



Growing Taller

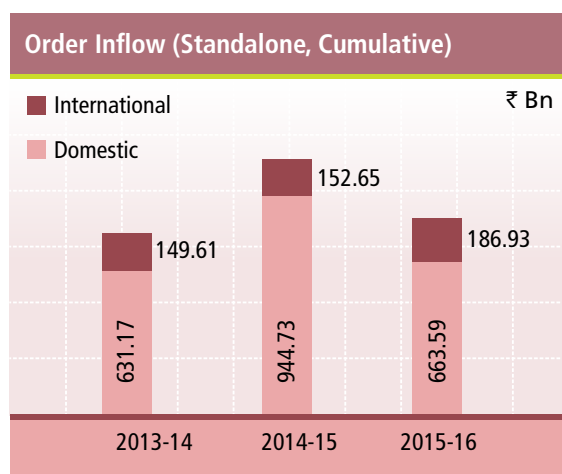




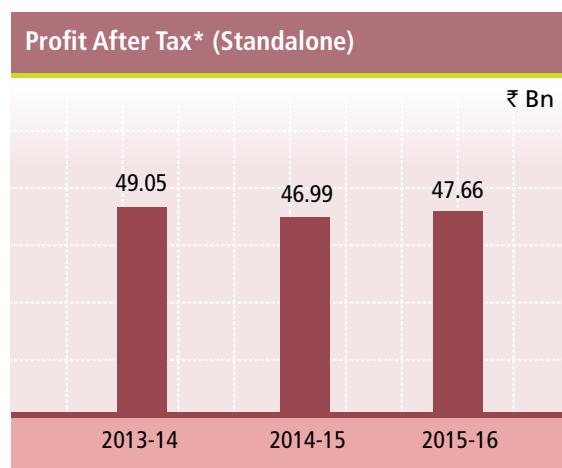
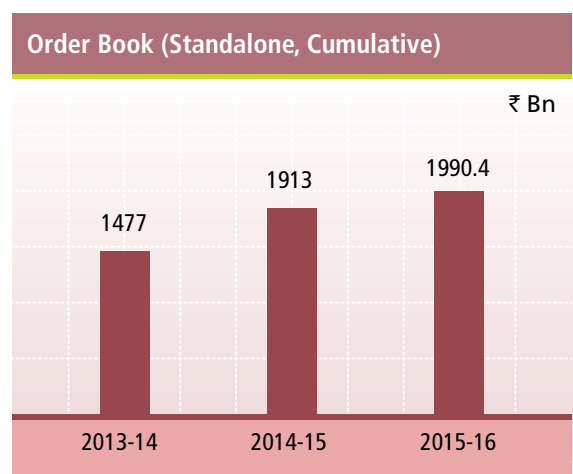
Success in business has always been a moving target. In recent times, the target seems to be moving faster and with greater unpredictability thanks to the global economic turbulence and its ripple effect around the world. L&T is a public listed company and shareholding pattern as of 31st March, 2016 presented in the Annual Report 2015-16, Page 115. Overcoming macro-economic challenges, L&T has retained its leadership edge by leveraging its entrenched competitive capabilities while simultaneously remaining alert to emerging possibilities. We continued our engagement with India's strategic sectors as well as in critical areas such as infrastructure development. Our existing capabilities are also in sync with national programmes like 'Make in India' and 'Digital India'.

In 2015-16, the signals on India's economic front were positive. The country registered GDP growth of 7.6% as compared to 7.2% in the previous year and a reduced fiscal deficit of 3.9%. The Company recorded encouraging financial performance in 2015-16. Consolidated revenues surged to ₹ 1026.32 billion - a 12% growth over the previous year. The unexecuted Order Book presents an even more optimistic picture – it stood at an all-time high of ₹ 2499.49 billion (consolidated) ensuring prolonged visibility on revenues and margins. A dividend of ₹ 18.25 per equity share on a face value of ₹ 2 per share has been declared.

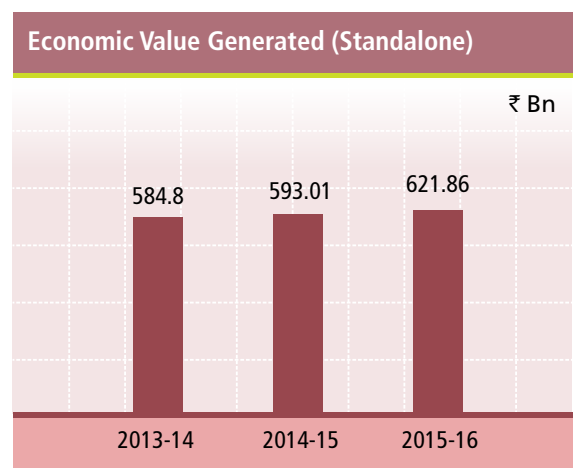
There has been a slight increase in the share capital of the Company during the year on account of allotment of shares on exercise of ESOPs. In line with the corporate strategy of listing key subsidiaries, the Group rolled out its IPO programme. L&T Infotech made its stock market debut on July 21, 2016 at the National Stock Exchange in Mumbai. The IPO had attracted more than one million applications, the highest for any share sale offer in India in last five years. The Company shares have been listed on NSE and BSE.



Figures for 2013-14 exclude IES business to enable appropriate comparison.



*excluding extraordinary/exceptional items



Particulars	2013-14	2014-15	2015-16	L&T's Market Capitalization as on 31 March, 2016 was ₹ 1132.89 Bn
EPS (₹ Per Share)	59.36	54.46	57.07	
RoCE	14.9%	12.5%	11.90%	

EPS: Earnings per Share | RoCE: Return on Capital Employed

Liquidity and Capital Resources	₹ Bn	2013-14	2014-15	2015-16
Cash and cash equivalents at the beginning of the period		14.57	17.94	15.9146
Add: Net cash provided/(used) by:				
• Operating activities		10.47	31.18*	32.56
• Investing activities		-19.42	-23.19*	-28.11
• Divestment proceeds		7.27	4.35	22.89
• Financing activities		5.04	-14.37	-25.67
• Discontinued operations		-	0	0
Cash and cash equivalents at the end of the period		17.94	15.91	17.58

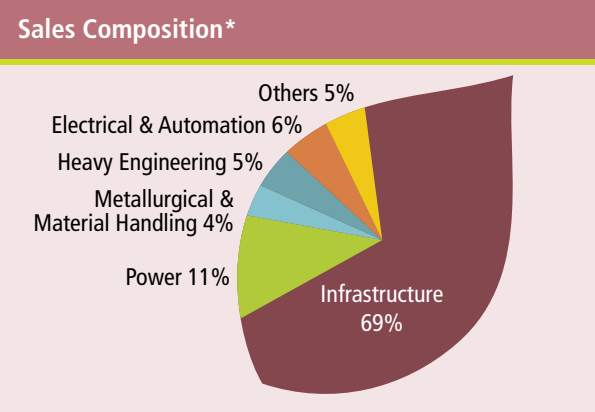
No significant financial assistance was obtained from the Government in the reporting year.

* Figures for 2014-15 have been re-grouped / re-classified to conform to the figures of the current period.



Economic Value	Particulars	2013-14	2014-15	2015-16
Generated (A)	Total Income	584.8	593.01	621.86
Distributed (B)	Manufacturing, construction and operating expenses	433.52	443.80*	466.29
	Employee wages and benefits	46.57	41.62*	44.80
	Payments to providers of capital			
	Interest	10.76	14.20	14.49
	Dividend	13.21	15.11	17.00
	Payments to Government		57.93	59.99
	Community investments (CSR spend)	0.77	0.77	1.19
Retained	=A-B	79.98	Dividend	Dividend

* Figures for 2014-15 have been re-grouped / re-classified to conform to the figures of the current period.

Sales Composition*		Employee Cost and Benefits		
		2013-14	2014-15	2015-16
	Infrastructure			
	Power			
	Metallurgical & Material Handling			
	Heavy Engineering			
	Electrical & Automation			
	Others			
Cost towards wages/salaries (a)	38.07	34.23*	38.64	
Other benefit costs (b)	8.50	7.39*	6.17	
Total personnel cost = a+b	46.57	41.62*	44.80	
Average payout / employee (millions)	0.85	0.94	1.03	

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Hosur – Krishnagiri road

L&T's Transportation Infrastructure Business has added might to NH 7 - a vital interstate connect by transforming the old highway into a smart six-lane one with excellent drivability.



Supply Chain

L&T is committed to fostering green consciousness through an inclusive approach encompassing its supply chain. L&T's supply chain partners include vendors, contractors, distributors and service providers. Raw material procurement accounts for major portion of the Company's operating cost. Each business has a procurement and supply chain team catering to business specific requirement.

We encourage local sourcing of raw materials. We also invest in local manufacturing wherever feasible. More than 80% of the Company's requirements in FY 2015-16 were met by local suppliers. Local sourcing has helped us improve logistics through better response time, faster turnaround, efficient and cost-effective transportation as well as being beneficial to the local economy.

Environmental & Social Code of Conduct for Suppliers and Capacity Building

In line with the Company's Green Supply Chain Policy, we have formulated an 'Environmental & Social Code of Conduct for Suppliers' covering specific clauses on environmental management and compliance, human rights, labour practices, prohibition of child labour, freedom of association & collective bargain, prohibition of forced & compulsory labour, ethics and transparency, and impact on society. More than 400 L&T Suppliers have signed this code, which is required to be signed by all new suppliers. Taking this forward, this year, the environment assessment of 8 suppliers of the Heavy Engineering business was conducted, along with an awareness session on sustainability for suppliers and transporters. After gap analysis a time bound action plan for improving overall environmental aspects of their business was put in place. The feedback was also shared with supplier's their senior management.

The Company conducts capacity-building programmes for vendors and sub-contractors and provides training on safety, business efficiency and sustainability. This year, we conducted a half day programme on sustainability for our prime transporters at Powai Campus. Various tips for fuel saving, time saving, use of technology, route planning, maintenance planning, vehicle checks were shared; also we encouraged the transporters to measure their fuel, running & maintenance cost and carbon emissions per kilometre of transportation. This monitoring will aid in fuel conservation, safe transportation and development of better management techniques.

Climate Change Challenges and Efforts

Climate Change has the potential to bring extreme weather events, and as we operate internationally, this may pose physical challenges to our construction and manufacturing businesses. Increase in mean temperature may lead to cases of heat stroke at our project sites, resulting in delay of projects and operational losses. The Indian economy is largely dependent upon the monsoon and changes in monsoon patterns may have a significant impact on the Company. In the case of droughts, the demand for water intensive products and services would reduce. On the other hand, excess rains and reduction of solar influx would negatively impact the solar business. Apart from this, the cost of fuel, energy and related taxes are increasing at alarming rate and diluting profit margins.

The Company remains committed to reducing its GHG impact. Carbon footprint mapping is conducted organization wide and emission reduction targets are set. The Company has formulated its third Sustainability Roadmap 2021, which is aligned with its Business Plan – LAKSHYA 2021. We are working on achieving the targets including climate change adaptation and mitigation initiatives and are also proactively disclosing our carbon emissions annually through the Carbon Disclosure Project.

Our initiatives include increased use of renewable energy, promotion of green building construction and energy efficiency, enhancement of green cover, installation of solar and renewable energy solutions at our campuses and also providing Green Portfolio Solutions to our customers.

Innovation Reduces Project Time

The new technique developed to install each heavy pancake on a platform's valve access deck for the NASR Phase-1 Development Project of Abu Dhabi Marine Operating Company, reduced installation time by 80% and saved ₹ 39 million.

Kudos to our L&T Hydrocarbon Engineering team!



CASE STUDY

More Power From the Sun

Solar Tracking Mechanism— an innovative technology maximises electricity output



India's single largest solar tracker plant with a capacity of 60MWp in Tamil Nadu, 2016, constructed by L&T.

How can you get more solar power?

Simple! Just follow the sun!

Bringing this innovative idea to life, L&T's Power Transmission and Distribution – Solar business added a new dimension to solar power generation. It designed and developed a solar tracker which generates more power from solar modules by tracking the sun's path. The enhanced collection of solar radiation on the panels, helped maximise power production.

L&T's horizontal single-axis solar tracker, designed in-house, moves 1200 solar panels mounted on 30 rows using a single gear drive housed in the middle. The movement is synchronized with precision of $\pm 1^\circ$ even in desert winds. This technology evolved during the last 5 years. L&T constructed India's largest Vertical Single Axis Tracker plant in 2011. In 2015, L&T designed the Horizontal Single Axis Tracker.

The benefits of this technology are multifold: enhanced solar energy production, sustainable use of land and other resources, reduced CO₂ emissions and more affordable solar energy.

Highlights:

- Maximises capture of solar radiation on the solar PV panel, producing power more efficiently than the conventional fixed tilt systems
- Energy produced by the solar power plant increases by 15-35% by employing different tracking mechanisms, depending on the geography
- Filed two patents on solar tracking technology
- Constructed India's single largest solar tracker plant (60MWp) in Tamil Nadu in 2016
- Only EPC player in India to execute solar tracker using both Solar PV and CSP technology

L&T is India's only EPC player to execute solar trackers using Solar PV & CSP technology. L&T is India's first company with a portfolio of approx. 140MWp solar tracker projects.

Green Portfolio: Products & Services

L&T's integrated capabilities span the spectrum of 'design to deliver' for infrastructure and engineering solutions. Infrastructure is critical to the economic development of a country, industries, businesses and public well-being. Characterised by professionalism, high standards of corporate governance and sustainability, L&T continues to evolve, seeking better ways of engineering to meet emerging challenges and with this in mind, the Company has developed

a Green Products and Services Portfolio. With our Green Portfolio, we deliver engineering and design solutions focused on sustainability and infrastructure with low environmental impact. These include technology solutions with lower carbon emissions, less water consumption, lesser air pollution, energy efficiency improvement, clean energy and resource conservation.



Renewable Energy

Solar Power Plants

Solar Photo Voltaic (PV) based power plants utilise renewable solar energy and contribute to reduction of GHG emissions.

L&T commissioned 200 MWp of Solar Power Plants and commissioned India's largest Solar Tracker based Solar Power Plant in Tamil Nadu.

Hydro-Power Plants – Our 'Water to Wire' solutions

Renewable energy based power plants which harness the energy of moving water.

Hydel projects with an aggregate capacity of 870 MW are in various stages of development by L&T.

Energy Efficiency

Efficient Power Transmission and Distribution System

L&T offers highly-efficient Power Transmission and Distribution Systems (PTDS) designed to reduce pilferage and transmission and distribution losses. This saves 20 - 40% of electricity, which reduces CO₂ emissions significantly. PTDS includes transmission lines, underground cable networks, substations, distribution networks, electrical, instrumentation & communication works.

Energy-efficient Equipment

Electrical & Automation business offers a range of eco-friendly products, systems and services for industrial, commercial and residential applications.

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

Systems: Industrial & building automation solutions, smart metering systems.

Software Functions: Energy performance analysis, integrated energy management.

Our green products and services portfolio steadily increased to ₹161.33 billion in the FY 2015-16, an increase of 49.83% over the previous year. The percentage contribution of our green products and services portfolio to overall sales grew to 26.27% in the reporting year.



CO₂ Emission Reduction

Metro and Mono Rail

Mass Rapid Transit systems provide enhanced connectivity, reducing the number of cars on the road, which in turn, reduces pollution and maximises resource efficiency.

243 km of Metro rail systems including ongoing projects is credited to L&T. L&T has successfully executed metro rail projects in multiple cities across the country and internationally.

Green Buildings

The Company constructs certified Green Buildings which consume less energy and water, utilise recycled material and locally source most of the construction material.

More than 49.1 million sq. ft. of Green Building space has been constructed by the Company for its clients. Additional 8.84 million sq.ft. of green space is under various stages of construction

Water & Resource Conservation

Water Treatment & Distribution Infrastructure

L&T constructs bulk distribution and water treatment systems, waste water treatment plants, effluent treatment plants and lift irrigation systems.

L&T has constructed water and waste water distribution networks extending across 50,000 km. It has also constructed 4,000 MLD of water and waste water treatment plants.

Supercritical Thermal Power Plant Equipment

Supercritical technology results in better energy efficiency, less fuel consumption, less greenhouse gas (GHG) emissions and less water consumption. It requires less land and less expenses over the project life cycle.

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

Coal Gasifiers

Coal gasification technology offered is used to produce synthesis gas – an economical alternative to natural gas. Synthesis-gas based plants use coal economically resulting in less CO₂ emissions.