

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 critical 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 the, Chief Executive Officer and Managing Director, 5 Executive Directors and 1 Non-Executive Director.
- (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 the 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 stakeholder value. The Board also reviews and approves management's strategic plan & business objectives and monitors the Company's strategic direction.

b. The Group Chairman (GC):

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

c. Executive Committee (ECom):

The ECom provides a company-wide operations review and plays a key role in strengthening linkages between the ICs and the Company's Board, as well as in rapidly realizing inter-IC synergies. In addition, the ECom deliberates upon strategic issues that cut across ICs and Corporate. The agenda includes:

- Review of major order prospects (Standalone/Group) "Integrated offerings"
- Review of CSR activities of the Company

- Review of consolidated financials including working capital, cash flow
- Review of Monthly / Quarterly / Yearly financial performance
- Review of Revenue, Capital & Manpower Budget
- Review and discuss strategic issues which impact the entire organization, viz.,
 - i. International business expansion
 - ii. IC synergies
 - iii. HR Update/ Talent Management
 - iv. Digitalization & Analytics initiatives
- Approval of common policies
- Sharing of best practices, etc.

d. The Chief Executive Officer and Managing Director (CEO & MD):

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

e. Executive Directors (ED) / Senior Management Personnel:

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

f. Non-Executive Directors (NED) / Independent Directors:

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

g. 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 structure with modified mandate. The Company has already implemented the new mandate given by the Board and currently we have 9 ICs. 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. The strategic plan for the period 2016 – 2021 named Lakshya 2021 was developed and approved by the Board at its meeting held in May 2016.

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 31st March 2018, the Board comprised of the Group Chairman, the Chief Executive Officer & Managing Director, 5 Executive Directors, 4 Non-Executive Directors (3 representing financial institutions), and 11 Independent Directors. The composition of the Board, as on 31st March, 2018, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 whenever necessary, in locations, where the Company operates. The Meetings of the Board have been held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, 6 meetings were held on 6th April 2017, 7th April 2017, 29th May 2017, 28th July 2017, 11th November 2017 and 31st January 2018.

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

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Group Chairman / Chief Executive Officer & Managing Director 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 Companies / Business Units. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The respective Chairman of the Board Committees apprise the Board members of the important issues and discussion in the Committee meetings. Minutes of Committee meetings are also circulated to the Board.

The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman. The minutes are approved and entered in the minutes book within 30 days of the Board meeting. Thereafter, the minutes are signed by the Chairman of the Board at the next meeting.

The following is the composition of the Board of Directors as on 31st March 2018. The Directors strive to attend all the Board / Committee meetings. 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 #	GC	6	6	YES
Mr. S. N. Subrahmanyam ^	CEO & MD	6	6	YES
Mr. R. Shankar Raman	ED	6	6	YES
Mr. Shailendra Roy	ED	6	6	YES
Mr. D. K. Sen	ED	6	5	YES
Mr. M. V. Satish	ED	6	6	YES
Mr. J. D. Patil @	ED	3	3	YES
Mr. M. M. Chitale	ID	6	6	YES
Mr. Subodh Bhargava	ID	6	6	YES
Mr. M. Damodaran	ID	6	5	NO
Mr. Vikram Singh Mehta	ID	6	4	YES
Mr. Sushobhan Sarker (Note 1) \$	NED	6	6	YES
Mr. Adil Zainulbhai	ID	6	5	NO
Mr. Akhilesh Gupta	ID	6	6	NO
Mrs. Sunita Sharma (Note 1)	NED	6	3	NO
Mr. Thomas Mathew T.	ID	6	6	YES
Mr. Ajay Shankar	ID	6	6	YES
Mr. Subramanian Sarma	NED	6	6	YES
Ms. Naina Lal Kidwai	ID	6	6	YES
Mr. Sanjeev Aqa	ID	6	6	YES
Mr. Narayanan Kumar	ID	6	6	YES
Mr. Arvind Gupta (Note 2) *	NED	3	2	NO

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
 # - Non-Executive Chairman w.e.f. 1st October, 2017 ^ - CEO & MD w.e.f. 1st July, 2017
 @ - appointed as a Director w.e.f. 1st July 2017 * - appointed as a Director w.e.f. 1st July 2017
 \$ - Has subsequently resigned as a Director of the Company w.e.f. 2nd May 2018
 GC – Group Chairman CEO & MD – Chief Executive Officer & Managing Director
 ED – Executive Director NED – Non-Executive Director
 ID – Independent Director

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

As on 31st March 2018, the number of other Directorships & Memberships / Chairmanships of Committees of the Board of Directors are as follows:

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

- Other Company Directorships include directorships in all entities whose securities are listed and unlisted public companies and excludes unlisted private limited companies, foreign companies and Section 8 companies.
- 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 regularly 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 decided by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of each Board Committee are convened by the Company Secretary in consultation with the respective Committee Chairperson. 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

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

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 Director's 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 judgment 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, if any.

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors about any significant findings and follow up there on.
- 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:**

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

iii) **Meetings:**

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

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

The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. M. M. Chitale	Chairman	8	8
Mr. M. Damodaran	Member	8	6
Mr. Sushobhan Sarker @	Member	8	8
Mr. Sanjeev Aga	Member	8	8
@ Pursuant to his resignation as a Director of the Company w.e.f. 2nd May 2018, Mr. Sushobhan Sarker has ceased to be a member of the Audit Committee from that date.			

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

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

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 9001:2015 certified. The Head of Corporate Audit Services is responsible to the Audit Committee. The staff of Corporate Audit department is rotated periodically to have a holistic view of the entire operations and share the findings and good practices.

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

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

2) Nomination & Remuneration Committee (NRC)

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

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:

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

iii) Meetings:

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

The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. Subodh Bhargava	Chairman	5	5

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. A. M. Naik	Member	5	5
Mr. Adil Zainulbhai	Member	5	5
Mr. Thomas Mathew T.	Member	5	5

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, leadership and managerial qualities, practical wisdom, ability to read & understand financial statements, commitment to ethical standards and values of the Company and there are healthy debates & sound decisions.

While evaluating the suitability of a Director for re-appointment, besides the above criteria, the NRC considers Board evaluation results, 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 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 overall performance of the Company, performance of the business / function as well as qualitative factors. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Section 197 of the Companies Act, 2013.

The Independent Directors / Non-Executive Directors are paid remuneration by way of commission & sitting fees. The Company paid sitting fees of ₹ 75,000/- per meeting of the Board and ₹ 40,000/- for Audit Committee and Nomination and Remuneration Committee meetings and ₹ 25,000/- for Stakeholders Relationship Committee and Corporate Social Responsibility Committee meetings during the year, to the Independent Directors / Non-Executive Directors. The commission is paid subject to a limit not exceeding 1% p.a. of the profits of the Company as approved by shareholders (computed in accordance with section 197 of the Companies Act, 2013).

The Group Chairman would provide leadership to Board and guidance and mentorship to the leadership team for implementing the strategy plan and business objectives. The Group Chairman is paid a fixed commission. The commission to the Independent Directors / Non-Executive Directors is distributed broadly on the basis of their attendance, contribution

at the Board, the Committee meetings, Chairmanship of Committees and participation in IC meetings.

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

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

Performance Evaluation Criteria for IDs:

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

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

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

vi) Training & Succession Planning:

The Company has institutionalized Leadership Development through a Seven Step leadership pipeline for development of a robust stage-wise leadership by a structured process of talent management. The thrust is on facilitating the transformation of managers into leaders, leaders into 'corporate entrepreneurs (intrapreneurs)' and to create a large pool of leaders who can envision, inspire, and successfully deploy global growth strategies thus creating a result-oriented culture of multiplying value.

Each step of this Leadership pipeline development process has been meticulously customized to equip managers at various levels, with the required knowledge, skill & mind-set to transition seamlessly to the next level of leadership and global entrepreneurship. In this effort, the Company has partnered with globally renowned senior faculty and premier institutes like Harvard Business School, INSEAD, IIM Ahmedabad, and Stephen M. Ross School of Business-University of Michigan. The programs are designed to provide inputs on vital areas of strategic importance such as innovation based strategies, integrated business models to take on global multinationals, cross-cultural challenges, organic and inorganic growth etc., and thus mark an important milestone in the journey towards leadership development in the global context.

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

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

To ensure that the Company has sufficient pool of probable employees who can be nominated for Leadership Pipeline, efforts are taken at the grass root level. There exists several structured core developmental programs, conducted by reputed institutions like IIM-Bangalore, IIM-Calcutta, XLRI, Symbiosis and NMIMS for deserving

employees to develop superior management skills and capabilities. A host of strategic and behavioural programs are conducted to address specific training and developmental needs of employees. A comprehensive e-learning portal ATL (Any Time Learning) is available with multiple on-line programs and courses for employees to enable learning 'at any time, at any place' at locations remote or otherwise. The portal provides access to on-line data bases, references, management videos, e-books and journals.

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

vii) Details of remuneration paid / payable to Directors for the year ended 31st March 2018:

(a) Executive Directors:

The details of remuneration paid / payable to the Executive Directors for 2017-18 is as follows:

₹ crore

Names	Salary	Perquisites	Perquisites related to ESOP**	Retirement Benefits	Commission	Total
Mr. A. M. Naik @	2.727	0.127	47.982	77.682*	8.727	137.245
Mr. S. N. Subrahmanyam	2.144	0.264	14.112	3.704	11.579	31.803
Mr. R. Shankar Raman	1.590	0.18	5.642	2.424	7.387	17.223
Mr. Shailendra N. Roy	1.470	1.168	2.285	1.833	5.319	12.075
Mr. D. K. Sen	1.140	0.120	–	1.688	5.113	8.061
Mr. M. V. Satish	1.140	0.215	–	1.524	4.502	7.381
Mr. J. D. Patil \$	0.720	0.135	–	0.811	2.284	3.950

* Retirement benefits include encashment of accumulated past service leave ₹ 19.381 crore, gratuity ₹ 55.038 crore and pension of ₹ 1.50 crore.

** Represents perquisite value related to ESOPs exercised during the year in respect of stock options granted over the past several years by the Company, Larsen & Toubro Infotech Limited and L&T Technology Services Limited and includes tax on ESOPs borne by the Company wherever applicable.

\$ Appointed as Executive Director w.e.f. 1st July 2017.

@ Executive Chairman till 30th September 2017.

- Notice period for termination of appointment of Chief Executive Office & 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.
- Mr. A. M. Naik has been granted stock options in Larsen & Toubro Infotech Limited and L&T Technology Services Limited. On his retirement as Group Executive Chairman, all options have been vested. The outstanding vested options are 5,49,375 and 10,40,000 in Larsen & Toubro Infotech Limited and L&T Technology Services Limited respectively. Mr. S. N. Subrahmanyam has been granted 2,00,000 stock options in Larsen & Toubro Infotech Limited and L&T Technology Services Limited each. Mr. R. Shankar Raman has been granted 1,00,000 stock options in Larsen & Toubro Infotech Limited. The perquisite amount on exercise of these options will be considered as a part of the remuneration of these Directors.

(b) Non-Executive Directors:

The details of remuneration paid / payable to the Non-Executive Directors for 2017-18 is as follows:

₹ crore

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Others	Total
Mr. A. M. Naik *	0.015	0.008	2.500	0.015**	2.538
Mr. M. M. Chitale	0.045	0.032	0.330	–	0.407
Mr. Subodh Bhargava	0.045	0.020	0.435	–	0.500
Mr. M. Damodaran	0.038	0.024	0.238	–	0.300
Mr. Vikram Singh Mehta	0.030	0.010	0.237	–	0.277
Mr. Sushobhan Sarker	0.045	0.032	0.263#	–	0.340
Mr. Adil Zainulbhai	0.038	0.020	0.258	–	0.316
Mr. Akhilesh Gupta	0.045	–	0.150	–	0.195
Ms. Sunita Sharma	0.023	–	0.038#	–	0.061
Mr. Thomas Mathew T.	0.045	0.020	0.278	–	0.343
Mr. Ajay Shankar	0.045	0.010	0.280	–	0.335
Mr. Subramanian Sarma	NIL	NIL	NIL	–	NIL
Ms. Naina Lal Kidwai	0.045	–	0.150	–	0.195
Mr. Sanjeev Aqa	0.045	0.032	0.240	–	0.317
Mr. Narayanan Kumar	0.045	–	0.150	–	0.195
Mr. Arvind Gupta @	0.015	–	0.033#	–	0.048

@ appointed as a Director w.e.f. 1st July 2017

* Group Chairman w.e.f. 1st October 2017

** Others include perquisite value of Housing & Medical

Payable to respective Institutions they represent.

Details of shares and convertible instruments held by the Non-Executive Directors as on 31st March 2018 are as follows:

Names	No. of Shares held
Mr. A. M. Naik	4,24,958
Mr. M. M. Chitale	2,443
Mr. Subodh Bhargava	1,125
Mr. M. Damodaran	225
Mr. Vikram Singh Mehta	1,327
Mr. Sushobhan Sarker *	225
Mr. Adil Zainulbhai	150
Mr. Akhilesh Gupta	7,680
Mr. Sanjeev Aga	4,500
Mr. Thomas Mathew T.	150
Mr. Subramanian Sarma	31,650
Mr. Narayanan Kumar	1,500
Mrs. Sunita Sharma *	150
Mr. Ajay Shankar	150
Ms. Naina Lal Kidwai	150
Mr. Arvind Gupta *	100

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

iii) Meetings:

During the year ended 31st March 2018, 4 meetings of the Stakeholders' Relationship Committee were held on 29th May 2017,

28th July 2017, 11th November 2017 and 31st January 2018.

The attendance of Members at the Meetings was as follows-

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mrs. Sunita Sharma	Chairperson	4	0
Mr. Ajay Shankar	Member	4	4
Mr. Shailendra Roy	Member	4	4

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

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

The Board has delegated the powers to approve transfer of shares to a Share Transfer Committee of Executives comprising of four Senior Executives. This Committee held 42 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 31st March 2018 the CSR Committee comprised of 1 Independent Director and 2 Executive Directors.

iii) Meetings:

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

The Members at the Committee are 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	2

iv) CSR Activities & Impact Assessment:

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

Under flagship program of "Integrated Community Development" (ICD), the Company has launched programs towards

holistic development in the following areas based on need assessment:

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

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

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

All CSR projects have defined goals and milestones which are tracked as per the periodicity defined for the project. The progress is compared with the baseline data that is gathered before the commencement of the project. This is carried out through an onsite evaluation as well as the reports generated from the project. The indirect impacts that accrue are also factored and documented in the monthly reporting process. These are subsequently vetted / measured during the external Social Audit or Impact Assessment. The social audit report is discussed during the Committee meetings.

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

5) Risk Management Committee:

i) Terms of reference:

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

- Review the existing Risk Management Policy, framework and processes, Risk Management Structure and Risk Mitigation Systems. Broadly, the key risks will cover strategic risks of the group at the domestic and international level, including Sectoral developments, risk related to market, competition, political and reputational issues etc.
- Review operational risks including client quality, manpower availability, logistics and other aspects which impact the Company and the group.

ii) Composition:

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

iii) Meetings:

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

The attendance of Members at the Meetings was as follows-

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. A. M. Naik*	Member	1	1
Mr. S. N. Subrahmanyam	Chairman	2	2
Mr. R. Shankar Raman	Member	2	2
Mr. Subramanian Sarma@	Member	1	1

@ Appointed as a Member wef 1st October, 2017

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

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

G. OTHER INFORMATION

a) Directors' Familiarization Program:

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.

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 (IC) / Business Unit, to the Board.

Some of the Independent Directors are members of the IC Board. They share the learnings from these meetings with the remaining Non-Executive Directors / Independent Directors formally and informally. Such interactions also happen when these Directors meet senior management in IC meetings and informal gatherings.

As part of the appointment letter issued to Independent Directors, the Company has stated that it will facilitate attending seminars/programs/conferences designed to train directors to enhance their role as an Independent Director.

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

b) Risk Management Framework:

Please refer to Page 56 of the Board Report.

c) Vigil Mechanism / Whistle Blower Policy :

The Company has a Whistle Blower Policy in place since April 2004. The said policy was modified in line with the requirements of the

Vigil Mechanism under the Companies Act, 2013. The Company has a Whistle Blower Investigation Committee (WBIC) to manage complaints from “Identified” Whistle Blowers. In addition, WBIC considers “Anonymous” complaints which in their judgement are serious in nature and require investigation. The WBIC has four members viz. Chief Financial Officer, Company Secretary, Head-Corporate HR and Chief Internal Auditor. The WBIC is responsible for end to end management of the investigations from receipt of complaints to bringing them to a logical conclusion, keeping in mind the interest of the Company.

Employees are encouraged to report any wrong-doings having an adverse effect on the Company's financials / image. An employee can report any wrong-doing in oral or written form. Whistle-blowers are assured by the management of full protection from any kind of harassment, retaliation, victimization or unfair treatment.

Complaints under the Whistle Blower Policy are received by the Corporate Audit Services of the Company. The Chief Internal Auditor reviews the same and convenes a meeting of the WBIC for discussions. The WBIC, after screening the complaint, decides on the further course of action which will include requesting the complainant to provide further details, internal investigation by the Internal Audit department, investigation by external agencies, wherever necessary, opportunity to the defendant to present his / her case, etc. Based on the findings of the investigation, the WBIC decides the action to be taken and recommends the same to the Executive Committee for implementation.

The WBIC meets formally and reviews the complaints and their progress. In addition, discussions also take place over video-conferencing, telephone and emails amongst the WBIC members.

The Audit Committee is periodically briefed about the various cases received, the status of the investigation, findings and action taken, if any.

During the year, the Company has investigated the complaints received under the Whistle Blower Policy and suitable action has been taken against employees, wherever necessary.

Also please refer to pages 58 and 59 of the Board Report.

d) Statutory Auditors:

In the case of appointment of new auditors, a Committee, comprising of the Chairman of the Audit Committee, the CFO and the Company Secretary, evaluates various audit firms based on approved criteria as given herein below. The Audit firms are required to make a presentation to this Committee. The Committee considers factors such as compliance with the legal provisions, number / nature / size and variation in client base, skill sets available in the firm both at partner level and staff level, international experience, systems and processes followed by the firm, training and development by the firm to its partners and staff, etc. during the process of evaluation. Based on merit and the factors mentioned above, the Committee finalizes the firm to be appointed and recommends the same to the Audit Committee. The Audit Committee reviews the same before recommending to the Board and shareholders for approval.

The above process was followed by the Company while appointing M/s Deloitte Haskins & Sells LLP ('DHS') as the Auditors of the Company in 2015.

Deloitte Haskins & Sells LLP, registered since 1983, is one of the member firms of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). Each DTTL member firm provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates.

Deloitte Haskins & Sells LLP tied up with CC Chokshi & Co in 1983 which was one of the largest Indian Independent audit and accounting firms. After that, it got merged with Fraser & Ross, PC Hansotia & Co and later with SB Billimoria (SBB) in 1999. In 2004, AF Ferguson & Co (one of India's oldest audit firm) merged into existing DHS firms.

Deloitte is now a global network with circa 200,000 people with revenues over \$30 billion. Deloitte India has more than 10,000 professionals operating out of 13 cities – Ahmedabad, Bengaluru, Baroda, Chennai, Coimbatore, Goa, Gurgaon, Hyderabad, Jamshedpur, Kochi, Kolkata, Mumbai and Pune providing professional services in the areas of Audit, Risk Advisory, Tax, Consulting, and Financial Advisory services to public and private clients spanning multiple industries. It draws its strength from its people,

which include 2,700+ professionals in Audit, 2,250+ in Tax, 1,850+ in Consulting, and 900+ in Financial Advisory.

Also please refer to Page 59 of the Board Report.

e) Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the Company www.larsentourbo.com. The declaration of the Chief Executive Officer & Managing Director is given below:

To the Shareholders of Larsen & Toubro Limited

Sub: Compliance with Code of Conduct

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

S. N. Subrahmanyam
Chief Executive Officer & Managing Director

Date: May 28, 2018
Place: Mumbai

f) General Body Meetings:

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Venue	Time
2016-2017	22nd August 2017	St. Andrews Auditorium	3.00 p.m.
2015-2016	26th August 2016	Birla Matushri Sabhagar	3.00 p.m.
2014-2015	9th September 2015	Birla Matushri Sabhagar	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 22nd August 2017:

- To re-appoint Mr. Subodh Bhargava as an Independent Director of the Company for a 5 year term upto 29th March 2022.
- To approve raising of capital through QIP's by issue of shares / convertible debentures / securities upto an amount of USD 600 million or ₹ 4,000 crore.

- To approve raising of finances through issue of debentures upto ₹ 6000 crore.

Annual General Meeting held on 26th August 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 finances through issue of debentures upto ₹ 6000 crore.

Annual General Meeting held on 9th September 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 finances through issue of debentures upto ₹ 6000 crore.

Note : The resolutions relating to raising of capital and finances have been taken at each of the above AGMs since the validity of the resolution is one year.

A meeting of the equity shareholders of the Company was convened on 22nd August 2017 as per the directions of National Company Law Tribunal at Mumbai to approve the Scheme of Arrangement between the Company and Spectrum Infotech Private Limited and their respective shareholders and creditors.

g) Approval of Members through Postal Ballot:

The Company received approval of the members on 5th July 2017, for passing an Ordinary Resolution under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, for issue of bonus shares in the ratio of 1:2 (1 bonus share for every 2 shares held). Mr. S. N. Ananthasubramanian, Practicing Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as under:

Particulars	No. of votes cast			% of total votes cast
	Physical	E-Voting	Total	
In favour of the resolution	28,11,214	60,43,09,880	60,71,21,094	99.99
Against the resolution	2,856	34,391	37,247	0.01
TOTAL	28,14,070	60,43,44,271	60,71,58,341	100.00

Procedure for Postal Ballot:

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage envelopes are sent to the shareholders to enable them to consider and vote for and against the proposal within a period of 30 days from the date of dispatch. E-voting facility is made available to all the shareholders and instructions for the same are specified under instructions for voting in the Postal Ballot Notice. E-mails are sent to shareholders whose e-mail ids are available with the depositories and Company along with Postal Ballot Notice and Ballot Form. After the last day for receipt of ballots (physical / e-voting), the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same is published in the Newspapers and displayed on the Company Website and Notice Board and submitted to Stock Exchanges.

h) 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 are given in Note 51 forming part of the financial statements.
3. The Company has followed all relevant Accounting Standards notified by the 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. SEBI had issued notice to the Company, Mr. A. M. Naik and Mr. Shailendra Roy for alleged violation of the SEBI Act and SEBI

(Prohibition of Insider Trading) Regulations, 1992 ("PIT Regulations") for delay ranging between 1-7 days in reporting obligations with certain trades in the shares of the Company that were carried out in the March 2014. The Company, Mr. A. M. Naik and Mr. Shailendra Roy have paid the amounts as determined by SEBI under a consent application.

7. The policy for determining material subsidiaries and related party transactions is available on our website <http://investors.larsentoubro.com/Listing-Compliance.aspx>.
8. 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 230 to 232 of this Annual Report.

i) 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: www.larsentoubro.com .
News Releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.larsentoubro.com .
Website	The Company's corporate website www.larsentoubro.com 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, BSE Online for BSE and RNS for London Stock Exchange.

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 has provided Webcast facility of its 71st and 72nd Annual General Meeting in co-ordination with NSDL. The Company will continue to provide webcast facility in future. The Company suitably responds 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.

H. 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.

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 equity shares on which dividend has remained unclaimed for a period of seven consecutive years from the financial years 2009-10. The details are given in the Board Report. Please refer to Page 54 of this Annual Report.

All corporate benefits on such shares viz. bonus shares, etc. shall be transferred in accordance with the provisions of IEPF Rules read with Section 124(6) of the Companies Act, 2013. The eligible shareholders are requested to note the same and make an application to IEPF Authority in accordance with the procedure available on www.iepf.gov.in and submit such documents as prescribed under the IEPF Rules to claim these shares.

I. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting:

The Annual General Meeting of the Company has been convened on Thursday, 23rd August 2018 at **Birla Matushri Sabhagar, New Marine Lines, Mumbai – 400020** at 3.00 p.m.

b) Financial calendar:

1. Annual Results of 2017-18	28th May 2018
2. Mailing of Annual Reports	Third week of July 2018
3. First Quarter Results	During the last week of July 2018*
4. Annual General Meeting	23rd August 2018
5. Payment of Dividend	27th August 2018
6. Second Quarter results	During last week of October 2018*
7. Third Quarter results	During last week of January 2019*

* Tentative

c) Book Closure:

The dates of Book Closure are from Friday, 17th August 2018 to Thursday, 23rd August 2018 (both days inclusive) to determine the members entitled to the dividend for financial year 2017-2018.

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 2018-2019 to BSE, NSE and Luxembourg Stock Exchange. Fees to London Stock Exchange will be paid on receipt of the bill.

f) Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2018-2019 to Central Depository Services (India) Limited (CDSL) and fees to National Securities Depository Limited (NSDL) will be paid on receipt of the invoice.

g) Stock Code / Symbol:

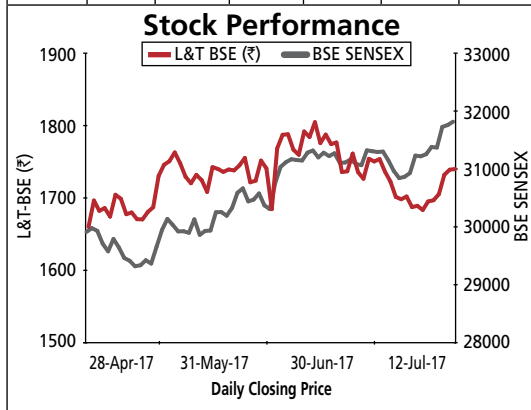
The Company's equity shares / GDRs are listed on the following Stock Exchanges and admitted for trading in London Stock Exchange:

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.

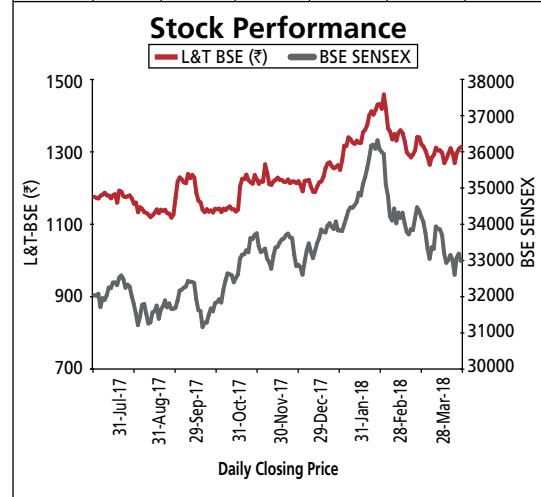
h) Stock market data for the year 2017-2018:

Month	L&T BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2017						
Pre Bonus:						
April	1771.00	1578.00	1748.05	30184.22	29241.48	29918.40
May	1834.00	1680.00	1759.75	31255.28	29804.12	31145.80
June	1809.50	1661.35	1687.80	31522.87	30680.66	30921.61
July (upto 12th July)	1756.80	1671.00	1740.20	31885.11	31017.11	31804.82

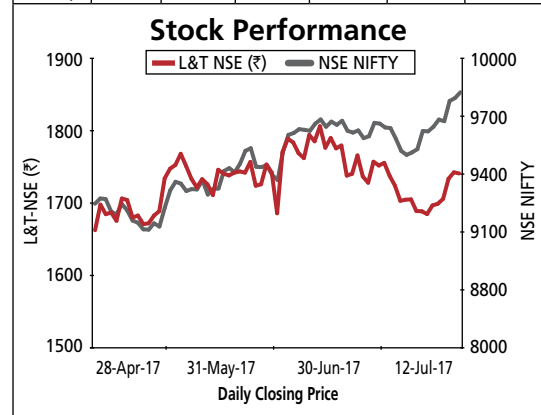


Month	L&T BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2017						
Post Bonus:						
July (from 13th July)	1206.00	1153.25	1192.10	32672.66	31626.44	32514.94
August	1199.50	1114.55	1136.00	32686.48	31128.02	31730.49
September	1249.95	1116.45	1141.20	32524.11	31081.83	31283.72
October	1243.35	1124.50	1220.60	33340.17	31440.48	33213.13

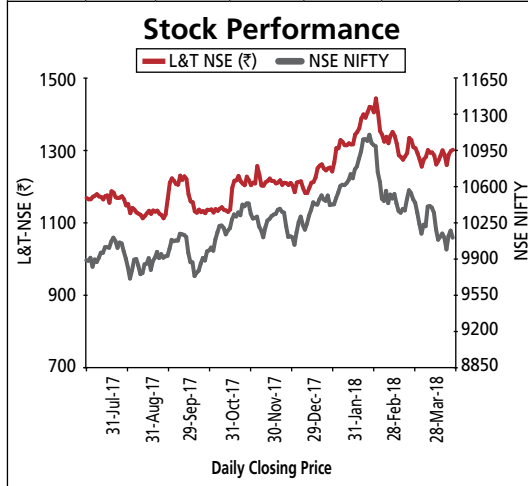
Month	L&T BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2017						
November	1274.00	1202.00	1216.85	33865.95	32683.59	33149.35
December	1275.00	1176.00	1256.95	34137.97	32565.16	34056.83
2018						
January	1441.00	1243.15	1416.60	36443.98	33703.37	35965.02
February	1469.60	1275.85	1319.10	36256.83	33482.81	34184.04
March	1332.30	1259.70	1311.90	34278.63	32483.84	32968.68



Month	L&T NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
2017						
Pre Bonus:						
April	1774.00	1576.60	1749.80	9367.15	9075.15	9304.05
May	1833.95	1677.60	1760.70	9649.60	9269.90	9621.25
June	1809.40	1661.30	1687.60	9709.30	9448.75	9520.90
July (upto 12th July)	1756.70	1671.00	1739.55	9830.05	9543.55	9816.10



Month	L&T NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
2017						
Post Bonus:						
July (from 13th July)	1207.50	1153.50	1193.95	10114.85	9792.05	10077.10
August	1198.25	1113.05	1136.30	10137.85	9685.55	9917.90
September	1250.50	1115.90	1142.05	10178.95	9687.55	9788.60
October	1243.50	1123.20	1222.30	10384.50	9831.05	10335.30
November	1274.95	1203.10	1216.55	10490.45	10094.00	10226.55
December	1275.95	1175.00	1258.25	10552.40	10033.35	10530.70
2018						
January	1441.65	1242.85	1416.50	11171.55	10404.65	11027.70
February	1470.00	1276.00	1318.15	11117.35	10276.30	10492.85
March	1332.90	1259.25	1310.90	10525.50	9951.90	10113.70



i) Registrar and Share Transfer Agents (RTA):

Karvy Computershare Pvt. Ltd.
Unit: Larsen & Toubro Limited
Karvy Selenium Tower B, Plot number 31 & 32
Financial District Gachibowli, Nanakramguda,
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.

As required under Regulation 40 of the SEBI (Listing Obligations & Disclosure Requirements)

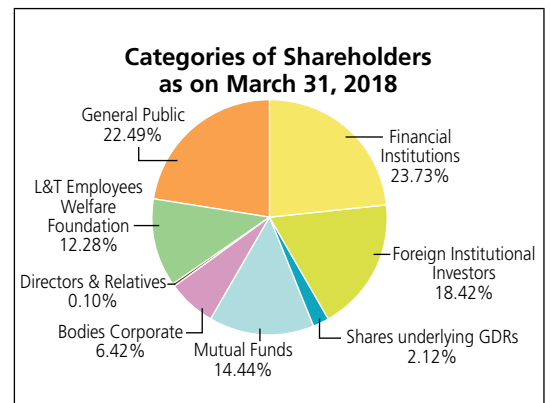
Regulations, 2015, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to Stock Exchanges within stipulated time.

k) Distribution of Shareholding as on 31st March 2018:

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	8,43,110	89.57	8,16,30,062	5.83
501 – 1000	47,281	5.02	3,46,71,463	2.47
1001 – 2000	26,972	2.87	3,73,32,579	2.66
2001 – 3000	9,429	1.00	2,29,25,003	1.64
3001 – 4000	3,782	0.40	1,31,07,907	0.94
4001 – 5000	2,586	0.27	1,15,90,159	0.83
5001 – 10000	4,231	0.45	2,92,64,989	2.09
10001 & Above	3,844	0.41	117,08,47,294	83.55
TOTAL	9,41,235	100.00	140,13,69,456	100.00

l) Categories of Shareholders is as under:

Category	31.03.2018		31.03.2017	
	No. of Shares	%	No. of Shares	%
Financial Institutions	33,25,25,270	23.73	25,04,43,440	26.84
Foreign Institutional Investors	25,81,41,851	18.42	16,11,32,756	17.27
Shares underlying GDRs	2,96,43,045	2.12	1,76,21,579	1.89
Mutual Funds	20,23,45,408	14.44	10,32,87,263	11.07
Bodies Corporate	8,99,08,301	6.42	6,43,39,638	6.90
Directors & Relatives	14,21,965	0.10	15,09,274	0.16
L&T Employees Welfare Foundation	17,21,28,421	12.28	11,47,52,281	12.30
General Public	31,52,55,195	22.49	21,98,79,572	23.57
TOTAL	140,13,69,456	100.00	93,29,65,803	100.00

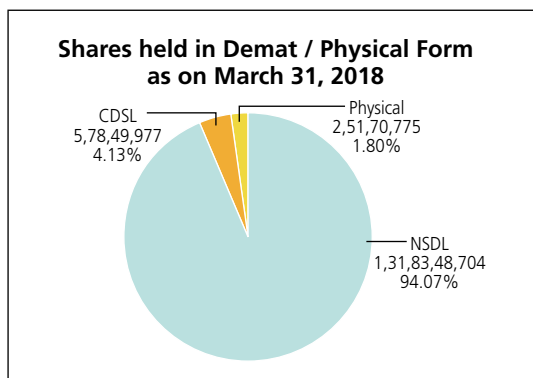


m) Dematerialization of shares & Liquidity:

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form.

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	1,31,83,48,704	94.07
Held in dematerialized form in CDSL	5,78,49,977	4.13
Physical	2,51,70,775	1.80
Total	1,40,13,69,456	100.00



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 31st March 2018:

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 31st March 2018	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	95,20,455 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, Bengaluru, Chennai, Coimbatore, Faridabad, Hazira (Surat), Kattupalli (near Chennai), Kanchipuram, Mumbai, Navi Mumbai, Mysuru, Pithampur, Puducherry, Rajpura, Kansbahal (Rourkela), Talegaon and Vadodara. L&T's international manufacturing footprint covers the Gulf (Oman, Saudi Arabia, UAE), 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. See 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 to enable investors to register their complaints, if any.

t) Securities Dealing Code:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('SEBI Regulations'), the Company has suitably modified its Securities Dealing Code ('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 executing contra-trades during the next six months following the prior transactions. The Company has a policy for taking action against employees who violate the SEBI Regulations / Code.

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) Stakeholder Engagement:

The Company recognizes that its stakeholders form a vast and heterogeneous community. Our customers, shareholders, employees, suppliers, community, etc. have been guideposts of our decision making process. The Company engages with its identified stakeholders on an ongoing basis through business level engagements and structured stakeholder engagement programs. The Company maintains its focus on delivering value to all its stakeholders, especially the disadvantaged communities.

The Company has a dedicated Corporate Brand Management & Communications department which facilitates an on-going dialogue between the Company and its stakeholders. The communication channels include:

- For external stakeholders - Stakeholder engagement sessions, client satisfaction surveys, shareholder satisfaction survey, dealer and stockists meet, analyst / investors meet, periodic feedback mechanism, general meeting for shareholders, factory visits for shareholders, online service and dedicated e-mail service for grievances, corporate website and access to business media to respond to queries, etc.
- For internal stakeholders – Employee satisfaction surveys, employee engagement surveys for improvement in employee engagement processes, circulars and messages from management, corporate social initiatives, welfare initiatives for employees and their families, online news bulletins for conveying topical developments, large bouquet of print and online in-house magazines, helpdesk facility, etc.

Each of the businesses have their internal mechanisms to address the grievances of its

stakeholders. In addition, at the corporate level, there are committees which can be approached if the stakeholders are not satisfied with the functioning of such internal mechanisms. As part of the vigil mechanism, the Whistle Blower Policy provides access for various stakeholders to the Chairperson of the Audit Committee. The Whistle Blower Policy for Vendors & Channel Partners is displayed on the website of the Company <http://investors.larsentoubro.com/CorporateGovernance.aspx>.

v) 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.

The Company has created a batch of trainers across businesses who in turn conduct training / awareness sessions within their business regularly during the year. External experts were also invited to conduct a session on Compliance & Governance for senior management.

w) ISO 9001:2015 Certification:

The Company's Secretarial Department which provides secretarial services and investor services for the Company and its Subsidiary and Associate Companies was ISO 9001:2008 certified. During the year, it migrated to and got certified under the ISO 9001:2015 standard.

x) 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.

y) Secretarial Audit as per Companies Act, 2013:

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013, M/s. 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.

z) Statutory Compliance System:

The Company complies with applicable laws, rules and regulations impacting Company's business. These comprise of Central Acts / Rules and those of state governments where the Company generally carries on business. The applicable laws are reviewed by the Corporate Legal and Legal departments of each Independent Company (IC) on a periodic basis and updated whenever required.

Each IC / Business head certifies compliance of all applicable laws by the IC on a quarterly basis. Based on these confirmations, the Company Secretary gives a compliance certificate to the Board of Directors.

The Company has a process of verifying the compliances through a random review of the process / system / documentation of the location of the IC / Corporate function / Group Company. Existing internal controls are also reviewed. The audit process includes planning the audit, discussion with auditee before audit commencement to explain the scope and purpose of the audit, verifying the compliances based on the supporting documentation, post audit meeting for explaining the observations, etc.