20] (contd.)

Sr. no.	Series reference	2000		2002 (A)		2002 (B)		2003 (A)		2003(B)		2006		2006(A)	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
7	Options exercised during the year	12,000	-	-	-	-	-	-	-	1,47,226	1,68,154	45,035	36,020	12,82,697	17,12,610
8	Options granted and outstanding at the end of the year	13,200	25,200	32,250	32,250	59,550	59,550	47,178	47,178	4,27,131	5,26,919	1,76,584	2,57,366	34,91,467	48,44,579
	Of which														
	Options vested	13,200	25,200	32,250	32,250	59,550	59,550	47,178	47,178	75,692	96,458	1,76,584	2,57,366	17,46,787	23,34,008
	Options yet to vest	-	-	-	-	-	-	-	-	3,51,439	4,30,461	-	-	17,44,680	25,10,571
9	Weighted average remaining contractual life of options (in years)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.98	5.18	Nil	Nil	3.48	3.61

(iii) The number and weighted average exercise price of stock options are as follows:

Particulars	2016-17		2015-16	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
(A) Options granted and outstanding at the beginning of the year	57,93,042	354.10	77,08,842	362.74
(B) Options granted during the year	4,73,550	327.51	4,95,265	282.57
(C) Options allotted during the year	14,86,958	358.97	19,16,784	366.57
(D) Options lapsed during the year	5,32,274	370.25	4,94,281	368.74
(E) Options granted and outstanding at the end of the year	42,47,360	347.41	57,93,042	354.10
(F) Options exercisable at the end of the year out of (E) <i>supra</i>	21,51,241	359.04	28,52,010	364.76

(iv) Weighted average share price at the date of exercise for stock options exercised during the year is ₹1386.19 (*previous year: ₹ 1543.13*) per share.

(v) In respect of stock options granted pursuant to the Company's stock options schemes, the fair value of the options is treated as discount and accounted as employee compensation over the vesting period.

(vi) Weighted average fair values of options granted during the year is ₹ 1056.73 (*previous year: ₹ 965.39*) per option

(vii) The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. no.	Particulars	2016-17	2015-16
(A)	Weighted average risk-free interest rate	6.72%	7.66%
(B)	Weighted average expected life of options	4.08 years	3.86 years
(C)	Weighted average expected volatility	30.79%	30.52%
(D)	Weighted average expected dividends over the life of the option	₹ 74.52 per option	₹ 62.69 per option
(E)	Weighted average share price	₹ 1355.66 per option	₹ 1211.45 per option
(F)	Weighted average exercise price	₹ 327.51 per share	₹ 282.57 per share
(G)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.	

(viii) The balance in share options (net) account as on March 31, 2017 is ₹ 177.25 crore (*previous year: ₹ 242.23 crore*), including ₹ 117.36 crore (*previous year: ₹ 155.87 crore*) for which the options have been vested to employees as on March 31, 2017.

(i) During the year ended March 31, 2017, the Company paid the final dividend of ₹ 18.25 per equity share for the year ended March 31, 2016.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [20] (contd.)

The Board of Directors has recommended for approval of shareholders, the issue of bonus equity shares in the ratio of 1:2 (one bonus equity share of ₹ 2 each for every 2 equity shares of ₹ 2 each held). On May 29, 2017, the Board of Directors has recommended the final dividend of ₹ 21.00 per equity share on the pre-bonus share capital for the year ended March 31, 2017 subject to approval from shareholders. On approval, the total dividend payment based on number of shares outstanding as on March 31, 2017 is expected to be ₹ 1959.23 crore and the payment of dividend distribution tax is expected to be ₹ 398.85 crore.

#### (j) Capital Management

The Group continues its policy of a conservative capital structure which has ensured that it retains the highest credit rating even amidst an adverse economic environment. Low gearing levels also equip the Group with the ability to navigate business stresses on one hand and raise growth capital on the other. This policy also provides flexibility of fund raising options for future, which is especially important in times of global economic volatility. The gross debt equity ratio is 1.75:1 (as at 31-3-2016: 1.87:1 and as at 1-4-2015: 1.78:1).

#### (k) Stock ownership scheme of subsidiary companies:

##### (i) Larsen & Toubro Infotech Limited

Employee Stock Ownership Scheme ('ESOS Plan')

(A) The grant of options to the employees under ESOS Plan is on the basis of their performance and other eligibility criteria.

Sr. no.	ESOP Series	ESOP scheme 2000 I, II & III		ESOP scheme 2000 IV - XXI		U.S. Stock Option Sub-plan 2006		ESOP scheme 2015
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
i	Grant Price	₹ 5	₹ 5	₹ 2	₹ 2	USD 2.4	USD 2.4	₹ 1
ii	Grant Dates	1 April 2001 onwards		1 October 2001 onwards		15 March 2007 onwards		10 June 2016 onwards
iii	Vesting commences on	1 April 2002 onwards		1 October 2002 onwards		15 March 2008 onwards		10 June 2017 onwards
iv	Options granted and outstanding at the beginning of the year	82,660	19,65,015	23,50,106	93,67,335	1,43,650	4,50,500	–
v	Options reinstated during the year	–	3,500	–	4,54,580	–	–	–
vi	Options allotted during the year	–	–	–	–	–	–	36,58,000
vii	Options allotted during the year	11,830	18,51,855	7,25,445	64,07,483	17,650	3,06,850	–
viii	Options lapsed/cancelled during the year	34,110	34,000	1,73,936	10,64,326	79,000	–	61,700
ix	Options granted and outstanding at the end of the year	36,720	82,660	14,50,725	23,50,106	47,000	1,43,650	35,96,300
x	Options vested at the end of the year out of (ix)	36,720	82,660	2,23,760	3,40,666	47,000	1,43,650	–
xi	Options unvested at the end of the year out of (ix)	–	–	12,26,965	20,09,440	–	–	35,96,300
xii	Weighted average remaining contractual life of options (in years)	–	–	1.7	2.7	–	–	6.2

The number and weighted average exercise price of stock options are as follows:

Sr. no.	Particulars	2016-17		2015-16	
		No. of stock options	Weighted average exercise price	No. of stock options	Weighted average exercise price
i	Options granted and outstanding at the beginning of the year	25,76,416	11.14	1,14,76,000	8.70
ii	Options reinstated during the year	–	–	4,58,080	2.02
iii	Options granted during the year	35,96,300	1.00	–	–
iv	Options allotted during the year	7,54,925	5.64	29,16,181	8.46
v	Options lapsed/cancelled during the year	3,48,746	36.92	64,41,483	2.09
vi	Options granted and outstanding at the end of the year	51,30,745	2.73	25,76,416	11.14
vii	Options vested at the end of the year out of (vi)	3,07,480	25.84	5,66,976	43.51



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [20] (contd.)

- (B) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended 31-3-2017 are Nil (*previous period of five years ended 31-3-2016 - Nil*)
- (C) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended 31-3-2017 – Nil (*previous period of five years ended 31-3-2016 - Nil*)
- (D) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 621 per share.
- (E) Weighted average fair value of options granted during the year is ₹ 407.39.
- (F) The fair value has been calculated using the Black-Scholes Option Pricing model and significant assumptions and inputs to estimate the fair value options granted during the year are as follows:

Sr. no.	Particulars	2016-17
i	Weighted average risk-free interest rate	7.10%
ii	Weighted average expected life of options	3 years
iii	Weighted average expected volatility	19.23%
iv	Weighted average expected dividends over the life of option	₹ 115.56
v	Weighted average share price	₹ 407.74
vi	Weighted average exercise price	₹ 1
vii	Method used to determine expected volatility	The expected volatility has been calculated entirely based on historic volatility IT Index, as historical data of the Company is not available being an unlisted company.

(ii) L & T Technology Services Limited

(A) Employee stock option plan (ESOP)

The establishment of the ESOP scheme, 2016 was done pursuant to the resolutions passed by the Board and the Shareholders on January 21, 2016 for issue of options to eligible employees which may result in issue of not more than 60,00,000 equity shares. In terms of the ESOP Scheme, 2016, the Company can grant options aggregating to not more than 8.0% of the paid up equity share capital of the Company as on April 1, 2016. The eligible employees include permanent employees (including executive directors and non-executive directors, but excluding the independent directors) of the Company, its subsidiaries, or holding company. However, unless otherwise decided by the Board, in the event the subsidiaries or the holding company have implemented a stock option scheme, the employees of such entities will not be eligible for grant of options under the ESOP Scheme, 2016. Further, the employees (i) holding 10.0% of the outstanding share capital of the Company at any time after the commencement of the ESOP Scheme, 2016, or (ii) who are promoters or persons belonging to promoter group, or directors, who either by themselves or through their relatives or any body corporate, directly or indirectly, hold more than 10.0% of the outstanding equity shares of the Company, will not be eligible for grant of options under the ESOP Scheme, 2016.

The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent.

The vesting of options granted under the ESOP Scheme, 2016 will commence one year after the date of grant of options at the rate of 20.0% of options granted each year, or at such other rates as may be fixed by the Board and may extend up to five years from the date of grant of options, unless otherwise varied in accordance with the employee stock option rules to be framed under the ESOP Scheme, 2016. The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years from the date of grant of options or six years from the date of first vesting or three years from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI ESOP Regulations and shall be subject to compliance with accounting policies under the ESOP Regulations. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.

Further, on resignation / termination of the eligible employees, only the vested options would be exercisable. All other grants if unvested for any reason whatsoever shall be deemed lapsed. Such eligible employee is required to exercise the options within a period of 90 days from the last date of employment or such other period as may be decided by the Board at the time of such separation. In the event an eligible employee retires or is permanently incapacitated, all unvested options will vest in the said employee immediately. The eligible employee has to exercise options within a period of three years from the date of retirement or the date of permanent incapacitation, as the case may be, or such

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [20] (contd.)

other period as may be decided by the Board. In case of voluntary or pre-mature retirement, the eligible employee will exercise only the vested options within 180 days from the last date of employment. All other unvested options will lapse. However, the Board will have the discretion to vest the unvested options in deserving cases and where the employee has crossed the age of 55 years. The retiring age for non-executive directors shall be 75 years or as may be decided by Board and on attainment of which, all the unvested options of the non-executive directors shall be vested with them immediately. In event of death of the eligible employee, unvested options shall be vested immediately in the nominees or legal heirs, as the case may be, and in the event of death of any of the nominees, his share shall vest in the surviving nominees or legal heirs, pro-rata

Particulars	31-03-2017	
	Average exercise price per share option (₹)	Number of options
Opening balance	–	–
Granted during the year	2.00	41,45,000
Exercised during the year	–	–
Lapsed during the year	–	1,65,000
Forfeited during the year	–	–
Closing balance	–	39,80,000
Vested and exercisable	–	–

No options expired during the periods covered in the above table

Shares options outstanding at the end of the year have the following expiry date and exercise prices.

Grant date	Expiry date	Exercise price (₹)	Share options 31-03-2017
28-07-2016	27-07-2023	2.00	20,00,000
27-08-2016	26-08-2023	2.00	19,80,000
<b>Total</b>			<b>39,80,000</b>

Options granted on July 28, 2016 includes 15,00,000 and 5,00,000 options allotted to non-executive directors and key managerial personnel respectively.

Options granted on August 28, 2016 includes 50,000 options allotted to key managerial personnel.

Weighted average remaining contractual life of options outstanding at the end of period is 2.32 years

#### (B) Fair value of options granted:

The fair value at grant date of options granted during the year ended 31-03-2017 was ₹ 281.00 (31-03-2016 - ₹ Nil). The fair value of grant date is determined using the Black-Scholes Model which takes into account the exercise price, term of option, share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31-03-2017 included:

Sr. No.	Particulars	2016-17
i	Weighted average exercise price*	₹ 2.00
ii	Grant date	28-07-2016 and 27-08-2016
iii	Expiry date	27-07-2023 and 26-08-2023
iv	Weighted average share price at grant date #	₹ 281.00
v	Weighted average expected price volatility of company's share	25.17%
vi	Weighted average expected dividend yield over life of option	18.5%
vii	Weighted average risk-free interest	6.95%
viii	Method used to determine expected volatility	The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

\* The first vesting is due on 27-07-2017.

# As the Company was not listed on the date of grant, price at grant date has been taken as per the valuation done by a category 1 merchant banker.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [20] (contd.)

(iii) L&T Finance Holdings Limited

(A) The subsidiary has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010), 2010-A (ESOP Scheme 2010-A) and 2013 (ESOP Scheme 2013). The grant of options to the employee under the Stock Options scheme is on the basis of their performance and other eligibility criteria. The options are vested over a period of 4 years in ratio of 15%, 20%, 30% and 35% respectively from the date of grant, subject to the discretion of the management and fulfilment of certain conditions. Options can be exercised within a period of 7 years from the date of grant for schemes 2010 and 2010A. The options granted under scheme 2013 can be exercised within period of 8 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.

(B) The details of the grants are summarised below:

Sr. no.	Series reference	Scheme 2010		Scheme 2013	
		2016-17	2015-16	2016-17	2015-16
1	Grant Price (₹)	44.20		Market Price	
2	Options granted and outstanding at the beginning of the year	61,08,998	68,02,519	2,35,50,000	2,63,50,000
3	Options granted during the year	6,50,000	9,00,000	1,16,40,000	–
4	Options cancelled/ lapsed during the year	21,36,393	3,17,841	1,08,77,500	28,00,000
5	Options exercised and shares allotted during the year	18,03,810	12,75,680	5,19,500	–
6	Options granted and outstanding at the end of the year	28,18,795	61,08,998	2,37,93,000	2,35,50,000
	of which				
	Options vested	15,76,795	40,95,548	23,90,500	–
	Options yet to vest	12,42,000	20,13,450	2,14,02,500	2,35,50,000
7	Weighted average remaining contractual life of options (in years)	5.05	5.40	6.29	6.56

(C) Weighted average fair values of options granted during the year is ₹ 27.24 (previous year: ₹ 32.02) per options.

(D) The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. no.	Particulars	2016-17	2015-16
a)	Weighted average risk-free interest rate	7.49%	7.52%
b)	Weighted average expected life of options	3.98 years	3.68 years
c)	Weighted average expected volatility	32.53%	31.78%
d)	Weighted average expected dividends	₹ 3.19 per option	₹ 2.94 per option
e)	Weighted average share price	₹ 75.53 per option	₹ 65.73 per option
f)	Weighted average exercise price	₹ 73.70 per option	₹ 44.20 per option
g)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's shares price applicable to the expected life of each option.	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [21]

#### Other equity

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Equity component of foreign currency convertible bonds [Note 63(J)]		153.20		153.20		153.20
Capital reserve [Note 1(g)]						
Capital reserve	10.52		10.52		10.52	
Capital reserve on consolidation	269.76		269.88		270.54	
		280.28		280.40		281.06
Securities premium account [Note 1(t)]		8318.85		8164.72		7963.16
Employee share options (net) [Note 1(v)]						
Employee share options outstanding	595.25		437.03		571.77	
Deferred employee compensation expense	(292.00)		(154.81)		(202.53)	
		303.25		282.22		369.24
Statutory reserves						
Debenture redemption reserve ^	1025.44		1119.98		852.20	
Reserve u/s 45 IC of the Reserve Bank of India Act, 1934	1222.89		1142.69		863.28	
Reserve u/s 29C of National Housing Bank Act, 1987	32.00		32.00		20.39	
Reserve u/s 36(1)(viii) of Income Tax Act, 1961	461.97		364.63		251.50	
		2742.30		2659.30		1987.37
Retained earnings		37335.32		31724.59		29703.20
Foreign currency translation reserve [Note 1(w)(iii)]		478.24		609.59		538.23
Hedging reserve [Note 1(q)]						
Cash flow hedging reserve	405.32		59.24		(25.96)	
Cost of hedging reserve	(57.80)		(15.23)		(25.94)	
		347.52		44.01		(51.90)
Debt instruments through other comprehensive income [Note 1(q)]		70.97		76.03		78.62
		50029.93		43994.06		41022.18

^ Debenture redemption reserve (DRR): The Group has issued redeemable non-convertible debentures and created DRR in terms of the Companies (Share capital and Debenture) Rules, 2014 (as amended). A company is required to maintain a DRR of 25% of the value of debentures issued, either by a public issue or on a private placement basis (excluding private placement by non-banking finance companies). The amounts credited to the DRR may not be utilised except to redeem debenture.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [22]

#### Financial liabilities: Borrowings - non-current

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Redeemable non-convertible fixed rate debentures	19633.76	9776.15	29409.91	15746.68	9685.53	25432.21	15288.02	8407.72	23695.74
Redeemable non-convertible floating rate debentures	275.00	-	275.00	219.28	-	219.28	203.26	-	203.26
Redeemable non-convertible inflation indexed debentures	-	113.52	113.52	-	110.32	110.32	-	111.30	111.30
Preference shares	-	1147.02	1147.02	-	1312.99	1312.99	-	1456.98	1456.98
0.675% Foreign currency convertible bonds	-	1201.78	1201.78	-	1190.86	1190.86	-	1089.81	1089.81
Term loans from banks	22412.79	12741.60	35154.39	20553.17	12157.94	32711.11	16461.58	9404.05	25865.63
Term loans from others	-	38.63	38.63	0.02	38.14	38.16	0.03	34.24	34.27
Loans from financial institutions	-	-	-	2.56	-	2.56	6.75	-	6.75
Finance lease obligation [Note 48(b)(i)(B)]	-	0.25	0.25	-	0.23	0.23	-	39.48	39.48
Sales tax deferment loan	-	0.08	0.08	-	0.28	0.28	-	0.62	0.62
Perpetual debts	-	-	-	-	205.84	205.84	-	205.80	205.80
	<u>42321.55</u>	<u>25019.03</u>	<u>67340.58</u>	<u>36521.71</u>	<u>24702.13</u>	<u>61223.84</u>	<u>31959.64</u>	<u>20750.00</u>	<u>52709.64</u>

Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

### NOTE [23]

#### Other financial liabilities - non-current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Forward contract payables	38.39	47.81	100.72
Embedded derivative payables	32.48	4.85	53.99
Due to others	120.46	88.74	67.41
	<u>191.33</u>	<u>141.40</u>	<u>222.12</u>

### NOTE [24]

#### Provisions - non-current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Employee pension scheme [Note 45(b)(i)]	294.74	231.38	208.00
Post-retirement medical benefit plan [Note 45(b)(i)]	221.19	176.24	166.49
Provision for interest rate guarantee (Provident fund)	-	0.61	8.88
Provision for employee benefits-Others	9.20	16.43	1.98
Other provisions [Note 53]	1.46	-	-
	<u>526.59</u>	<u>424.66</u>	<u>385.35</u>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [25]

#### Other non-current Liabilities

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Deferred income on loan processing/ assignment	44.70	47.11	39.13
Other payables	127.44	134.03	172.80
	<u>172.14</u>	<u>181.14</u>	<u>211.93</u>

### NOTE [26]

#### Financial liabilities: Borrowings - current

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Loans repayable on demand	1736.72	65.50	1802.22	1590.31	176.63	1766.94	1605.01	234.95	1839.96
Short term loan and advances from banks	365.83	1965.74	2331.57	732.77	4547.72	5280.49	1212.27	3605.83	4818.10
Short term unsecured loan from others	-	429.05	429.05	-	-	-	-	-	-
Short term unsecured fixed rate debentures	-	-	-	-	-	-	-	526.17	526.17
Loans from related parties	-	-	-	-	30.23	30.23	-	37.97	37.97
Commercial Paper	-	11993.95	11993.95	-	7819.09	7819.09	-	8674.94	8674.94
	<u>2102.55</u>	<u>14454.24</u>	<u>16556.79</u>	<u>2323.08</u>	<u>12573.67</u>	<u>14896.75</u>	<u>2817.28</u>	<u>13079.86</u>	<u>15897.14</u>

Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

### NOTE [27]

#### Financial liabilities: Current maturities of long term borrowings

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Redeemable non-convertible fixed rate debentures	5181.37	2217.74	7399.11	5554.61	1940.83	7495.44	2727.71	647.60	3375.31
Redeemable non-convertible floating rate debentures	-	-	-	109.04	-	109.04	0.54	-	0.54
Preference shares	-	178.82	178.82	-	-	-	-	-	-
Term loans from banks	993.20	1506.34	2499.54	3565.33	840.36	4405.69	4677.74	51.86	4729.60
Term loans from others	-	-	-	-	-	-	1.45	3.26	4.71
Loans from financial institutions	0.63	-	0.63	4.28	-	4.28	12.10	-	12.10
Finance lease obligation [Note 48(b)(i)(B)]	-	0.60	0.60	-	0.11	0.11	-	0.16	0.16
Sales tax deferment loan	-	0.20	0.20	-	0.34	0.34	-	0.45	0.45
	<u>6175.20</u>	<u>3903.70</u>	<u>10078.90</u>	<u>9233.26</u>	<u>2781.64</u>	<u>12014.90</u>	<u>7419.54</u>	<u>703.33</u>	<u>8122.87</u>

Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [28]

#### Financial liabilities - current: Trade payables

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Acceptances		390.20		756.59		1170.96
Due to related parties:						
Associate companies	18.41		17.05		80.88	
Joint venture companies	1929.05		1723.21		1427.30	
		1947.46		1740.26		1508.18
Micro and small enterprises		142.00		151.92		140.95
Due to others		27294.59		24354.79		19236.80
		29774.25		27003.56		22056.89

### NOTE [29]

#### Other financial liabilities - current

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Unclaimed dividend	46.61	39.33	33.59
Unclaimed interest on debentures	10.87	17.22	10.31
Financial guarantee contracts	1.55	1.19	1.22
Embedded derivative payables	184.70	181.06	68.83
Due to others*	4945.32	4083.64	3658.90
	5189.05	4322.44	3772.85

\* Due to others include due to directors ₹ 55.58 crore (as at 31-3-2016: ₹ 51.30 crore; as at 1-4-2015 ₹ 53.83 crore)

### NOTE [30]

#### Other current liabilities

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
Due to customers (construction related activity)	6163.28	5661.02	4425.28
Due to customers (property development projects)	525.44	768.53	637.65
Advances from customers	13944.29	14946.19	13084.65
Other payables	2811.73	3032.15	2657.02
	23444.74	24407.89	20804.60



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [31]

#### Current liabilities: Provisions

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Provision for employee benefits:						
Gratuity [Note 45(b)(i)]	191.31		147.74		130.14	
Compensated absences	999.95		918.28		848.48	
Employee pension scheme [Note 45(b)(i)]	22.67		56.17		13.47	
Post-retirement medical benefits plan [Note 45(b)(i)]	13.36		17.07		14.59	
Others	4.09		5.00		0.48	
		1231.38		1144.26		1007.16
Others :						
Additional tax on dividend	18.94		22.42		12.75	
Reserve for unexpired risks	–		222.42		155.64	
Other provisions [Note 53]	1408.02		914.42		501.30	
		1426.96		1159.26		669.69
		2658.34		2303.52		1676.85

### NOTE [32]

#### Contingent Liabilities

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
(a) Claims against the Group not acknowledged as debts	4359.98	4008.18	1596.37
(b) Sales tax liability that may arise in respect of matters in appeal	239.66	263.64	185.37
(c) Excise duty / service tax / custom duty / entry tax / stamp duty / municipal cess liability that may arise, including those in respect of matters in appeal / challenged by the Group in Writ	265.37	243.90	222.44
(d) Income tax liability that may arise in respect of which the Group is in appeal	753.91	725.91	1215.92
(e) Guarantees and letter of credit and letter of comfort given	1416.72	1268.64	1297.00
(f) Contingent liabilities incurred in relation to interests in joint operations	7018.24	4170.76	3248.49
(g) Contingent liabilities in respect of liabilities of other joint operators of joint operations	6230.96	8006.19	10840.81
(h) Share in contingent liabilities of joint operations for which the Group is contingently liable	53.24	58.18	80.13

#### Notes:

- The Group expects reimbursements of ₹ 34.01 crore (*previous year: ₹ 27.09 crore*) in respect of the above contingent liabilities.
- It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above pending resolution of the arbitration/appellate proceedings. Further, the liability mentioned in (a) to (d) above excludes interest and penalty in cases where the Group has determined that the possibility of such levy is remote.
- In respect of matters at (f) to (h), the cash outflows, if any, could generally occur upto completion of projects undertaken by the respective joint operations.
- Particulars of share in contingent liabilities of joint ventures and associates are given in Note 55 (g).

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [33]

#### Commitments:

Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
	₹ crore	₹ crore	₹ crore
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances).	4287.99	4441.55	8718.29
(b) Funding committed by way of equity/loans to joint venture companies	–	404.64	1443.41
(c) Share in capital commitments of joint operations	–	2.61	159.34

Particulars of share in capital commitments of joint ventures and associates are given in Note 55 (g).

### NOTE [34]

#### Revenue from operations

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Sales and service:				
Construction and project related activity [Note 44(a)]	74504.71		68838.65	
Manufacturing and trading activity	9083.68		9915.25	
Engineering and service fees	3239.35		3046.77	
Software development products and services	6336.81		5694.92	
Income from financing activity	9064.39		8208.30	
Property development activity [Note 44(d)]	2272.71		1444.81	
Servicing fees	825.71		888.52	
Commission	163.89		157.65	
Income from port services	–		88.54	
Charter hire income	1.66		3.67	
Investment/portfolio management and trusteeship fees	451.69		340.43	
Fees for operation and maintenance of power plant	2216.31		1960.36	
Premium earned (net) from insurance business	174.73		297.83	
		108335.64		100885.70
Other operational income:				
Income from hire of plant and equipment	19.64		27.34	
Lease rentals	70.89		200.67	
Property maintenance recoveries	–		14.23	
Facility management income	–		34.14	
Premium earned (net) on related forward exchange contracts	254.56		192.88	
Profit on sale of subsidiaries/associate of realty business	95.81		236.53	
Technical fees	–		0.22	
Miscellaneous income	1234.46		383.63	
		1675.36		1089.64
		110011.00		101975.34

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [35]

#### Other income

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Interest income:				
Interest income on long term investments	22.19		44.97	
Interest income on current investments	205.77		199.36	
Interest income on others:				
Joint venture & associate companies	82.12		62.85	
Others	112.54		119.67	
		422.62		426.85
Dividend income:				
Trade investments	1.64		2.43	
Others	82.45		79.52	
	84.09		81.95	
From current investments	664.54		114.17	
		748.63		196.12
Net gain/(loss) on sale or fair valuation of investments		34.22		65.73
Net gain/(loss) on sale of property, plant and equipment		17.88		60.55
Lease rentals		7.73		9.75
Miscellaneous income (net of expenses)		169.93		145.35
		1401.01		904.35

### NOTE [36]

#### Manufacturing, construction and operating expenses

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Materials consumed:				
Raw materials and components	14425.96		13816.10	
Less: Scrap sales	104.98		86.12	
		14320.98		13729.98
Excise duty		699.19		852.86
Construction materials consumed		20732.39		20256.77
Purchase of stock-in-trade	1610.57		1349.93	
Value of stock-in-trade transferred on sale of business	–		(16.49)	
		1610.57		1333.44
Stores, spares and tools consumed		2090.42		1834.19
Sub-contracting charges		22556.13		20788.86
Change in inventories of finished goods, work-in-progress, stock-in-trade and property development:				
Closing stock:				
Finished goods	340.82		284.99	
Stock-in-trade	188.59		179.99	
Work-in-progress	4385.19		4570.76	
Cost of built up space and property development land:				
Work-in-progress	1259.39		1191.81	
Completed property	–		–	
Property development land	–		293.63	
	6173.99		6521.18	
Carried forward	6173.99	62009.68	6521.18	58796.10

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [36]

#### Manufacturing, construction and operating expenses (contd.)

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward	6173.99	62009.68	6521.18	58796.10
Less: Opening stock:				
Finished goods	284.99		403.10	
Stock-in-trade	179.99		178.02	
Work-in-progress	4570.76		4523.29	
Cost of built up space and property development land:				
Work-in-progress	1197.58		1900.34	
Completed property	–		91.81	
Property development land	293.63		234.26	
	<u>6526.95</u>		<u>7330.82</u>	
	352.96		809.64	
Value of inventory transferred on sale of business	(268.96)		–	
Internal capitalisation of property development land	–		(1324.50)	
		84.00		(514.86)
Other manufacturing, construction and operating expenses:				
Excise duty	19.28		(1.40)	
Power and fuel	1309.05		1116.02	
Royalty and technical know-how fees	16.44		17.66	
Packing and forwarding	383.45		364.81	
Hire charges-plant and equipment and others	1375.15		998.79	
Bank guarantee charges	176.80		155.60	
Insurance claim incurred (net)	152.01		218.96	
Engineering, professional, technical and consultancy fees	1176.73		1145.35	
Insurance	227.25		205.52	
Rent	492.58		502.75	
Rates and taxes	405.05		333.68	
Travelling and conveyance	1016.00		1053.88	
Repairs to plant and equipment	92.39		80.22	
Repairs to buildings	25.42		20.12	
General repairs and maintenance	377.86		311.76	
Port operation expenses	–		12.62	
Miscellaneous expenses	3338.02		2624.22	
		10583.48		9160.56
Finance cost of financial services business and finance lease activity:				
Interest and other financing charges	5362.09		4967.11	
		5362.09		4967.11
		<u>78039.25</u>		<u>72408.91</u>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [37]

#### Employee benefits expense

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Salaries, wages and bonus		12479.83		11882.28
Contribution to and provision for:				
Provident fund and pension fund	212.31		214.97	
Superannuation/employee pension schemes	36.54		87.02	
Gratuity funds [Note 45(b)(ii)]	131.78		119.84	
		380.63		421.83
Expenses on employee stock options scheme		88.17		67.55
Employee medical & other insurance premium expenses		170.88		140.44
Staff welfare expenses		1013.50		980.87
Recoveries on account of deputation charges		(279.94)		(162.13)
		13853.07		13330.84

### NOTE [38]

#### Sales, administration and other expenses

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Power and fuel		114.14		127.43
Packing and forwarding		157.97		185.36
Insurance		75.63		79.90
Rent		496.13		513.75
Rates and taxes		166.34		148.43
Travelling and conveyance		623.48		613.81
Repairs to buildings		20.66		21.50
General repairs and maintenance		440.20		403.43
Professional fees		568.76		572.00
Directors' fees		3.60		2.85
Telephone, postage and telegrams		201.19		211.33
Advertising and publicity		196.82		186.41
Stationery and printing		64.63		72.40
Commission:				
Distributors and agents	286.64		232.75	
Others	6.49		6.07	
		293.13		238.82
Bank charges		128.45		120.91
Discount on sales		0.51		-
Miscellaneous expenses		721.44		672.28
Bad debts and advances written off	458.55		274.56	
Less: Allowances for doubtful debts and advances written back	82.24		15.55	
		376.31		259.01
Carried forward		4649.39		4429.62

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [38]

#### Sales, administration and other expenses (contd.)

Particulars	2016-17		2015-16	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		4649.39		4429.62
Receivable discounting charges -non recourse		50.90		12.63
Allowances for doubtful debts and loans and advances (net)		2075.54		1093.34
Provision/(reversal) for foreseeable losses on construction contracts		(8.91)		76.48
Exchange (gain)/loss [net]		50.65		95.05
Other provisions		227.93		71.40
		<u>7045.50</u>		<u>5778.52</u>

### NOTE [39]

#### Finance costs

Particulars	2016-17	2015-16
	₹ crore	₹ crore
Interest expenses	1271.63	1500.26
Other borrowing costs	2.58	6.64
Exchange loss (attributable to finance costs)	65.63	148.16
	<u>1339.84</u>	<u>1655.06</u>

### NOTE [40]

The list of subsidiaries, associates, joint ventures and joint operations in the consolidated financial statements are as under:

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
<b>Indian Subsidiaries</b>								
1	L&T Cutting Tools Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
2	Bhilai Power Supply Company Limited	India	99.90	99.90	99.90	99.90	99.90	99.90
3	Spectrum Infotech Private Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
4	L&T-Valdel Engineering Limited\$\$	India	—	—	100.00	100.00	100.00	100.00
5	L&T Shipbuilding Limited	India	97.00	97.00	97.00	97.00	97.00	97.00
6	L&T Electricals and Automation Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
7	Hi-Tech Rock Products & Aggregates Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
8	L&T Seawoods Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
9	Kesun Iron and Steel Company Private Limited	India	95.00	95.00	95.00	95.00	95.00	95.00
10	L&T Infocity Limited	India	—	—	—	—	89.00	89.00
11	L&T Hitech City Limited	India	—	—	—	—	65.86	65.86
12	Hyderabad International Trade Expositions Limited	India	—	—	—	—	51.72	51.72

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [40] (contd.)

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
13	EWAC Alloys Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
14	L&T Geostructure LLP	India	74.00	74.00	74.00	74.00	74.00	74.00
15	L&T Valves Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
16	L&T Realty Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
17	L&T Asian Realty Project LLP	India	100.00	100.00	100.00	100.00	50.00	50.00
18	L&T Parel Project LLP	India	100.00	100.00	100.00	100.00	100.00	100.00
19	Chennai Vision Developers Private Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
20	L&T South City Projects Limited\$	India	–	–	51.00	51.00	51.00	51.00
21	L&T Vision Ventures Limited	India	68.00	68.00	68.00	68.00	68.00	68.00
22	L&T Power Limited	India	99.99	99.99	99.99	99.99	99.99	99.99
23	CSJ Infrastructure Private Limited	India	–	–	–	–	100.00	100.00
24	L&T Cassidian Limited	India	74.00	74.00	74.00	74.00	74.00	74.00
25	Consumer Financial Services Limited\$\$\$	India	–	–	66.71	66.71	72.95	72.95
26	L&T General Insurance Company Limited*	India	–	–	100.00	100.00	100.00	100.00
27	L&T Aviation Services Private Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
28	Larsen & Toubro Infotech Limited	India	84.28	84.28	94.96	94.96	100.00	100.00
29	GDA Technologies Limited @	India	–	–	94.96	94.96	100.00	100.00
30	L&T Finance Holdings Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
31	L&T Housing Finance Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
32	L&T Infra Investment Partners #	India	36.55	36.55	36.69	36.69	40.45	40.45
33	L&T Finance Limited (formerly known as Family Credit Limited)	India	66.62	66.62	66.71	66.71	72.95	72.95
34	L&T Finance Limited ~	India	–	–	66.71	66.71	72.95	72.95
35	L&T Capital Markets Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
36	L&T Investment Management Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
37	L&T Mutual Fund Trustee Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
38	L&T FinCorp Limited ~	India	–	–	66.71	66.71	72.95	72.95
39	L&T Infrastructure Finance Company Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
40	L&T Infra Debt Fund Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
41	L&T Infra Investment Partners Advisory Private Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
42	L&T Infra Investment Partners Trustee Private Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
43	L&T Financial Consultants Limited (formerly known as L&T Vrindavan Properties Limited)	India	66.62	66.62	66.71	66.71	72.95	72.95
44	L&T Access Distribution Services Limited	India	66.62	66.62	66.71	66.71	72.95	72.95



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [40] (contd.)

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
45	Mudit Cement Private Limited	India	66.62	66.62	66.71	66.71	72.95	72.95
46	L&T Capital Company Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
47	L&T Trustee Company Private Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
48	L&T Power Development Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
49	L&T Uttaranchal Hydropower Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
50	L&T Arunachal Hydropower Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
51	L&T Himachal Hydropower Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
52	Nabha Power Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
53	L&T Metro Rail (Hyderabad) Limited	India	100.00	100.00	97.48	97.48	97.48	97.48
54	L&T Technology Services Limited	India	89.77	89.77	100.00	100.00	100.00	100.00
55	L&T Construction Equipment Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
56	L&T Infrastructure Engineering Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
57	L&T Thales Technology Services Private Limited	India	66.43	66.43	74.00	74.00	74.00	74.00
58	L&T Hydrocarbon Engineering Limited	India	100.00	100.00	100.00	100.00	100.00	100.00
59	Sahibganj Ganges Bridge-Company Private Limited <sup>^</sup>	India	100.00	100.00	–	–	–	–
60	Seawoods Retail Private Limited <sup>^^</sup>	India	100.00	100.00	–	–	–	–
61	Seawoods Realty Private Limited <sup>^^^</sup>	India	100.00	100.00	–	–	–	–
62	Marine Infrastructure Developer Private Limited	India	97.00	97.00	100.00	100.00	–	–
63	AugmentIQ Data Sciences Private Limited <sup>##</sup>	India	84.28	84.28	–	–	–	–
64	L&T Infra Contractors Private Limited <sup>###</sup>	India	100.00	100.00	–	–	–	–
65	L&T Natural Resources Limited	India	–	–	–	–	100.00	100.00
66	L&T Solar Limited	India	–	–	–	–	100.00	100.00
67	L&T PowerGen Limited	India	–	–	–	–	100.00	100.00

\* The Group has sold its stake on September 9, 2016

@ The company is merged with Larsen & Toubro Infotech Limited w.e.f. April 1, 2016

\$ The Group has sold its stake on March 20, 2017

\$\$ The company is merged with L&T Hydrocarbon Engineering Limited w.e.f. April 1, 2016

\$\$\$ The company is merged with L&T Housing Finance Limited w.e.f. April 1, 2015

~ The company is merged with Family Credit Limited (subsequently renamed as L&T Finance Limited) w.e.f. April 1, 2016

^ The company is incorporated on July 14, 2016

^^ The company is incorporated on September 2, 2016

^^^ The company is incorporated on October 23, 2016

# The Fund is incorporated on August 22, 2013. The Group has control over its relevant activities.

## The Group acquired stake on November 30, 2016

### The Company is incorporated on March 17, 2017

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [40] (contd.)

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Proportion of ownership Interest (%)	Proportion of voting power held (%)	Proportion of ownership Interest (%)	Proportion of voting power held (%)	Proportion of ownership Interest (%)	Proportion of voting power held (%)
<b>Foreign Subsidiaries</b>								
1	Larsen & Toubro LLC	USA	100.00	100.00	100.00	100.00	100.00	100.00
2	Larsen & Toubro Infotech GmbH	Germany	84.28	84.28	94.96	94.96	100.00	100.00
3	Larsen & Toubro Infotech Canada Limited	Canada	84.28	84.28	94.96	94.96	100.00	100.00
4	Larsen & Toubro Infotech LLC	USA	84.28	84.28	94.96	94.96	100.00	100.00
5	L&T Infotech Financial Services Technologies Inc.	Canada	84.28	84.28	94.96	94.96	100.00	100.00
6	Larsen & Toubro Infotech South Africa (PTY) Limited	South Africa	63.12	63.12	71.12	71.12	74.90	74.90
7	L&T Information Technology Services (Shanghai) Co., Ltd.	China	84.28	84.28	94.96	94.96	100.00	100.00
8	L&T Realty FZE	UAE	100.00	100.00	100.00	100.00	100.00	100.00
9	Larsen & Toubro International FZE	UAE	100.00	100.00	100.00	100.00	100.00	100.00
10	Larsen & Toubro Hydrocarbon International Limited LLC	Kingdom of Saudi Arabia	100.00	100.00	100.00	100.00	100.00	100.00
11	Thalest Limited	UK	100.00	100.00	100.00	100.00	100.00	100.00
12	Servowatch Systems Limited	UK	100.00	100.00	100.00	100.00	100.00	100.00
13	Larsen & Toubro (Oman) LLC	Sultanate of Oman	65.00	65.00	65.00	65.00	65.00	65.00
14	L&T Modular Fabrication Yard LLC	Sultanate of Oman	65.00	65.00	65.00	65.00	65.00	65.00
15	Larsen & Toubro (East Asia) SDN. BHD	Malaysia	30.00	100.00	30.00	100.00	30.00	100.00
16	Larsen & Toubro Qatar LLC	Qatar	49.00	100.00	49.00	100.00	49.00	100.00
17	L&T Overseas Projects Nigeria Limited	Nigeria	100.00	100.00	100.00	100.00	100.00	100.00
18	PT Larsen & Toubro Hydrocarbon Engineering Indonesia	Indonesia	95.00	95.00	95.00	95.00	95.00	95.00
19	L&T Electricals & Automation Saudi Arabia Company Limited LLC	Kingdom of Saudi Arabia	100.00	100.00	100.00	100.00	75.00	75.00
20	Larsen & Toubro Kuwait Construction General Contracting Company WLL	Kuwait	49.00	75.00	49.00	75.00	49.00	75.00
21	Larsen & Toubro Readymix & Asphalt Concrete Industries LLC	UAE	49.00	100.00	49.00	100.00	49.00	100.00
22	Larsen & Toubro (Saudi Arabia) LLC	Kingdom of Saudi Arabia	100.00	100.00	100.00	100.00	100.00	100.00
23	Larsen Toubro Arabia LLC	Kingdom of Saudi Arabia	75.00	75.00	75.00	75.00	75.00	75.00
24	Larsen & Toubro ATCO Saudia LLC	Kingdom of Saudi Arabia	75.00	75.00	75.00	75.00	75.00	75.00
25	Tamco Switchgear (Malaysia) SDN. BHD.	Malaysia	100.00	100.00	100.00	100.00	100.00	100.00
26	Henikwon Corporation SDN. BHD.	Malaysia	100.00	100.00	100.00	100.00	100.00	100.00
27	Larsen & Toubro Consultoria E Projeto Ltda	Brazil	–	–	–	–	100.00	100.00
28	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Peoples Republic of China	–	–	–	–	100.00	100.00
29	Tamco Electrical Industries Australia Pty Limited	Australia	100.00	100.00	100.00	100.00	100.00	100.00
30	PT Tamco Indonesia	Indonesia	100.00	100.00	100.00	100.00	100.00	100.00
31	Larsen & Toubro Heavy Engineering LLC	Sultanate of Oman	70.00	70.00	70.00	70.00	70.00	70.00
32	L&T Electrical & Automation FZE	UAE	100.00	100.00	100.00	100.00	100.00	100.00
33	Kana Controls General Trading & Contracting Company WLL	Kuwait	49.00	100.00	49.00	100.00	49.00	100.00

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [40] (contd.)

Sr. no.	Name of subsidiary company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Proportion of ownership Interest (%)	Proportion of voting power held (%)	Proportion of ownership Interest (%)	Proportion of voting power held (%)	Proportion of ownership Interest (%)	Proportion of voting power held (%)
34	Larsen & Toubro T&D SA (Proprietary) Limited	South Africa	72.50	72.50	72.50	72.50	72.50	72.50
35	L&T Technology Services LLC	USA	89.77	89.77	100.00	100.00	100.00	100.00
36	Larsen & Toubro Infotech Austria GmbH	Austria	84.28	84.28	94.96	94.96	–	–
37	L&T Global Holdings Limited	UAE	100.00	100.00	100.00	100.00	–	–
38	L&T Information Technology Spain SL	Spain	84.28	84.28	94.96	94.96	–	–

Sr. no.	Name of associate company	Principal place of business	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
			Proportion of ownership Interest (%)	Proportion of voting power held (%)	Proportion of ownership Interest (%)	Proportion of voting power held (%)	Proportion of ownership Interest (%)	Proportion of voting power held (%)
1	L&T-Chiyoda Limited	India	50.00	50.00	50.00	50.00	50.00	50.00
2	Gujarat Leather Industries Limited@	India	50.00	50.00	50.00	50.00	50.00	50.00
3	Larsen & Toubro Qatar & HBK Contracting LLC	Qatar	50.00	50.00	50.00	50.00	50.00	50.00
4	L&T Camp Facilities LLC	UAE	49.00	49.00	49.00	49.00	49.00	49.00
5	Feedback Infra Private Limited	India	15.42	15.42	15.74	15.74	16.89	16.89
6	International Seaports (Haldia) Private Limited	India	21.74	21.74	21.74	21.74	21.74	21.74
7	Vizag IT Park Limited	India	–	–	–	–	23.14	23.14
8	Salzer Electronics Limited	India	–	–	–	–	26.06	26.06
9	JSK Electricals Private Limited	India	–	–	–	–	26.00	26.00
10	Rishi Consfab Private Limited	India	–	–	–	–	26.00	26.00
11	Magtorq Private Limited	India	42.85	42.85	42.85	42.85	42.85	42.85
12	Grameen Capital India Limited^	India	23.84	23.84	23.87	23.87	–	–
13	Ardom Telecom Private Limited^^	India	8.08	8.08	8.11	8.11	8.94	8.94
14	KMC Infratech Road Holdings Limited^^^	India	0.09	0.09	0.09	0.09	–	–

@ The company is under liquidation

^ The associate company operates under severe long term restrictions that significantly impair its ability to transfer funds to the company and hence the same has not been considered for consolidation.

^^ The Company has become associate on January 3, 2015. Investment in the associate is measured at fair value through profit or loss.

^^^ The Company has become associate on September 30, 2015. Investment in the associate is measured at fair value through profit or loss.

Sr. no.	Name of joint venture	Principal place of business	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
			Proportion of ownership interest (%)	Proportion of ownership interest (%)	Proportion of ownership interest (%)
1	Larsen & Toubro Electromech LLC	Sultanate of Oman	65.00	65.00	65.00
2	L&T Infrastructure Development Projects Lanka (Private) Limited*	Sri Lanka	–	93.44	93.47
3	L&T IDPL Trustee Manager Pte. Ltd.	Singapore	97.45	97.45	97.45
4	L&T Chennai–Tada Tollway Limited	India	97.45	97.45	97.45
5	L&T BPP Tollway Limited	India	97.45	97.45	97.45
6	L&T Rajkot–Vadinar Tollway Limited	India	97.45	97.45	97.45
7	L&T Deccan Tollways Limited	India	97.45	97.45	97.45
8	L&T Samakhiali Gandhidham Tollway Limited	India	97.45	97.45	97.45
9	Kudgi Transmission Limited	India	97.45	97.45	97.45
10	L&T Sambalpur–Rourkela Tollway limited	India	97.45	97.45	97.45
11	L&T Infrastructure Development Projects Limited	India	97.45	97.45	97.45
12	Panipat Elevated Corridor Limited (formerly known as L&T Panipat Elevated Corridor Limited)	India	97.45	97.45	97.45

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [40] (contd.)

Sr. no.	Name of joint venture	Principal place of business	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
			Proportion of ownership interest (%)	Proportion of ownership interest (%)	Proportion of ownership interest (%)
13	Krishnagiri Thopur Toll Road Limited (formerly known as L&T Krishnagiri Thopur Toll Road Limited)	India	97.45	97.45	97.45
14	Western Andhra Tollways Limited (formerly known as L&T Western Andhra Tollways Limited)	India	97.45	97.45	97.45
15	Vadodara Bharuch Tollway Limited (formerly known as L&T Vadodara Bharuch Tollway Limited)	India	97.45	97.45	97.45
16	L&T Transportation Infrastructure Limited	India	98.12	98.12	98.12
17	L&T Western India Tollbridge Limited	India	97.45	97.45	97.45
18	L&T Interstate Road Corridor Limited	India	97.45	97.45	97.45
19	L&T Port Kachchigarh Limited	India	97.45	97.45	97.45
20	Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Limited)	India	97.45	97.45	97.45
21	L&T Halol-Shamlaji Tollway Limited	India	47.75	97.45	97.45
22	L&T Krishnagiri Walajahpet Tollway Limited	India	97.45	97.45	97.45
23	Devihalli Hassan Tollway Limited (formerly known as L&T Devihalli Hassan Tollway Limited)	India	97.45	97.45	97.45
24	L&T Howden Private Limited	India	50.10	50.10	50.10
25	L&T Sapura Shipping Private Limited	India	60.00	60.00	60.00
26	L&T Sapura Offshore Private Limited	India	60.00	60.00	60.00
27	L&T-Gulf Private Limited	India	50.00	50.00	50.00
28	L&T-MHPS Boilers Private Limited	India	51.00	51.00	51.00
29	L&T-MHPS Turbine Generators Private Limited	India	51.00	51.00	51.00
30	Raykal Aluminium Company Private Limited	India	75.50	75.50	75.50
31	L&T Special Steels and Heavy Forgings Private Limited	India	74.00	74.00	74.00
32	PNG Tollway Limited	India	72.11	72.11	72.77
33	L&T Kobelco Machinery Private Limited	India	51.00	51.00	51.00
34	L&T-Sargent & Lundy Limited	India	50.00	50.00	50.00
35	Indiran Engineering Projects and Systems Kish PJSC	Iran	50.00	50.00	50.00

\* The group has sold its stake on May 6, 2016

Sr. no.	Name of joint operation (with specific ownership interest in the arrangement)	Principal place of business	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
			Proportion of ownership interest (%)	Proportion of ownership interest (%)	Proportion of ownership interest (%)
1	L&T-AM Tapovan Joint Venture	India	65.00	65.00	65.00
2	International Metro Civil Contractors Joint Venture	India	26.00	26.00	26.00
3	Desbuild-L&T Joint Venture	India	49.00	49.00	49.00
4	HCC-L&T Purulia Joint Venture	India	43.00	43.00	43.00
5	Metro Tunneling Group	India	26.00	26.00	26.00
6	L&T-Hochtief Seabird Joint Venture	India	90.00	90.00	90.00
7	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture	India	51.00	51.00	51.00
8	Metro Tunneling Chennai - L&T Shanghai Urban Construction (Group) Corporation Joint Venture	India	75.00	75.00	75.00
9	Metro Tunneling Delhi - L&T Shanghai Urban Construction (Group) Corporation Joint Venture	India	100.00	#	60.00
10	Larsen & Toubro Limited - Shapoorji Pallonji & Co. Limited Joint Venture	India	50.00	50.00	50.00
11	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture CC27 Delhi	India	100.00	#	68.00
12 a)	Larsen & Toubro Limited - Scomi Engineering BHD. Consortium-Residual Joint Works Joint Venture	India	60.00	60.00	60.00
12 b)	Larsen & Toubro Limited - Scomi Engineering BHD. Consortium-O&M Joint Venture	India	50.00	50.00	50.00

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [40] (contd.)

Sr. no.	Name of joint operation (with specific ownership interest in the arrangement)	Principal place of business	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
			Proportion of ownership interest (%)	Proportion of ownership interest (%)	Proportion of ownership interest (%)
13	Larsen & Toubro Limited and NCC Limited Joint Venture	India	55.00	55.00	55.00
14	L&T-Eastern Joint Venture@	UAE	65.00	65.00	65.00
15	Civil Works Joint Venture	Kingdom of Saudi Arabia			
16	Aktor-Larsen & Toubro-Yapi Merkezi-stfa-Al Jaber Engineering Joint Venture	Qatar	29.00	29.00	29.00
17	L&T-Delma Mafraq Joint Venture	UAE	60.00	60.00	60.00
18	L&T-AL-Sraiya LRDP 6 Joint Venture	Qatar	75.00	75.00	–
19	DAEWOO and L&T Joint Venture	India	50.00	50.00	–
20	PESB and Larsen & Toubro Joint Venture	Malaysia	82.30	82.30	–
21	Besix - Larsen & Toubro Joint Venture^	UAE	50.00	–	–
22	Al Balagh Trading & Contracting Co. W.L.L.-L&T Joint Venture^^	Qatar	80.00	–	–
23	LTH Milcom Private Limited	India	56.67	56.67	–
24	Mumbai Metro Rail Corporation Limited^^^	India	100.00	–	–
25	Bauer-L&T Geo Joint Venture	India	50.00	50.00	–
26	EMAS Saudi Arabia Ltd\$\$	Kingdom of Saudi Arabia	50.00	–	–
27	Larsen & Toubro Ltd - Passavant Energy & Environment JV\$	India	50.00	–	–

@ The joint operation is in process of liquidation

^ The joint operation has been entered on December 5, 2015 (started Operation in FY 2016-17)

^^ The joint operation has been entered on May 25, 2016 (started Operation in FY 2016-17)

^^^ The joint operation has been entered on February 25, 2015

\$ The joint operation has been entered on October 12, 2016

\$\$ The joint operation has been entered on January 23, 2015

# On scope of respective activities under the contract as mutually agreed between joint operators

Sr. no.	Name of joint operation (with specific proportion of activity carried out through the arrangement)	Principal place of business
1	L&T Sojitz Consortium	India
2	L&T-KBL (UJV) Hyderabad	India
3	L&T-KBL-MAYTAS Joint Venture	India
4	Larsen and Toubro Limited & Bharat Rail Automation Pvt. Ltd. Joint Venture (Package II)	India
5	Larsen and Toubro Limited & Bharat Rail Automation Pvt. Ltd. Joint Venture (Package III)	India
6	IIS - L&T Consortium	India
7	L&T and Scomi Engineering BHD. Joint Venture	India
8	Consortium of L&T Hydrocarbon Engineering Limited & Toyo Engineering Company	India
9	Consortium of L&T Hydrocarbon Engineering Limited and Pipavav Defence & Offshore Engineering Company	India
10	PES Engg P. Ltd.-L&T Consortium	India
11	L&T Galfar Consortium	India
12	L&T Oman-L&T consortium	India
13	Sojitz Corporation-L&T Consortium	India
14	Sojitz Corporation-Gayathri Projects Ltd.-L&T Consortium	India
15	Instalaciones Inabensa S.A.-L&T Consortium	India
16	Scomi Engineering Bhd.-L&T Consortium	India
17	Consortium of M/s. J. Ray McDermott Sdn. Bhd. and M/s. L&T Hydrocarbon Engineering Limited	India
18	Consortium of L&T Hydrocarbon Engineering Limited and EMAS AMC Pte. Ltd.	Kingdom of Saudi Arabia

### NOTE [41]

The components of other equity shown in the Consolidated Balance Sheet include the Group's share in the respective reserves of subsidiaries. Reserve attributable to non-controlling interest is reported separately in the consolidated Balance Sheet. Retained earnings comprise Group's share in general reserve and balance of Profit and Loss.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [42]

Exceptional items include [Note 1(j)]:

- (a) Profit on divestment of the Group's stake in a subsidiary company (L&T General Insurance Company Limited) ₹ 402.43 crore.
- (b) Impairment of investment in a joint venture company (Infrastructure Development Projects Limited) ₹ 281.00 crore.
- (c) Exceptional items for the previous year ended March 31, 2016 included profit on divestment of group's stake in an associate company (Salzer Electronics Limited) ₹ 45.70 crore and profit on sale of Foundry Business Unit ₹ 48.52 crore.

### NOTE [43]

The expenditure on research and development activities recognised as expense in the Statement of Profit and Loss is ₹ 177.88 crore (previous year: ₹ 187.90 crore). Further, the Group has incurred capital expenditure on research and development activities as follows:

- (a) on Property, Plant and Equipment: ₹ 9.75 crore (previous year: ₹ 5.68 crore)
- (b) on intangible assets being expenditure on new product development: ₹ 43.01 crore (previous year: ₹ 48.19 crore)
- (c) on other intangible assets: ₹ 3.20 crore (previous year: ₹ 6.80 crore)

### NOTE [44]

- (a) Disclosures pursuant to Indian Accounting Standard (Ind AS) 11 "Construction Contracts":

		₹ crore		
Sr. no.	Particulars	2016-17	2015-16	As at 1-4-2015
i)	Contract revenue recognised for the financial year [Note 34]	74504.71	68838.65	NA
ii)	Aggregate amount of contract costs incurred and recognised profits (less recognised losses*) as at the end of the financial year for all contracts in progress as at that date	265885.96	250082.50	218581.76
iii)	Amount of customer advances outstanding for contracts in progress as at the end of the financial year	13267.98	13789.93	11866.39
iv)	Retention amount by customers for contracts in progress as at the end of the financial year	8277.30	7527.55	6370.36
* Includes provision for foreseeable loss		247.41	257.02	179.58

- (b) The Group has revised certain estimates used in determining the cost of completion of projects, as a part of periodic review of estimates. As a result, the revenue and profit before tax for the year increased by ₹ 168.17 crore (previous year: ₹ 395.73 crore).
- (c) The Group has undertaken project for construction, operation and maintenance of the Metro Rail System on Design-Build-Finance-Operate-Transfer (DBFOT) basis as per the concession agreement with the government authorities. Under the agreement, the concession period for fare collection is 35 years (extendable by another 25 years at the option of the concessionaire, upon satisfaction of key performance indicators by the concessionaire under the concession agreement). Under the agreement, the fare can be revised on the basis of variation in wholesale price index effective from 1st of April every year. At the end of the said concession period, the entire facilities would be transferred to the concerned government authorities. The Group expects to receive viability gap funding of ₹ 1458 crore from the grantor for the project. The Group also expects to receive property development rights in respect of transit-oriented development. The arrangement has been classified as intangible assets.
- (d) Disclosures pursuant to Guidance Note on Accounting for Real Estate Transactions issued by the Institute of Chartered Accountants of India:

		₹ crore		
Sr. no.	Particulars	2016-17	2015-16	As at 1-4-2015
i)	Amount of project revenue recognised for the financial year [Note 34]	2272.71	1444.81	NA
ii)	Aggregate amount of costs incurred and profits recognised (less recognised losses) as at the end of the financial year	4507.66	3837.17	2480.15
iii)	Amount of advances received	65.54	60.27	60.01
iv)	Amount of work-in-progress and the value of inventories [Note 11]*	1259.76	1489.21	2224.29
v)	Excess of revenue recognised over actual bills raised (unbilled revenue) [Note 19]	91.05	178.73	129.94

\* Inventories amounting to ₹ 95.09 crore as at 1-4-2015 is classified under group(s) of assets classified as held for sale [Note 52]

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [45]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 "Employee Benefits" [Note 1(o)]

(a) Defined contribution plans: Amount of ₹ 180.27 crore (previous year ₹ 166.35 crore) is recognised as an expense. Out of above, ₹ 178.66 crore (previous year: ₹ 165.14 crore) is included in "employee benefits expense" [Note 37] in the Statement of Profit and Loss and ₹ 1.61 crore (previous year: ₹ 1.21 crore) has been capitalised.

(b) Defined benefit plans:

(i) The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan			Post-retirement medical benefit plan			Pension plan			Trust-managed provident fund plan		
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	
	31-3-2017	31-3-2016	1-4-2015	31-3-2017	31-3-2016	1-4-2015	31-3-2017	31-3-2016	1-4-2015	31-3-2017	31-3-2016	1-4-2015
Present value of defined benefit obligation												
A) – Wholly funded	640.87	601.75	582.29	–	–	–	–	–	–	3315.73	3023.97	2751.57
– Wholly unfunded	194.66	147.74	130.14	234.55	193.31	181.08	317.41	287.55	221.47	2.59	12.19	30.83
	835.53	749.49	712.43	234.55	193.31	181.08	317.41	287.55	221.47	3318.32	3036.16	2782.40
Less: Fair value of plan assets	615.72	559.86	507.64	–	–	–	–	–	–	3348.38	3041.76	2763.21
Add: Amount not recognised as an asset [limit in para 64(b)]	4.80	4.76	3.90	–	–	–	–	–	–	–	–	–
Amount to be recognised as liability or (asset)	224.61	194.39	208.69	234.55	193.31	181.08	317.41	287.55	221.47	(30.06)	(5.60)	19.19
B) Amounts reflected in the Balance Sheet												
Liabilities	232.28	201.98	219.53	234.55	193.31	181.08	317.41	287.55	221.47	31.84	27.90	36.29
Assets	(7.67)	(7.59)	(10.84)	–	–	–	–	–	–	(15.94)	(7.36)	(9.05)
Net liability/(asset)	224.61	194.39	208.69	234.55	193.31	181.08	317.41	287.55	221.47	15.90	20.54	27.24
Net liability/(asset) - current #	224.61	194.39	208.69	13.36	17.07	14.59	22.67	56.17	13.47	15.90	19.93	18.36
Net liability/(asset) - Non-current	–	–	–	221.19	176.24	166.49	294.74	231.38	208.00	–	0.61	8.88

# Liability for unfunded gratuity with respect to group(s) of assets classified as held for sale is included thereunder

(ii) The amounts recognised in Statement of Profit and Loss are as follows:

Particulars	Gratuity plan		Post-retirement medical benefit plan		Pension plan		Trust-managed provident fund plan	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	1 Current service cost	127.65	120.61	16.47	12.26	2.48	3.39	122.34
2 Interest cost	44.23	42.37	14.59	13.77	21.47	16.76	259.47	233.26
3 Interest income on plan assets	(40.51)	(45.35)	–	–	–	–	(259.47)	(233.26)
4 Remeasurement - Actuarial losses/(gains) - Difference between actual return on plan assets and interest income	(47.34)	(2.75)	–	–	–	–	(18.79)	(19.64)
5 Remeasurement - Actuarial losses/(gains) - Others	35.88	9.29	19.11	(6.51)	23.64	12.01	(9.87)	(17.91)
6 Past service cost	–	–	–	0.97	–	49.58	–	–
7 Actuarial gain/(loss) not recognised in books	–	–	–	–	–	–	28.66	37.55
8 Adjustment for earlier years	0.27	1.49	–	–	–	–	–	(0.01)
9 Remeasurement - Effect of the limit in para 64(b)	(0.39)	2.06	–	–	–	–	–	–
10 Translation adjustments	0.91	(0.35)	–	–	–	–	–	–
11 Amount capitalised out of the above	(0.46)	(0.85)	(0.01)	(0.01)	–	–	–	–
<b>Total (1 to 11)</b>	<b>120.24</b>	<b>126.52</b>	<b>50.16</b>	<b>20.48</b>	<b>47.59</b>	<b>81.74</b>	<b>122.34</b>	<b>127.88</b>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [45] (contd.)

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Pension plan		Trust-managed provident fund plan	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
I Amount included in "employee benefits expense"	131.78	119.84	18.44	14.94	2.48	52.97	122.34	136.27
II Amount included as part of "finance cost"	0.31	(1.92)	12.61	12.05	21.47	16.76	–	(8.39)
III Amount included as part of "other comprehensive income"	(11.85)	8.60	19.11	(6.51)	23.64	12.01	–	–
<b>Total (I+II+III)</b>	<b>120.24</b>	<b>126.52</b>	<b>50.16</b>	<b>20.48</b>	<b>47.59</b>	<b>81.74</b>	<b>122.34</b>	<b>127.88</b>
Actual return on plan assets	87.85	48.10	–	–	–	–	278.26	252.90

- (iii) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Pension plan		Trust-managed provident fund plan	
	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016
Opening balance of the present value of defined benefit obligation	749.49	712.43	193.31	181.08	287.55	221.47	3036.16	2782.40
Add: Current service cost	127.65	120.61	16.47	12.26	2.48	3.39	122.34	127.89
Add: Interest cost	44.23	42.37	14.59	13.77	21.47	16.76	259.47	233.26
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	298.11	306.84
iii) Transfer-in/(out)	–	–	–	–	–	–	–	–
Add/(less): Remeasurement - Actuarial losses/(gains)								
i) Actuarial (gains)/losses arising from changes in demographic assumptions	0.15	(0.08)	0.08	–	–	–	–	(0.00)
ii) Actuarial (gains)/losses arising from changes in financial assumptions	26.79	0.40	24.41	1.42	16.80	1.01	(9.87)	(17.91)
iii) Actuarial (gains)/losses arising from changes in experience adjustments	8.94	8.97	(5.38)	(7.93)	6.84	11.00	–	–
Less: Benefits paid	(127.70)	(140.08)	(8.93)	(8.26)	(17.73)	(15.66)	(388.56)	(391.47)
Add: Past service cost	–	–	–	0.97	–	49.58	0.01	–
Add: Liabilities assumed on transfer of employees	–	(0.99)	–	–	–	–	0.66	(4.10)
Add: Business combination/acquisition	(1.89)	–	–	–	–	–	–	–
Add: Adjustment for earlier years	0.38	1.02	–	–	–	–	–	(0.75)
Add/(less): Translation adjustments	7.49	4.84	–	–	–	–	–	–
Closing balance of the present value of defined benefit obligation	835.53	749.49	234.55	193.31	317.41	287.55	3318.32	3036.16



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [45] (contd.)

- (iv) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: ₹ crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2017	As at 31-3-2016	As at 31-3-2017	As at 31-3-2016
Opening balance of the fair value of the plan assets	559.86	507.64	3041.76	2763.21
Add: Interest Income on plan assets*	40.51	45.35	259.47	233.26
Add/(less): Remeasurement - Actuarial gains/(losses)	–	–	–	–
Add/(less): Actuarial gains/(losses) - Difference between actual return on plan assets and interest income	47.34	2.75	18.79	19.64
Add/(Less): Actuarial gains/(losses) - Others	–	–	0.00	(0.00)
Add: Contribution by the employer	95.58	143.41	120.37	121.07
Add/(less): Transfer in/(out)	–	–	–	–
Add: Contribution by plan participants	–	–	294.32	301.41
Add: Liabilities assumed on transfer of employees	–	–	4.76	13.60
Add: Business combination/disposal (net)	–	(0.20)	(2.03)	(0.80)
Less: Benefits paid	(127.70)	(140.08)	(388.56)	(391.47)
Add: Adjustment for earlier years	0.13	0.97	(0.50)	(18.16)
Less: Settlements	–	0.02	–	–
Closing balance of the plan assets	615.72	559.86	3348.38	3041.76

Notes: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

- \* Basis used to determine interest income on plan assets:

The Trust formed by the Parent Company and a few subsidiaries manage the investments of provident funds and gratuity fund. Interest income on plan assets is determined by multiplying the fair value of the plan assets by the discount rate stated in (g) (i) below both determined at the start of the annual reporting period.

The Group expects to fund ₹ 37.48 crore (previous year: ₹ 54.70 crore) towards its gratuity plan and ₹ 140.68 crore (previous year: ₹ 145.15 crore) towards its trust-managed provident fund plan during the year 2017-18.

- \$ Employer's contribution to provident fund.

- (v) The fair value of major categories of plan assets are as follows: ₹ crore

Particulars	Gratuity plan								
	Quoted			Unquoted			Total		
	As at 31-3-2017	As at 31-3-2017	As at 31-3-2017	As at 31-3-2016	As at 31-3-2016	As at 31-3-2016	As at 1-4-2015	As at 1-4-2015	As at 1-4-2015
Cash and cash equivalents	–	4.76	4.76	0.10	1.50	1.60	0.09	1.36	1.45
Equity instruments	10.97	0.65	11.62	5.51	0.30	5.81	5.00	0.28	5.28
Debt instruments - Corporate bonds	0.07	160.39	160.46	0.03	138.59	138.62	0.03	125.67	125.70
Debt instruments - Central Government bonds	108.50	40.85	149.35	101.52	36.21	137.73	92.06	32.83	124.89
Debt instruments - State Government bonds	97.71	5.49	103.20	83.34	5.09	88.43	75.57	4.62	80.19

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [45] (contd.)

₹ crore

Particulars	Gratuity plan								
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	As at 31-3-2017	As at 31-3-2017	As at 31-3-2017	As at 31-3-2016	As at 31-3-2016	As at 31-3-2016	As at 1-4-2015	As at 1-4-2015	As at 1-4-2015
Debt instruments - Public Sector Unit bonds	2.34	53.99	56.33	3.91	65.46	69.37	3.55	59.35	62.90
Mutual funds - Equity	0.21	47.31	47.52	-	40.63	40.63	-	36.84	36.84
Mutual funds - Debt	-	0.37	0.37	-	0.37	0.37	-	0.33	0.33
Mutual funds - Others	-	0.07	0.07	-	0.04	0.04	-	0.04	0.04
Special deposit scheme	0.77	55.38	56.15	0.70	50.82	51.52	0.62	46.08	46.70
Fixed deposits	-	0.86	0.86	-	0.91	0.91	-	0.82	0.82
Others	-	25.03	25.03	-	24.83	24.83	-	22.50	22.50
Closing balance of the plan assets	220.57	395.15	615.72	195.11	364.75	559.86	176.92	330.72	507.64

₹ crore

Particulars	Trust-managed provident fund plan								
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	As at 31-3-2017	As at 31-3-2017	As at 31-3-2017	As at 31-3-2016	As at 31-3-2016	As at 31-3-2016	As at 1-4-2015	As at 1-4-2015	As at 1-4-2015
Cash and cash equivalents	-	12.53	12.53	-	9.76	9.76	-	12.31	12.31
Equity instruments	-	-	-	-	-	-	-	-	-
Debt instruments - Corporate bonds	353.45	113.96	467.41	146.93	116.00	262.93	59.84	136.17	196.01
Debt instruments - Central Government bonds	659.29	-	659.29	739.23	-	739.23	656.12	-	656.12
Debt instruments - State Government bonds	688.71	-	688.71	472.41	-	472.41	406.36	-	406.36
Debt instruments - Public Sector Unit bonds	408.53	648.03	1056.56	406.54	742.08	1148.62	351.42	771.98	1123.40
Mutual funds - Equity	12.82	67.41	80.23	0.81	20.04	20.85	-	1.89	1.89
Mutual funds - Debt	-	4.11	4.11	-	17.87	17.87	-	-	-
Mutual funds - Others	-	-	-	-	-	-	-	-	-
Special deposit scheme	-	268.34	268.34	-	270.94	270.94	-	271.71	271.71
Fixed deposits	-	-	-	-	-	-	-	-	-
Others	-	111.20	111.20	-	99.15	99.15	-	95.41	95.41
Closing balance of the plan assets	2122.80	1225.58	3348.38	1765.92	1275.84	3041.76	1473.74	1289.47	2763.21

(vi) The Average duration of the Defined Benefit Plan Obligation at the end of the reporting period is as follows:

Plans	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1. Gratuity	7.54	7.18	7.06
2. Post-retirement medical benefit plan	17.48	16.55	18.55
3. Pension plan	8.06	8.07	9.60

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [45] (contd.)

(vii) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average) :

	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
(A) Discount rate:			
(a) Gratuity plan	7.10%	7.80%	7.84%
(b) Pension plan	7.10%	7.80%	7.84%
(c) Post-retirement medical benefit plan	7.10%	7.80%	7.84%
(B) Annual increase in healthcare costs (see note below)	5.00%	5.00%	5.00%
(C) Salary Growth rate:			
(a) Gratuity plan	5.00%	5.00%	5.00%
(b) Pension plan	6.00%	6.00%	6.00%

(D) Attrition Rate:

(a) For post-retirement medical benefit plan & pension plan, the attrition rate varies from 2% to 8% (*previous year: 2% to 8%*) for various age groups.

(b) For gratuity plan the attrition rate varies from 1% to 6% (*previous year: 1% to 6%*) for various age groups.

(E) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand the employment market.

(F) The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial losses.

(G) The obligation of the Group under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.

(H) A one percentage point change in actuarial assumptions would have the following effects on defined benefit obligation:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	₹ crore			
Gratuity				
Impact of change in salary growth rate	51.69	43.51	(39.68)	(31.46)
Impact of change in discount rate	(44.36)	(37.56)	45.65	35.83
Post-retirement medical benefit plan				
Impact of change in health care cost	27.53	24.69	(21.99)	(19.75)
Impact of change in discount rate	(36.17)	(27.93)	46.02	34.87
Pension plan				
Impact of change in discount rate	(26.07)	(21.80)	26.68	25.26

(viii) Characteristics of defined benefit plans and associated risks:

(A) Gratuity plan:

The Parent Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The company's scheme is more favourable as compared to the obligation under The Payment of Gratuity Act, 1972.

The defined benefit plans for gratuity of the Parent Company and material domestic subsidiary companies are administered by separate gratuity funds that is legally separate from the Parent Company and the material domestic subsidiary companies. The trustees nominated by the group are responsible for the administration of the plan. There

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [45] (contd.)

are no minimum funding requirements of these plans. The funding of these plans is based on gratuity fund's actuarial measurement framework set out in the funding policies of the plan. These actuarial measurements are similar compared to the assumptions set out in (g) *supra*. An insignificant portion of the gratuity plan of the group attributable to subsidiary companies is administered by the respective subsidiary companies and is funded through insurer managed funds. A small part of the gratuity plan, which is not material, is unfunded and managed within the group. Employees do not contribute to any of these plans.

(B) Post-retirement medical care plan:

The Post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

(C) Pension plan:

In addition to contribution to state-managed pension plan (EPS scheme), the Group operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

(D) Trust managed provident fund plan:

The Parent Company and a few subsidiaries manage provident fund plan through a provident fund trust for its employees which is permitted under the Employee Provident Fund and Miscellaneous Provisions Act, 1952. The plan mandates contribution by employer at a fixed percentage of employee's salary. Employees also contribute to the plan at a fixed percentage of their salary as a minimum contribution and additional sums at their discretion. The plan guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial loss. Any loss/gain arising out of the investment risk and actuarial risk associated with the plan is also recognised as expense or income in the period in which such loss/gain occurs.

All the above defined benefit plans expose the Group to general actuarial risks such as interest rate risk and market (investment) risk.

### NOTE [46]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 "Operating Segments"

(a) Information about reportable segments

Particulars	2016-17			2015-16		
	External	Inter-segment	Total	External	Inter-segment	Total
<b>Revenue</b>						
Infrastructure	52923.08	997.73	53920.81	48967.13	1591.21	50558.34
Power	6938.56	0.23	6938.79	6424.50	2.30	6426.80
Heavy Engineering	3149.15	297.79	3446.94	3082.75	173.12	3255.87
Electrical & Automation	4968.56	398.71	5367.27	4940.68	460.62	5401.30
Hydrocarbon	9602.50	25.84	9628.34	8548.65	69.60	8618.25
IT & Technology Services	9731.29	156.25	9887.54	8855.03	159.56	9014.59
Financial Services	8545.17	0.12	8545.29	7693.92	1.08	7695.00
Developmental Projects	4027.78	339.50	4367.28	4336.36	283.66	4620.02
Others	10124.91	737.52	10862.43	9126.32	594.10	9720.42
Elimination	–	(2953.69)	(2953.69)	–	(3335.25)	(3335.25)
<b>Total</b>	<b>110011.00</b>	<b>–</b>	<b>110011.00</b>	<b>101975.34</b>	<b>–</b>	<b>101975.34</b>

₹ crore

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [46] (contd.)

₹ crore

Particulars	2016-17			2015-16		
	External	Inter-segment	Total	External	Inter-segment	Total
<b>Segment result [Profit/(Loss) before interest and tax]</b>						
Infrastructure			4722.54			4990.54
Power			201.18			112.84
Heavy Engineering			498.57			(97.47)
Electrical & Automation			549.89			433.06
Hydrocarbon			508.42			(95.28)
IT & Technology Services			1825.53			1584.32
Financial Services			786.44			1304.26
Developmental Projects			32.01			238.56
Others			414.69			989.49
<b>Total</b>			9539.27			9460.32
Less: Inter segment margins on capital jobs			(28.14)			(62.15)
Less: Interest expenses			(1339.84)			(1655.06)
Add: Unallocated corporate income net of expenditure			716.07			276.51
<b>Profit before tax</b>			8887.36			8019.62
Provision for current tax			(2976.31)			(2817.69)
Provision for deferred tax			827.76			380.73
<b>Profit after tax</b>			6738.81			5582.66
Additional provision/(reversal) of tax on dividend distributed by subsidiaries			141.96			(47.80)
Share in profit/(loss) of joint venture/associate companies (net)			(395.27)			(990.16)
Adjustments for non-controlling interest in subsidiaries			(444.27)			(311.82)
<b>Net profit after tax, non-controlling interest and share in profit/(loss) of joint ventures/associates</b>			6041.23			4232.88

₹ crore

Other information	Segment assets			Segment liabilities		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Infrastructure	50020.69	46687.58	38505.15	33912.75	30239.78	25646.78
Power	6847.03	7964.47	6577.07	6362.49	7382.07	6118.86
Heavy Engineering	5112.41	5449.93	5424.71	3815.67	3788.95	2769.97
Electrical & Automation	4364.25	4472.16	4714.69	1935.65	1774.34	1932.70
Hydrocarbon	6728.63	6143.98	6005.52	5589.70	4567.99	4290.42
IT & Technology Services	6085.75	4306.78	4310.12	1813.49	1606.85	1307.62
Financial Services	71841.82	64212.75	52645.83	64341.27	56955.10	46316.32
Developmental Projects	28240.72	25315.31	22778.97	8931.32	8548.13	8373.32
Others	18459.26	19361.19	19969.41	6844.74	6879.62	5921.02
<b>Segment Total</b>	197700.56	183914.15	160931.47	133547.08	121742.83	102677.01
Corporate unallocated assets/liabilities	15849.36	12664.22	12367.74	26222.72	27762.34	27443.49
Inter-segment assets/liabilities	(1490.25)	(1852.22)	(2177.41)	(1490.25)	(1852.22)	(2177.41)
<b>Consolidated total assets/liabilities</b>	212059.67	194726.15	171121.80	158279.55	147652.95	127943.09

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [46] (contd.)

₹ crore

Other information	Depreciation, amortisation, impairment & obsolescence included in segment expenses		Other non-cash expenses included in segment expenses	
	2016-17	2015-16	2016-17	2015-16
Infrastructure	650.53	487.89	19.81	22.09
Power	44.40	58.31	1.99	3.23
Heavy Engineering	116.69	118.90	2.49	3.31
Electrical & Automation	151.10	146.08	3.83	4.87
Hydrocarbon	148.87	147.67	7.97	5.00
IT & Technology Services	236.81	232.07	13.46	(13.90)
Financial Services	78.00	114.20	4.79	15.99
Developmental Projects	58.07	58.05	–	–
Others	665.00	299.95	4.62	5.73
<b>Segment Total</b>	<b>2149.47</b>	<b>1663.12</b>	<b>58.96</b>	<b>46.32</b>
Corporate unallocated	220.46	123.61	29.21	21.23
<b>Consolidated total</b>	<b>2369.93</b>	<b>1786.73</b>	<b>88.17</b>	<b>67.55</b>

Note: Impairment loss included in other segment is ₹ 412.57 crore (previous year: ₹ Nil) and in Corporate unallocated is ₹ 103 crore (previous year: ₹ Nil).

₹ crore

Other information	Interest income included in segment result		Interest expense included in segment expense		Profit/(loss) of joint ventures and associates accounted applying equity method included in segment result	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Infrastructure	25.96	30.36	–	–	1.25	4.08
Power	0.00	0.14	–	–	122.32	67.94
Heavy Engineering	0.27	0.43	–	–	(186.81)	(209.15)
Electrical & Automation	6.71	3.44	–	–	–	2.49
Hydrocarbon	45.09	7.09	–	–	6.19	(39.84)
IT & Technology Services	4.62	7.51	–	–	–	–
Financial Services	89.11	72.61	4777.91	4339.01	6.14	0.96
Developmental Projects	0.03	4.89	647.60	662.97	(344.65)	(818.73)
Others	31.56	28.46	–	–	0.29	2.09
<b>Segment Total</b>	<b>203.35</b>	<b>154.93</b>	<b>5425.51</b>	<b>5001.98</b>	<b>(395.27)</b>	<b>(990.16)</b>
Corporate unallocated	527.66	504.64	–	–	–	–
Inter-segment	(308.39)	(232.72)	(63.42)	(34.87)	–	–
<b>Consolidated total</b>	<b>422.62</b>	<b>426.85</b>	<b>5362.09</b>	<b>4967.11</b>	<b>(395.27)</b>	<b>(990.16)</b>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [46] (contd.)

₹ crore

Other information	Additions to non-current assets		Investment in joint ventures and associates accounted applying equity method included in segment assets		
	2016-17	2015-16	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Infrastructure	616.27	1224.56	3.04	2.11	(0.01)
Power	100.17	449.81	595.57	488.42	420.11
Heavy Engineering	96.87	237.65	5.87	5.87	5.79
Electrical & Automation	176.94	333.77	–	(0.00)	29.08
Hydrocarbon	111.93	48.14	334.43	320.68	284.19
IT & Technology Services	158.31	311.36	–	–	–
Financial Services	441.11	568.71	50.55	44.96	38.56
Developmental Projects	2549.73	3027.70	1764.72	378.58	1269.05
Others	652.84	2507.76	18.72	17.26	19.88
<b>Segment total</b>	<b>4904.17</b>	<b>8709.46</b>	<b>2772.90</b>	<b>1257.88</b>	<b>2066.65</b>
Unallocable	579.24	149.50	–	–	–
Inter-segment	(217.31)	(515.70)	–	–	–
<b>Consolidated total</b>	<b>5266.10</b>	<b>8343.26</b>	<b>2772.90</b>	<b>1257.88</b>	<b>2066.65</b>

(b) Geographical Information

₹ crore

Other information	Revenues	
	2016-17	2015-16
India (a)	72357.51	69362.16
Foreign countries (b):		
United States of America	6580.12	5929.70
Kingdom of Saudi Arabia	7059.39	4660.31
Sultanate of Oman	5583.41	5319.09
United Arab Emirates	3354.10	2814.36
Kuwait	2968.44	1771.07
Qatar	4950.40	4561.38
Other countries	7157.63	7557.27
<b>Total Foreign countries (b)</b>	<b>37653.49</b>	<b>32613.18</b>
<b>Total (a+b)</b>	<b>110011.00</b>	<b>101975.34</b>

₹ crore

Other information	Non-current Assets		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
India	31842.67	30923.77	27556.15
Foreign countries	1535.91	1903.56	1545.37
<b>Total</b>	<b>33378.58</b>	<b>32827.33</b>	<b>29101.52</b>

(c) Revenue contributed by any single customer in any of the operating segments, whether reportable or otherwise, does not exceed ten percent of the group's total revenue.

(d) The group's reportable segments are organized based on the nature of products and services offered by these segments.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [46] (contd.)

(e) Segment reporting: basis of identifying operating segments, reportable segments and definition of each reportable segment:

(i) Basis of identifying Operating segments:

Operating segments are identified as those components of the groups (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the group's other components); (b) whose operating results are regularly reviewed by the group's executive management committee (EMC) to make decisions about resource allocation and performance assessment; and (c) for which discrete financial information is available.

The group has eight reportable segments as described under "segment composition" below which are the group's independent businesses. The nature of products and services offered by these businesses are different and are managed separately given the different sets of technology and competency requirements. In arriving at the reportable segment, the six operating segments have been aggregated and reported as "infrastructure segment" as these operating segments have similar economic characteristics in terms of long term average gross margins, nature of the products and services, type of customers, methods used to distribute the products and services and the nature of regulatory environment applicable to them.

(ii) Reportable segments

An operating segment is classified as Reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

(iii) Performance of a segment is measured based on segment profit (before interest and tax), as included in the internal management reports that are reviewed by the group's EMC. The performance of financial services segment and finance lease activities of power development segment are measured based on segment profit (before tax) after deducting the interest expense.

(iv) Segment composition

- **Infrastructure segment** comprises engineering and construction of building and factories, transportation infrastructure, heavy civil infrastructure, power transmission & distribution, water and effluent treatment and smart world & communication projects.
- **Power segment** comprises turnkey solutions for Coal-based and Gas-based thermal power plants including power generation equipment with associated systems and / or balance-of-plant packages.
- **Heavy Engineering segment** comprises manufacture and supply of custom designed, engineered critical equipment & systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and Defence.
- **Electrical & Automation segment** comprises manufacture and sale of low and medium voltage switchgear components, custom built low and medium voltage switchboards, electronic energy meters/protection (relays) systems, control & automation products.
- **Hydrocarbon segment** comprises complete EPC solutions for the global Oil & Gas Industry from front-end design through detailed engineering, modular fabrication, procurement, project management, construction, installation and commissioning.
- **IT & Technology Services segment** comprises information technology and integrated engineering services.
- **Financial Services segment** comprises retail and corporate finance, housing finance, infrastructure finance, general insurance (up to the date of sale), asset management of mutual fund schemes and related advisory services.
- **Developmental projects segment** comprises development, operation and maintenance of basic infrastructure projects, toll collection, power development, development and operation of port facilities and providing related advisory services.
- **Others segment** includes metallurgical & material handling systems, realty, shipbuilding, manufacture and sale of industrial valves, welding and cutting equipment, manufacture, marketing and servicing of construction equipment and parts thereof, marketing and servicing of mining machinery and parts thereof, manufacture and sale of rubber processing machinery & castings (upto the date of sale), mining and aviation. None of the businesses reported as part of others segment meet any of the quantitative thresholds for determining reportable segments for the year ended March 31, 2017.



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [47]

Disclosure of related parties/related party transactions pursuant to Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures":

(a) Names of the related parties with whom transactions were carried out during the year and description of relationship:

<b>Associate companies:</b>	
1 L&T-Chiyoda Limited	2 Feedback Infra Private Limited
3 L&T Camp Facilities LLC	4 JSK Electricals Private Limited *
5 Magtorq Private Limited	6 Larsen and Toubro Qatar & HBK Contracting LLC
7 Rishi Consfab Private Limited**	8 Salzer Electronics Limited***
9 International Seaports (Haldia) Private Limited	10 Vizag IT Park Limited#

\* The Group has sold its stake on March 29, 2016.

\*\* The Group has sold its stake on December 21, 2015.

\*\*\* The Group has sold its stake in July and August 2015. # The Group has sold its stake on March 31, 2016.

<b>Joint ventures:</b>	
1 L&T Special Steels & Heavy Forgings Private Limited	2 L&T-Sargent & Lundy Limited
3 L&T Howden Private Limited	4 L&T-MHPS Boilers Private Limited
5 L&T-MHPS Turbine Generators Private Limited	6 L&T Kobelco Machinery Private Limited
7 L&T Infrastructure Development Projects Limited	8 L&T Samakhiali Gandhidham Tollway Limited
9 L&T Deccan Tollways Limited	10 L&T Krishnagiri Walajahpet Tollway Limited
11 L&T IDPL Trustee Managers Pte. Ltd.	12 L&T BPP Tollway Limited
13 Larsen and Toubro Electromech LLC	14 L&T-Gulf Private Limited
15 Raykal Aluminium Company Private Limited	16 L&T Sapura Shipping Private Limited
17 L&T Sapura Offshore Private Limited	18 Panipat Elevated Corridor Limited
19 Krishnagiri Thopur Toll Road Limited	20 Western Andhra Tollways Limited
21 Vadodara Bharuch Tollway Limited	22 L&T Interstate Road Corridor Limited
23 L&T Transportation Infrastructure Limited	24 Devihalli Hassan Tollway Limited
25 L&T Halol Shamlaji Tollway Limited	26 Ahmedabad-Maliya Tollway Limited
27 Kudgi Transmission Limited	28 L&T Sambalpur-Rourkela Tollway Limited
29 PNG Tollway Limited	30 L&T Rajkot-Vadinar Tollway Limited
31 L&T Chennai-Tada Tollway Limited	32 Indiran Engineering Projects and System Kish PJSC
33 L&T Western India Tollbridge Limited	34 L&T Port Kachchigarh Limited

### Key management personnel & their relatives:

<b>(a) Executive Directors</b>	
1 Mr. A.M. Naik (Group Executive Chairman)	2 Mr. K. Venkataramanan (CEO & Managing Director) \$ Ms. Jyothi Venkataramanan (wife)
3 Mr. M. V. Kotwal (Whole-time Director) \$\$	4 Mr. R. Shankar Raman (CFO & Whole-time Director)
5 Mr. S.N.Subrahmanyan (Whole-time Director)	6 Mr. Shailendra Roy (Whole-time Director)
7 Mr. D. K. Sen (Whole-time Director) #	8 Mr. M. V. Satish (Whole-time Director) ##

<b>(b) Independent/Non-executive Directors</b>	
1 Mr. M. M. Chitale	2 Mr. M. Damodaran
3 Mr. Vikram Singh Mehta	4 Mr. Sushobhan Sarker
5 Mr. Adil Zainulbhai	6 Mr. Subodh Bhargava
7 Mr. Thomas Mathew T. @	8 Ms. Naina Lal Kidwai @@
9 Mr. Akhilesh Krishna Gupta	10 Mr. Swapan Dasgupta @@@
11 Ms. Sunita Sharma ~	12 Mr. Bahram Vakil *
13 Mr. Ajay Shankar **	14 Mr. Subramanian Sarma ***
15 Mr. Sanjeev Aga ^	16 Mr. Narayanan Kumar ^^

\$ Retired on September 30, 2015

\$\$ Retired on August 26, 2015

#Appointed w.e.f. October 1, 2015

##Appointed w.e.f. January 29, 2016

@ Appointed w.e.f. April 3, 2015

@@ Appointed w.e.f. March 1, 2016

@@@ Appointed w.e.f. April 1, 2015 and separated w.e.f. May 15, 2016

\* Separated w.e.f. August 1, 2016

\*\* Appointed w.e.f. May 30, 2015

\*\*\* Appointed w.e.f. August 19, 2015

^ Appointed w.e.f. May 25, 2016

^^ Appointed w.e.f. May 27, 2016

~ Appointed w.e.f. April 1, 2015

<b>Provident Fund Trusts:</b>	
1 The Larsen & Toubro Officers & Supervisory Staff Provident Fund	2 The Larsen & Toubro Limited Provident Fund of 1952
3 The Larsen & Toubro Limited Provident Fund	4 L&T Kansbahal Staff & Workmen Provident Fund
5 L&T Kansbahal Officers & Supervisory Provident Fund	6 L&T Construction Equipment Provident Fund Trust
7 L&T Valves Employees Provident Fund	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [47] (contd.)

Gratuity Trusts:			
1	Laresen & Toubro Officers & Supervisors Gratuity Fund	2	Larsen & Toubro Gratuity Fund
3	Larsen and Toubro Technology Services Ltd Eggas	4	L&T Shipbuilding Limited Employees Group Assurance Scheme
5	Nabha Power Limited Employees' Group Gratuity Assurance Scheme		

(b) Disclosure of related party transactions:

Sr. no.	Nature of transaction/relationship/major parties	₹ crore			
		2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
(i)	Purchase of goods & services (including commission paid)				
	Joint ventures, including:	2360.29		2222.85	
	L&T-MHPS Boilers Private Limited		1675.16		1256.68
	L&T-MHPS Turbine Generators Private Limited		530.79		536.02
	Larsen and Toubro Electromech LLC		–		304.92
	Associates, including:	60.78		96.57	
	L&T-Chiyoda Limited		52.29		16.96
	JSK Electricals Private Limited		–		27.99
	Salzer Electronics Limited		–		37.33
	Magtorq Private Limited		–		10.16
	Total	2421.07		2319.42	
(ii)	Sale of goods/contract revenue & services				
	Joint ventures, including:	1108.19		1317.94	
	L&T Infrastructure Development Projects Limited		544.28		653.99
	L&T Deccan Tollways Limited		394.35		533.50
	L&T-MHPS Boilers Private Limited		157.14		–
	Associate :	0.42		–	
	L&T-Chiyoda Limited		0.42		–
	Total	1108.61		1317.94	
(iii)	Purchase/lease of property, plant and equipment				
	Joint venture:	0.02		0.04	
	L&T Infrastructure Development Projects Limited		0.02		0.04
	Total	0.02		0.04	
(iv)	Sale of Property, plant and equipment				
	Joint ventures, including:	–		0.50	
	L&T-MHPS Turbine Generators Private Limited		–		0.26
	L&T Special Steels and Heavy Forgings Private Limited		–		0.19
	L&T Howden Private Limited		–		0.05
	Associate :	–		0.01	
	L&T-Chiyoda Limited		–		0.01
	Key management personnel	–		9.29	
	Mr. K. Venkataraman \$		–		8.85
	Mr. M. V. Kotwal \$\$		–		0.44
	Total	–		9.80	
(v)	Investments including subscription to equity and preference shares (including application money)				
	Joint ventures, including:	(0.25)		1.09	
	L&T-MHPS Boilers Private Limited		(0.03)		–
	L&T-MHPS Turbine Generators Private Limited		(0.22)		1.09
	Total	(0.25)		1.09	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [47] (contd.)

		₹ crore			
Sr. no.	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
(vi)	Purchase of investments from				
	Joint venture:				
	L&T Infrastructure Development Projects Limited	2041.57	2041.57	–	–
	Total	2041.57		–	
(vii)	Sale of investments to				
	Joint venture:				
	L&T Infrastructure Development Projects Limited	–	–	21.54	21.54
	Total	–		21.54	
(viii)	Charges paid for miscellaneous services				
	Joint ventures, including:				
	L&T-Gulf Private Limited	6.41	2.47	10.46	2.67
	L&T-Sargent & Lundy Limited		3.62		7.07
	Associates, including:				
	L&T-Chiyoda Limited	6.42	6.06	6.53	6.53
	Total	12.83		16.99	
(ix)	Rent paid, including lease rentals under leasing/hire purchase arrangements				
	Joint venture:				
	L&T Infrastructure Development Projects Limited	–	–	0.01	0.01
	Key management personnel	–	–	0.01	
	Mr. K. Venkataramanan & Ms. Jyothi Venkataramanan		–		0.01
	Total	–		0.02	
(x)(a)	Charges incurred for deputation of employees from related parties				
	Joint venture:				
	L&T Infrastructure Development Projects Limited	–	–	2.41	2.41
	Total	–		2.41	
(x)(b)	Charges recovered for deputation of employees to related parties				
	Joint ventures, including:				
	L&T Sapura Shipping Private Limited	9.59	5.60	9.16	6.70
	L&T Special Steels and Heavy Forgings Private Limited				1.87
	Associate:				
	L&T-Chiyoda Limited	18.01	18.01	18.72	18.72
	Total	27.60		27.88	
(xi)	Dividend received				
	Joint venture:				
	L&T-Sargent & Lundy Limited	–	–	13.75	13.75
	Associates, including:				
	International Seaports (Haldia) Private Limited	0.57	–	5.63	2.46
	Vizag IT Park Limited		–		2.22
	Feedback Infra Private Limited		0.57		0.57
	Total	0.57		19.38	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [47] (contd.)

		₹ crore			
Sr. no.	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
(xii)	Commission received, including those under agency arrangements				
	Joint venture:	0.65		2.64	
	L&T Kobelco Machinery Private Limited		0.65		2.64
	Total	0.65		2.64	
(xiii)	Rent received, overheads recovered and miscellaneous income				
	Joint ventures, including:	94.83		93.66	
	L&T-MHPS Boilers Private Limited		35.50		23.50
	L&T-Sargent & Lundy Limited		17.70		17.67
	L&T-MHPS Turbine Generators Private Limited		9.64		10.32
	L&T Special Steels and Heavy Forgings Private Limited				10.02
	Larsen and Toubro Electromech LLC				9.83
	Associate:	5.23		3.85	
	L&T-Chiyoda Limited		5.23		3.85
	Key management personnel:	0.07		-	
	Mr. D. K. Sen #		0.07		-
	Total	100.13		97.51	
(xiv)	Interest paid to				
	Joint venture:	-		3.89	
	L&T Infrastructure Development Projects Limited		-		3.89
	Total	-		3.89	
(xv)	Interest Received from				
	Joint ventures, including:	82.48		58.04	
	L&T Special Steels and Heavy Forgings Private Limited		78.98		52.58
	Associate:	0.20		0.19	
	L&T Camp Facilities LLC		0.20		0.19
	Total	82.68		58.23	
(xvi)	Contribution to post-employment benefit plan				
(a)	Transaction with trust managed provident fund				
(i)	Towards Employer's contribution	113.35		109.73	
	The Larsen & Toubro Officers & Supervisory Staff Provident Fund		101.00		97.10
	Total	113.35		109.73	
(ii)	Towards advance contribution	-		0.43	
	The Larsen & Toubro Limited Provident Fund		-		0.43
	Total	-		0.43	
(iii)	Subscription or purchase by the fund of the debt securities issued by the company			25.00	
	The Larsen & Toubro Officers & Supervisory Staff Provident Fund				25.00
	Total	-		25.00	
(b)	Transaction with approved gratuity fund				
(i)	Towards Employer's contribution	35.61		72.42	
	Larsen & Toubro Officers & Supervisors Gratuity Fund		23.59		47.73
	Larsen & Toubro Gratuity Fund		6.26		12.00
	Larsen and Toubro Technology Services Limited Eggas		5.15		11.80
	Total	35.61		72.42	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [47] (contd.)

		2016-17		2015-16	
Sr. no.	Nature of transaction/relationship/major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
(ii)	Towards advance contribution	-	-	60.00	-
	Larsen & Toubro Officers & Supervisors Gratuity Fund	-	-	-	48.15
	Larsen & Toubro Gratuity Fund	-	-	-	11.85
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>60.00</b>	

"Major parties" denote entities accounting for 10% or more of the aggregate for that category of transaction during respective period.

(xvii) Compensation paid to key management personnel (KMP):

KMP	2016-17				2015-16				
	Short term employee benefits	Post-employment benefits	Other long term benefits	Total	Short term employee benefits	Post-employment benefits	Other long term benefit	Share-based payment	Total
Mr. A.M. Naik	21.86	5.83	32.21*	59.90	21.57	5.76	-	-	27.33
Mr. K. Venkataramanan \$	-	-	-	-	4.74	22.43	13.53	-	40.70
Mr. M.V. Kotwal \$\$	-	-	-	-	3.35	15.35	7.89	-	26.59
Mr. S. N. Subrahmanyan	13.26	3.51	-	16.77	11.53	3.06	-	-	14.59
Mr. R. Shankar Raman	9.00	2.38	-	11.38	8.28	2.19	-	-	10.47
Mr. Shailendra Roy	8.13	1.93	-	10.06	6.43	1.47	-	-	7.90
Mr. D. K. Sen #	6.20	1.57	-	7.77	2.60	0.69	-	-	3.29
Mr. M. V. Satish ##	5.96	1.44	-	7.40	0.93	0.24	-	-	1.17
Mr. Subramanian Sarma (Non-Executive Director)	15.39	-	-	15.39	4.86	-	-	10.35**	15.21
Other Non-Executive Directors	4.37	-	-	4.37	4.06	-	-	-	4.06
<b>Total</b>	<b>84.17</b>	<b>16.66</b>	<b>32.21</b>	<b>133.04</b>	<b>68.35</b>	<b>51.19</b>	<b>21.42</b>	<b>10.35</b>	<b>151.31</b>

\$ Retired on September 30, 2015    \$\$ Retired on August 26, 2015    # Appointed w.e.f. October 1, 2015    ## Appointed w.e.f. January 29, 2016

\* Represents encashment of past service accumulated leave

\*\* Represents fair value of employee stock options granted during 2015-16 to be vested over a period of time.

(c) Amount due to/from related parties (including commitments):

		As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
Sr. no.	Category of balance/relationship/major parties	Amount	Amounts for major parties	Amounts for major parties	Amounts for major parties	Amounts for major parties	Amounts for major parties
(i)	Accounts receivable						
	Joint ventures, including:	410.81		554.78		439.07	
	L&T-MHPS Boilers Private Limited		65.64		102.76		77.32
	L&T Infrastructure Development Projects Limited		78.42		129.61		111.62
	L&T Samakhiali Gandhidham Tollway Limited		43.30		58.20		89.13
	L&T Deccan Tollways Limited		125.63		139.21		90.97
	L&T Krishnagiri Walajahpet Tollway Limited		44.68				
	Associate:	-		0.01		-	
	L&T-Chiyoda Limited		-		0.01		-
	<b>Total</b>	<b>410.81</b>		<b>554.79</b>		<b>439.07</b>	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [47] (contd.)

		₹ crore					
Sr. no.	Category of balance/relationship/major parties	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Amount	Amounts for major parties	Amounts for major parties	Amounts for major parties	Amounts for major parties	Amounts for major parties
(ii)	Accounts payable, including other liabilities						
	Joint ventures, including:	1930.01		1726.56		1477.02	
	L&T-MHPS Boilers Private Limited		1171.96		1042.26		830.70
	L&T-MHPS Turbine Generators Private Limited		611.61		560.50		547.27
	Associates, including:	14.91		15.19		31.70	
	L&T-Chiyoda Limited		11.40		6.42		8.19
	Salzer Electronics Limited		–		–		18.54
	Magtorq Private Limited		2.65		7.79		
	Total	1944.92		1741.75		1508.72	
(iii)	Loans and advances recoverable (including loans and advances towards financing activities)						
	Joint ventures, including:	1731.17		1726.09		1734.43	
	L&T Special Steels and Heavy Forgings Private Limited		1185.55		877.65		564.77
	L&T-MHPS Boilers Private Limited		215.18		431.85		606.29
	L&T-MHPS Turbine Generators Private Limited		210.22		282.66		421.59
	Associates, including:	27.24		26.96		24.62	
	L&T-Chiyoda Limited		7.87		7.78		6.71
	L&T Camp Facilities LLC		18.97		19.18		17.92
	Key management personnel:	–		–		0.01	
	Mr. K Venkataramanan\$ & Ms. Jyothi Venkataramanan		–		–		0.01
	Total	1758.41		1753.05		1759.06	
(iv)	Advances received in the capacity of supplier of goods/services classified as "advances from customers" in the Balance Sheet						
	Joint ventures, including:	23.21		119.27		228.89	
	L&T Infrastructure Development Projects Limited				68.84		122.24
	L&T Deccan Tollways Limited				36.97		96.03
	L&T-MHPS Boilers Private Limited		21.54		13.46		–
	Total	23.21		119.27		228.89	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [47] (contd.)

		₹ crore					
Sr. no.	Category of balance/relationship/major parties	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Amount	Amounts for major parties	Amounts for major parties	Amounts for major parties	Amounts for major parties	Amounts for major parties
(v)	Due to directors*						
	(Key management personnel)	55.58		51.30		53.83	
	Mr. A. M. Naik		18.24		17.96		18.19
	Mr. K. Venkataramanan \$		–		3.77		7.39
	Mr. M. V. Kotwal \$\$		–		2.04		4.91
	Mr. S. N. Subrahmanyam		11.29		9.90		8.73
	Mr. R. Shankar Raman		7.41		6.90		6.91
	Mr. Shailendra Roy		5.84		4.40		4.48
	Mr. D. K. Sen #		4.93		2.13		–
	Mr. M. V. Satish ##		4.32		0.73		–
	Total	55.58		51.30		53.83	
(vi)	Revenue commitment given						
	Joint ventures, including:	3386.85		3385.37		517.08	
	L&T-MHPS Boilers Private Limited		2232.20		2254.94		300.05
	L&T-MHPS Turbine Generators Private Limited		1086.15		1066.91		177.16
	Associates, including:	3.89		3.53		5.82	
	L&T-Chiyoda Limited		0.96		1.29		0.78
	JSK Electricals Private Limited		–		–		3.10
	Salzer Electronics Limited		–		–		1.67
	Feedback Infra Private Limited		0.80		1.59		–
	Magtorq Private Limited		2.13		0.65		–
	Total	3390.74		3388.90		522.90	
(vii)	Commitment to Fund						
	Joint venture:	–		405.00		1443.41	
	L&T Infrastructure Development Projects Limited		–		405.00		1443.41
	Total	–		405.00		1443.41	
(viii)	Revenue commitment received						
	Joint ventures, including:	138.67		1000.60		2225.39	
	L&T Infrastructure Development Projects Limited		60.00		593.65		1236.11
	L&T Deccan Tollways Limited		25.95		350.30		883.80
	L&T Krishnagiri Walajahpet Tollway Limited		13.65		–		–
	L&T BPP Tollway Limited		26.27		–		–
	Total	138.67		1000.60		2225.39	

\$ Retired on September 30, 2015    \$\$ Retired on August 26, 2015    #Appointed w.e.f. October 1, 2015

##Appointed w.e.f. January 29, 2016

\*Major parties" denote entities who account for 10% or more of the aggregate for that category of balance during respective period.

\*Includes commission due to non-executive directors ₹ 3.55 crore (as at 31-3-2016 ₹ 3.47 crore; as at 1-4-2015 ₹ 3.22 crore)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [48]

Disclosure in respect of Leases pursuant to Indian Accounting Standard (Ind AS) 17 "Leases":

(a) Where the Group is a Lessor:

(i) Finance leases:

Assets given under leases mainly include power plant where the Group has agreed to manufacture/construct an asset and convey, in substance, a right to the beneficiary to use the asset over a major part of its economic life, for a pre-determined consideration.

The total gross investment in these leases and the present value of minimum lease payments receivable are as under:

₹ crore

Sr. no.	Particulars	Minimum Lease Payments			Present value of minimum lease payments		
		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Receivable not later than 1 year	1493.73	1553.53	1508.37	309.72	332.12	280.26
2.	Receivable later than 1 year and not later than 5 years	5194.38	6644.52	6994.47	771.25	923.29	1108.00
3.	Receivable later than 5 years	19641.82	19696.09	19855.00	8143.14	8318.78	7904.34
	Gross investment in lease (1+2+3)	26329.93	27894.14	28357.84	9224.11	9574.19	9292.60
	Less: Unearned finance income	17105.82	18319.95	19065.24			
	Present value of minimum lease payments receivable	9224.11	9574.19	9292.60			

(ii) Operating leases:

The Group has given certain assets under non-cancellable operating lease, the future minimum lease payments receivable in respect of which are as follows:

₹ crore

Sr. no.	Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Receivable not later than 1 year	82.73	136.08	177.76
2.	Receivable later than 1 year and not later than 5 years	74.47	212.16	208.92
3.	Receivable later than 5 years	1.45	9.68	27.31
	Total	158.65	357.92	413.99

(b) Where the Group is a Lessee:

(i) Finance leases:

A. Assets acquired on finance lease comprises of motor vehicles and land. The motor vehicles leases have a primary period, which is fixed and non-cancellable. The Group has an option to renew the lease for a secondary period. The agreements provide for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rentals (b) rates of depreciation under the Income tax Act, 1961 and (c) change in the lessor's cost of borrowings. There are no exceptional/restrictive covenants in the lease agreements.

B. The minimum lease rentals and the present value thereof in respect of assets acquired under finance leases are as follows:

₹ crore

Sr. no.	Particulars	Minimum lease payments			Present value of minimum lease payments		
		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Payable not later than 1 year	0.67	0.13	1.76	0.60	0.11	–
2.	Payable later than 1 year and not later than 5 years	0.22	0.21	6.71	0.19	0.17	–
3.	Payable later than 5 years	0.13	0.15	95.88	0.06	0.06	39.64
	Total (1+2+3)	1.02	0.49	104.35	0.85	0.34	39.64
	Less: Future finance charges	0.17	0.15	64.71			
	Present value of minimum lease payments	0.85	0.34	39.64			



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [48] (contd.)

- C. Contingent Rent recognised in the Statement of Profit and Loss: ₹ Nil (previous year ₹ Nil)
- (ii) Operating leases:
- A. The Group has taken various commercial premises and plant and equipment under cancellable operating leases.
- B. [a] The Group has taken certain assets on non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

Sr. no.	Particulars	Minimum lease payments		
		As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
1.	Payable not later than 1 year	226.14	219.71	125.82
2.	Payable later than 1 year and not later than 5 years	695.13	815.52	374.21
3.	Payable later than 5 years	290.58	351.54	358.82
	Total	1211.85	1386.77	858.85

₹ crore

- [b] The lease agreements provide for an option to the Group to renew the lease period at the end of the non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.
- C. Lease rental expense in respect of operating leases: ₹ 475.34 crore (previous year: ₹ 448.35 crore)
- D. Contingent rent recognised in the Statement of Profit and Loss: ₹ Nil (previous year: ₹ Nil)

### NOTE [49]

Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":

Particulars		2016-17	2015-16
<b>Basic EPS</b>			
Profit after tax as per accounts (₹ crore)	A	6041.23	4232.88
Weighted average number of equity shares outstanding	B	93,23,49,030	93,07,61,648
<b>Basic EPS (₹)</b>	A/B	64.80	45.48
<b>Diluted EPS</b>			
Profit after tax as per accounts (₹ crore)	A	6041.23	4232.88
Weighted average number of equity shares outstanding	B	93,23,49,030	93,07,61,648
Add: Weighted average number of potential equity shares on account of employee stock options	C	31,60,400	43,02,265
Weighted average number of equity shares outstanding for diluted EPS	D=B+C	93,55,09,430	93,50,63,913
<b>Diluted EPS (₹)</b>	A/D	64.58	45.27
Face value per share (₹)		2.00	2.00

The following potential equity shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of diluted earning per share

Particulars	2016-17	2015-16
Weighted average number of potential equity shares on account of conversion of foreign currency convertible bonds	63,46,986	63,46,986

Note: On May 29, 2017, the Board of Directors has recommended for the approval of shareholders, the issue of bonus equity shares in the ratio 1:2 (one bonus equity share of ₹ 2 each for every two equity shares of ₹ 2 each held). The effect of the said bonus issue will be given in the year 2017-18 post approval by shareholders.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [50]

Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

		₹ crore	
Sr. no.	Particulars	2016-17	2015-16
	Consolidated Statement of Profit and Loss:		
(a)	Profit and Loss section:		
	(i) Current Income tax :		
	Current income tax expense	2975.63	2780.73
	Tax expense of prior periods	0.68	36.96
		2976.31	2817.69
	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	(767.50)	(377.75)
	Effect of previously unrecognised tax losses and tax offsets used to reduce tax expense	(60.26)	(2.98)
		(827.76)	(380.73)
	<b>Income tax expense reported in the consolidated Statement of Profit and Loss [(i)+(ii)]</b>	<b>2148.55</b>	<b>2436.96</b>
(b)	Other Comprehensive Income (OCI) section:		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	Current tax expense/(income):		
	On remeasurement of defined benefit plans	(5.95)	(3.64)
		(5.95)	(3.64)
	(ii) Items to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):		
	Forward covers settled, retained in hedging reserve	(22.79)	75.05
		(22.79)	75.05
	(B) Deferred tax expense/(income):		
	Net gain/(loss) on cost of hedging reserve	(23.14)	6.00
	On Mark-to-Market (MTM) of cash flow hedges	265.41	8.55
	On gain/(loss) on fair value of debt securities	1.09	(1.29)
	On foreign currency translation	(2.29)	2.20
		241.07	15.46
	<b>Income tax expense reported in the other comprehensive income [(i)+(ii)]</b>	<b>212.33</b>	<b>86.87</b>
(c)	Retained earnings:		
	Current income tax	(135.15)	-
	Deferred tax	134.85	-
	<b>Income tax expense reported in retained earnings</b>	<b>(0.30)</b>	<b>-</b>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [50] (contd.)

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

		₹ crore	
Sr. no.	Particulars	2016-17	2015-16
(a)	<b>Profit before tax</b>	8887.36	8019.62
(b)	Corporate tax rate as per Income tax Act, 1961	34.61%	34.61%
(c)	<b>Tax on accounting profit</b> (c)=(a)*(b)	3075.74	2775.43
(d)	(i) Tax on Income exempt from tax:		
	(A) Dividend income and interest on tax free bonds	(244.71)	(43.32)
	(B) Long term capital gains exempt from tax	(3.27)	(48.83)
	(ii) Tax on expense not tax deductible:		
	(A) Corporate Social Responsibility (CSR) expenses	42.37	46.97
	(B) Expenses in relation to exempt income	20.51	50.75
	(C) Tax on employee perquisites borne by the Group	3.38	2.67
	(iii) Weighted deduction on R&D expenditure and deduction u/s 80IA	(377.63)	(278.96)
	(iv) Tax effect on impairment losses recognised and on which deferred tax asset (DTA) is not recognised	97.25	–
	(v) Effect of previously unrecognised tax losses used to reduce tax expense	(153.54)	(103.22)
	(vi) Tax effect of losses of current year on which no deferred tax benefit is recognised	398.43	440.91
	(vii) Effect of tax paid on foreign source income which is exempt from tax in India u/s 10AA	(198.61)	(231.88)
	(viii) Effect of tax benefit on business combination under common control	(228.69)	–
	(ix) Tax effect on various other items	(282.68)	(173.56)
	<b>Total effect of tax adjustments [(i) to (ix)]</b>	(927.19)	(338.47)
(e)	<b>Tax expense recognised during the year</b> (e)=(c)+(d)	2148.55	2436.96
(f)	<b>Effective tax Rate</b> (f)=(e)/(a)	24.18%	30.39%

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance Sheet

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹ crore	Expiry year	₹ crore	Expiry year	₹ crore	Expiry year
Tax losses (revenue loss on which no tax asset is created)						
- Amount of losses having expiry	3235.46	AY 2017-38	2824.45	AY 2017-37	2122.59	AY 2017-36
- Amount of losses having no expiry	513.33	–	336.96	–	133.78	–
Tax losses (capital loss on which no tax asset is created)	2931.96	AY 2022-26	1411.15	AY 2020-25	249.46	AY 2020-24
Unused tax credits [Minimum Alternate Tax (MAT) credit not recognised]	145.40	AY 2029-33	150.62	AY 2024-27	51.26	AY 2024-26
<b>Total</b>	<b>6826.15</b>		<b>4723.18</b>		<b>2557.09</b>	

(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet

		₹ crore		
Sr. no.	Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
(a)	Deductible temporary differences towards provision for diminution in value of investments on which DTA not created	350.47	69.47	46.04
(b)	Temporary differences arising out of revaluation of tax base of assets (on account of indexation benefit)	2164.85	1920.13	1680.94
	<b>Total</b>	<b>2515.32</b>	<b>1989.60</b>	<b>1726.98</b>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [50] (contd.)

(d) (i) Major components of Deferred Tax Liabilities and Deferred Tax Assets:

₹ crore

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2016	Charge/ (credit) to Statement of Profit and Loss	Charge/ (credit) to Retained Earnings	MAT credit utilised	Effect due to acquisition/ disposal	Charge/(credit) to other comprehensive income	Exchange Difference	Deferred tax liabilities/ (assets) as at 31-3-2017
<b>Deferred tax liabilities:</b>								
- Difference between book and tax depreciation	1105.00	(315.85)	–	–	1.48	–	–	790.63
- Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Statement of Profit and Loss	116.03	36.05	–	–	0.01	–	–	152.09
- Gain on Derivative Transactions to be offered for tax purposes in the year of transfer/ settlement	6.17	4.78	–	–	–	34.41	–	45.36
- Other items giving rise to temporary differences	400.19	(134.96)	–	–	(0.01)	–	(1.10)	264.12
Deferred tax liabilities:	1627.39	(409.98)	–	–	1.48	34.41	(1.10)	1252.20
Offsetting of deferred tax liabilities with deferred tax(assets)	(991.91)							(641.25)
<b>Net Deferred tax liabilities</b>	<b>635.48</b>							<b>610.95</b>
<b>Deferred tax (assets):</b>								
- Provision for doubtful debts, advances and non-performing assets debited to Statement of Profit and Loss	(1037.33)	(537.95)	–	–	–	–	–	(1575.28)
- Unpaid statutory liabilities	(215.72)	(20.93)	–	–	0.01	–	–	(236.64)
- Unabsorbed depreciation	(412.78)	258.50	–	–	3.69	–	–	(150.59)
- Carried forward tax losses	(323.30)	199.64	–	–	–	–	–	(123.66)
- Utilised MAT credit	(382.57)	(300.01)	–	14.61	8.96	–	–	(659.01)
- Loss on derivative transactions to be claimed for tax purposes in the year of transfer/ settlement	(133.56)	(53.90)	–	–	–	207.86	–	20.40
- Difference between book and tax depreciation	(88.03)	55.88	–	–	–	–	–	(32.15)
- Other items giving rise to temporary differences	229.47	(19.01)	134.85	–	36.85	(1.20)	(1.43)	379.53
Deferred tax (assets):	(2363.82)	(417.78)	134.85	14.61	49.51	206.66	(1.43)	(2377.40)
Offsetting of deferred tax (assets) with deferred tax liabilities	991.91							641.25
<b>Net Deferred tax (assets)</b>	<b>(1371.91)</b>							<b>(1736.15)</b>
<b>Net deferred tax liability/(assets)</b>	<b>(736.43)</b>	<b>(827.76)</b>	<b>134.85</b>	<b>14.61</b>	<b>50.99</b>	<b>241.07</b>	<b>(2.53)</b>	<b>(1125.20)</b>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [50] (contd.)

(ii) Major components of Deferred Tax Liabilities and Deferred Tax Assets:

₹ crore							
Particulars	Deferred tax liabilities/(assets) as at 1-4-2015	Charge/(credit) to Statement of Profit and Loss	MAT credit utilised	Effect due to acquisition/disposal/Held for sale	Charge/(credit) to other comprehensive income	Exchange Difference	Deferred tax liabilities/(assets) as at 31-3-2016
<b>Deferred tax liabilities:</b>							
- Difference between book and tax depreciation	807.55	323.32	–	(25.87)	–	–	1105.00
- Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Statement of Profit and Loss	102.11	13.92	–	–	–	–	116.03
- Gain on Derivative Transactions to be offered for tax purposes in the year of transfer/settlement	23.50	(5.53)	–	–	(11.80)	–	6.17
- Other items giving rise to temporary differences	432.06	(41.52)	–	0.01	–	9.64	400.19
Deferred tax liabilities:	1365.22	290.19	–	(25.86)	(11.80)	9.64	1627.39
Offsetting of deferred tax liabilities with deferred tax(assets)	(705.73)						(991.91)
<b>Net Deferred tax liabilities</b>	659.49						635.48
<b>Deferred tax (assets):</b>							
- Provision for doubtful debts, advances and non-performing assets debited to Statement of Profit and Loss	(822.47)	(214.86)	–	–	–	–	(1037.33)
- Unpaid statutory liabilities	(190.24)	(25.48)	–	–	–	–	(215.72)
- Unabsorbed depreciation	(57.52)	(346.63)	–	(8.63)	–	–	(412.78)
- Carried forward tax losses	(401.36)	78.06	–	–	–	–	(323.30)
- Unutilised MAT credit	(201.23)	(184.97)	3.42	0.21	–	–	(382.57)
- Loss on derivative transactions to be claimed for tax purposes in the year of transfer/settlement	(173.08)	13.17	–	–	26.35	–	(133.56)
- Difference between book and tax depreciation	(85.28)	(13.12)	–	10.37	–	–	(88.03)
- Other items giving rise to temporary differences	215.55	22.91	–	1.54	0.91	(11.44)	229.47
Deferred tax (assets):	(1715.63)	(670.92)	3.42	3.49	27.26	(11.44)	(2363.82)
Offsetting of deferred tax (assets) with deferred tax liabilities	705.73						991.91
<b>Net Deferred tax (assets)</b>	(1009.90)						(1371.91)
<b>Net deferred tax liability/(assets)</b>	(350.41)	(380.73)	3.42	(22.37)	15.46	(1.80)	(736.43)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [51]

Disclosures pursuant to Indian Accounting Standard (Ind AS) 103 "Business Combinations":

- (a) On November 30, 2016, the Group acquired 100% stake in AugmentIQ Data Sciences Private Limited, a software development company in India.
- (b) Assets acquired and liabilities recognised on the date of acquisition:

	₹ crore	
<b>Non-Current Assets</b>		4.34
<b>Current Assets</b>		
Short term loans	1.02	
Trade receivables	2.48	3.50
<b>Current Liabilities</b>		
Trade Payables	(0.34)	
Other current liabilities	(2.29)	
Deferred tax liability on acquisition	(1.48)	(4.11)
<b>Net Assets</b>		3.73

- (c) Calculation of goodwill:

	₹ crore
Purchase consideration paid	7.07
Less: Fair value of net assets acquired	3.73
Goodwill	3.34
Goodwill (Group's share)	2.83

### NOTE [52]

Disclosures pursuant to Indian Accounting Standard (Ind AS) 105 "Non-current assets held for sale and discontinued operations":

- (a) The Group has following non-current assets/disposal group recognised as held for sale as at March 31, 2017:

Assets/Disposal Group	Reportable Segment
Port operation (Marine Infrastructure Developer Private Limited)	Developmental Projects
Ready Mix Concrete unit (Larsen & Toubro Readymix & Asphalt Concrete Industries LLC)	Infrastructure
Non-current assets at Talegaon (L&T Cutting Tools Limited)	Others
Non-current Assets (L&T Aviation Services Private Limited)	Others
Non-current Assets (L&T Financial Consultants Limited)	Financial Services

The Group has following non-current assets/disposal group recognised as held for sale as at March 31, 2016:

Assets/Disposal Group	Reportable Segment
Port operation (L&T Shipbuilding Limited)	Developmental Projects
Non-current assets at Talegaon (L&T Cutting Tools Limited)	Others
Land at Vizag (L&T Realty Limited)	Others

The Group has following non-current assets/disposal group recognised as held for sale as at April 1, 2015:

Assets/Disposal Group	Reportable Segment
Non-current assets at Talegaon (L&T Cutting Tools Limited)	Others
Foundry business (Casting manufacturing unit)	Others
Net assets at Chandigarh (CSJ Infrastructure Private Limited)	Others

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [52] (contd.)

- (b) The Group has identified the above as held for sale to optimise the capital allocation and focus on core business. The sale is envisaged through transfer of title deeds for identified assets held for sale and in case of disposal group, through business transfer agreement/divestment of stake in the subsidiary company. The proposed sale are expected to be completed within 1 year from the respective reporting dates.
- (c) The details of assets/ disposal group classified as held for sale and liabilities associated thereto are as under:

Particulars	₹ crore		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
<b>Group(s) of assets classified as held for sale</b>			
Property, plant and equipment	1589.23	1573.97	448.65
Capital work-in-progress	–	–	309.17
Investment property	–	–	688.70
Other intangible assets	1.35	2.11	0.22
Tax assets (net)	–	–	25.26
Inventories	2.29	1.32	117.51
Trade receivable	12.85	2.06	44.23
Cash and cash equivalents	0.74	–	21.43
Other assets	42.91	–	16.18
<b>Total</b>	<b>1649.37</b>	<b>1579.46</b>	<b>1671.35</b>
<b>Liabilities associated with group(s) of assets classified as held for sale</b>			
Borrowings	21.00	–	1002.14
Trade payables	19.87	–	34.33
Provisions	4.32	1.03	0.46
Tax liabilities (Net)	0.33	–	1.11
Other liabilities	1450.08	12.85	85.77
<b>Total</b>	<b>1495.60</b>	<b>13.88</b>	<b>1123.81</b>

### NOTE [53]

Disclosures pursuant to Indian Accounting Standard (Ind AS) 37 "Provisions, Contingent Liabilities and Contingent Assets":

- (a) Movement in provisions:

Sr. No.	Particulars	Class of provisions						Total
		Product warranties	Expected tax liability in respect of indirect taxes	Litigation related obligations	Contractual rectification cost-construction contracts	Provision towards constructive obligation	Others**	
1	Balance as at 1-4-2016	38.61	156.60	8.69	160.84	507.76	41.92	914.42
2	Additional provision during the year	19.05	59.30	–	272.72	255.47*	30.83	637.37
3	Provision used/reversed during the year #	(12.44)	(6.04)	–	(114.15)	–	(10.50)	(143.13)
4	Translation adjustments	(0.10)	–	–	0.01	–	–	(0.09)
5	Additional provision for unwinding of interest and change in discount rate	0.45	–	0.45	0.01	–	–	0.91
6	Balance as at 31-3-2017 (1+2+3+4+5)	45.57	209.86	9.14	319.43	763.23	62.25	1409.48

# includes provision used during the year ₹ 8.67 crore

\* includes ₹ 55.32 crore on account of non-controlling interest and ₹ 200.15 crore on account of share in loss of joint ventures

\*\* includes liquidated damages/backwork charges adjusted against revenue/manufacturing, construction and operating expenses during the year.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [53] (contd.)

(b) Nature of provisions:

- (i) Product warranties: The Group gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2017 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of five years from the date of Balance Sheet.
- (ii) Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to five years.
- (iii) Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.
- (iv) Contractual rectification cost represents the estimated cost the Group is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Indian Accounting Standard (Ind AS) 11 "Construction Contracts".
- (v) Constructive obligation represents losses absorbed by the group for share of joint venturer/ non-controlling interests in joint ventures/ subsidiaries and own share of losses over and above the investments.
- (vi) Liquidated damages represent the estimated cost the Group is likely to incur due to delay in delivery of products as per its contract obligations and accrued on the basis of advice from distributors/customers.

(c) Disclosure in respect of contingent liabilities is given in Note 32.

### NOTE [54]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 112 "Disclosure of Interest in other entities"

- (a) The Group, based on shareholders' agreements and other relevant documents, has assessed that though the Group has voting power in excess of 50% in the companies listed below, it does not have unilateral control over their relevant activities (e.g. operating and financial decision making). Accordingly, these companies have been classified as joint ventures.

1	L&T Special Steels & Heavy Forgings Private Limited	2	L&T-Gulf Private Limited
3	L&T Sapura Shipping Private Limited	4	L&T Sapura Offshore Private Limited
5	Larsen & Toubro Electromech LLC	6	L&T-Sargent & Lundy Limited
7	L&T Howden Private Limited	8	L&T-MHPS Boilers Private Limited
9	L&T-MHPS Turbine Generators Private Limited	10	L&T Kobelco Machinery Private Limited
11	L&T Infrastructure Development Projects Limited	12	Ahmedabad-Maliya Tollway Limited
13	L&T Halol-Shamlaji Tollway Limited*	14	L&T Rajkot-Vadinar Tollway Limited
15	PNG Tollway Limited	16	L&T Chennai-Tada Tollway Limited
17	L&T Port Kachchigarh Limited	18	L&T Samakhiali Gandhidham Tollway Limited
19	Panipat Elevated Corridor Limited	20	Krishnagiri Thopur Toll Road Limited
21	Vadodara Bharuch Tollway Limited	22	L&T Transportation Infrastructure Limited
23	L&T Western India Tollbridge Limited	24	L&T Interstate Road Corridor Limited
25	L&T Krishnagiri Walajahpet Tollway Limited	26	Devihalli Hassan Tollway Limited
27	L&T BPP Tollway Limited	28	Western Andhra Tollways Limited
29	L&T Deccan Tollways Limited	30	Kudgi Transmission Limited
31	L&T Sambhalpur-Rourkela Tollway limited	32	L&T IDPL Trustee Manager Pte. Ltd.
33	L&T Infrastructure Development Projects Lanka (Private) Limited	34	Raykal Aluminium Company Private Limited

\* Effective holding 47.75% (31-3-2016: 97.45%, 1-4-2015: 97.45%)



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [54] (contd.)

(b) Change in the Group's ownership interest in a subsidiary (without ceding control)

(i) On account of divestment of part stake

During the year 2016-17, the Group has sold 10.30% stake in Larsen & Toubro Infotech Limited and 10.23% stake in L&T Technology Services Limited. The proceeds on disposal of ₹ 2069.84 crore were received as sale consideration. An amount of ₹ 360.50 crore (being the proportionate share of the carrying amount of the net assets of Larsen & Toubro Infotech Limited and L&T Technology Services Limited) has been transferred to non-controlling interest. Further, ₹ 1709.34 crore being difference between the consideration received and the increase in the non-controlling interest has been credited to other equity.

During the year 2015-16, the Group has sold 4.97% stake in L&T Finance Holdings Limited. The proceeds on disposal of ₹ 595.37 crore were received as sale consideration. An amount of ₹ 331.49 crore (being the proportionate share of the carrying amount of the net assets of L&T Finance Holdings Limited) has been transferred to non-controlling interest. Further, ₹ 263.88 crore being the difference between the consideration received and the increase in the non-controlling interest has been credited to other equity.

(ii) On account of dilution

During the year 2016-17, the Group's continuing interest has been reduced on account of dilution due to exercise of ESOP by 0.09% and 0.38% in L&T Finance Holdings Limited and in Larsen & Toubro Infotech Limited respectively. The proceeds on dilution of ₹ 11.93 crore were received as share issue consideration. An amount of ₹ 21.77 crore (being the proportionate share of the carrying amount of the net assets of L&T Finance Holdings Limited and in Larsen & Toubro Infotech Limited) has been transferred to non-controlling interest. Further, ₹ 9.84 crore being the difference between the increase in the non-controlling interest and the consideration received has been debited to other equity.

During the year 2015-16, the Group's continuing interest has been reduced on account of dilution due to exercise of ESOP by 5.04% in Larsen & Toubro Infotech Limited and by 1.27% in L&T Finance Holdings Limited due to exercise of ESOP and preferential allotment of equity shares. The proceeds on dilution of ₹ 248.16 crore were received. An amount of ₹ 274.09 crore (being the proportionate share of the carrying amount of the net assets of Larsen & Toubro Infotech Limited and L&T Finance Holdings Limited) has been transferred to non-controlling interests. Further, ₹ 25.93 crore being the difference between the increase in the non-controlling interest and the consideration received has been debited to other equity.

(iii) The effect of divestment with ceding of control in subsidiaries during the period is as under:

₹ crore

Sr. no.	Name of company	Effect on consolidated profit/(loss) after non-controlling interest		Line item in Statement of Profit and Loss in which the gain/(loss) is recognised
		2016-17	2015-16	
1	L&T General Insurance Company Limited	402.43	–	Exceptional Items
2	L&T South City Projects Limited	95.81	–	Revenue from operations
3	CSJ Infrastructure Private Limited	–	133.43	Revenue from operations
4	L&T Infocity Limited	–	78.45	Revenue from operations
5	L&T Hitech City Limited	–	22.97	Revenue from operations
6	Hyderabad International Trade Expositions Limited	–	0.86	Revenue from operations
	Total	498.24	235.71	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [54] (contd.)

(c) Disclosure of subsidiaries having material non-controlling interest:

(i) Summarised Statement of Profit and Loss

₹ crore

Particulars	L&T Finance Limited (formerly known as Family Credit Limited)		L&T Finance Limited*	
	2016-17	2015-16	2016-17	2015-16
Revenue	4042.46	773.35	–	2394.10
Profit/(loss) for the year	(37.13)	91.08	–	239.84
Other comprehensive income	4.50	(0.07)	–	(0.65)
Total comprehensive income	(32.63)	91.01	–	239.19
Profit/(loss) allocated to non-controlling interest	196.60	28.58	–	79.37
Dividend to non-controlling interest	–	–	–	–

\* The Company is merged with Family Credit Limited (subsequently renamed as L&T Finance Limited)

₹ crore

Particulars	L&T Infrastructure Finance Company Limited		L&T Finance Holdings Limited		Larsen and Toubro Infotech Limited	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue	2695.39	2461.36	60.82	47.25	6329.75	5699.70
Profit/(loss) for the year	53.64	428.47	120.37	213.33	937.56	856.17
Other comprehensive income	(1.17)	0.03	(0.14)	(4.88)	215.95	(46.03)
Total comprehensive income	52.47	428.50	120.23	208.45	1153.51	810.14
Profit/(loss) allocated to non-controlling interest	12.10	137.30	(13.94)	(21.51)	119.71	11.09
Dividend to non-controlling interest	–	–	46.75	37.26	20.57	20.25

(ii) Summarised Balance Sheet

₹ crore

Particulars	L&T Finance Limited (formerly known as Family Credit Limited)			L&T Finance Limited*		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Current assets (a)	16255.81	2503.86	1859.57	–	6721.62	7035.84
Current liabilities (b)	13500.70	1858.40	1719.85	–	6610.94	6000.21
Net current assets (c)=(a) - (b)	2755.11	645.46	139.72	–	110.68	1035.63
Non-current assets (d)	19567.33	2830.63	1872.16	–	8456.81	8900.32
Non-current liabilities (e)	15535.18	2865.67	1492.76	–	6409.66	7662.07
Net non-current assets (f)=(d) - (e)	4032.15	(35.04)	379.40	–	2047.15	1238.25
Net assets (g)=(c) + (f)	6787.26	610.42	519.12	–	2157.83	2273.88
Accumulated non-controlling interest	687.71	119.22	72.20	–	329.63	249.13

\* The Company is merged with Family Credit Limited (subsequently renamed as L&T Finance Limited)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [54] (contd.)

₹ crore

Particulars	L&T Infrastructure Finance Company Limited			L&T Finance Holdings Limited		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Current assets (a)	9862.51	7186.43	4204.18	945.90	750.25	763.46
Current liabilities (b)	3640.53	4924.46	3824.72	1230.79	626.13	565.35
Net current assets (c)=(a) - (b)	6221.98	2261.97	379.46	(284.89)	124.12	198.11
Non-current assets (d)	15151.81	17252.66	16662.92	5469.31	5235.60	4863.64
Non-current liabilities (e)	18199.52	16508.97	14547.54	1028.15	1204.01	1352.16
Net non-current assets (f)=(d) - (e)	(3047.71)	743.69	2115.38	4441.16	4031.59	3511.48
Net assets (g)=(c) + (f)	3174.27	3005.66	2494.84	4156.27	4155.71	3709.59
Accumulated non-controlling interest	470.24	514.88	296.49	1453.64	1430.90	999.34

₹ crore

Particulars	Larsen and Toubro Infotech Limited		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Current assets (a)	3073.18	1814.45	1702.53
Current liabilities (b)	1206.89	960.59	901.97
Net current assets (c)=(a) - (b)	1866.29	853.86	800.56
Non-current assets (d)	1128.04	1122.70	1095.28
Non-current liabilities (e)	17.44	12.43	24.26
Net non-current assets (f)=(d) - (e)	1110.60	1110.27	1071.02
Net assets (g)=(c) + (f)	2976.89	1964.13	1871.58
Accumulated non-controlling interest	467.97	99.87	-

(iii) Summarised cash flows

₹ crore

Particulars	L&T Finance Limited (formerly known as Family Credit Limited)		L&T Finance Limited*	
	2016-17	2015-16	2016-17	2015-16
Cash flows from operating activities	(2479.31)	(1520.67)	-	1275.59
Cash flows from investing activities	(2508.89)	128.88	-	(47.32)
Cash flows from financing activities	5085.55	1411.41	-	(1204.17)
Net increase/(decrease) in cash and cash equivalents	97.35	19.62	-	24.10

\* The Company is merged with Family Credit Limited (subsequently renamed as L&T Finance Limited)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [54] (contd.)

₹ crore

Particulars	L&T Infrastructure Finance Company Limited		L&T Finance Holdings Limited		Larsen and Toubro Infotech Limited	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Cash flows from operating activities	(315.99)	(2434.40)	(126.13)	456.28	1249.72	765.24
Cash flows from investing activities	(209.83)	(375.11)	(56.02)	(400.16)	(927.63)	34.24
Cash flows from financing activities	587.03	2605.91	144.09	(46.96)	(246.16)	(816.86)
Net increase/(decrease) in cash and cash equivalents	61.21	(203.60)	(38.06)	9.16	75.93	(17.38)

### NOTE [55]

Disclosures pursuant to Indian Accounting Standard (Ind AS) 112 "Disclosure of Interest in other entities" :- Joint Ventures and Associates

(a) Summarised Balance Sheet for material joint ventures:

₹ crore

Particulars	L&T-MHPS Boilers Private Limited			Larsen and Toubro Electromech LLC			L&T Special Steels and Heavy Forgings Private Limited			L&T Infrastructure Development Projects Limited (consolidated)		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
<b>Current assets</b>												
Cash and cash equivalents	296.56	371.81	431.93	23.09	6.90	31.71	0.52	0.68	1.12	2931.86	137.29	179.62
Other assets	2991.04	2552.08	2098.72	147.16	137.29	180.39	166.53	162.94	175.92	2860.97	625.54	770.21
<b>Total current assets</b>	<b>3287.60</b>	<b>2923.89</b>	<b>2530.65</b>	<b>170.25</b>	<b>144.19</b>	<b>212.10</b>	<b>167.05</b>	<b>163.62</b>	<b>177.04</b>	<b>5792.83</b>	<b>762.83</b>	<b>949.83</b>
<b>Total non-current assets</b>	<b>535.02</b>	<b>473.04</b>	<b>460.69</b>	<b>30.48</b>	<b>40.50</b>	<b>72.27</b>	<b>1384.95</b>	<b>1441.82</b>	<b>1493.38</b>	<b>17343.46</b>	<b>20553.94</b>	<b>17244.52</b>
<b>Current liabilities</b>												
Financial liabilities (excluding trade payables)	420.41	419.88	250.79	135.02	119.06	116.25	1414.31	1090.96	754.40	3090.61	713.77	966.72
Other liabilities (including trade payables)	2351.47	1969.79	1732.75	203.96	192.00	229.08	57.34	37.97	55.41	1206.16	951.31	1123.00
<b>Total current liabilities</b>	<b>2771.88</b>	<b>2389.67</b>	<b>1983.54</b>	<b>338.98</b>	<b>311.06</b>	<b>345.33</b>	<b>1471.65</b>	<b>1128.93</b>	<b>809.81</b>	<b>4296.77</b>	<b>1665.08</b>	<b>2089.72</b>
<b>Non-current liabilities</b>												
Financial liabilities (excluding trade payables)	120.86	258.85	429.55	-	-	-	703.80	843.02	941.16	16897.96	17552.15	13222.47
Other liabilities (including trade payables)	-	17.26	47.03	-	-	-	17.64	18.18	18.75	433.72	484.64	369.92
<b>Total non-current liabilities</b>	<b>120.86</b>	<b>276.11</b>	<b>476.58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>721.44</b>	<b>861.20</b>	<b>959.91</b>	<b>17331.68</b>	<b>18036.79</b>	<b>13592.39</b>
Non-controlling interest	-	-	-	-	-	-	-	-	-	151.94	(11.56)	15.00
<b>Net assets</b>	<b>929.88</b>	<b>731.16</b>	<b>531.22</b>	<b>(138.25)</b>	<b>(126.37)</b>	<b>(60.96)</b>	<b>(641.09)</b>	<b>(384.69)</b>	<b>(99.30)</b>	<b>1355.90</b>	<b>1626.46</b>	<b>2497.24</b>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [55] (contd.)

(b) Reconciliation of carrying amounts of material joint ventures:

₹ crore

Particulars	L&T-MHPS Boilers Private Limited			Larsen and Toubro Electromech LLC			L&T Special Steels and Heavy Forgings Private Limited			L&T Infrastructure Development Projects Limited (consolidated)		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Opening net assets	731.16	531.22	*	(126.37)	(60.96)	*	(384.69)	(99.30)	*	1626.46	2497.24	*
Profit for the year	221.28	199.01	*	(15.02)	(61.01)	*	(254.65)	(284.91)	*	(506.38)	(867.23)	*
Adjustment in opening retained earnings due to stake dilution	-	-	*	-	-	*	-	-	*	223.03	-	*
Other comprehensive income	(22.51)	0.93	*	3.14	(4.40)	*	(1.75)	(0.48)	*	(0.10)	(1.06)	*
Dividends paid	-	-	*	-	-	*	-	-	*	-	-	*
Equity component of other financial instruments	(0.05)	-	*	-	-	*	-	-	*	-	-	*
Other Adjustments	-	-	*	-	-	*	-	-	*	12.89	(2.49)	*
Closing net assets	929.88	731.16	531.22	(138.25)	(126.37)	(60.96)	(641.09)	(384.69)	(99.30)	1355.90	1626.46	2497.24
Group's share in %	51.00%	51.00%	51.00%	65.00%	65.00%	65.00%	74.00%	74.00%	74.00%	97.45%	97.45%	97.45%
Group's share	474.24	372.89	270.92	(89.86)	(82.14)	(39.63)	(474.41)	(284.67)	(73.48)	1321.32	1584.99	2433.56
Investment in subsidiary out of above	-	-	-	-	-	-	-	-	-	-	(2010.36)	(1961.58)
Goodwill	-	-	-	-	-	-	-	-	-	393.87	600.41	600.41
Parent investment in Group	-	-	-	-	-	-	-	-	-	33.30	33.30	54.85
Other adjustments	-	-	(0.27)	89.86	82.14	39.63	474.41	284.67	73.48	16.24	170.24	141.81
Carrying amount	474.24	372.89	270.65	-	-	-	-	-	-	1764.73	378.58	1269.05

\* indicates disclosures not applicable.

(c) Summarised Statement of Profit and Loss of material Joint Ventures:

₹ crore

Particulars	L&T-MHPS Boilers Private Limited		Larsen and Toubro Electromech LLC		L&T Special Steels and Heavy Forgings Private Limited		L&T Infrastructure Development Projects Limited (consolidated)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue	2490.66	1721.39	221.61	353.39	129.96	102.43	2687.03	3244.48
Interest Income	27.57	41.42	-	-	0.12	0.12	0.55	5.62
Depreciation and amortisation	(55.82)	(53.22)	(14.62)	(23.28)	(51.10)	(51.39)	(356.59)	(478.43)
Interest expense	(28.71)	(46.24)	(3.28)	(3.70)	(171.58)	(153.28)	(1389.94)	(1527.59)
Income tax	(110.85)	(74.62)	(1.76)	0.85	-	-	55.44	(5.30)
Profit from continuing operations	221.28	199.01	(15.02)	(61.01)	(254.65)	(284.91)	(506.38)	(867.23)
Profit for the year	221.28	199.01	(15.02)	(61.01)	(254.65)	(284.91)	(506.38)	(867.23)
Other comprehensive income	(22.51)	0.93	3.14	(4.40)	(1.75)	(0.48)	(0.10)	(1.06)
Total comprehensive income	198.77	199.94	(11.88)	(65.41)	(256.40)	(285.39)	(506.48)	(868.29)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [55] (contd.)

(d) Financial Information in respect of individually immaterial joint ventures/associates:

Particulars	₹ crore		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Aggregate carrying amount of investments in individually immaterial joint venture/ associates	533.93	506.41	526.95
Aggregate amounts of the Group's share of:			
Profit/(loss) for the year	35.58	(22.52)	*
Other comprehensive income for the year	1.74	21.11	*
Total comprehensive income for the year	37.32	(1.41)	*

\* indicates disclosures not applicable.

(e) Carrying amount of investments in joint ventures/associates:

Particulars	₹ crore		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Non-material associates	104.00	93.81	128.95
Non-material joint ventures	429.93	412.60	398.00
Sub-total	533.93	506.41	526.95
Material joint ventures	2238.97	751.47	1539.70
Total	2772.90	1257.88	2066.65

(f) Share in profits/(loss) of joint ventures/associates (net):

Particulars	₹ crore	
	2016-17	2015-16
Non-material associates	11.34	(2.28)
Non-material joint ventures	25.98	0.87
Sub-total	37.32	(1.41)
Material joint ventures	(432.59)	(988.75)
Total	(395.27)	(990.16)

(g) Commitments and contingent liabilities in respect of joint ventures/associates:

Particulars	₹ crore		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Commitments-joint ventures:			
Commitments to provide funding for joint venture's capital commitments, if called	3472.09	4040.73	13121.59
Contingent liabilities-associates:			
Share of contingent liabilities incurred jointly with other investors of the associates	0.07	0.02	-
Contingent liabilities-joint ventures:			
Share of joint ventures' contingent liabilities in respect of a legal claim lodged against the entity	169.57	162.39	44.68

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [56]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 107 "Financial Instruments: Disclosures": Market risk management

(a) Foreign exchange rate and interest rate risk:

The Group regularly reviews its foreign exchange forward and option positions and interest rate swaps, both on a standalone basis and in conjunction with its underlying foreign currency and interest rate related exposures. The Group follows cash flow hedge accounting for Highly Probable Forecasted Exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time the HPFE becomes an on-Balance Sheet exposure, the changes in MTM of the hedge contracts will impact the Balance Sheet of the Group. Further, given the effective horizons of the Group's risk management activities which coincide with the durations of the projects under execution and could extend across 3-4 years and the business uncertainties associated with the timing and estimation of the project exposures, the recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may affect the Group's financial condition and operating results. Hence, the Group monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on-Balance Sheet exposures, the Group monitors the risks on net unhedged exposures.

(i) Foreign exchange rate risk:

In general, the Group is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Group's net sales and gross margins as expressed in Indian Rupee. There is a risk that the Group may have to adjust local currency product pricing due to competitive pressures when there have been significant volatility in foreign currency exchange rates.

The Group may enter into foreign currency forward and option contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. In addition, the Group has entered, and may enter in the future, into non-designated foreign currency contracts to partially offset the foreign currency exchange gains and losses on its foreign denominated debt issuances. The Group's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the project/business life cycle. However, the Group may choose not to hedge certain foreign exchange exposures for a variety of reasons.

The net exposure to foreign currency risk (based on notional amount) in respect of recognised financial assets and recognised financial liabilities and derivatives is as follows:

Particulars	As at 31-3-2017					
	US Dollar including pegged currencies	EURO	Malaysian Ringgit	Canadian Dollar	Japanese Yen	Kuwaiti Dinar
Net exposure to foreign currency risk in respect of recognised financial assets/(recognised financial liabilities)	(6316.07)	(611.03)	244.90	229.37	367.10	403.57
Derivatives including embedded derivatives for hedging receivable/(payable) exposure with respect to firm commitments and forecast transactions	8314.22	(2746.99)	262.73	9.09	592.60	583.17
Receivable/(payable) exposure with respect to forward contract and embedded derivative not designated as cash flow hedge	98.55	(255.27)	–	–	–	–

₹ crore

Particulars	As at 31-3-2016					
	US Dollar including pegged currencies	EURO	Malaysian Ringgit	Canadian Dollar	Japanese Yen	Kuwaiti Dinar
Net exposure to foreign currency risk in respect of recognised financial assets/(recognised financial liabilities)	(4937.52)	(45.39)	148.63	90.87	425.05	(256.55)
Derivatives including embedded derivatives for hedging receivable/(payable) exposure with respect to firm commitments and forecast transactions	5844.91	(1385.86)	226.61	–	(34.61)	1932.29

₹ crore

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [56] (contd.)

Particulars	As at 31-3-2016					
	US Dollar including pegged currencies	EURO	Malaysian Ringgit	Canadian Dollar	Japanese Yen	Kuwaiti Dinar
Receivable/(payable) exposure with respect to forward contract and embedded derivative not designated as cash flow hedge	(87.60)	(145.92)	–	–	–	–

Particulars	As at 1-4-2015					
	US Dollar including pegged currencies	EURO	Malaysian Ringgit	Canadian Dollar	Japanese Yen	Kuwaiti Dinar
Net exposure to foreign currency risk in respect of recognised financial assets/(recognised financial liabilities)	(2030.94)	(46.19)	(81.87)	83.24	533.08	(1.64)
Derivatives including embedded derivatives for hedging receivable/(payable) exposure with respect to firm commitments and forecast transactions	5208.01	(1498.86)	–	–	93.91	1111.30
Receivable/(payable) exposure with respect to forward contract and embedded derivative not designated as cash flow hedge	73.13	(368.96)	–	–	–	–

To provide a meaningful assessment of the foreign currency risk associated with the Group's foreign currency derivative positions against off-balance sheet exposures and unhedged portion of on-Balance Sheet financial assets and liabilities, the Group uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian Rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. Because the Group uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increase in the fair value of the underlying exposures for on-Balance Sheet exposures. The overnight VAR for the Group at 95% confidence level is ₹ 122.21 crore as at March 31, 2017 and ₹ 74.33 crore as at March 31, 2016.

Actual future gains and losses associated with the Group's investment portfolio and derivative positions may differ materially from the sensitivity analysis performed as at March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange rates and the Group's actual exposures and position.

(ii) Interest rate risk:

The Group's exposure to changes in interest rates relates primarily to the Group's outstanding floating rate debt and lending. The Group's outstanding debt in local currency is a combination of fixed rate and floating rate. For the portion of local currency debt on fixed rate basis, there is no interest rate risk. For the portion of local currency debt on floating rate basis, there is a natural hedge with receivables in respect of financial services business. There is a portion of debt that is linked to international interest rate benchmarks like LIBOR. The Group also hedges a portion of these risks by way of derivatives instruments like interest rate swaps and currency swaps.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	₹ crore		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Floating rate borrowings	37911.59	39177.71	31391.95



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [56] (contd.)

A hypothetical 25 basis point shift in respective currency LIBOR on the unhedged loans would result in a corresponding increase/decrease in interest cost for the Group on a yearly basis.

Particulars	Impact on profit and loss after tax		Impact on equity	
	2016-17	2015-16	At at 31-3-2017	At at 31-3-2016
Indian Rupee				
Interest rates -increase by 0.25% in INR interest rate*	51.57	43.52	51.57	43.52
Interest rates -decrease by 0.25% in INR interest rate*	(51.57)	(43.52)	(51.57)	(43.52)
US Dollar				
Interest rates -increase by 0.25% in USD interest rate*	(12.47)	(15.42)	(12.47)	(15.42)
Interest rates -decrease by 0.25% in USD interest rate*	12.47	15.42	12.47	15.42

₹ crore

\* Holding all other variables constant

#### (b) Liquidity risk management:

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

The Group's investment policy and strategy are focused on preservation of capital and supporting the Group's liquidity requirements. The Group uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Group typically invests in money market funds, large debt funds, Government of India securities, equity and equity marketable securities and other highly rated securities under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. The policy requires investments generally to be investment grade, with the primary objective of minimising the potential risk of principal loss. To provide a meaningful assessment of the price risk associated with the Group's investment portfolio, the Group performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% movement in debt funds and debt securities and a 5% movement in the NAV of the equity and equity marketable securities. Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- ₹ 7.33 crore as at March 31, 2017 and +/- ₹ 15.52 crore as at March 31, 2016. A 5% change in the equity funds NAV would result in a value change of +/- ₹ 18.71 crore as at March 31, 2017 and +/- ₹ 5.48 crore as at March 31, 2016 respectively. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

#### (c) Credit risk management:

##### (i) Financial services business

Financial services business has a risk management framework that monitors and ensures that the business lines operate within the defined risk appetite and risk tolerance levels as defined by the senior management. Risk Management function is closely involved in management and control of credit risk, portfolio monitoring, market risks including liquidity risk and operational risks. The credit risk function independently evaluates proposals based on well-established sector specific internal frameworks, in order to identify, mitigate and allocate risks as well as to enable risk-based pricing of assets. Regulatory and process risks are identified, mitigated and managed by a separate group. Risk management policies are made under the guidance of Risk Management Committee and are approved by Board of Directors.

##### (ii) Other than financial services business

The Group's customer profile include public sector enterprises, state owned companies and large private corporates. Accordingly, the Group's customer credit risk is low. The Group's average project execution cycle is around 24 to 36 months. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project. In some cases retentions are substituted with bank/corporate guarantees. The Group has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [56] (contd.)

(iii) Reconciliation of loss allowance provision for financial services business - Loans:

₹ crore

Particulars	Loss allowance measured at 12-month ECL	Loss allowance measured at lifetime ECL	
		Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired
Loss allowance as on 1-4-2015	259.40	450.58	472.19
Provision on new financial assets	176.20	24.56	12.67
Transferred to and from 12-month ECL to lifetime ECL	37.00	(55.94)	18.94
Higher/(lower) provision on existing financial assets	(212.60)	37.18	147.38
Loss allowance as on 31-3-2016	260.00	456.38	651.18
Provision on new financial assets	151.89	5.14	27.08
Transferred to and from 12-month ECL to lifetime ECL	76.18	(112.09)	35.91
Higher/(lower) provision on existing financial assets	(145.03)	161.78	920.45
Loss allowance as on 31-3-2017	343.04	511.21	1634.62

(iv) Amounts written off:

₹ crore

Particulars	2016-17	2015-16
Amount of financial assets written off during the period but still enforceable	44.50	104.33

(v) Reconciliation of allowance for doubtful debts on trade receivables (other than financial services business):

₹ crore

Particulars	2016-17	2015-16
Opening balance	1961.09	1311.52
Changes in loss allowance (Provision for doubtful debts):		
Loss allowance based on ECL	335.38	353.25
Additional provision	306.43	327.38
Write off as bad debts	(137.61)	(31.06)
Closing balance [reported under Note 13]	2465.29	1961.09

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57]

Other disclosure pursuant to Indian Accounting Standard (Ind AS) 107 "Financial Instruments: Disclosures":

(a) Category-wise classification for applicable financial assets:

				₹ crore		
Sr. no.	Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015		
I.	Measured at fair value through Profit or Loss (FVTPL):					
	(i) Investment in equity instruments	799.20	525.83	399.94		
	(ii) Investment in preference shares	70.88	157.62	222.72		
	(iii) Investment in mutual funds and units of fund	10356.77	4894.42	4374.75		
	(iv) Investment in debentures and bonds	1133.34	1098.62	759.81		
	(v) Derivative instruments not designated as cash flow hedges	62.33	43.02	44.88		
	(vi) Embedded derivatives not designated as cash flow hedges	204.76	140.71	63.56		
	(vii) Investment in security receipts	505.27	196.37	218.15		
	(viii) Others	–	18.49	23.19		
	Sub-total (I)	13132.55	7075.08	6107.00		
II.	Measured at amortised cost:					
	(i) Loans	53304.05	53075.39	45282.61		
	(ii) Investment in debentures and bonds	431.14	466.25	426.43		
	(iii) Trade receivables	27969.60	26024.98	22254.43		
	(iv) Advances recoverable in cash	643.09	740.40	833.08		
	(v) Cash and bank balances	5797.73	5493.42	5187.89		
	(vi) Other receivables	967.78	1029.53	682.13		
	Sub-total (II)	89113.39	86829.97	74666.57		
III.	Measured at fair value through Other Comprehensive Income (FVTOCI):					
	(i) Investment in government securities, debentures and bonds	3683.53	2463.60	2817.21		
	(ii) Loans	11203.09	5372.28	2155.17		
	(iii) Derivative instruments designated as cash flow hedges	1283.09	737.20	874.96		
	(iv) Embedded Derivative instruments designated as cash flow hedges	3.21	8.51	4.27		
	Sub-total (III)	16172.92	8581.59	5851.61		
	Total (I+II+III)	118418.86	102486.64	86625.18		

(b) Category-wise classification for applicable financial liabilities:

				₹ crore		
Sr. no.	Particulars	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015		
I.	Measured at fair value through Profit or Loss (FVTPL):					
	(i) Derivative instruments not designated as cash flow hedges	22.73	27.00	48.47		
	(ii) Embedded derivatives not designated as cash flow hedges	133.20	150.01	44.19		
	Sub-total (I)	155.93	177.01	92.66		
II.	Measured at amortised cost:					
	(i) Borrowings	93975.42	88135.15	76690.01		
	(ii) Trade payables	29774.25	27003.56	22056.89		
	(iii) Others	4655.79	4000.87	3252.29		
	Sub-total (II)	128405.46	119139.58	101999.19		
III.	Derivative instruments (including embedded derivatives) through Other Comprehensive Income:					
	(i) Derivative instruments designated as cash flow hedges	479.71	245.98	566.39		
	(ii) Embedded derivatives designated as cash flow hedges	83.98	35.90	78.64		
	Sub-total (III)	563.69	281.88	645.03		
IV.	Financial guarantee contracts	2.20	2.50	2.29		
	Total (I+II+III+IV)	129127.28	119600.97	102739.17		

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(c) Items of income, expenses, gains or losses related to financial instruments:

₹ crore

Sr. No.	Particulars	2016-17	2015-16
I.	Net gains/(losses) on financial assets and financial liabilities measured at fair value through Profit or Loss and amortised cost:		
A.	Mandatorily measured at fair value through Profit or Loss:		
	(i) Gains/(losses) on fair valuation or sale of investment	(81.96)	(71.83)
	(ii) Gains/(losses) on fair valuation or settlement of forward contracts not designated as cash flow hedges	77.33	(1.78)
	(iii) Gains/(losses) on fair valuation or settlement of embedded derivative contracts not designated as cash flow hedges	(36.27)	(3.20)
	Sub-total (A)	(40.90)	(76.81)
B.	Financial assets measured at amortised cost:		
	(i) Exchange difference gains/(losses) on revaluation or settlement of items denominated in foreign currency (trade receivables, loans given etc.)	(291.96)	336.66
	(ii) (Allowance)/reversal for ECL during the year	(1509.17)	(472.97)
	(iii) Provision for doubtful debts (other than ECL)[net]	(287.61)	(320.89)
	(iv) Bad debts written off [net]	(376.31)	(259.01)
	Sub-total (B)	(2465.05)	(716.21)
C.	Financial liabilities measured at amortised cost:		
	(i) Exchange difference gains/(losses) on revaluation or settlement of items denominated in foreign currency (trade payables, borrowing availed etc.)	276.69	(906.59)
	(ii) Unclaimed credit balances written back	132.89	60.67
	Sub-total (C)	409.58	(845.92)
	Total [I] = (A+B+C)	(2096.37)	(1638.94)
II.	Net gains/(losses) on financial assets and financial liabilities measured at fair value through Other Comprehensive Income:		
A.	Financial assets measured at fair value through Other Comprehensive Income:		
	(i) Gains recognised in Other Comprehensive Income:		
	1. Gains/(losses) on fair valuation or sale of government securities, bonds, debentures etc.	107.67	(29.81)
	2. Gains/(losses) on fair valuation or settlement of forward contracts designated as cash flow hedges	348.54	94.54
	3. Gains/(losses) on fair valuation or settlement of embedded derivative contracts designated as cash flow hedges	(90.05)	14.40
	Sub-total (i)	366.16	79.13
	Less:		
	(ii) Gains reclassified to Profit or Loss from Other Comprehensive Income:		
	1. On government securities, bonds, debentures etc. upon sale	112.99	(27.28)
	2. On forward contracts upon hedged future cash flows affecting the Profit or Loss or related assets or liabilities	(39.86)	554.54
	3. On embedded derivative contracts upon hedged future cash flows affecting the Profit or Loss or related assets or liabilities	(37.64)	(38.88)
	Sub-total (ii)	35.49	488.73
	Net gains recognised in Other Comprehensive Income [II]=[i)-(ii)]	330.67	(409.60)
B.	Allowance/(reversal) for ECL recognised during the year in the Statement of Profit and Loss	(50.45)	(18.04)
	Total [II] = (A+B)	280.22	(427.64)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

		₹ crore	
Sr. No.	Particulars	2016-17	2015-16
III.	Interest and Other income/expense:		
A.	Dividend Income:		
	(i) Dividend income from investments measured at FVTPL	748.63	196.12
B.	Interest Income:		
	(i) Financial assets measured at amortised cost	7126.62	6908.92
	(ii) Financial assets measured at fair value through Other Comprehensive Income	834.75	403.04
	(iii) Financial assets measured at fair value through Profit or Loss	118.15	1.59
	Sub-total (B)	8079.52	7313.55
C.	Interest expense:		
	(i) Financial liabilities measured at fair value through Other Comprehensive Income	(401.21)	(528.20)
	(ii) Financial liabilities measured at amortised cost	(6209.77)	(5997.66)
	(iii) Financial liabilities measured at fair value through Profit or Loss	5.69	(27.85)
	Sub-total (C)	(6605.29)	(6553.71)
D.	Fee income:		
	Financial assets that are not at fair value through profit or loss	227.87	86.02
	Total [III] =(A+B+C+D)	2450.73	1041.98

(d) Fair value of financial assets and financial liabilities measured at amortised cost:

		₹ crore					
Particulars	Note	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (financial services business):							
Loans	7,8,16,17	35005.10	35121.54	37640.72	38324.20	31908.34	31894.22
Debentures and bonds	6,12	431.14	426.44	466.25	471.72	426.43	432.46
Total		35436.24	35547.98	38106.97	38795.92	32334.77	32326.68
Financial liabilities:							
Borrowings	22,26,27	37013.30	37952.80	33466.61	34268.95	28304.58	29036.22
Total		37013.30	37952.80	33466.61	34268.95	28304.58	29036.22

Note: The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables are considered to be the same as their fair values due to their short term nature. The carrying amounts of loans given and borrowings taken for short term or at floating rate of interest are considered to be close to the fair value.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(e) Disclosure pursuant to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

₹ crore

As at 31-3-2017	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets (financial services business):					
Loans	–	19768.98	15352.56	35121.54	Discounted cash flow
Debentures and bonds	–	86.26	340.18	426.44	Discounted cash flow
<b>Total</b>	–	19855.24	15692.74	35547.98	
Financial liabilities:					
Borrowings	817.04	13927.43	23208.33	37952.80	Discounted cash flow
<b>Total</b>	817.04	13927.43	23208.33	37952.80	

₹ crore

As at 31-3-2016	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets (financial services business):					
Loans	–	21026.90	17297.30	38324.20	Discounted cash flow
Debentures and bonds	–	330.36	141.36	471.72	Discounted cash flow
<b>Total</b>	–	21357.26	17438.66	38795.92	
Financial liabilities:					
Borrowings	774.09	15029.71	18465.15	34268.95	Discounted cash flow
<b>Total</b>	774.09	15029.71	18465.15	34268.95	

₹ crore

As at 1-4-2015	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets (financial services business):					
Loans	–	16445.61	15448.61	31894.22	Discounted cash flow
Debentures and bonds	–	330.93	101.53	432.46	Discounted cash flow
<b>Total</b>	–	16776.54	15550.14	32326.68	
Financial liabilities:					
Borrowings	–	13325.27	15710.95	29036.22	Discounted cash flow
<b>Total</b>	–	13325.27	15710.95	29036.22	

Valuation technique Level 2: Future cash flows discounted using G-sec/LIBOR rates plus corporate spread.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(f) Fair value hierarchy of financial assets and financial liabilities at fair value:

₹ crore

Particulars	Note	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:													
Investments at FVTPL:													
(i) Equity shares	6, 12	48.00	–	751.20	799.20	27.20	–	498.63	525.83	148.07	–	251.87	399.94
(ii) Preference shares	6, 12	–	–	70.88	70.88	–	–	157.62	157.62	–	–	222.72	222.72
(iii) Mutual fund	6, 12	10244.91	–	–	10244.91	4861.49	–	–	4861.49	4348.86	–	–	4348.86
(iv) Debt instruments viz. government securities, bonds and debentures	6, 7, 12	202.33	35.66	895.35	1133.34	300.14	–	798.48	1098.62	164.20	–	595.61	759.81
(v) Derivative instruments not designated as cash flow hedges	9, 18	–	62.33	–	62.33	–	43.02	–	43.02	–	44.88	–	44.88
(vi) Embedded derivative instruments not designated as cash flow hedges	9, 18	–	204.76	–	204.76	–	140.71	–	140.71	–	63.56	–	63.56
(vii) Other investments		–	–	617.13	617.13	–	18.49	229.30	247.79	–	23.19	244.04	267.23
Investments at FVTOCI													
(i) Debt instruments viz. government securities, bonds and debentures	6, 7, 12	1772.82	614.25	1296.46	3683.53	1847.26	556.65	59.69	2463.60	2336.19	451.54	29.48	2817.21
(ii) Loans (financial services business)	8, 17	–	–	11203.09	11203.09	–	–	5372.28	5372.28	–	–	2155.17	2155.17
(iii) Derivative financial instruments designated as cash flow hedges	9, 18	–	1283.09	–	1283.09	–	737.20	–	737.20	–	874.96	–	874.96
(iv) Embedded derivative financial instruments designated as cash flow hedges	9, 18	–	3.21	–	3.21	–	8.51	–	8.51	–	4.27	–	4.27
<b>Total</b>		<b>12268.06</b>	<b>2203.30</b>	<b>14834.11</b>	<b>29305.47</b>	<b>7036.09</b>	<b>1504.58</b>	<b>7116.00</b>	<b>15656.67</b>	<b>6997.32</b>	<b>1462.40</b>	<b>3498.89</b>	<b>11958.61</b>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

₹ crore

Particulars	Note	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities:													
Financial liabilities at FVTPL:													
(i) Designated as at FVTPL:													
(a) Derivative instruments not designated as cash flow hedges	23,29	-	22.73	-	22.73	-	27.00	-	27.00	-	48.47	-	48.47
(b) Embedded derivative instruments not designated as cash flow hedges	23,29	-	133.20	-	133.20	-	150.01	-	150.01	-	44.19	-	44.19
(ii) Designated as at FVTOCI:													
(a) Derivative financial instruments designated as cash flow hedges	23,29	-	479.71	-	479.71	-	245.98	-	245.98	-	566.39	-	566.39
(b) Embedded derivative financial instruments designated as cash flow hedges	23,29	-	83.98	-	83.98	-	35.90	-	35.90	-	78.64	-	78.64
<b>Total</b>		-	719.62	-	719.62	-	458.89	-	458.89	-	737.69	-	737.69

Valuation technique and key inputs used to determine fair value:

- A. Level 1: Mutual funds, bonds, debentures and government securities - Quoted price in the active market
- B. Level 2: (a) Derivative instruments – Present value technique using forward exchange rates at the end of reporting period.  
(b) Preference shares – Future cash flows are discounted using G-sec rates as at reporting date.
- (g) Movement of items measured using unobservable inputs (Level 3):

₹ crore

Particulars	Equity shares	Preference shares	Debt instruments	Loans	Other investments	Total
Balance as at 1-4-2015	251.87	222.72	625.09	2155.17	244.04	3498.89
Addition during the year	237.06	-	139.84	5372.28	7.10	5756.28
Disposal during the year	-	(56.03)	(3.02)	(2155.17)	(8.52)	(2222.74)
Gains/(losses) recognised in Profit or Loss	9.70	(9.07)	96.26	-	(13.32)	83.57
Balance as at 31-3-2016	498.63	157.62	858.17	5372.28	229.30	7116.00
Addition during the year	253.52	6.02	1243.42	11203.09	411.19	13117.24
Disposal during the year	-	(62.50)	(14.84)	(5372.28)	(7.74)	(5457.36)
Gains/(losses) recognised in Profit or Loss	(0.95)	(30.26)	105.06	-	(15.62)	58.23
Balance as at 31-3-2017	751.20	70.88	2191.81	11203.09	617.13	14834.11



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(h) Sensitivity disclosure for level 3 fair value measurements

Particulars	Fair value as at			Significant unobservable inputs	Sensitivity
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015		
	₹ crore				
Equity shares	695.26	442.69	195.93	Risk spread	2017: Increase/decrease of 5% in the fair value would result in impact on profit or loss by ₹ 19.45 crore 2016: Increase/decrease in the fair value by 5% would result in impact on profit or loss by ₹ 11.46 crore
	55.94	55.94	55.94	1. Lease realisation: Net realisation per month ₹ 30 per sq/ft. 2. Capitalisation rate 12%	1% change in net realisation would result in +/- ₹ 0.38 crore 25 bps change in capitalisation rate would result in +/- ₹ 0.78 crore
Preference shares	70.88	157.62	222.72	Expected yield	2017: Increase/decrease in the fair value by 5% would result in impact on profit or loss by ₹ 3.27 crore 2016: Increase/decrease in the fair value by 5% would result in impact on profit or loss by ₹ 6.10 crore
Debt instruments	2191.81	858.17	625.09	Expected yield	2017: Increase/decrease in the fair value by 0.25% would result in impact on profit or loss or other comprehensive income by ₹ 3.16 crore 2016: Increase/decrease in the fair value by 0.25% would result in impact on profit or loss or other comprehensive income by ₹ 1.02 crore
Loans	11203.09	5372.28	2155.17	Expected yield	2017: Increase/decrease in the fair value by 0.25% would result in impact on profit or loss or other comprehensive income by ₹ 18.31 crore 2016: Increase/decrease in the fair value by 0.25% would result in impact on profit or loss or other comprehensive income by ₹ 8.78 crore
Other investments	617.13	229.30	244.04	Expected yield	2017: Increase/decrease in the fair value by 5% would result in impact on profit or loss by ₹ 20.18 crore 2016: Increase/decrease in the fair value by 5% would result in impact on profit or loss by ₹ 7.50 crore

(i) Maturity profile of financial liabilities based on undiscounted cash flows:

Particulars	Note	₹ crore								
		As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
		Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
<b>A. Non-derivative liabilities:</b>										
Borrowings	22,26,27	27468.89	79646.18	107115.07	29685.56	71843.94	101529.50	25812.61	61251.44	87064.05
Trade payables	28	28320.55	1453.70	29774.25	25976.39	1027.17	27003.56	20783.40	1273.49	22056.89
Other financial liabilities	23,29	4443.36	164.83	4608.19	3780.71	141.22	3921.93	3082.89	100.85	3183.74
<b>Total</b>		60232.80	81264.71	141497.51	59442.66	73012.33	132454.99	49678.90	62625.78	112304.68
<b>B. Derivative liabilities:</b>										
Forward contracts	23,29	465.43	47.72	513.15	235.06	45.57	280.63	517.95	105.68	623.63
Embedded derivatives	23,29	193.81	36.44	230.25	202.27	4.85	207.12	70.43	57.82	128.25
<b>Total</b>		659.24	84.16	743.40	437.33	50.42	487.75	588.38	163.50	751.88

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(j) Details of outstanding hedge instruments for which hedge accounting is followed:

(i) Outstanding currency exchange rate hedge instruments:

(A) Forward covers taken to hedge exchange rate risk and accounted as cash flow hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
<b>(a) Receivable hedges</b>												
US Dollar	14220.82	70.13	8870.40	5350.42	7682.19	69.43	5703.82	1978.37	55943.00	65.03	53288.42	2654.58
EURO	1228.18	83.72	793.73	434.45	1194.71	85.75	652.24	542.47	1569.81	84.31	727.36	842.45
Malaysian Ringgit	331.20	14.86	331.20	–	258.49	18.57	45.24	213.25	–	–	–	–
Saudi Riyal	–	–	–	–	63.65	18.34	63.65	–	42.94	17.14	42.94	–
Omani Riyal	324.75	172.04	309.74	15.01	44.67	176.63	44.67	–	65.82	137.55	65.82	–
Arab Emirates Dirham	1229.22	17.59	1029.47	199.75	1097.11	18.83	955.63	141.48	1149.04	17.78	1010.21	138.83
Canadian Dollar	34.97	52.43	34.97	–	20.03	57.22	20.03	–	42.80	53.49	42.80	–
British Pound	70.50	90.97	70.50	–	41.77	109.93	41.77	–	61.05	103.65	61.05	–
Japanese Yen	845.50	0.66	467.82	377.68	262.44	0.64	159.10	103.34	207.39	0.70	0.16	207.23
Kuwaiti Dinar	1424.98	224.64	1401.83	23.15	2036.88	231.00	1358.86	678.02	1814.41	215.75	1013.61	800.80
Qatari Riyal	1184.17	15.58	1061.92	122.25	1681.41	19.07	1317.65	363.76	1477.36	17.78	1314.38	162.98
Bahraini Dinar	–	–	–	–	18.98	158.12	18.98	–	–	–	–	–
Australian Dollar	40.62	50.78	40.62	–	–	–	–	–	15.39	51.29	15.39	–
South African Rand	139.95	5.13	79.93	60.02	51.23	5.34	51.23	–	21.83	5.46	21.83	–
Danish Krone	–	–	–	–	26.64	10.66	26.64	–	–	–	–	–
Norwegian Krone	–	–	–	–	27.75	9.25	27.75	–	49.69	9.74	49.69	–
Swedish Krona	–	–	–	–	24.88	8.58	24.88	–	57.04	9.01	57.04	–
<b>(b) Payable hedges</b>												
US Dollar	9852.03	63.29	8526.57	1325.46	13648.27	67.84	8028.44	5619.83	9929.87	63.47	5245.15	4684.72
EURO	4030.51	72.09	3883.73	146.78	2577.88	74.64	2474.52	103.36	3050.85	75.09	2917.37	133.48
Saudi Riyal	–	–	–	–	71.76	18.17	71.76	–	–	–	–	–
Arab Emirates Dirham	7.24	18.11	7.24	–	7.33	18.20	7.33	–	–	–	–	–
British Pound	23.18	84.46	23.18	–	105.45	102.86	103.90	1.55	41.15	100.70	35.72	5.43
Japanese Yen	1150.03	0.72	845.92	304.11	1426.34	0.67	1078.63	347.71	932.23	0.74	404.80	527.43
Kuwaiti Dinar	786.31	220.22	786.31	–	352.56	225.37	352.56	–	249.56	216.15	249.56	–
Qatari Riyal	–	–	–	–	244.46	18.57	244.46	–	175.69	17.22	175.69	–
Swiss Franc	279.05	67.45	279.05	–	321.50	73.94	241.64	79.86	222.22	68.60	222.22	–
Chinese Yuan	63.51	9.63	63.51	–	104.77	10.70	104.77	–	2.21	10.06	2.21	–
Norwegian Krone	9.56	8.80	6.10	3.46	–	–	–	–	–	–	–	–

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(B) Options taken to hedge exchange rate risk and accounted as cash flow hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
<b>Receivable hedges</b>												
US Dollar	138.13	64.85	138.13	–	285.36	66.26	144.23	141.13	522.78	63.00	375.41	147.37

(C) Forward covers taken to hedge exchange rate risk and accounted as net investment hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
<b>Receivable hedges</b>												
Saudi Riyal	785.74	19.44	27.79	757.95	584.21	20.81	–	584.21	366.36	19.54	366.36	–

(ii) Outstanding interest rate hedge instruments:

Interest rate swaps taken to hedge interest rate risk and accounted as cash flow hedge:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (%)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (%)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (%)	Within twelve months (₹ crore)	After twelve months (₹ crore)
Floating interest rate borrowings	2038.16	7.88	1107.11	931.05	2297.29	8.13	241.95	2055.34	2122.56	8.05	159.84	1962.72

(iii) Outstanding commodity price hedge instruments:

Commodity forward Contract:

Particulars	As at 31-3-2017				As at 31-3-2016				As at 1-4-2015			
	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)	Nominal amount (₹ crore)	Average rate (₹)	Within twelve months (₹ crore)	After twelve months (₹ crore)
Silver (Kg)	–	–	–	–	–	–	–	–	13.45	37373.00	13.45	–
Copper (Tn)	106.78	353806.93	106.78	–	387.10	317449.73	387.10	–	238.62	372551.79	238.62	–
Aluminium (Tn)	27.96	119901.16	27.96	–	164.86	108788.39	164.86	–	147.74	117011.72	147.74	–
Iron Ore (Tn)	71.66	3592.00	43.19	28.47	41.84	3053.00	23.38	18.46	–	–	–	–
Coking Coal (Tn)	50.41	11494.00	42.07	8.34	16.86	5526.00	16.86	–	–	–	–	–
Zinc (Tn)	9.53	17753.00	9.53	–	46.56	121345.00	46.56	–	17.15	135003.00	17.15	–
Lead (Tn)	0.23	150777.00	0.23	–	13.16	121104.00	13.16	–	10.65	112455.00	10.65	–

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(k) Carrying amounts of hedge instruments for which hedge accounting is followed:

(A) Cash flow hedge:

₹ crore

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Currency exposure	Interest rate exposure	Commodity price exposure	Currency exposure	Interest rate exposure	Commodity price exposure	Currency exposure	Interest rate exposure	Commodity price exposure
(i) Forward contracts									
Current:									
Asset - Other financial assets	636.15	(0.34)	29.03	309.95	0.07	4.11	467.64	0.06	6.55
Liability - Other financial liabilities	479.68	–	(4.66)	232.54	–	0.06	501.35	–	3.54
Non-current:									
Asset - Other financial assets	325.86	(0.17)	3.34	71.91	0.29	–	174.29	0.28	–
Liability - Other financial liabilities	63.21	–	1.39	37.16	–	–	119.85	–	–
(ii) Swap contracts									
Current:									
Asset - Other financial assets	127.37	(1.38)	–	8.79	–	–	1.77	–	–
Liability - Other financial liabilities	20.60	–	–	0.58	–	–	2.12	–	–
Non-current:									
Asset - Other financial assets	116.91	(15.69)	–	326.00	(2.73)	–	167.74	22.49	–
Liability - Other financial liabilities	–	–	–	–	–	–	(6.70)	10.23	–
(iii) Option contracts									
Current:									
Asset - Other financial assets	–	–	–	8.11	–	–	9.24	–	–
Liability - Other financial liabilities	3.47	–	–	11.54	–	–	14.64	–	–
Non-current:									
Asset - Other financial assets	–	–	–	–	–	–	–	–	–
Liability - Other financial liabilities	–	–	–	–	–	–	–	–	–

(B) Net Investment hedge:

₹ crore

Particulars	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
	Currency exposure	Interest rate exposure	Commodity price exposure	Currency exposure	Interest rate exposure	Commodity price exposure	Currency exposure	Interest rate exposure	Commodity price exposure
(i) Forward contracts									
Current:									
Asset - Other financial assets	1.47	–	–	–	–	–	29.17	–	–
Non-current:									
Asset - Other financial assets	63.75	–	–	15.22	–	–	–	–	–

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [57] (contd.)

(l) Breakup of cash flow hedging reserve and cost of hedging reserve:

₹ crore

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	Cash flow hedging reserve	Cost of hedging reserve	Cash flow hedging reserve	Cost of hedging reserve	Cash flow hedging reserve	Cost of hedging reserve
Balance towards continuing hedges	347.80	(57.80)	73.76	(15.23)	49.87	(25.94)
Balance for which hedge accounting discontinued	57.52	–	(14.52)	–	(75.83)	–

(m) Reclassification of hedging reserve and cost of hedging reserve to Profit or Loss:

₹ crore

Particulars	2016-17	2015-16
Future cash flows are no longer expected to occur:		
Revenue from operations	73.42	50.80
Sales, administration and other expenses	(10.47)	41.50
Other Income	–	(0.21)
Hedged expected future cash flows affecting profit or loss:		
Progress Billing	214.06	(64.24)
Revenue from operations	168.63	84.21
Manufacturing, construction and operating expenses	(269.54)	(132.87)
Finance costs	(405.82)	(516.38)
Sales, administration and other expenses	(34.78)	460.62

(n) Movement of hedging reserve and cost of hedging reserve:

₹ crore

Hedging reserve	2016-17	2015-16
Opening balance	59.24	(25.96)
Changes in the spot element of the forward contracts which is designated as hedging instruments for time period related hedges	(207.83)	366.02
Changes in fair value of forward contracts designated as hedging instruments	676.73	73.74
Changes in intrinsic value of option contracts	(0.07)	(0.13)
Changes in fair value of swaps	50.92	(1.88)
Amount reclassified to Profit or Loss	177.52	(290.67)
Amount included in non-financial asset/liabilities	(108.57)	21.72
Tax related to above	(242.62)	(83.60)
Closing balance	405.32	59.24

₹ crore

Cost of hedging reserve	2016-17	2015-16
Opening balance	(15.23)	(25.94)
Changes in the forward element of the forward contracts where changes in spot element of forward contract is designated as hedging instruments for time period related hedges	(261.26)	(328.81)
Amount reclassified to Profit or Loss	195.55	345.52
Tax related to above	23.14	(6.00)
Closing balance	(57.80)	(15.23)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [58]

Value of financial assets and inventories pledged as collateral for liabilities and/or commitments and/or contingent liabilities:

Particulars	₹ crore		
	As at 31-3-2017	As at 31-3-2016	As at 1-4-2015
Current:			
Investments	1400.63	–	–
Inventories and trade receivables	10411.16	10168.56	9190.94
Cash and cash equivalents	319.97	124.16	197.79
Loans	2663.91	4991.62	3566.65
Other assets	345.54	175.96	206.45
Total inventories and current financial assets pledged as security	15141.21	15460.30	13161.83
Non-current:			
Loans	33713.37	29094.68	27335.67
Total non-current financial assets pledged as security	33713.37	29094.68	27335.67

### NOTE [59]

Disclosure on Specified Bank Notes (SBN) pursuant to MCA notification no. 308(E) dated March 30, 2017:

Particulars	₹ crore		
	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	68.43	9.74	78.17
(+) Permitted receipts *	41.72	383.73	425.45
(-) Permitted payments	0.03	21.77	21.80
(-) Amount deposited in Banks *	110.12	360.58	470.70
Closing cash in hand as on December 30, 2016	–	11.12	11.12

\* includes amounts directly deposited by the borrowers into the bank accounts.

The Group's Financial Services segment has subsidiaries engaged in the lending business offering a wide range of products such as micro finance, tractor loans, two-wheeler loans, mortgage lending products and other rural lending products to a large number of customers. The operations of these subsidiaries are geographically wide-spread with significant volume of transactions including cash collections. The above information covers cash received at the offices of these subsidiaries as well as direct deposits in the Group's bank accounts by the borrowers of these subsidiaries and is based on information and records available with the Group.

The Group took steps not to accept Specified Bank Notes at its offices after November 8, 2016. Amounts directly deposited into the Group's bank accounts by borrowers of these subsidiaries have been classified as "Permitted receipts" and where details of denomination were not available, the same have been shown as "Other denomination notes".

### NOTE [60]

Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended 31-3-2017:

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated profit or loss	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
<b>Parent Company</b>								
Larsen and Toubro Limited	91.63%	46012.74	90.28%	5453.74	107.49%	157.35	90.68%	5611.09
<b>Indian Subsidiaries</b>								
<b>Infrastructure:</b>								
Hi-Tech Rock Products & Aggregates Limited	0.02%	9.21	0.08%	4.89	–	–	0.08%	4.89
L&T Geostructure LLP	0.06%	32.11	0.52%	31.39	(0.05%)	(0.08)	0.51%	31.31
L&T Infrastructure Engineering Limited	0.08%	39.00	0.12%	7.34	(0.12%)	(0.18)	0.12%	7.16

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [60] (contd.)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated profit or loss	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
<b>Heavy Engineering:</b>								
L&T Cassidian Limited	0.00%	0.03	–	–	–	–	–	–
Spectrum Infotech Private Limited	0.03%	16.53	(0.01%)	(0.86)	(0.01%)	(0.02)	(0.01%)	(0.88)
<b>Hydrocarbon:</b>								
L&T Hydrocarbon Engineering Limited	3.08%	1545.66	7.22%	436.30	(45.51%)	(66.62)	5.97%	369.68
<b>IT &amp; Technology Services:</b>								
Larsen & Toubro Infotech Limited	5.93%	2976.88	15.52%	937.56	147.53%	215.95	18.64%	1153.51
L&T Technology Services Limited	3.05%	1531.52	7.43%	449.01	56.55%	82.78	8.59%	531.79
L&T Thales Technology Services Private Limited	0.00%	(2.72)	0.01%	0.56	(0.01%)	(0.02)	0.01%	0.54
AugmentIQ Data Sciences Private Limited	0.00%	1.09	0.00%	0.16	–	–	0.00%	0.16
<b>Financial Services:</b>								
L&T Finance Limited (formerly known as Family Credit Limited)	13.52%	6787.26	(0.61%)	(37.13)	2.23%	3.26	(0.55%)	(33.87)
L&T Access Distribution Services Limited	0.01%	3.17	(0.02%)	(0.94)	–	–	(0.02%)	(0.94)
L&T Capital Markets Limited	0.03%	15.58	0.10%	5.78	0.15%	0.22	0.10%	6.00
L&T Finance Holdings Limited	8.28%	4156.28	1.99%	120.37	(0.10%)	(0.14)	1.94%	120.23
L&T Housing Finance Limited	1.60%	805.30	1.98%	119.58	0.30%	0.44	1.94%	120.02
L&T Infra Debt Fund Limited	1.44%	720.67	1.48%	89.37	(0.01%)	(0.01)	1.44%	89.36
L&T Infra Investment Partners Advisory Private Limited	0.03%	13.06	0.08%	4.87	–	–	0.08%	4.87
L&T Infra Investment Partners Trustee Private Limited	0.00%	0.05	–	–	–	–	–	–
L&T Infrastructure Finance Company Limited	6.32%	3174.27	0.89%	53.64	(0.80%)	(1.17)	0.85%	52.47
L&T Investment Management Limited	1.02%	512.27	(0.09%)	(5.33)	(0.10%)	(0.15)	(0.09%)	(5.48)
L&T Mutual Fund Trustee Limited	0.00%	1.59	0.00%	0.02	–	–	0.00%	0.02
L&T Trustee Company Private Limited	0.00%	(0.01)	–	–	–	–	–	–
L&T Financial Consultants Limited (formerly known as L&T Vrindavan Properties Limited)	0.21%	106.47	0.28%	16.67	(0.01%)	(0.01)	0.27%	16.66
Mudit Cement Private Limited	(0.03%)	(13.64)	(0.09%)	(5.49)	–	–	(0.09%)	(5.49)
L&T General Insurance Company Limited	(0.13%)	(64.15)	(1.06%)	(64.15)	–	–	(1.04%)	(64.15)
L&T Infra Investment Partners	1.18%	592.46	0.88%	53.13	–	–	0.86%	53.13
<b>Developmental Projects:</b>								
L&T Metro Rail (Hyderabad) Limited	4.06%	2037.69	0.05%	2.82	(17.71%)	(25.92)	(0.37%)	(23.10)
Sahibganj Ganges Bridge-Company Private Limited	–	–	0.00%	(0.01)	–	–	0.00%	(0.01)
Marine Infrastructure Developer Private Limited	0.80%	402.75	0.04%	2.64	0.08%	0.11	0.04%	2.75

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [60] (contd.)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated profit or loss	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
<b>Power Development:</b>								
L&T Arunachal Hydropower Limited	0.08%	40.48	–	–	–	–	–	–
L&T Himachal Hydropower Limited	0.39%	197.85	–	–	–	–	–	–
L&T Power Development Limited	6.20%	3115.87	0.00%	0.19	–	–	0.00%	0.19
L&T Uttarakhand Hydropower Limited	1.72%	863.29	–	–	–	–	–	–
Nabha Power Limited	5.77%	2898.75	(0.43%)	(26.11)	0.47%	0.69	(0.41%)	(25.42)
<b>Realty:</b>								
Chennai Vision Developers Private Limited	–	–	0.00%	0.01	–	–	0.00%	0.01
L&T Asian Realty Project LLP	1.68%	842.19	(0.01%)	(0.37)	–	–	0.00%	(0.37)
L&T Parel Project LLP	0.13%	64.40	1.36%	81.94	–	–	1.32%	81.94
L&T Realty Limited	2.12%	1065.96	5.28%	318.69	–	–	5.15%	318.69
L&T Seawoods Limited	6.39%	3210.94	0.53%	32.13	0.01%	0.02	0.52%	32.15
L&T South City Projects Limited	0.07%	33.13	0.55%	33.13	–	–	0.54%	33.13
L&T Vision Ventures Limited	(0.01%)	(4.62)	0.00%	(0.02)	–	–	0.00%	(0.02)
Seawoods Realty Private Limited	–	–	0.00%	(0.01)	–	–	0.00%	(0.01)
Seawoods Retail Private Limited	–	–	0.00%	(0.01)	–	–	0.00%	(0.01)
<b>Valves, Welding Equipment, Construction Equipment and Others:</b>								
L&T Construction Equipment Limited	0.46%	230.14	(0.11%)	(6.87)	0.24%	0.35	(0.11%)	(6.52)
L&T Cutting Tools Limited	0.08%	42.40	0.27%	16.12	0.08%	0.11	0.26%	16.23
L&T Valves Limited	1.20%	603.58	1.99%	120.54	1.52%	2.23	1.98%	122.77
EWAC Alloys Limited	0.19%	95.69	0.58%	34.98	(0.03%)	(0.04)	0.56%	34.94
<b>Shipbuilding:</b>								
L&T Shipbuilding Limited	(1.65%)	(829.40)	(5.77%)	(348.34)	(10.94%)	(16.01)	(5.89%)	(364.35)
<b>Others:</b>								
Bhilai Power Supply Company Limited	0.00%	0.05	–	–	–	–	–	–
L&T Electricals and Automation Limited	0.01%	6.54	(0.01%)	(0.89)	–	–	(0.01%)	(0.89)
L&T Power Limited	0.01%	4.84	0.00%	0.20	–	–	0.00%	0.20
Kesun Iron and Steel Company Private Limited	0.00%	(0.26)	0.00%	(0.01)	–	–	0.00%	(0.01)
L&T Aviation Services Private Limited	0.07%	36.39	(0.12%)	(6.99)	(0.08%)	(0.11)	(0.11%)	(7.10)
L&T Capital Company Limited	0.02%	10.05	0.04%	2.35	(0.01%)	(0.01)	0.04%	2.34
L&T Infra Contractors Private Limited	–	–	–	–	–	–	–	–
<b>Foreign Subsidiaries</b>								
<b>Infrastructure:</b>								
Larsen & Toubro (Oman) LLC	0.74%	373.93	1.62%	97.95	(18.80%)	(27.52)	1.14%	70.43
Larsen & Toubro Qatar LLC	0.00%	0.55	0.00%	0.29	(0.01%)	(0.01)	0.00%	0.28
Larsen & Toubro (Saudi Arabia) LLC	0.75%	377.63	6.50%	392.80	2.99%	4.37	6.42%	397.17
Larsen & Toubro T&D SA (Proprietary) Limited	0.01%	2.62	0.00%	0.14	0.13%	0.19	0.01%	0.33



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [60] (contd.)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated profit or loss	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
Larsen & Toubro Readymix & Asphalt Concrete Industries LLC	0.04%	17.71	(0.15%)	(9.24)	(0.01%)	(0.02)	(0.15%)	(9.26)
<b>Heavy Engineering:</b>								
Larsen & Toubro Heavy Engineering LLC	(0.10%)	(51.69)	(0.68%)	(41.27)	2.67%	3.91	(0.60%)	(37.36)
<b>Hydrocarbon:</b>								
Larsen & Toubro Hydrocarbon International Limited LLC	0.00%	(1.06)	(0.01%)	(0.86)	0.02%	0.03	(0.01%)	(0.83)
L&T Modular Fabrication Yard LLC	(0.13%)	(67.11)	(0.23%)	(14.09)	1.82%	2.67	(0.18%)	(11.42)
L&T Overseas Projects Nigeria Limited	0.00%	0.01	0.00%	(0.02)	(0.01%)	(0.02)	0.00%	(0.04)
Larsen Toubro Arabia LLC	(0.83%)	(415.38)	(4.17%)	(251.62)	7.78%	11.39	(3.88%)	(240.23)
Larsen & Toubro ATCO Saudia LLC	(0.88%)	(444.69)	0.32%	19.69	1.46%	2.13	0.35%	21.82
Larsen & Toubro Kuwait Construction General Contracting Company WLL	(0.02%)	(9.89)	(0.04%)	(2.34)	0.22%	0.32	(0.03%)	(2.02)
PT Larsen & Toubro Hydrocarbon Engineering Indonesia	–	–	–	–	–	–	–	–
<b>IT &amp; Technology Services:</b>								
L&T Information Technology Services (Shanghai) Co., Ltd.	0.00%	(0.12)	(0.01%)	(0.63)	–	–	(0.01%)	(0.63)
L&T Infotech Financial Services Technologies Inc.	0.68%	339.39	0.65%	39.46	(15.12%)	(22.13)	0.28%	17.33
Larsen & Toubro Infotech Canada Limited	0.01%	7.25	0.04%	2.74	(0.31%)	(0.46)	0.04%	2.28
Larsen & Toubro Infotech LLC	0.02%	11.45	0.01%	0.45	(0.36%)	(0.52)	0.00%	(0.07)
Larsen & Toubro Infotech South Africa (PTY) Limited	0.01%	2.80	0.01%	0.77	0.14%	0.20	0.02%	0.97
Larsen & Toubro Infotech GmbH	0.06%	27.93	0.04%	2.16	(1.81%)	(2.65)	(0.01%)	(0.49)
Larsen & Toubro Infotech Austria GmbH	0.00%	0.49	0.00%	0.31	(0.03%)	(0.04)	0.00%	0.27
L&T Information Technology Spain SL	0.00%	1.74	0.03%	1.55	(0.08%)	(0.12)	0.02%	1.43
Larsen & Toubro LLC	0.00%	2.40	0.00%	0.02	(0.03%)	(0.05)	0.00%	(0.03)
L&T Technology Services LLC	(0.09%)	(45.03)	(0.40%)	(24.20)	0.88%	1.29	(0.37%)	(22.91)
<b>Realty:</b>								
L&T Realty FZE	0.02%	9.90	0.01%	0.57	(0.15%)	(0.22)	0.01%	0.35
<b>Electrical &amp; Automation:</b>								
Henikwon Corporation SDN. BHD.	(0.02%)	(9.25)	(0.01%)	(0.40)	0.33%	0.48	0.00%	0.08
Kana Controls General Trading & Contracting Company WLL	0.00%	(1.06)	0.00%	0.23	0.04%	0.06	0.00%	0.29
L&T Electrical & Automation FZE	0.23%	114.74	(0.34%)	(20.68)	(1.44%)	(2.11)	(0.37%)	(22.79)
L&T Electricals & Automation Saudi Arabia Company Limited LLC	(0.01%)	(4.43)	(0.15%)	(9.16)	1.80%	2.64	(0.11%)	(6.52)
PT Tamco Indonesia	(0.07%)	(33.86)	(0.03%)	(1.76)	(0.92%)	(1.35)	(0.05%)	(3.11)
Servowatch Systems Limited	(0.04%)	(18.63)	(0.24%)	(14.73)	3.55%	5.20	(0.15%)	(9.53)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [60] (contd.)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated profit or loss	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
Tamco Electrical Industries Australia Pty Limited	0.02%	11.33	(0.03%)	(1.83)	(3.63%)	(5.32)	(0.12%)	(7.15)
Tamco Switchgear (Malaysia) SDN. BHD.	1.03%	516.95	1.01%	61.15	(78.94%)	(115.55)	(0.88%)	(54.40)
Thalest Limited	0.01%	7.19	0.01%	0.33	(0.69%)	(1.01)	(0.01%)	(0.68)
<b>Others:</b>								
Larsen & Toubro (East Asia) SDN. BHD.	0.00%	0.21	0.00%	(0.12)	(0.20%)	(0.30)	(0.01%)	(0.42)
Larsen & Toubro International FZE	1.63%	816.39	(0.33%)	(19.82)	1.35%	1.98	(0.29%)	(17.84)
L&T Global Holdings Limited	0.03%	16.10	(0.60%)	(36.42)	(0.08%)	(0.11)	(0.59%)	(36.53)
<b>Total Subsidiaries</b>		<b>39485.15</b>		<b>2644.27</b>		<b>53.02</b>		<b>2697.29</b>
Non-controlling interest in all subsidiaries	(7.10%)	(3563.60)	(7.35%)	(444.27)	(21.45%)	(31.40)	(7.69%)	(475.67)
<b>Indian Associates</b>								
L&T-Chiyoda Limited	0.09%	44.54	0.06%	3.90	(0.15%)	(0.22)	0.06%	3.68
Gujarat Leather Industries Limited	–	–	–	–	–	–	–	–
Feedback Infra Private Limited	0.09%	44.55	0.10%	6.14	0.01%	0.02	0.10%	6.16
Magtorq Private Limited	0.01%	5.87	0.00%	0.06	0.00%	–	0.00%	0.06
Grameen Capital India Limited	0.01%	6.00	–	–	–	–	–	–
<b>Foreign Associates</b>								
Larsen & Toubro Qatar & HBK Contracting LLC	–	–	0.00%	0.25	(0.01%)	(0.01)	0.00%	0.24
L&T Camp Facilities LLC	0.01%	3.04	0.02%	1.00	0.01%	0.02	0.02%	1.02
<b>Total Associates</b>		<b>104.00</b>		<b>11.35</b>		<b>(0.19)</b>		<b>11.16</b>
<b>Jointly Operations - Indian Operations</b>								
Bauer-L&T Geo Joint Venture	0.00%	0.23	0.00%	0.08	–	–	0.00%	0.08
<b>Indian Joint Ventures</b>								
<b>Power:</b>								
L&T-MHPS Boilers Private Limited	0.94%	474.23	1.87%	112.85	(7.84%)	(11.48)	1.64%	101.37
L&T-MHPS Turbine Generators Private Limited	0.13%	64.59	(0.02%)	(1.25)	(2.53%)	(3.70)	(0.08%)	(4.95)
L&T Howden Private Limited	0.06%	29.09	0.15%	9.33	(0.05%)	(0.08)	0.15%	9.25
L&T-Sargent & Lundy Limited	0.06%	27.66	0.02%	1.39	0.23%	0.33	0.03%	1.72
<b>Heavy Engineering:</b>								
L&T Special Steels and Heavy Forgings Private Limited	–	–	(3.09%)	(186.87)	(0.89%)	(1.30)	(3.04%)	(188.17)
<b>Hydrocarbon:</b>								
L&T Sapura Offshore Private Limited	0.00%	0.39	0.00%	(0.13)	–	–	0.00%	(0.13)
L&T Sapura Shipping Private Limited	0.55%	277.68	0.25%	15.33	(4.20%)	(6.15)	0.15%	9.18
L&T-Gulf Private Limited	0.02%	11.77	0.02%	1.04	–	–	0.02%	1.04
<b>Developmental Projects:</b>								
L&T Infrastructure Development Projects Limited (Consolidated)	3.51%	1764.74	(5.71%)	(344.66)	(0.10%)	(0.14)	(5.57%)	(344.80)

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [60] (contd.)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated profit or loss	Amount (₹ crore)	As % of consolidated other comprehensive income	Amount (₹ crore)	As % of consolidated total comprehensive income	Amount (₹ crore)
<b>Valves, Welding Equipment, Construction Equipment and Others:</b>								
L&T Kobelco Machinery Private Limited	0.04%	18.43	0.01%	0.32	0.80%	1.17	0.02%	1.49
<b>Others:</b>								
Raykal Aluminium Company Private Limited	0.00%	0.28	0.00%	(0.03)	–	–	0.00%	(0.03)
<b>Foreign Joint Ventures</b>								
<b>Hydrocarbon:</b>								
Larsen & Toubro Electromech LLC	–	–	(0.23%)	(13.92)	0.85%	1.25	(0.20%)	(12.67)
Indiran Engineering Projects and Systems Kish PJSC	0.00%	0.04	0.00%	(0.02)	(0.01%)	(0.01)	0.00%	(0.03)
<b>Total Joint Ventures</b>		2668.90		(406.62)		(20.11)		(426.73)
CFS Adjustment and elimination	(68.67%)	(34490.90)	(20.15%)	(1217.32)	(8.39%)	(12.29)	(19.87%)	(1229.61)
<b>Total</b>		50216.52		6041.23		146.38		6187.61

### NOTE [61]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 1 "Presentation of financial statements":

(a) Current assets expected to be recovered within twelve months and after twelve months from the reporting date:

Sr. no.	Particulars	Note	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
1.	Inventories	11	4046.19	93.55	4139.74	4602.22	251.99	4854.21	5715.37	265.79	5981.16
2.	Trade receivables	13	27477.41	492.19	27969.60	25447.06	577.92	26024.98	21259.27	995.16	22254.43
3.	Loans - current	16	473.01	7.83	480.84	645.84	5.30	651.14	532.76	9.88	542.64
4.	Other financial assets	18	2598.78	104.80	2703.58	2192.38	106.29	2298.67	2018.89	110.08	2128.97
5.	Other current assets	19	30326.18	10039.93	40366.11	29478.50	10975.15	40453.65	25220.53	9752.38	34972.91

₹ crore

(b) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date:

Sr. no.	Particulars	Note	As at 31-3-2017			As at 31-3-2016			As at 1-4-2015		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
1.	Trade payables	28	28334.89	1439.36	29774.25	26068.22	935.34	27003.56	20793.38	1263.51	22056.89
2.	Other financial liabilities	29	5138.28	50.77	5189.05	4280.95	41.49	4322.44	3738.89	33.96	3772.85
3.	Other current liabilities	30	16909.28	6535.46	23444.74	18177.14	6230.75	24407.89	14201.95	6602.65	20804.60
4.	Provisions	31	2466.09	192.25	2658.34	2159.85	143.67	2303.52	1571.46	105.39	1676.85

₹ crore

### NOTE [62]

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63]

Disclosure pursuant to Indian Accounting Standard (Ind AS) 101 "First time adoption of Indian Accounting Standards"

(a) Effect of Ind AS adoption on Balance Sheet as at April 1, 2015:

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>ASSETS:</b>							
<b>Non-current assets</b>							
Property, plant and equipment	A,B,C,D		18785.51	(5115.73)			13669.78
Capital work-in-progress	A,B,C,D		4902.72	(3450.06)			1452.66
Investment property	B		–	2768.70			2768.70
Goodwill	A,Q		2215.00	(678.02)			1536.98
Other intangible assets	A,C		13712.54	(13144.07)			568.47
Intangible assets under development	A		10055.35	(3581.69)			6473.66
Financial assets							
Investments in joint ventures and associates	A		147.76	1918.89			2066.65
Other investments	A,E,S		1513.75	374.64			1888.39
Loans	A,F		238.52	567.91			806.43
Loans towards financing activities	A,H		42036.39	(604.79)			41431.60
Other financial assets	A,H,M		564.42	(83.82)			480.60
			44500.84	2172.83			46673.67
Deferred tax assets (net)	A,G		936.40	73.50			1009.90
Non current assets for current tax (net)	A,C		261.17	(24.90)			236.27
Other non-current assets	A,D,S		2477.65	(82.65)			2395.00
<b>Current assets</b>							
Inventories	A,C,D		6508.40	(527.24)			5981.16
Financial assets							
Investments	A,E		8000.79	(646.98)			7353.81
Trade receivables	A,C,H		22872.22	(617.79)			22254.43
Cash and cash equivalents	A,C		4773.34	(360.77)			4412.57
Other bank balances	A		1052.97	(356.12)			696.85
Loans	A,C,F		511.09	31.55			542.64
Loans towards financing activities	A,H		14353.86	(31.84)			14322.02
Other financial assets	A,C,H		2381.72	(252.75)			2128.97
			53945.99	(2234.70)			51711.29
Other current assets	A, C, H, M, T		35352.96	(380.05)			34972.91
Group(s) of assets classified as held for sale	C		39.39	1631.96			1671.35
<b>TOTAL ASSETS</b>			<u>193693.92</u>	<u>(22572.12)</u>			<u>171121.80</u>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63] (contd.)

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>EQUITY AND LIABILITIES:</b>							
<b>Equity</b>							
Equity share capital		185.91		–		185.91	
Other equity		40723.16		299.02		41022.18	
Equity attributable to owners of the Company			40909.07		299.02		41208.09
Non controlling interest	A,P,T		4998.62		(3028.00)		1970.62
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	A,C,D,J,P	69402.47		(16692.83)		52709.64	
Other financial liabilities	A,F,M	446.90		(224.78)		222.12	
			69849.37		(16917.61)		52931.76
Provisions	A,N		575.05		(189.70)		385.35
Deferred tax liabilities	A,C,G,O,T		539.56		119.93		659.49
Other non current Liabilities	A,D,F		163.80		48.13		211.93
<b>Current liabilities</b>							
Financial liabilities							
Borrowings	A,C,D	16543.83		(646.69)		15897.14	
Current maturities of long term borrowings	A,C,D	9112.17		(989.30)		8122.87	
Trade payables	A,C,N,S	21752.42		304.47		22056.89	
Other financial liabilities	A,C,K,M	4030.35		(257.50)		3772.85	
			51438.77		(1589.02)		49849.75
Other current liabilities	A,C,M		21609.62		(805.02)		20804.60
Provisions	A,C,L,N		3349.22		(1672.37)		1676.85
Current tax liabilities (net)	A		260.84		38.71		299.55
Liabilities associated with group(s) of assets classified as held for sale	C		–		1123.81		1123.81
<b>TOTAL EQUITY AND LIABILITIES</b>			<u>193693.92</u>		<u>(22572.12)</u>		<u>171121.80</u>

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63] (contd.)

(b) Statement of reconciliation of equity under Ind AS and equity reported under I-GAAP as at April 1, 2015:

Sr. no.	Particulars	Note	₹ crore
	<b>Equity as per I-GAAP</b>		40909.07
I	Provision for expected credit loss	H	(1121.12)
II	Provision for employee benefits based on constructive obligations	K	(450.87)
III	Gain on fair valuation of investments	E	555.71
IV	Increase in borrowing cost pursuant to application of effective interest rate method	D	(122.67)
V	Increase in borrowing cost due to initial fair valuation of long term financial liabilities	D	(75.82)
VI	Equity component of other financial instruments (Foreign Currency Convertible Bonds)	J	153.20
VII	Reversal of dividend & dividend distribution tax	L	1803.63
VIII	Others	A, D, F, H, I, M, N, Q	(68.75)
IX	Deferred and current taxes	A,G,V	(146.36)
X	Additional Tax on dividend distributed by subsidiaries	T	(227.93)
	<b>Equity as per Ind AS (attributable to owners of the Company)</b>		41208.09

(c) Effect of Ind AS adoption on Balance Sheet as at March 31, 2016:

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>ASSETS:</b>							
<b>Non-current assets</b>							
Property, plant and equipment	A,B,C,D	17359.98		(5187.81)		12172.17	
Capital work-in-progress	A,B,D	6211.01		(4420.48)		1790.53	
Investment property	B	–		4386.00		4386.00	
Goodwill	A,Q	2171.67		(724.71)		1446.96	
Other intangible assets	A,C,D	23724.84		(23168.27)		556.57	
Intangible assets under development	A,D	11278.92		(2095.00)		9183.92	
Financial assets							
Investments in joint ventures and associates	A	109.94		1147.94		1257.88	
Other investments	A,E,S	1880.14		446.87		2327.01	
Loans	A,F	219.33		818.32		1037.65	
Loans towards financing activities	A,H	48449.21		(560.94)		47888.27	
Other financial assets	A,M	610.37		(46.82)		563.55	
			51268.99		1805.37		53074.36
Deferred tax assets (net)	A,G	1195.13		176.78		1371.91	
Non current assets for current tax (net)	A	604.50		(50.51)		553.99	
Other non-current assets	A,D,S	2842.74		(105.55)		2737.19	

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63] (contd.)

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>Current assets</b>							
Inventories	A,B,C,D		5361.99		(507.78)		4854.21
Financial assets							
Investments	A,C,E	8179.48		(685.29)		7494.19	
Trade receivables	A,C,H	27009.30		(984.32)		26024.98	
Cash and cash equivalents	A,S	4083.44		(276.90)		3806.54	
Other bank balances	A	1880.00		(296.63)		1583.37	
Loans	A,F	547.64		103.50		651.14	
Loans towards financing activities	A,H	18519.12		187.22		18706.34	
Other financial assets	A,H	2587.37		(288.70)		2298.67	
			62806.35		(2241.12)		60565.23
Other current assets	A,H,M,T		41946.59		(1492.94)		40453.65
Group(s) of assets classified as held for sale	C		25.03		1554.43		1579.46
<b>TOTAL ASSETS</b>			<u>226797.74</u>		<u>(32071.59)</u>		<u>194726.15</u>
<b>EQUITY AND LIABILITIES:</b>							
<b>Equity</b>							
Equity share capital		186.30		–		186.30	
Other equity		43805.43		188.63		43994.06	
Equity attributable to owners of the Company			43991.73		188.63		44180.36
Non-controlling interest	A,P,T		6768.78		(3875.94)		2892.84
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	A,D,J,P	85671.99		(24448.15)		61223.84	
Other financial liabilities	A,F,M	384.95		(243.55)		141.40	
			86056.94		(24691.70)		61365.24
Provisions	A,N		797.18		(372.52)		424.66
Deferred tax liabilities (net)	A,G,O,T		411.15		224.33		635.48
Other non-current liabilities	A,D,F		156.18		24.96		181.14

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63] (contd.)

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>Current liabilities</b>							
Financial liabilities							
Borrowings	A,D	15573.12		(676.37)		14896.75	
Current maturities of long term borrowings	A,D	13307.03		(1292.13)		12014.90	
Trade payables	A,N,S	26202.74		800.82		27003.56	
Other financial liabilities	A,C,K,M	4397.36		(74.92)		4322.44	
			59480.25		(1242.60)		58237.65
Other current liabilities	A,M		25337.63		(929.74)		24407.89
Provisions	A,C,L,N		3706.75		(1403.23)		2303.52
Current tax liabilities (net)	A		91.15		(7.66)		83.49
Liabilities associated with group(s) of assets classified as held for sale	C		–		13.88		13.88
<b>TOTAL EQUITY AND LIABILITIES</b>			<u>226797.74</u>		<u>(32071.59)</u>		<u>194726.15</u>

(d) Statement of reconciliation of equity under Ind AS and equity reported under I-GAAP as at March 31, 2016:

Sr. No.	Particulars	Note	₹ crore
	<b>Equity as per I-GAAP</b>		43991.73
I	Provision for expected credit loss	H	(1107.29)
II	Provision for employee benefits based on constructive obligations	K	(488.31)
III	Gain on fair valuation of investments	E	404.94
IV	Increase in borrowing cost pursuant to application of effective interest rate method	D	(182.30)
V	Increase in borrowing cost due to initial fair valuation of long term financial liabilities	D	(380.56)
VI	Equity component of other financial instruments (Foreign Currency Convertible Bonds)	J	153.20
VII	Reversal of dividend & dividend distribution tax	L	2039.53
VIII	Others	A, D, F, H, I, M, N, Q	145.19
IX	Deferred and current taxes	A,G,V	(121.67)
X	Additional tax on dividend distributed by subsidiaries	T	(274.10)
	<b>Equity as per Ind AS (attributable to owners of the Company)</b>		<u>44180.36</u>



## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63] (contd.)

(e) Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2016:

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
<b>INCOME:</b>							
Revenue from operations	A,M,R		103522.24		(1546.90)		101975.34
Other income	A,E		1183.03		(278.68)		904.35
<b>Total Income</b>			<u>104705.27</u>		<u>(1825.58)</u>		<u>102879.69</u>
<b>EXPENSES:</b>							
<b>Manufacturing, construction and operating expenses:</b>							
Cost of raw materials, components consumed	A,R		13546.91		183.07		13729.98
Excise duty			890.55		(37.69)		852.86
Construction materials consumed			20036.82		219.95		20256.77
Purchase of stock-in-trade			1333.44		–		1333.44
Stores, spares and tools consumed			1935.55		(101.36)		1834.19
Sub-contracting charges			19565.57		1223.29		20788.86
Changes in inventories of finished goods, work-in-progress, stock-in-trade and property development			862.98		(1377.84)		(514.86)
Other manufacturing, construction and operating expenses			8224.79		935.77		9160.56
Finance cost of financial services business and finance lease activity			4828.91		138.20		4967.11
			<u>71225.52</u>		<u>1183.39</u>		<u>72408.91</u>
Employee benefits expense	A, I, K, N, O		13816.16		(485.32)		13330.84
Sales, administration and other expenses	A,H		6146.67		(368.15)		5778.52
Finance costs	A,D		3041.22		(1386.16)		1655.06
Depreciation, amortisation, impairment and obsolescence	A		2755.99		(969.26)		1786.73
			<u>96985.56</u>		<u>(2025.50)</u>		<u>94960.06</u>
Less: Overheads capitalised	A		8.84		(3.07)		5.77
<b>Total expenses</b>			<u>96976.72</u>		<u>(2022.43)</u>		<u>94954.29</u>
<b>Profit before exceptional items and tax</b>			<u>7728.55</u>		<u>196.85</u>		<u>7925.40</u>
Exceptional items	U		358.10		(263.88)		94.22
<b>Profit before tax</b>			<u>8086.65</u>		<u>(67.03)</u>		<u>8019.62</u>
Tax expense:							
Current tax	A,V		2764.19		53.50		2817.69
Deferred tax	A,G,T,V		(215.71)		(165.02)		(380.73)
			<u>2548.48</u>		<u>(111.52)</u>		<u>2436.96</u>
<b>Profit after tax</b>			<u>5538.17</u>		<u>44.49</u>		<u>5582.66</u>
Carried forward			5538.17		44.49		5582.66

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63] (contd.)

Particulars	Note	I-GAAP		Ind AS Adjustments		Ind AS	
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward			5538.17		44.49		5582.66
Less: Additional provision/(reversal) of tax on dividend distributed by subsidiaries	T		0.18		47.62		47.80
			5537.99		(3.13)		5534.86
Add: Share in profit/(loss) of joint ventures and associates (net)	A		(2.51)		(987.65)		(990.16)
<b>Profit for the year</b>			5535.48		(990.78)		4544.70
Other comprehensive income [net of tax]	E, G, M, O		-		159.05		159.05
<b>Total comprehensive income for the year</b>			5535.48		(831.73)		4703.75
Profit for the year attributable to:							
- Owners of the Company			5090.53		(857.65)		4232.88
- Non-controlling interests	A		444.95		(133.13)		311.82
			5535.48		(990.78)		4544.70
Other comprehensive income for the year attributable to:							
- Owners of the Company			-		155.82		155.82
- Non-controlling interests			-		3.23		3.23
			-		159.05		159.05
Total comprehensive income for the year attributable to:							
- Owners of the Company			5090.53		(701.83)		4388.70
- Non-controlling interests			444.95		(129.90)		315.05
			5535.48		(831.73)		4703.75

(f) Statement of reconciliation of total comprehensive income for the year ended March 31, 2016:

Sr. no.	Particulars	Note	₹ crore
	<b>Net profit after tax as per I-GAAP</b>		5090.53
I	Impact of provision for expected credit loss	H	13.83
II	Gain/(loss) on divestment of stake in subsidiary	U	(263.88)
III	Provision for employee benefits based on constructive obligations	K	(37.44)
IV	Impact of fair valuation of investments	E	(147.22)
V	Increase in borrowing cost pursuant to application of effective interest rate method	D	(88.42)
VI	Reclassification of net actuarial gain on employee defined benefit obligations to other comprehensive income	O	13.88
VII	Increase in borrowing cost due to initial fair valuation of long term financial liabilities	D	(304.74)
IX	Others	A,F,I,M,Q	10.70
X	Deferred and current taxes	A,G,V	(8.17)
XI	Additional tax on dividend distributed by subsidiaries	T	(46.19)
	<b>Net profit after tax as per Ind AS</b>		4232.88
XII	Other comprehensive income (net of tax) [attributable to owners of the Company]	E,G,M,O	155.82
	<b>Total comprehensive income as per Ind AS (attributable to owners of the Company)</b>		4388.70

## Notes forming part of the Consolidated Financial Statements (contd.)

### NOTE [63] (contd.)

(g) Effect of Ind AS adoption on Statement of Cash Flow for the year ended March 31, 2016:

₹ crore

Particulars	Note	I-GAAP	Ind AS Adjustments	Ind AS
Net Cash flows from operating activities	A	(3233.91)	(5.68)	(3239.59)
Net Cash flows from investing activities	A	(4964.54)	337.98	(4626.56)
Net Cash flows from financing activities	A	7488.47	(235.77)	7252.70
Net increase/(decrease) in cash and cash equivalents		(709.98)	96.53	(613.45)
Cash and cash equivalents as at April 1, 2015		4763.73	(360.77)	4402.96
Cash and cash equivalents as at March 31, 2016		4053.75	(264.24)	3789.51

#### Notes:

- A. Some of the entities have been classified as joint ventures under Ind AS 111 based on the nature of the control exercised by the Parent Company. Accordingly, the share in net profit/loss of joint ventures is recognised in the consolidated Statement of Profit and Loss and share in the net assets is included under investment in joint ventures/associates in the consolidated Balance Sheet as per equity method. Under I-GAAP, the financials of these entities were consolidated line by line.
- B. Pursuant to Ind AS requirements, investment property is presented separately. Under I-GAAP the same was presented as part of tangible assets. Tangible assets have been now divided into two categories under Ind AS viz property plant & equipment and Investment Property.
- C. In accordance with Ind AS 105, group(s) of assets classified as held for sale and liabilities associated with such group(s) is presented separately. Under I-GAAP there was no such requirement.
- D. Under Ind AS 23, borrowing cost is calculated following effective interest rate (EIR) method as described under Ind AS 109. Under I-GAAP borrowing cost was computed by applying the coupon rate to the principal amount for the period with consequential impact in the asset items where borrowing cost is capitalised / inventorised. Borrowings are recognised at fair value at the inception and subsequently at amortised cost with interest recognised based on EIR method.
- E. Investments except investments in group companies have been fair valued in accordance with Ind AS 109. Other investments are fair valued through profit and loss. Under I-GAAP the current investments were carried at cost net of diminution in their value as on the Balance Sheet date. The long term investments were carried at cost net of diminution, other than temporary in nature, if any.
- F. Under Ind AS financial assets and liabilities are measured at fair value at the inception and subsequently at amortised cost or at fair value based on their classification. Under I-GAAP the financial assets and liabilities were measured at cost net of allowance.
- G. Deferred tax under Ind AS has been recognised for temporary differences between tax base and the book base of the relevant assets and liabilities. Under I-GAAP the deferred tax was accounted based on timing differences impacting the profit or loss for the period.
- H. The provision is made against trade receivables/loans based on "expected credit loss" model as per Ind AS 109. Under I-GAAP the provision was made when the receivable/loan turned doubtful/non performing asset based on the assessment on case to case basis and applicable regulations.
- I. ESOP charge is accounted using fair value method. Under I-GAAP, ESOP charge was calculated based on intrinsic value method.
- J. Pursuant to Ind AS 32, Foreign Currency Convertible Bonds (FCCB) issued by the Parent Company is split into equity and liability component and presented accordingly. The measurement of liability component is done at fair value at the inception and subsequently at amortised cost. Under I-GAAP, FCCB was accounted at cost and presented as borrowing.
- K. Provision is made under Ind AS towards constructive obligations of the Group related to payment of performance linked rewards to the employees and tax on ESOP benefits, wherever applicable. Under I-GAAP the cost was recognised on actual payments.
- L. Under Ind AS, the final dividend including related tax is recognised in the period in which the obligation to pay is established on its approval, post reporting of financial statements. Under I-GAAP, a provision was required to be made in the financial statements for the proposed final dividend in the period to which the liability related.

## **Notes forming part of the Consolidated Financial Statements (contd.)**

### **NOTE [63] (contd.)**

- M. Change in fair value of derivative instrument taken to hedge off-balance sheet item is accounted in the hedge reserve. Under I-GAAP the premium on these derivative instrument was recognised on accrual basis in the Statement of Profit and Loss under the respective line items to which the hedges related.
- N. Past service cost arising out of modifications in the post-retirement benefits is recognised in the Statement of Profit and Loss pursuant to Ind AS 19. Under I-GAAP the past service was amortised over a period.
- O. Actuarial gains and losses pertaining to defined benefit obligations and re-measurement pertaining to return on plan assets are recognised in OCI in accordance with Ind AS 19 and are not reclassified to the Statement of Profit and Loss. Further, there are certain other items (as presented in OCI) that are accounted in OCI and subsequently reclassified to Profit and Loss in accordance with Ind AS requirements.
- P. Preference Share Capital has been classified as financial liability as per Ind AS 32. The preference shares issued outside the group, were recognised as minority interests under I-GAAP. The minority interest is called non-controlling interest under Ind AS.
- Q. Goodwill attributable to Cash Generating Units (CGUs) disposed of has been written down as per Ind AS 36. Under I-GAAP the same was measured at the portfolio level and was not being written down for disposal of CGUs within the overall portfolio.
- R. Additional construction services revenue recognised for service concession arrangement as per Ind AS 11 for Design-Build-Finance-Operate-Transfer (DBFOT) contracts with corresponding recognition of construction cost.
- S. Impact of consolidation of a Trust Fund as per Ind AS 110.
- T. With respect of clarification dated May 15, 2017 issued by Ind AS Transition Facilitation Group, deferred tax liability has been provided by Parent Company if it is probable that the accumulated undistributed profits will be distributed in foreseeable future from subsidiary company.
- U. Part stake divestment in a subsidiary which does not result in ceding of control, is accounted as transaction between Parent Company and the non-controlling interest under Ind AS. Accordingly the gain or loss on part stake sale is recognised directly under equity and not accounted through the Statement of Profit and Loss.
- V. As per Ind AS 12, unused tax credits like MAT Credit entitlement is considered as Deferred Tax.
- W. The previous year I-GAAP figures have been reclassified/regrouped to make them comparable with Ind AS presentation.

# Technology Leadership

## Strength for Peace



L&T partners the nation, industry and people to build a newer, brighter future. In critical sectors, such as defence, we provide the technology as well as the engineering and construction expertise to transform vision into reality.

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## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013]

₹ crore

Sr. no.	Sr. No.	1	2	3	4	5	6	7	8
	Particulars	L&T Cutting Tools Limited	Bhilai Power Supply Company Limited	Spectrum Infotech Private Limited	LTH Milcom Private Limited	L&T Shipbuilding Limited	L&T Electricals and Automation Limited	Hi-Tech Rock Products & Aggregates Limited	L&T Seawoods Limited
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>18-Sep-52</b>	<b>11-Jul-95</b>	<b>23-Jun-95</b>	<b>17-Aug-15</b>	<b>13-Nov-07</b>	<b>12-Dec-07</b>	<b>01-Jan-08</b>	<b>13-Mar-08</b>
1	Share capital (including share application money pending allotment)	6.80	0.05	0.44	0.20	444.00	7.44	0.05	1999.55
2	Other equity/Reserves and surplus (as applicable)	35.60	-	16.09	(0.11)	(1273.40)	(0.90)	9.16	1211.39
3	Liabilities	31.91	8.81	14.37	0.02	4077.29	0.70	59.61	212.48
4	Total equity and liabilities	74.31	8.86	30.90	0.11	3247.89	7.24	68.82	3423.42
5	Total assets	74.31	8.86	30.90	0.11	3247.89	7.24	68.82	3423.42
6	Investments	9.86	-	2.51	-	10.44	-	-	556.18
7	Turnover	167.93	-	16.20	-	621.05	-	169.73	1170.22
8	Profit before taxation	25.02	-	(1.05)	(0.02)	(349.69)	(0.89)	7.65	40.92
9	Provision for taxation	8.90	-	(0.19)	-	(1.35)	-	2.76	8.79
10	Profit after taxation	16.12	-	(0.86)	(0.02)	(348.34)	(0.89)	4.89	32.13
11	Interim dividend - equity	(8.16)	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	100.00	99.90	100.00	-	97.00	100.00	100.00	100.00

Sr. no.	Sr. No.	9	10	11	12	13	14	15	16
	Particulars	Kesun Iron and Steel Company Private Limited	EWAC Alloys Limited	L&T Valves Limited	L&T Realty Limited	Chennai Vision Developers Private Limited	L&T Vision Ventures Limited	L&T Power Limited	L&T Cassidian Limited
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>16-Jan-09</b>	<b>04-Apr-62</b>	<b>23-Nov-61</b>	<b>30-Nov-07</b>	<b>14-Aug-08</b>	<b>22-Dec-06</b>	<b>09-Mar-06</b>	<b>15-Apr-11</b>
1	Share capital (including share application money pending allotment)	0.01	8.29	18.00	47.16	0.01	0.05	0.05	0.05
2	Other equity/Reserves and surplus (as applicable)	(0.27)	87.39	585.58	1018.80	(0.01)	(4.67)	4.79	(0.02)
3	Liabilities	0.28	60.82	939.86	31.51	0.01	10.86	0.09	0.00
4	Total equity and liabilities	0.02	156.50	1543.44	1097.47	0.01	6.24	4.93	0.03
5	Total assets	0.02	156.50	1543.44	1097.47	0.01	6.24	4.93	0.03
6	Investments	-	2.50	21.83	868.60	-	-	4.84	-
7	Turnover	-	210.38	1503.19	313.68	-	-	-	-
8	Profit before taxation	(0.01)	52.34	187.48	259.17	0.01	(0.02)	0.20	(0.00)
9	Provision for taxation	-	17.36	66.94	(59.52)	-	-	-	-
10	Profit after taxation	(0.01)	34.98	120.54	318.69	0.01	(0.02)	0.20	(0.00)
11	Interim dividend - equity	-	(28.20)	(27.00)	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	95.00	100.00	100.00	100.00	100.00	68.00	99.99	74.00

# Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

## Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013] (contd.)

₹ crore

Sr. no.	Sr. No.	17	18	19	20	21	22	23	24
	Particulars	L&T Aviation Services Private Limited	Larsen & Toubro Infotech Limited	L&T Finance Holdings Limited *\$	L&T Housing Finance Limited \$	L&T Finance Limited\$ (formerly known as Family Credit Limited)	L&T Capital Markets Limited	L&T Investment Management Limited \$	L&T Mutual Fund Trustee Limited
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>06-Nov-09</b>	<b>23-Dec-96</b>	<b>01-May-08</b>	<b>31-Aug-94</b>	<b>22-Nov-94</b>	<b>07-Feb-13</b>	<b>25-Apr-96</b>	<b>30-Apr-96</b>
1	Share capital (including share application money pending allotment)	45.60	17.07	3087.19	129.65	1440.05	49.75	251.82	0.15
2	Other equity/Reserves and surplus (as applicable)	(9.21)	2959.83	2236.54	675.63	5439.34	(34.17)	212.81	1.44
3	Liabilities	52.56	1236.00	1054.03	8010.96	29097.44	11.07	53.17	0.05
4	Total equity and liabilities	88.95	4212.90	6377.76	8816.25	35976.83	26.65	517.80	1.64
5	Total assets	88.95	4212.90	6377.76	8816.25	35976.83	26.65	517.80	1.64
6	Investments	-	1231.03	5644.17	435.50	3096.97	5.12	109.37	1.33
7	Turnover	25.36	6182.90	277.58	948.42	4082.05	49.66	345.94	0.05
8	Profit before taxation	(9.70)	1184.16	245.11	210.21	28.42	4.32	(25.81)	0.01
9	Provision for taxation	(2.71)	246.60	(3.55)	73.80	12.38	(1.46)	-	(0.01)
10	Profit after taxation	(6.99)	937.56	248.66	136.41	16.04	5.78	(25.81)	0.02
11	Interim dividend - equity	-	(160.96)	-	-	(140.33)	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	(140.33)	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	100.00	84.28	66.62	66.62	66.62	66.62	66.62	66.62

Sr. no.	Sr. No.	25	26	27	28	29	30	31	32
	Particulars	L&T Infrastructure Finance Company Limited\$	L&T Infra Debt Fund Limited\$	L&T Infra Investment Partners Advisory Private Limited	L&T Infra Investment Partners Trustee Private Limited	L&T Financial Consultants Limited (formerly known as L&T Vrindavan Properties Limited)	L&T Access Distribution Services Limited	Mudit Cement Private Limited	L&T Capital Company Limited
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>18-Apr-06</b>	<b>19-Mar-13</b>	<b>30-May-11</b>	<b>12-Aug-11</b>	<b>16-Jun-11</b>	<b>29-Nov-11</b>	<b>01-Nov-90</b>	<b>06-Apr-00</b>
1	Share capital (including share application money pending allotment)	892.09	575.97	5.00	0.10	18.75	21.35	2.10	0.05
2	Other equity/Reserves and surplus (as applicable)	1988.76	232.95	8.05	(0.05)	87.71	(18.18)	(15.74)	10.00
3	Liabilities	21983.82	3404.19	2.15	0.03	406.88	0.05	53.11	6.81
4	Total equity and liabilities	24864.67	4213.11	15.20	0.08	513.34	3.22	39.48	16.86
5	Total assets	24864.67	4213.11	15.20	0.08	513.34	3.22	39.48	16.86
6	Investments	2502.84	-	13.35	0.07	4.26	0.75	-	7.74
7	Turnover	2648.06	302.99	11.88	0.03	45.49	(0.04)	-	2.17
8	Profit before taxation	18.92	94.11	7.54	0.00	(8.17)	(0.90)	(4.81)	3.04
9	Provision for taxation	(23.29)	-	2.67	0.00	(24.84)	0.04	0.68	0.69
10	Profit after taxation	42.21	94.11	4.87	0.00	16.67	(0.94)	(5.49)	2.35
11	Interim dividend - equity	(86.00)	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	66.62	66.62	66.62	66.62	66.62	66.62	66.62	100.00

Note: \* Share capital (including share application money pending allotment) includes money received against share warrants.

§ Reporting as per the Companies (Accounting Standards) Rules 2006 (I-GAAP)



## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013] (contd.)

₹ crore

Sr. no.	Sr. No.	33	34	35	36	37	38	39	40
	Particulars	L&T Trustee Company Private Limited	L&T Power Development Limited	L&T Uttaranchal Hydropower Limited	L&T Arunachal Hydropower Limited	L&T Himachal Hydropower Limited	Nabha Power Limited	L&T Metro Rail (Hyderabad) Limited	L&T Technology Services Limited
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>09-Jul-09</b>	<b>12-Sep-07</b>	<b>13-Nov-06</b>	<b>24-Jun-10</b>	<b>22-Jun-10</b>	<b>09-Apr-07</b>	<b>24-Aug-10</b>	<b>14-Jun-12</b>
1	Share capital (including share application money pending allotment)	0.01	3112.70	161.05	40.28	198.13	2325.00	2068.55	20.34
2	Other equity/Reserves and surplus (as applicable)	(0.02)	3.17	702.24	0.20	(0.27)	573.75	(30.85)	1511.19
3	Liabilities	0.01	2.09	28.83	0.15	0.87	8040.91	9817.11	538.67
4	Total equity and liabilities	0.00	3117.96	892.12	40.63	198.73	10939.66	11854.81	2070.20
5	Total assets	0.00	3117.96	892.12	40.63	198.73	10939.66	11854.81	2070.20
6	Investments	-	3109.31	1.49	0.03	-	-	239.02	198.76
7	Turnover	-	8.40	-	-	-	3518.36	1562.94	3112.54
8	Profit before taxation	(0.00)	0.29	0.04	(0.00)	(0.00)	7.30	3.54	599.64
9	Provision for taxation	-	0.10	0.04	0.00	0.00	33.41	0.72	150.63
10	Profit after taxation	(0.00)	0.19	(0.00)	(0.00)	(0.00)	(26.11)	2.82	449.01
11	Interim dividend - equity	-	-	-	-	-	-	-	(80.85)
12	Interim dividend - preference	-	-	-	-	-	-	-	(9.66)
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	100.00	100.00	100.00	100.00	100.00	100.00	100.00	89.77

Sr. no.	Sr. No.	41	42	43	44	45	46	47	48
	Particulars	L&T Construction Equipment Limited	L&T Infrastructure Engineering Limited	L&T Thales Technology Services Private Limited	Sahibganj Ganges Bridge-Company Private Limited	Seawoods Retail Private Limited	Seawoods Realty Private Limited	L&T Hydrocarbon Engineering Limited	Marine Infrastructure Developer Private Limited
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>29-Jul-97</b>	<b>09-Feb-98</b>	<b>04-Apr-06</b>	<b>14-Jul-16</b>	<b>02-Sep-16</b>	<b>23-Aug-16</b>	<b>02-Apr-09</b>	<b>22-Jan-16</b>
1	Share capital (including share application money pending allotment)	120.00	3.60	2.05	0.01	0.01	0.01	1000.05	400.00
2	Other equity/Reserves and surplus (as applicable)	110.14	35.40	(4.77)	(0.01)	(0.01)	(0.01)	545.62	2.76
3	Liabilities	351.80	26.61	39.16	0.01	0.01	0.01	4931.25	1541.15
4	Total equity and liabilities	581.94	65.61	36.44	0.01	0.01	0.01	6476.92	1943.91
5	Total assets	581.94	65.61	36.44	0.01	0.01	0.01	6476.92	1943.91
6	Investments	8.96	-	1.94	-	-	-	1568.86	-
7	Turnover	521.74	56.65	61.53	-	-	-	8786.61	98.64
8	Profit before taxation	(5.16)	7.61	0.48	(0.01)	(0.01)	(0.01)	703.36	(35.92)
9	Provision for taxation	1.71	0.27	(0.08)	-	-	-	267.04	(38.56)
10	Profit after taxation	(6.87)	7.34	0.56	(0.01)	(0.01)	(0.01)	436.32	2.64
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	100.00	100.00	66.43	100.00	100.00	100.00	100.00	97.00

## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013] (contd.)

₹ crore

Sr. no.	Sr. No.	49	50	51	52	53	54	55	56
	Particulars	AugmentIQ Data Sciences Private Limited	Larsen & Toubro LLC	Larsen & Toubro Infotech, GmbH	Larsen & Toubro Infotech Canada Limited	Larsen & Toubro Infotech LLC	L&T Infotech Financial Services Technologies Inc.	Larsen & Toubro Infotech South Africa (PTY) Limited	L&T Information Technology Services (Shanghai) Co., Ltd.
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Dec-16</b>
	<b>Currency</b>	–	USD	EURO	CAD	USD	CAD	ZAR	CNY
	<b>Exchange rate on the last day of financial year</b>	–	64.85	69.29	48.59	64.85	48.59	4.85	9.78
	<b>Date of Acquisition</b>	<b>27-Nov-12</b>	<b>02-Jan-01</b>	<b>14-Jun-99</b>	<b>25-Apr-00</b>	<b>21-Jul-09</b>	<b>01-Jan-11</b>	<b>25-Jul-12</b>	<b>28-Jun-13</b>
1	Share capital (including share application money pending allotment)	1.10	0.34	0.17	0.00	–	303.70	0.22	1.05
2	Other equity/Reserves and surplus (as applicable)	(0.01)	2.06	27.75	7.25	11.45	35.69	2.58	(1.27)
3	Liabilities	3.93	0.92	17.40	7.90	0.56	54.94	8.42	1.99
4	Total equity and liabilities	5.02	3.31	45.32	15.15	12.01	394.33	11.22	1.77
5	Total assets	5.02	3.31	45.32	15.15	12.01	394.33	11.22	1.77
6	Investments	–	–	–	–	–	–	–	–
7	Turnover	4.91	3.32	92.12	88.94	9.35	258.97	30.83	1.83
8	Profit before taxation	(0.28)	0.04	3.73	3.62	0.45	54.81	1.09	(0.44)
9	Provision for taxation	(0.09)	0.02	1.58	0.89	–	15.43	0.32	–
10	Profit after taxation	(0.19)	0.02	2.15	2.73	0.45	39.38	0.77	(0.44)
11	Interim dividend - equity	–	–	–	(5.10)	–	(8.80)	–	–
12	Interim dividend - preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–
15	% of share holding	84.28	100.00	84.28	84.28	84.28	84.28	63.12	84.28

Sr. no.	Sr. No.	57	58	59	60	61	62	63	64
	Particulars	L&T Realty FZE	Larsen & Toubro International FZE	Larsen & Toubro Hydrocarbon International Limited LLC	Thalest Limited	Servowatch Systems Limited	L&T Modular Fabrication Yard LLC	Larsen & Toubro (East Asia) SDN. BHD	Larsen & Toubro Qatar LLC
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Dec-16</b>	<b>31-Mar-15</b>	<b>31-Dec-16</b>
	<b>Currency</b>	<b>AED</b>	<b>USD</b>	<b>SAR</b>	<b>GBP</b>	<b>GBP</b>	<b>OMR</b>	<b>MYR</b>	<b>QAR</b>
	<b>Exchange rate on the last day of financial year</b>	<b>17.66</b>	<b>64.85</b>	<b>18.11</b>	<b>80.90</b>	<b>80.90</b>	<b>176.43</b>	<b>16.88</b>	<b>18.65</b>
	<b>Date of Acquisition</b>	<b>27-Jan-08</b>	<b>25-Sep-01</b>	<b>17-Jun-13</b>	<b>21-Feb-75</b>	<b>28-Aug-87</b>	<b>05-Jul-06</b>	<b>13-Jun-96</b>	<b>31-Mar-04</b>
1	Share capital (including share application money pending allotment)	15.89	1779.16	0.91	1.08	20.63	50.89	1.27	0.37
2	Other equity/Reserves and surplus (as applicable)	(5.84)	(312.12)	(1.31)	6.11	(39.26)	(59.89)	(0.64)	0.24
3	Liabilities	0.08	123.93	6.03	–	50.39	278.11	4.91	0.89
4	Total equity and liabilities	10.14	1590.97	5.63	7.19	31.76	269.11	5.54	1.50
5	Total assets	10.14	1590.97	5.63	7.19	31.76	269.11	5.54	1.50
6	Investments	–	664.48	–	–	–	–	–	0.70
7	Turnover	–	12.13	–	–	35.81	455.97	2.31	–
8	Profit before taxation	0.12	(33.56)	(0.35)	0.27	(14.73)	6.70	(0.39)	(0.08)
9	Provision for taxation	–	–	–	(0.06)	–	–	–	–
10	Profit after taxation	0.12	(33.56)	(0.35)	0.33	(14.73)	6.70	(0.39)	(0.08)
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–
15	% of share holding	100.00	100.00	100.00	100.00	100.00	65.00	30.00	49.00

## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

### Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013] (contd.)

₹ crore

Sr. no.	Sr. No.	65	66	67	68	69	70	71	72
	<b>Particulars</b>	L&T Overseas Projects Nigeria Limited	L&T Electricals & Automation Saudi Arabia Company Limited LLC	Larsen & Toubro Kuwait Construction General Contracting Company, W.L.L	Larsen & Toubro Readymix & Asphalt Concrete Industries LLC	Larsen & Toubro (Saudi Arabia) LLC	Larsen Toubro Arabia LLC	Larsen & Toubro ATCO Saudia LLC	Tamco Switchgear (Malaysia) Sdn. Bhd.
	<b>Financial year ending on</b>	31-Dec-16	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16	31-Dec-16	31-Dec-16	31-Mar-17
	<b>Currency</b>	NGN	SAR	KWD	AED	SAR	SAR	SAR	MYR
	<b>Exchange rate on the last day of financial year</b>	0.22	17.29	221.87	17.66	18.11	18.11	18.11	14.65
	<b>Date of Acquisition</b>	15-Jul-04	22-Aug-06	29-Nov-06	27-Jun-06	22-Jun-99	01-Jul-12	08-Jul-07	29-May-07
1	Share capital (including share application money pending allotment)	0.22	31.13	44.37	1.77	26.04	18.11	1.81	146.53
2	Other equity/Reserves and surplus (as applicable)	(0.19)	(34.02)	(45.13)	15.97	191.37	(347.54)	(466.91)	390.13
3	Liabilities	0.02	122.15	27.10	28.52	1670.14	686.11	633.82	258.82
4	Total equity and liabilities	0.05	119.26	26.34	46.26	1887.55	356.68	168.72	795.48
5	Total assets	0.05	119.26	26.34	46.26	1887.55	356.68	168.72	795.48
6	Investments	-	-	-	-	-	-	-	-
7	Turnover	-	62.47	-	94.77	2626.72	619.70	35.25	742.61
8	Profit before taxation	-	(8.70)	(0.49)	(9.40)	380.73	(271.02)	(17.63)	72.24
9	Provision for taxation	-	-	-	-	42.10	-	-	10.49
10	Profit after taxation	-	(8.70)	(0.49)	(9.40)	338.63	(271.02)	(17.63)	61.75
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	100.00	100.00	49.00	49.00	100.00	75.00	75.00	100.00

Sr. no.	Sr. No.	73	74	75	76	77	78	79	80
	<b>Particulars</b>	Henikwon Corporation Sdn. Bhd.	Tamco Electrical Industries Australia Pty Ltd.	PT Tamco Indonesia	Larsen & Toubro Heavy Engineering LLC	L&T Electrical & Automation FZE	Kana Controls General Trading & Contracting Company W.L.L	Larsen & Toubro T&D SA (Proprietary) Limited	L&T Technology Services LLC
	<b>Financial year ending on</b>	31-Mar-17	31-Mar-17	31-Dec-16	31-Dec-16	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
	<b>Currency</b>	MYR	AUD	IDR	OMR	AED	KWD	ZAR	USD
	<b>Exchange rate on the last day of financial year</b>	14.65	49.58	0.01	176.43	17.66	212.80	4.85	64.85
	<b>Date of Acquisition</b>	18-May-87	15-Apr-83	27-Mar-92	07-Apr-08	04-Apr-08	10-Sep-13	06-Sep-10	26-Jun-14
1	Share capital (including share application money pending allotment)	9.45	81.67	13.32	99.95	1.77	2.13	3.64	0.06
2	Other equity/Reserves and surplus (as applicable)	(18.65)	(70.34)	(51.56)	(7.36)	116.76	(3.03)	(1.02)	(45.10)
3	Liabilities	21.75	8.04	104.55	266.70	219.76	22.36	0.28	132.74
4	Total equity and liabilities	12.55	19.37	66.31	359.29	338.29	21.46	2.90	87.70
5	Total assets	12.55	19.37	66.31	359.29	338.29	21.46	2.90	87.70
6	Investments	-	-	-	-	-	-	-	-
7	Turnover	28.17	14.75	47.80	217.29	277.07	43.35	-	159.94
8	Profit before taxation	(0.74)	(1.83)	(7.58)	(19.05)	(22.02)	0.35	0.14	(20.59)
9	Provision for taxation	-	-	-	1.88	-	-	-	3.61
10	Profit after taxation	(0.74)	(1.83)	(7.58)	(20.93)	(22.02)	0.35	0.14	(24.20)
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	100.00	100.00	100.00	70.00	100.00	49.00	72.50	89.77

## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

### Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013] (contd.)

₹ crore

Sr. no.	Sr. No.	81	82	83	84	85	86	87	88
	<b>Particulars</b>	<b>L&amp;T Infotech Austria GMBH LLC</b>	<b>L&amp;T Global Holdings Limited</b>	<b>L&amp;T Information Technology Spain SL</b>	<b>Larsen &amp; Toubro (Oman) LLC</b>	<b>L&amp;T-Sargent and Lundy Limited #</b>	<b>L&amp;T-Gulf Private Limited #</b>	<b>L&amp;T-MHPS Boilers Private Limited #</b>	<b>L&amp;T-MHPS Turbine Generators Private Limited #</b>
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	<b>EURO</b>	<b>USD</b>	<b>EURO</b>	<b>OMR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Exchange rate on the last day of financial year</b>	<b>69.29</b>	<b>64.85</b>	<b>69.29</b>	<b>176.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Date of Acquisition</b>	<b>18-Jun-15</b>	<b>24-Feb-16</b>	<b>01-Feb-16</b>	<b>29-Jan-94</b>	<b>05-May-95</b>	<b>11-Jan-08</b>	<b>09-Oct-06</b>	<b>27-Dec-06</b>
1	Share capital (including share application money pending allotment)	0.24	51.88	0.35	25.71	5.57	8.00	234.10	710.60
2	Other equity/Reserves and surplus (as applicable)	0.24	(35.78)	1.39	269.63	49.79	15.55	695.78	(527.74)
3	Liabilities	0.37	1812.59	21.32	3317.60	35.62	8.29	2892.74	2403.46
4	Total equity and liabilities	0.85	1828.69	23.06	3612.94	90.98	31.84	3822.62	2586.32
5	Total assets	0.85	1828.69	23.06	3612.94	90.98	31.84	3822.62	2586.32
6	Investments	0.00	1112.32	-	-	37.78	0.70	687.37	39.10
7	Turnover	6.07	-	65.78	3704.49	112.51	20.61	2490.66	910.26
8	Profit before taxation	0.39	(36.42)	2.06	15.23	3.83	3.48	332.13	19.51
9	Provision for taxation	0.08	-	0.51	0.01	1.05	1.40	110.85	25.45
10	Profit after taxation	0.31	(36.42)	1.55	15.22	2.78	2.08	221.28	(5.94)
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	84.28	100.00	84.28	65.00	50.0001	50.0002	51.00	51.00

Sr. no.	Sr. No.	89	90	91	92	93	94	95	96
	<b>Particulars</b>	<b>Raykal Aluminium Company Private Limited #</b>	<b>L&amp;T Special Steels and Heavy Forgings Private Limited #</b>	<b>L&amp;T Howden Private Limited #</b>	<b>L&amp;T Sapura Offshore Private Limited #</b>	<b>L&amp;T Kobelco Machinery Private Limited #</b>	<b>Larsen and Toubro Electromech LLC #</b>	<b>L&amp;T Sapura Shipping Private Limited #</b>	<b>L&amp;T Infrastructure Development Projects Limited #</b>
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>OMR</b>	<b>-</b>	<b>-</b>
	<b>Exchange rate on the last day of financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176.43</b>	<b>-</b>	<b>-</b>
	<b>Date of Acquisition</b>	<b>23-Feb-99</b>	<b>01-Jul-09</b>	<b>17-Jun-10</b>	<b>02-Sep-10</b>	<b>25-Nov-10</b>	<b>01-Jan-05</b>	<b>02-Sep-10</b>	<b>26-Feb-01</b>
1	Share capital (including share application money pending allotment)	0.05	566.60	30.00	0.01	50.00	5.29	158.85	2321.06
2	Other equity/Reserves and surplus (as applicable)	0.33	(1207.69)	28.07	0.64	(13.86)	(12.65)	303.88	2443.73
3	Liabilities	0.59	2193.08	136.53	9.94	59.72	224.35	394.60	1045.10
4	Total equity and liabilities	0.97	1551.99	194.60	10.59	95.86	216.99	857.33	5809.89
5	Total assets	0.97	1551.99	194.60	10.59	95.86	216.99	857.33	5809.89
6	Investments	-	-	-	-	-	-	-	3371.70
7	Turnover	-	129.96	157.10	-	44.10	142.49	138.77	571.20
8	Profit before taxation	(0.03)	(254.65)	30.52	0.07	0.32	(50.62)	26.13	(284.83)
9	Provision for taxation	-	-	11.89	0.29	(0.31)	1.83	0.58	(62.61)
10	Profit after taxation	(0.03)	(254.65)	18.63	(0.22)	0.63	(52.45)	25.55	(222.22)
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	75.50	74.00	50.10	60.00	51.00	65.00	60.00	97.45

Note: # Refer Note 54(a).

§ Reporting as per the Companies (Accounting Standards) Rules 2006 (I-GAAP)

## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013] (contd.)

₹ crore

Sr. no.	Sr. No.	97	98	99	100	101	102	103	104
	Particulars	Panipat Elevated Corridor Limited #	Krishnagiri Thopur Toll Road Limited #	Western Andhra Tollways Limited #	Vadodara Bharuch Tollway Limited #	L&T Interstate Road Corridor Limited #	L&T Western India Tollbridge Limited #	L&T Transportation Infrastructure Limited #	L&T Krishnagiri Walajahpet Tollway Limited #
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>21-Jul-05</b>	<b>02-Nov-05</b>	<b>02-Nov-05</b>	<b>23-Dec-05</b>	<b>02-Feb-06</b>	<b>20-May-99</b>	<b>24-Sep-97</b>	<b>23-Apr-10</b>
1	Share capital (including share application money pending allotment)	84.30	78.75	56.50	43.50	57.16	13.95	41.40	90.00
2	Other equity/Reserves and surplus (as applicable)	(323.52)	(156.13)	(84.59)	(304.91)	47.59	19.71	143.28	13.16
3	Liabilities	497.97	502.40	254.84	1051.78	329.16	70.84	69.57	999.85
4	Total equity and liabilities	258.75	425.02	226.75	790.37	433.91	104.50	254.25	1103.01
5	Total assets	258.75	425.02	226.75	790.37	433.91	104.50	254.25	1103.01
6	Investments	-	35.41	41.21	187.92	123.68	-	156.08	1.24
7	Turnover	58.45	132.90	66.69	265.86	48.05	-	25.08	133.54
8	Profit before taxation	(37.84)	21.06	10.02	22.31	12.60	1.25	14.17	(25.07)
9	Provision for taxation	-	0.65	0.19	4.60	3.93	0.38	(12.92)	0.27
10	Profit after taxation	(37.84)	20.41	9.83	17.71	8.67	0.87	27.09	(25.34)
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	97.45	97.45	97.45	97.45	97.45	97.45	98.12	97.45

Sr. no.	Sr. No.	105	106	107	108	109	110	111	112
	Particulars	Devihalli Hassan Tollway Limited #	L&T Halol Shamlaji Tollway Limited #	Ahmedabad-Maliya Tollway Limited #	L&T Port Kachchigarh Limited #	L&T BPP Tollway Limited #	L&T Samakhiali Gandhidham Tollway Limited #	L&T Deccan Tollways Limited #	Kudgi Transmission Limited #
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	-	-	-	-	-	-	-	-
	<b>Exchange rate on the last day of financial year</b>	-	-	-	-	-	-	-	-
	<b>Date of Acquisition</b>	<b>27-Apr-10</b>	<b>09-Sep-08</b>	<b>09-Sep-08</b>	<b>30-Apr-08</b>	<b>25-May-11</b>	<b>05-Feb-10</b>	<b>20-Dec-11</b>	<b>30-Aug-13</b>
1	Share capital (including share application money pending allotment)	90.00	796.34	149.00	4.16	247.20	80.54	218.84	192.60
2	Other equity/Reserves and surplus (as applicable)	(25.97)	(317.27)	(44.95)	(4.62)	(246.54)	(75.60)	(2.52)	78.03
3	Liabilities	307.31	702.77	1256.19	5.46	4742.95	1672.31	886.70	2699.67
4	Total equity and liabilities	371.34	1181.84	1360.24	5.00	4743.61	1677.25	1103.02	2970.30
5	Total assets	371.34	1181.84	1360.24	5.00	4743.61	1677.25	1103.02	2970.30
6	Investments	2.37	-	-	-	46.55	-	2.25	-
7	Turnover	50.64	74.01	177.01	-	307.46	158.25	292.16	271.72
8	Profit before taxation	(3.52)	(189.56)	(51.48)	(0.02)	(291.19)	(107.05)	(0.33)	29.95
9	Provision for taxation	-	-	-	-	-	-	-	8.92
10	Profit after taxation	(3.52)	(189.56)	(51.48)	(0.02)	(291.19)	(107.05)	(0.33)	21.03
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-
15	% of share holding	97.45	47.75	97.45	97.45	97.45	97.45	97.45	97.45

Note: # Refer Note 54(a).

## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part A: "Subsidiaries" [as per Section 2(87) of the Companies Act, 2013] (contd.)

₹ crore

Sr. no.	Sr. No.	113	114	115	116	117
	Particulars	L&T Sambalpur - Rourkela Tollway Limited #	L&T IDPL Trustee Manager Pte. Ltd. #	PNG Tollway Limited #	L&T Rajkot-Vadinar Tollway Limited #	L&T Chennai - Tada Tollway Limited #
	<b>Financial year ending on</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
	<b>Currency</b>	–	SGD	–	–	–
	<b>Exchange rate on the last day of financial year</b>	–	46.41	–	–	–
	<b>Date of Acquisition</b>	<b>18-Oct-13</b>	<b>30-Sep-13</b>	<b>16-Feb-09</b>	<b>08-Sep-08</b>	<b>24-Mar-08</b>
1	Share capital (including share application money pending allotment)	290.03	6.10	169.10	110.00	42.00
2	Other equity/Reserves and surplus (as applicable)	(2.97)	(5.42)	(455.67)	(122.56)	(5.06)
3	Liabilities	850.71	0.06	1473.96	980.61	382.75
4	Total equity and liabilities	1137.77	0.74	1187.39	968.05	419.69
5	Total assets	1137.77	0.74	1187.39	968.05	419.69
6	Investments	22.82	–	–	–	–
7	Turnover	545.31	–	–	93.45	–
8	Profit before taxation	(0.53)	(0.16)	(220.52)	(58.02)	(4.86)
9	Provision for taxation	–	–	–	–	–
10	Profit after taxation	(0.53)	(0.16)	(220.52)	(58.02)	(4.86)
11	Interim dividend - equity	–	–	–	–	–
12	Interim dividend - preference	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–
15	% of share holding	97.45	97.45	72.11	97.45	97.45

Note: # Refer Note 54(a).

## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

**Part B: " Associates/Joint ventures" [as per Section 2(6) of the Companies Act, 2013]**

Sr No.	Sr. No.	1	2	3	4	5
	Particulars	Feedback Infra Private Limited	L&T- Chiyoda Limited	International Seaports (Haldia) Private Limited	L&T Camp Facilities LLC	L&T Qatar & HBK Contracting LLC
1	Latest audited Balance Sheet Date	31-Mar-17	31-Mar-17	31-Mar-16	31-Dec-16	31-Dec-16
2	Shares of Associate/Joint Ventures held by the company at the year end					
	Number	37,90,000	45,00,000	98,30,000	2,450	100
	Amount of Investment in Associates/Joint Venture (₹ crore)	37.90	4.50	9.83	4.33	0.18
	Total No of shares	1,63,61,704	90,00,000	4,40,58,020	5,000	200
	Extent of Holding %	15.42%	50.00%	21.74%	49.00%	50.00%
3	Description of how there is significant influence	Refer Note 1				
4	Reason why the associate/joint venture is not consolidated					
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ crore)	15.65	43.85	14.32	3.04	(3.51)
6	Profit / (Loss) for the year (₹ crore)					
	Considered in Consolidation	24.54	7.79	3.34	2.46	0.02
	Not Considered in Consolidation	—	—	—	—	—

## Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part B: " Associates/Joint ventures" [as per Section 2(6) of the Companies Act, 2013] (contd.)

Sr No.	Sr. No.	6	7	8	9
	Particulars	Magtorq Private Limited	Indiran Engineering Projects and Systems Kish PJSC	Grameen Capital India Limited	Gujarat Leather Industries Limited
1	Latest audited Balance Sheet Date	31-Mar-17	31-Mar-17	31-Mar-15	
2	Shares of Associate/Joint Ventures held by the company at the year end				
	Number	9,000	875	21,26,000	7,35,000
	Amount of Investment in Associates/Joint Venture (₹ crore)	4.42	0.39	2.13	0.56
	Total No of shares	21,003	1,750	81,77,887	Refer Note 4
	Extent of Holding %	42.85%	50.00%	23.84%	50.00%
3	Description of how there is significant influence	Refer Note 1			
4	Reason why the associate/joint venture is not consolidated		Refer Note 2	Refer Note 3	Refer Note 4
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ crore)	4.58	(0.14)	–	–
6	Profit / (Loss) for the year (₹ crore)				
	Considered in Consolidation	0.14	(0.04)	–	–
	Not Considered in Consolidation	–	–	(0.26)	–

### Notes:

1. Significant influence is demonstrated by holding 20% or more of the voting power of the investee.
2. The Incorporated joint venture is not required to be audited as per regulatory laws in Iran. Hence the management certified accounts have been considered for consolidation.
3. There is restriction on transferring the resources to the share holder and hence the same has not been considered for consolidation
4. The associate company is under liquidation process and investment is fully provided in the accounts.

A. M. NAIK  
Group Executive Chairman (DIN 00001514)

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)

SUSHOBHAN SARKER  
(DIN 00088276)

N.HARIHARAN  
Company Secretary  
M. No. A3471

VIKRAM SINGH MEHTA  
(DIN 00041197)

SANJEEV AGA  
(DIN 00022065)

Directors

Mumbai, May 29, 2017



## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014]

### LARSEN & TOUBRO LIMITED

CIN : L99999MH1946PLC004768  
 Regd. Office : L&T House, Ballard Estate, Mumbai 400 001.  
 Tel. No.: (022) 6752 5656, Fax No.: (022) 6752 5893  
 Email: IGRC@Larsentoubro.com, Website: www.Larsentoubro.com

Name of the member(s)			
Registered Address			
Email ID			
Folio No./Client ID		DP ID	

I/We, being the holder(s) of \_\_\_\_\_ shares of LARSEN & TOUBRO LIMITED, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Seventy Second Annual General Meeting of the Company, to be held at St. Andrews Auditorium, St. Dominic Road, Bandra (West), Mumbai - 400050 on Tuesday, August 22, 2017 at 3.00 P.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Item No.	Resolutions	For	Against
1	Adoption of audited financial statements for the year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company and the reports of the auditors thereon for the year ended March 31, 2017.		
2	Dividend on equity shares for the financial year 2016-17.		
3	Appoint Mr. Sushobhan Sarker (DIN: 00088276) as a Director liable to retire by rotation.		
4	Appoint Mr. Shailendra Roy (DIN: 02144836) as a Director liable to retire by rotation.		
5	Appoint Mr. R. Shankar Raman (DIN: 00019798) as a Director liable to retire by rotation.		
6	Re-appoint Mr. Subodh Bhargava (DIN: 00035672) as an Independent Director.		
7	Appoint Mr. S.N. Subrahmanyam (DIN: 02255382) as the Chief Executive Officer and Managing Director of the Company.		
8	Appoint Mr. Jayant Damodar Patil (DIN: 01252184) as a Director liable to retire by rotation.		
9	Appoint Mr. Arvind Gupta (DIN: 00090360) as a Director liable to retire by rotation.		
10	Appoint Mr. Jayant Damodar Patil (DIN: 01252184) as a Whole-time Director of the Company.		
11	Raise funds through issue of convertible bonds and/or equity shares through depository receipts and including by way of Qualified Institution Placement ('QIP'), to Qualified Institutional Buyers ('QIB') for an amount not exceeding ₹ 4000 Crore or US \$ 600 million, whichever is higher.		

Item No.	Resolutions	For	Against
12	Issue listed/unlisted secured/unsecured redeemable non-convertible debentures, in one or more series/tranches/ currencies, aggregating up to ₹ 6000 crore.		
13	Ratification of appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors of the Company.		
14	Ratification of remuneration payable to M/s R. Nanabhoy & Co. Cost Accountants (Regn. No. 00010) for the financial year 2017-18.		

Affix a  
1 Rupee  
Revenue  
Stamp

Signed this ..... day of ..... 2017

Signature of shareholder : .....

\_\_\_\_\_  
Signature of proxy holder(s)

Note:

- (1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- (2) **A Proxy need not be a member of the Company.**
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- \*\* (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- (6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

# LARSEN & TOUBRO LIMITED

CIN : L99999MH1946PLC004768  
Regd. Office : L&T House, Ballard Estate, Mumbai 400 001.  
Tel. No.: (022) 6752 5656, Fax No.: (022) 6752 5893  
Email: IGRC@Larsentoubro.com, Website: www.larsentoubro.com

## Shareholder's Satisfaction Survey Form – 2017

Dear Shareholders,

It has been our constant endeavor to provide best of the services to our valuable shareholders and maintain highest level of Corporate Governance in this Company. In order to further improve shareholder service standards, we seek your inputs through this survey.

We would be grateful, if you could spare your valuable time to fill the questionnaire given below and send it back to us at the Registered Office address mentioned above so that we will be able to implement corrective actions as a requirement of ISO 9001: 2015 standard. Alternatively, a softcopy of the questionnaire can be downloaded from the Investors section on our website [www.Larsentoubro.com](http://www.Larsentoubro.com). The duly filled in questionnaire can be sent by e-mail to [IGRC@Larsentoubro.com](mailto:IGRC@Larsentoubro.com).

Thank You,

**N. Hariharan**  
*Company Secretary*  
*M. No. A3471*

Name & Address of the Shareholder \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Folio No. / DP ID / Client ID \_\_\_\_\_

Kindly put a tick in relevant columns below.

ATTRIBUTES	Please indicate your satisfaction level		
	Delighted	Satisfied	Dissatisfied
Transfer/Transmission/Demat/Remat of Shares			
Issue of Duplicate Share Certificates			
Issue of shares – on demerger/bonus – 2004, 2006, 2008, 2013 & 2017			

ATTRIBUTES	Please indicate your satisfaction level		
	Delighted	Satisfied	Dissatisfied
Issue of duplicate dividend warrants			
Dividend through ECS/ Warrants/ Demand Drafts			
Responses to queries/complaints			
Interaction with Company/ R&T Agent personnel			
Presentation of information on Company's website			
Quality and Contents of Annual Report 2016-17			
Please give your overall rating of our investor service (1 to 5 where 1 = highly dissatisfied and 5 = highly satisfied)			
Did you find the e-mail id <a href="mailto:IGRC@Larsentoubro.com">IGRC@Larsentoubro.com</a> for redressal of Investors' Grievances useful?	YES / NO		
Give details of outstanding grievances, if any			
Any suggestions ?			

Date :

\_\_\_\_\_  
Signature

Disclaimer: L&T will keep the information provided by you as confidential and it will not be used in any way that is detrimental to you.

## AWARDS & RECOGNITION

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Every year, L&T and its people receive a number of national and international awards that acknowledge its varied accomplishments. Presented by the media, industry associations, independent bodies and academia, they honour the Company's contribution in various spheres of business, technology, financial performance, growth and environmental protection.

For details of recent awards, please visit [www.Larsentoubro.com](http://www.Larsentoubro.com)

