

Board Report

Dear Members,

The Directors have pleasure in presenting their 73rd Annual Report and Audited Financial Statements for the year ended 31st March 2018.

FINANCIAL RESULTS:

Particulars	2017-18 ₹ crore	2016-17 ₹ crore
Profit Before Depreciation, exceptional items & Tax	7881.31	7079.06
Less: Depreciation, amortization, impairment and obsolescence	1049.46	1215.19
Profit before exceptional items and tax	6831.85	5863.87
Add: Exceptional Items	430.53	893.97
Profit before tax	7262.38	6757.84
Less: Provision for tax	1875.08	1304.10
Profit for the period carried to Balance Sheet	5387.30	5453.74
Add: Balance brought forward from previous year	11225.53	7710.27
Less: Dividend paid during the previous year (Including dividend distribution tax)	2278.69	1842.71
Add: Gain/(Loss) on remeasurement of the net defined benefit plans	2.50	(8.02)
Add: Transfer under scheme of arrangement	15.55	—
Balance available for disposal (which the Directors appropriate as follows)	14352.19	11313.28
Less: Debenture Redemption Reserve	102.18	87.75
Balance to be carried forward	14250.01	11225.53

The Directors recommend payment of final dividend of ₹ 16 per equity share of ₹ 2/- each on 1,40,13,69,456 shares.

CAPITAL & FINANCE:

During the year under review, the Company allotted 16,38,898 equity shares of ₹ 2/- each upon exercise

of stock options by the eligible employees under the Employee Stock Option Schemes.

The shareholders of the Company approved the issue of bonus shares in the ratio of 1:2 (1 bonus share for every 2 shares held) through postal ballot on 5th July 2017. The Company accordingly allotted 46,67,64,755 bonus shares on 15th July 2017.

The Company reduced long-term borrowings during the year under review by way of repayment of foreign currency borrowings worth US\$ 171 million on scheduled due dates. Additionally, the Company refinanced USD 470 million of external commercial borrowings while retaining existing maturities, to take benefit of the prevailing interest rates in the market. The Company did not raise any fresh long-term borrowings during FY2017-18.

The Company has not defaulted on any of its dues to the financial lenders.

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

DIVESTMENT OF ELECTRICAL & AUTOMATION BUSINESS:

Subsequent to the year under review, on 1st May 2018, the Company has signed, subject to regulatory approvals, definitive agreements with Schneider Electric, a global player in energy management and automation for strategic divestment of its Electrical and Automation (E&A) business for an all-cash consideration of ₹ 14,000 crore.

The divestment of E&A business is in line with the Company's stated intent of unlocking value within the existing business portfolio to streamline and allocate capital and management focus for creating long-term value for our stakeholders. The Company believes that the partnership with Schneider is win-win for our employees, business partners and shareholders.

CAPITAL EXPENDITURE:

As at 31st March 2018 the gross property, plant and equipment, investment property and other intangible assets including leased assets, stood at ₹ 10,935.39 crore and the net property, plant and equipment, investment property and other intangible assets, including leased assets, at ₹ 7,593.40 crore. Capital Expenditure during the year amounted to ₹ 1,136.78 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 31st March 2018, 98.2% of the Company's total paid up capital representing 1,37,61,98,681 shares are in dematerialized form.

SEBI has proposed to prohibit transfer of shares in physical 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 reminder letters to all shareholders, whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made by the Company in co-ordination with its Registrar to locate the shareholders who have not claimed their dues.

During the year, the Company has transferred a sum of ₹ 3,24,69,075 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 ₹ 20,41,00,830 as on March 31, 2018.

Pursuant to SEBI circular dated April 20, 2018, the Company has sent communications to members whose dividends are unclaimed requesting them to provide/update bank details with the RTA/Company, so that dividends paid by the Company are credited to the investor's account on time.

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 has transferred 12,88,543 equity shares of ₹ 2 each (0.09% of total number of shares) held by 11,756 shareholders (1.25% of total shareholders) to IEPF. The said shares correspond to the dividend which had remained unclaimed for a period of seven consecutive years from the financial year 2009-10. Subsequent to the transfer, the concerned shareholders can claim the said shares along with the dividend(s) by making an application to IEPF Authority

in accordance with the procedure available on www.iepf.gov.in and on submission of such documents as prescribed under the IEPF Rules.

The Company sends specific advance communication to the concerned shareholders at their address registered with the Company and also publishes notice in news papers providing the details of the shares due for transfer and for taking appropriate action. The shareholder/claimant can file only one consolidated claim in a financial year as per the IEPF rules. All corporate benefits accruing on such shares viz. bonus shares, etc. including dividend shall be credited to IEPF.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES:

During the year under review, the Company subscribed to / acquired equity / preference shares in various subsidiary / joint venture companies. These subsidiaries include companies in financial services, power, defence 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 Cassidian Limited	Equity	13,000
L&T Finance Holdings Limited	Equity	10,78,10,899
L&T Metro Rail (Hyderabad) Limited	Equity	14,47,84,161
L&T MBDA Missile Systems Limited	Equity	25,500
L&T Uttaranchal Hydropower Limited	Preference Shares	18,98,00,000
L&T Special Steels & Heavy Forgings Private Limited	Preference Shares	47,50,80,000
L&T Shipbuilding Limited	Preference Shares	61,83,29,988

B) Equity shares sold/transferred during the year:

Name of the Company	Number of shares
EWAC Alloys Limited (Note 1)	8,29,440
L&T Cutting Tools Limited (Note 2)	68,000
L&T Technology Services Limited (Note 3)	4,68,292
Larsen & Toubro Infotech Limited (Note 3)	10,56,363
L&T Devihalli Hassan Tollway Limited	100
L&T Krishnagiri Walajahpet Tollway Limited	2,600

Note:

- The Company has sold its entire stake in EWAC Alloys Limited, a wholly owned subsidiary, to ESAB Holdings Limited.

2. The Company has sold its entire stake in L&T Cutting Tools Limited, a wholly owned subsidiary, to IMC International Metalworking Companies B. V.
3. The Company has sold shares of L&T Technology Services Limited and Larsen & Toubro Infotech Limited in the open market towards partly meeting its mandatory obligation to reduce promoter shareholding in these companies.

C) Companies merged / demerged during the year:

Spectrum Infotech Private Limited, a wholly owned subsidiary of the Company was merged with the Company. The Scheme of Amalgamation was approved by National Company Law Tribunal, Mumbai bench, vide order dated February 21, 2018, and by National Company Law Tribunal, Bangalore bench, vide order dated March 27, 2018. Appointed date was April 1, 2017 and effective date was May 10, 2018.

D) Companies Struck off:

During the year under review, the following companies applied to the Ministry of Corporate Affairs for strike off under the provisions of Companies Act, 2013:

Name of the Company
L&T Cassidian Limited
Seawoods Retail Private Limited
Seawoods Realty Private Limited

E) 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 and their contribution to the overall performance of the Company is provided on pages 463 to 472 of this Annual Report.

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.

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 2017-18 and estimated transactions for FY 2018-19.

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 ₹ 76,496 crore as against ₹ 68,216 crore for the previous financial year registering an increase of 12%. The profit before tax from continuing operations including exceptional items was ₹ 7,262 crore for the financial year under review as against ₹ 6,758 crore for the previous financial year, registering an increase of 7%. The profit after tax from continuing operations including exceptional items was ₹ 5,387 crore for the financial year under review as against ₹ 5,454 crore for the previous financial year, registering a decrease of 1%.

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 ₹ 16 (800%) per equity share of ₹ 2/- each (previous year ₹ 14) on the share capital amounting to approx. ₹ 2,600 crore (including DDT amounting to ₹ 358 crore).

The Dividend is based upon the parameters mentioned in the Dividend Distribution Policy approved by the Board of Directors of the Company which is in line with regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is annexed as Annexure 'G' forming a 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:

Other than as stated elsewhere in this report, there are no material changes and commitments affecting the financial position of the Company between the end of the current 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:

The Risk Management Committee comprises of Mr. S. N. Subrahmanyam, Mr. R. Shankar Raman and Mr. Subramanian Sarma. Mr. S. N. Subrahmanyam 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 230 to 232 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. Mr. Vikram Singh Mehta is the Chairman of the Committee.

The CSR policy framework is available on its website <http://investors.larsentoubro.com/Listing-Compliance.aspx>.

A brief note regarding the Company's initiatives with respect to CSR is given in Annexure 'B' - Report on Corporate Governance forming part of this Board Report. Please refer to Page 80 of this Annual Report.

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. Sushobhan Sarker, nominee of Life Insurance Corporation of India, resigned as Director of the Company on 2nd May, 2018. The Board places on record its appreciation of the contribution by Mr. Sarker as Director of the Company.

The Board has appointed Mr. Hemant Bhargava as a Director in the casual vacancy pursuant to the resignation of Mr. Sushobhan Sarker with effect from 28th May 2018. Mr. Bhargava is the nominee of Life Insurance Corporation of India. As per the provisions of Section 161(4) of the Companies Act, 2013, Mr. Bhargava will hold office till the ensuing AGM and is eligible for appointment.

Mr. Subramanian Sarma, Mrs. Sunita Sharma, Mr. A.M Naik and Mr. D. K. Sen retire by rotation at the ensuing AGM and being eligible offer themselves for re-appointment.

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

Special resolutions for continuation of Mr. A. M. Naik as a Non-Executive Director, who has attained the age of 75 years, and for payment of remuneration to him which exceeds 50% of the total remuneration payable to all Non-Executive Directors taken together, forms part of the Notice being sent to the shareholders.

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013 and 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 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 70 and 71 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 this Board Report. Members are requested to refer to pages 73 to 75 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 this Board Report. Members are requested to refer to pages 75 to 79 of this Annual Report.

The Committee has formulated a policy on Directors' 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. Nomination and Remuneration policy is provided as Annexure 'H' forming part of this Board Report and also disclosed on the Company's website at <http://investors.larsentoubro.com/Listing-Compliance.aspx>. The Committee has also formulated a separate 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>. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of 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 31st March 2018, 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, DIRECTORS AND CHAIRMAN:

The Nomination & 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.

For the year under review, the questionnaire was modified substantially, based on the comments and suggestions received from Independent Directors. During the previous year(s) an external consultant was engaged to receive the responses of the Directors and consolidate/ analyze the responses. Based on the experience gained, during the current year, the same external consultant's IT platform was used from initiation and till conclusion of the entire board evaluation process. This ensured that the process was transparent and independent of involvement of the Management or the Company's IT system. This has enabled unbiased feedback.

The Board Performance Evaluation inputs, including areas of improvement, for the Directors, Board processes and related issues for enhanced Board effectiveness were discussed in the meeting of the Independent Directors held on April 5, 2018 and in the subsequent Meetings of Nomination and Remuneration Committee and the Board.

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 'I' 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 at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and 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 ('the Act').

This has been widely disseminated. During the year two complaints were received under the Act which have been investigated and disposed off after complying with due process.

Awareness workshops/training programmes are conducted across the Company to sensitize employees to uphold the dignity of their colleagues at work place specially with respect to prevention of sexual harassment.

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 Benefit) 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 also 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.
- **Integrated Reporting:** Pursuant to SEBI Circular on Integrated Reporting, the Company shall be voluntarily complying with the requirements of the Integrated Reporting Framework and shall release its integrated report on its website www.larsentoubro.com.
- **Statutory Compliance:** The Company complies with all applicable laws and regulations, pays applicable taxes on time, takes care of all its stakeholders, ensures statutory CSR spend and undertakes sustainable activities.

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.

Also see pages 81 and 82 forming part of Annexure 'B' of this Board Report.

BUSINESS RESPONSIBILITY REPORTING:

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 38).

The Company has been one of the first engineering and construction companies in India to publish its report on Corporate Sustainability. The Sustainability Report encompasses areas such as Corporate Governance, Stakeholder Engagement, People Performance, Environment Performance and Social Performance. Aspects relating to human rights & labour practices, employee development, occupational health and safety culture, supply chain management, environmental management, development of green products and services portfolio, initiatives with respect to energy, renewable energy, water, air emission, etc. are covered in the Sustainability Report.

The detailed Corporate Sustainability Report for 2016-17 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 M/s. S. N. Ananthasubramanian & Co., Company Secretaries is attached as Annexure 'E' forming part of this Board Report.

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

AUDITORS:

In view of the mandatory rotation of auditors' requirement and in accordance with the provisions of Companies Act, 2013, M/s. Deloitte Haskins & Sells LLP were appointed as Statutory Auditors for a period of 5 continuous years from the conclusion of 70th Annual General Meeting (AGM) till the conclusion of 75th Annual General Meeting of the Company.

The requirement to place the matter relating to appointment of Auditor for ratification by members at every AGM is done away with vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the AGM held on September 9, 2015.

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

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

The Auditors attend the Annual General Meeting of the Company.

Also see pages 82 and 83 forming part of Annexure 'B' of this Board Report.

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 28th May 2018, has approved the appointment of M/s R. Nanabhoy & Co., Cost Accountants as the Cost Auditors for the Company for the financial year ending 31st March, 2019 at a remuneration of ₹ 11.75 lakhs.

The Report of the Cost Auditors for the financial year ended 31st March 2018 is under finalization and shall be filed with the Ministry of Corporate Affairs within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2018-19 is placed before the shareholders.

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 Chairman
(DIN: 00001514)

Date : 28th May 2018
Place : Mumbai