

September 5, 2017

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra(East), Mumbai – 400 051.
NSE Symbol: LTTS

The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001
BSE Script Code: 540115

Dear Sirs,

Sub:-Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Pursuant to Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, we hereby inform that the Annual Report along with the Corrigendum for the FY 2016-17 was duly approved and adopted in the 5th Annual General Meeting of the Company held on Wednesday, August 23, 2017.

The Annual Report along with said Corrigendum to the Annual Report has been uploaded on the Company's Website at <http://www.lnttechservices.com/investors/financial-information/annual-report/>

All the other particulars and details of the Annual Report remains unchanged.

We, request you to please take note of the above.

Thanking You,

Yours sincerely,
For L&T Technology Services Limited


Kapil Bhalla
Company Secretary
Encl: As above





L&T Technology Services



Imagination in our **mind.**
Innovation in our **heart.**
Engineering in our **soul.**



ANNUAL REPORT 2016 - 17

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This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available resources and has not verified those information independently.



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Nurturing people in a culture of innovation



To view our online reports, please log on to www.Inttechservices.com

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Where the mind
stimulates imagination

Where the heart
inspires innovation

Where the soul fuels
engineering

We welcome you into the world of
L&T Technology Services.

Steered by a heritage of excellence,

And enabled by unparalleled technological
prowess.

Driven by quality and capability,

And led by the collective curiosity of our people.

To deliver superior services and solutions across
industries, for a better tomorrow!

L&T Technology Services Limited: Backed by a rich engineering heritage

We are a leading global ER&D services company, backed by the rich engineering expertise and experience of our parent company, Larsen & Toubro Limited.

Larsen & Toubro is an Indian multinational engaged in technology, engineering, construction, manufacturing and financial services with USD 17 billion in revenue. It operates in over 30 countries worldwide. A strong, customer-focused approach and the constant quest for top-class quality have enabled the Company to attain and sustain leadership in its major lines of business for over seven decades.

L&T's integrated capabilities span the spectrum of 'design to deliver' solutions. With a strong focus on digitalisation, the Company is well equipped to provide smart solutions for city surveillance, intelligent traffic management systems, transport and logistics, as it partners the Indian Government in its Smart City mission, among other key national initiatives.

With manufacturing facilities and offices spread across the world, and a global supply chain to back it, L&T operates to the highest benchmarks of sustainable growth and corporate governance to support its customer in their progressive journey.



Finance



Process Industry



Technology Services



IT



Infrastructure



Defence



Products, Systems & Equipment



Hydrocarbon



Power



Real Estate



Standing Tall...

L&T has to its credit some of the world's most iconic projects that stand tall on the global engineering landscape. These include:

- Technological contribution to key missions: India's first nuclear-powered submarine and maiden missions to the moon and Mars
- Continuing support to smart cities in India
- First ever commercial network for grids for an American utility
- The world's longest heated and insulated waxy crude pipeline
- The world's largest coal gasifier, exported to China
- The world's biggest Ethylene Oxide reactor for a petrochemical complex in the Middle East
- One of Asia's largest nuclear-grade forging facilities
- Airports in India and the Middle East
- Metro rail systems for Riyadh, Qatar and major Indian cities
- Large infrastructure projects, including bridges and highways in Jordan and Malaysia
- Hydrocarbon projects in the Middle East, Africa, S.E. Asia and India
- Currently building the world's largest high-vacuum pressure chamber, the cryostat, for ITER
- Critical contribution to India's aerospace sector
- Shipyards on the west and east coast of India
- A wide range of switchgear

FROM EARTH TO MARS

L&T IS A TRUSTED PARTNER TO ISRO IN DEVELOPING PROCESSES AND TOOLING FOR PRODUCING THE ENTIRE RANGE OF SOLID PROPELLANT MAIN BOOSTERS FOR ALL INDIAN SPACE LAUNCH VEHICLES.

Building on over four decades of association with the Indian Space Programme, L&T has played an important role in the success of India's Maiden Mars Mission (Mangalyaan). The Company supplied critical launch systems and tracking equipment for the prestigious project. The electronic packages were mounted on the upper stage of the satellite launch vehicle and the heat shield using honeycomb deck panels were manufactured at L&T's Advanced Composite facility at Vadodara.

The spacecraft was tracked using a Deep Space Network Antenna installed and commissioned by L&T.

Vision

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

L&Tites shall be innovative, entrepreneurial and empowered team constantly creating value and attaining global benchmarks.

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

 **261,341**
crores

Order Book
as on March 31, 2017

 **110,011**
crores

Revenue
as on March 31, 2017

L&T Technology Services: An entity led by innovation

Entrenched in the belief that curiosity shapes the contours of a better future, we, at L&T Technology Services Limited (LTTS), have crafted an innovation-led strategy to steer our growth trajectory, enabling us to evolve into a global leader in Engineering R&D (ER&D) services.

As the only Indian pure play engineering R&D company of its kind to offer high-end services and solutions to all major industries viz. Transportation, Industrial Products, Telecom & Hi Tech, Medical Devices and Process Industry, we have a range of technological expertise and depth of engineering that is truly unparalleled in the world.

We provide ER&D services to more than 200 customers globally, including 48 of the top 100 Global Engineering R&D spenders, and offer significant growth opportunities for both existing and new customers.

L&T Technology Services (LTTS) enjoys the unique advantage of inheriting a deep engineering legacy over the years.



254

Patents filed (197 patents co-authored with global customers and 57 by LTTS)



223

Global clients



6

India delivery centres



7

Onshore delivery centres



34

Labs



27

Sales offices



48

of World's top 100 Global
Engineering R&D spenders as clients



10,463

Employees



Our Vision

- To be technology explorers, engineering better products, services, and life
- To be amongst the top 10 global engineering services companies in the world



Our Mission

- We aim to be the best, lead the curve, nurture brilliance, obsess about customer delight and become the only partner of choice for our stakeholders



Our Values

- Ethical and professional organisation with respect for individual and diversified global talent
- Social harmony & peaceful existence

Our offerings and value proposition:

L&T Technology Services offers a portfolio of engineering services across industries. We closely follow the technology trends in the ER&D industry and have focused on key technology areas that impact the various verticals in which we operate. These include digital engineering, mobility and augmented reality, IoT (IIoT, NB-IoT), automation of knowledge, robotics, autonomous & near-autonomous vehicles, energy efficiency and imaging and video. We not only focus on solutions in these areas but also build cross-domain solutions for our customer. These cross-domain solutions, developed across verticals, can be applied by our existing and

prospective customers to drive non-linear revenue growth for the Company. In order to execute this strategy, we are also building and strengthening our alliances with technology companies. Our services across our business segments can be classified broadly into the following categories:

- **Imagineering:** We work closely with our customers, especially with their sales, marketing and R&D arms to conceptualise products. We help them develop processes and infrastructure required to deliver such products and services to their end customers. Once the concept is formed, we validate the concept with the consent of our customers through the PoC process.

Once the concept is proven, it is taken ahead for further development. We refer to this entire process as imagineering.

- **Engineering:** As a provider of engineering services, we focus on developing the product once the concept is finalised. The process includes design, development, verification, validation and certification.
- **Adjacent Engineering:** We help our customers with aftermarket support including product lifecycle management and technical publication. Our manufacturing and sourcing services help customers to improve their productivity, reduce cost and improve their go-to-market strategy.

Our business model

We offer customers flexible business models like Build Operate Transfer, End to End managed R&D services, Fixed Price, Time & Material and Outcome-based Pricing including Risk Reward, Transaction-based Pricing and Revenue share. Our ER&D services help customers reduce time-to-market for their products and services, innovate to create new products and solutions, reduce cost of development and meet regulatory requirements.

Leveraging Cross-Poll!novation for R&D

With a multi-sectoral presence enabling Cross-Poll!novation of ideas, we are continuously building on our strengths in products, processes and technologies to deliver differentiated engineering solutions.

Increased investment in innovation labs

Dedicated innovation labs, powered by hundreds of specialists, create solutions across 5 business units. We have 34 R&D laboratories for development and testing in specific industry verticals that simulate the environment needed by our customers.

Besides continued investment in new age technologies, we leverage pre-built accelerators and solutions to translate innovation to engineering.

We have a wide range of technology labs, industry-specific labs and compliance-testing labs.

- **Industry-specific Labs**
Auto Lab, Medical Lab, Industrial Products Lab, TCES Solutions Lab
- **Compliance Testing Labs**
Material Testing Lab, Wet Lab, EMI/EMC Lab, RF Lab, Applied Physical Metrology Lab, Mixed Signal Hardware Lab

- **Technology Labs**
IoT Lab, Smart Manufacturing Lab, Optics Lab, Power Electronics Lab, Tear Down Lab

We work closely with international and national scientific institutions to continually source ideas for engineering solutions. Our events such as Tech Panorama, serves as a platform for our employees to showcase their skills and demonstrate ideas. In 2016, over 8,000 employees participated and over 2,534 technical abstracts were submitted.



INNOVATION LED PATENTED CULTURE

OVER THE YEARS, SUSTAINED INVESTMENT IN R&D HAS LED TO THE CREATION OF SEVERAL UNIQUE ENGINEERING SOLUTIONS, WHICH WE HAVE PATENTED. AS OF MARCH 31, 2017, WE HAVE CONTRIBUTED TO 197 CUSTOMER OWNED PATENTS AND 57 FILED EXCLUSIVELY BY LTTs.



Moving strategically forward

As part of our strategic focus, we acquired US-based Esencia Technologies Inc, a provider of design services from specification to final product in Digital Signal Processing for Communications, Video, Security and Networking. The move is in line with our long-term strategy to strengthen our footprint in ASIC, VLSI and Embedded design services.

The acquisition deepens our offerings to global customers, particularly in the realm of Perceptual Computing, Internet of Things, Advanced Silicon Products and Wireless Networking Technologies with fast, powerful & smart design tools and signal processing libraries. Esencia currently has a team Embedded, ASIC design and semiconductor experts in Silicon Valley.



Positioned in the HfS Industry 4.0 Services Winners Circle

In an endorsement of our manufacturing service excellence, we have been positioned in the “Winners Circle” by HfS Research – The Services Research Company™, the first Industry 4.0 Services Blueprint Assessment. HfS Research is a leading independent global analyst firm for the business and technology services industry. LTTs was rated for strong global capabilities in Manufacturing Data Analytics, Robots, Manufacturing Automation, Digital Clone Simulation, 3D Printing, Manufacturing IoT, Cybersecurity, AR in Manufacturing and Visual Analytics in Manufacturing.

Focussed on quality innovation - Winner of the Golden Peacock National Quality Award, 2017

Our quality focus is led by well-defined process improvement initiatives that are driven by a powerful measurement framework, backed by our compliance testing labs across various industry verticals. We have in place robust process performance models to govern our key

delivery processes, enabling us to predict performance and follow it up with proactive actions on our projects.

An independent and dedicated quality team, supported by senior management, is focussed on driving excellent delivery throughout the organisation. In addition, we have formed a cross-functional task force to work on continuous improvement of the efficacy of our quality systems.

L&T Technology Services Limited was awarded the Golden Peacock National Quality Award, 2017, as a recognition of the Company’s consistent focus in high quality project delivery consistently for global businesses.

We have a robust and comprehensive Quality Management System (QMS), which has enabled us to meet the most stringent global quality benchmarks, as endorsed by our certifications and accreditations.

- ISO 9001:2008 certified delivery centres - Only companies that demonstrate the ability to consistently provide product that meets customer and applicable statutory



and regulatory requirements get this certification.

- Our Aerospace and Medical Devices practices are AS 9100C and ISO 13485:2003 certified. The certification upholds the quality and system requirements that L&T Technology Services incorporates in its management systems.
- Embedded systems and software activities are assessed at Maturity Level 5 of SEI’s CMMi® Development Ver. 1.3. – signifying high standard of consistency in performance and delivery.



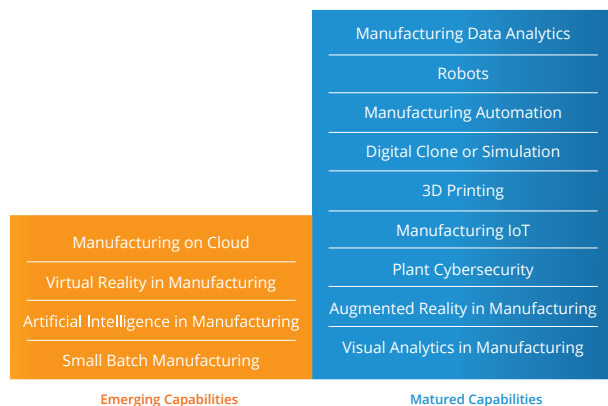
The Zinnov recognition

Zinnov has recognised L&T Technology Services Limited as an Expansive and Established player in Zinnov Zones 2016 Product Engineering Services and in the Leadership Zone across 10 major industries appreciating the Company’s best-in-class solutions, capabilities and offerings that seamlessly combine cutting-edge infrastructure with a robust innovation-led portfolio.

The global rating survey has positioned L&T Technology Services as an “Expansive and Established” engineering partner with deep domain competencies across both Embedded Systems and Mechanical Engineering domains. Zinnov has rated us in the “Leadership Zone” across verticals such as Automotive, Aerospace, Telecom, Semiconductors, Consumer Electronics, Energy & Utilities, Industrial Automation, Transport, Construction & Heavy Machinery and Medical Devices.

It is the sixth consecutive year in which L&T Technology Services has been distinguished as an overall leader in Industrial Automation by Zinnov. L&T Technology Services has also been rated as the overall leader in the Construction & Heavy Machinery vertical for the third straight year.

L&T Technology Services Industry 4.0 Capabilities





Mr. AM Naik and Dr. Keshab Panda at the National Stock Exchange on September 23, 2016.

Building on our relationships

We have long-standing relationships with our customers, which include 52 Fortune 500 companies and 48 of the world's top ER&D spenders. Our track record of delivering high quality solutions across verticals and our deep engineering expertise helps us sustain and grow our relationships with our customers. Our high customer satisfaction levels help to derive continued repeat business from our existing customers.

Partnering our way to success

LTTS has collaborated with global technology players in a number of critical fields.

We expanded our existing partnership with Microsoft for Smart City, Campus & Building (SCCB) solutions based on Microsoft Azure. This collaboration will drive solution innovation for campuses of the future, leveraging Azure as well as HoloLens Mixed Reality to enhance LTTS' Digital Engineering solutions such as i-BEMS.

Along with United Technology Corp's units - UTC Climate, Controls & Security and Otis, we jointly set up an innovation

laboratory at Bengaluru, focussed on integrated buildings, smart homes and cold chain technologies.

Rockwell Automation, the US-based global leader in industrial automation, and LTTS celebrated the completion of 10 years of a successful engagement and jointly plan to set up a cutting-edge lab in Bengaluru with technologies of the future for power electronics, enterprise connect and motion controls.

We launched a new Centre of Excellence in Munich for a leading German Automotive Original Equipment Manufacturer.



Market Capitalisation
as on March 31, 2017



Networth as on
March 31, 2017

Listing Info

L&T Technology Services made its debut on the Indian Stock Exchanges on September 23, 2016

Powering growth through a diversified portfolio

Our diversified approach is extremely balanced, which has steered our evolution as an industry leader.

Our deep-rooted focus on innovation, across diverse sectors, finds resonance in the work ethos of our employees, who are continuously inspired by curiosity and imagination. This enables strong business growth across industries, which include:



Transportation



Industrial Products



Telecom & Hi-Tech



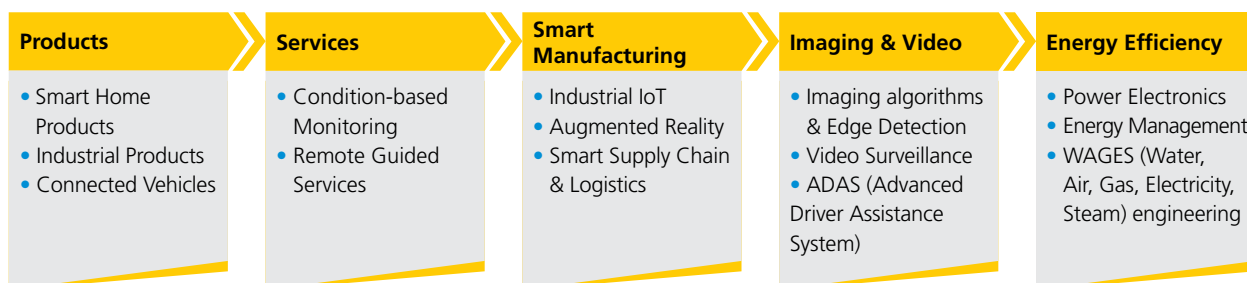
Process Industry



Medical Devices

We offer design and development solutions to our clients across the entire value chain of product development. We also provide solutions in the areas of mechanical and manufacturing engineering, embedded systems, software engineering and process engineering. For new-age technologies, we provide services and solutions in the areas of product lifecycle management, engineering analytics, power electronics, M2M connectivity and IoT.

Digital engineering designed to deliver



The Digital Engineering portfolio of services comprises Smart Products & Services and Smart Manufacturing & Operations.

Smart Products & Services

Smart Products ER&D services offer Mobility and Augment Reality, Engineering Analytics Services, Industrial Protocol, Implementation and Certification, Engineering Application Software Development, Embedded

System Engineering and UBIQWise™, a secure platform that supports data acquisition from IoT devices, aggregation at the gateway, storage in the cloud and easy retrieval by applications.

Smart Manufacturing Services

We provide integrated smart manufacturing services that can facilitate a real-time view of plant operations along with timely insights required for leaner, faster processes, and leading to quicker decision-making.

Smart Manufacturing ER&D services offer Integrated Manufacturing & Supply Chain Services, Integrated Asset Management, Digital PLM, Intelligent Industrial Automation Services (IIAS) and Plant Control Mobility Solutions. We also offer Remote Asset Performance Management.

Our service portfolio in this arena includes:

- Intelligent Industrial Automation – PLC, DCS, SCADA, and MES based automation for manufacturing processes and operations

- Integrated Manufacturing Services – Simulation services and development of tools and fixtures for improving efficiencies
- Integrated Asset Management – Data and material management with partners like IBM Maximo and Infor EAM
- Engineering Application Software – Development & deployment of engineering software applications for plant operations and automation
- Engineering Analytics – Data ingestion platforms, modelling, visualisation and managed services
- Mobility & Augmented Reality Applications - Design, Development, and Testing services
- Manufacturing Operations Management – Consulting, Implementation, support of manufacturing execution system software, tools for process and discrete industry verticals
- Digital PLM – Digitizing the manufacturing process and connecting with PLM

Smart Solutions

Our smart solutions portfolio encompasses:

- Analytics enabled Integrated Asset Performance Management – Solutions frameworks with theme for asset performance management to manage the up-time of the assets
- Connectivity & Mobility Solutions - Instant access to plant parameters for the empowered plant management
- UBIQWeise™ – A platform that helps in moving data securely to the cloud with the potential to scale up solutions to numerous devices, thereby creating a complete smart home experience. We've designed a Smart Connected Thermostat that is Wi-Fi capable and controls all aspects of indoor air leveraging IoT, Cloud & Mobility solution using L&T Technology Services' UBIQWeise™ platform.

We also enable customers to offer new services complementing smart products. These include Engineering Applications, Data Analytics, Augmented & Mixed Reality, Asset Downtime Communication & Collaboration Tools and Remote Asset Performance Management.

Embedded System & Applications

Embedded systems include services besides the ones offered for digital engineering. Our embedded technology practice was rated in the Leadership Zone in Zinnov Zones 2016 Product Engineering Services Report. We partner with semiconductor, OEMs, ODMs, embedded and software platform providers to deliver end-to-end solutions, encompassing software applications, embedded applications, embedded hardware designs, and chip design services.

ER&D services include Hardware Board Design, which includes product/system architecture, schematic design, FPGA design, and design analysis, IPs for USB and MIPI, PCB Layout Engineering Services, RF Engineering Services, board support packages, device-driver development, OS porting, and customisation, Product Verification and Validation, Prototype Manufacturing, Certification and Manufacturing Test Benches, Smooth transition to contract manufacturer and support.

Mechanical Engineering

We are a one-stop solutions provider for Mechanical Engineering services. Our service portfolio is designed to help customers across industry verticals design faster, reduce cycle times and achieve high ROI.

Mechanical Engineering services include Integrated Design Validation and Testing (IDVT), Product engineering sustenance and aftermarket, Sourcing and Supply Chain Management and Technical Publications. In addition, we offer Field Support Services, Harness Design-to-Prototyping, Reverse Engineering, Technical Publications (ITAR Specific) and Technical Training Services at our US-based delivery centres.

Our other Services & Solutions Proposition includes:

- Our proprietary iBEMS framework is a smart building framework that

helps lower energy bills and cost of maintenance while extending asset life. This unique framework enables 'Net-Zero', energy generation management and helps save up to 40 percent of facility energy costs

- Engineering Enterprise Platform Services (EEPS) to facilitate consolidation and unification of applications and enhance smart intelligent quotient of customer enterprise by bringing together field devices, applications and processes on a single platform
- Engineering Analytics Service (EAS) comprising advisory & consulting services, data engineering, analytics modelling, validation & testing, deployment & business operations
- Industrial Protocol Implementation & Certification Services (IPICS) offering analysis for optimal protocol selection, integration and certification
- Sensor-enabled Personal Protection Equipment (PPE) and Augmented Reality for Industrial IoT.

Solutions that Make a Difference

Our Engineering Analytics suite analyses product, market, and consumer data to accelerate growth, increase profitability, drive quality and efficiency and minimise risks for our clients. The suite consists of tools for Data Analytics, Descriptive Analytics, Predictive Analytics and Prescriptive Analytics. We help OEMs improve decision making, thereby enhancing accuracy of business predictions by leveraging our Product Engineering Analytics solution.

We provide hardware validation platform kit along with our controller as an optional for customers to test their SoC designs before taping out. We provide customisation services, integration support services, as part of our IP-enabled service offerings.

Engineered to deliver across geographies

Delivery Centre

India

- Bengaluru
- Chennai
- Hyderabad
- Mumbai
- Mysuru
- Vadodara

USA

- Bettendorf, IA
- Peoria, IL
- Plano, TX
- Dublin, Ohio
- Rockford, IL
- Edison, New Jersey

Germany

- Munich

North America Cluster

USA

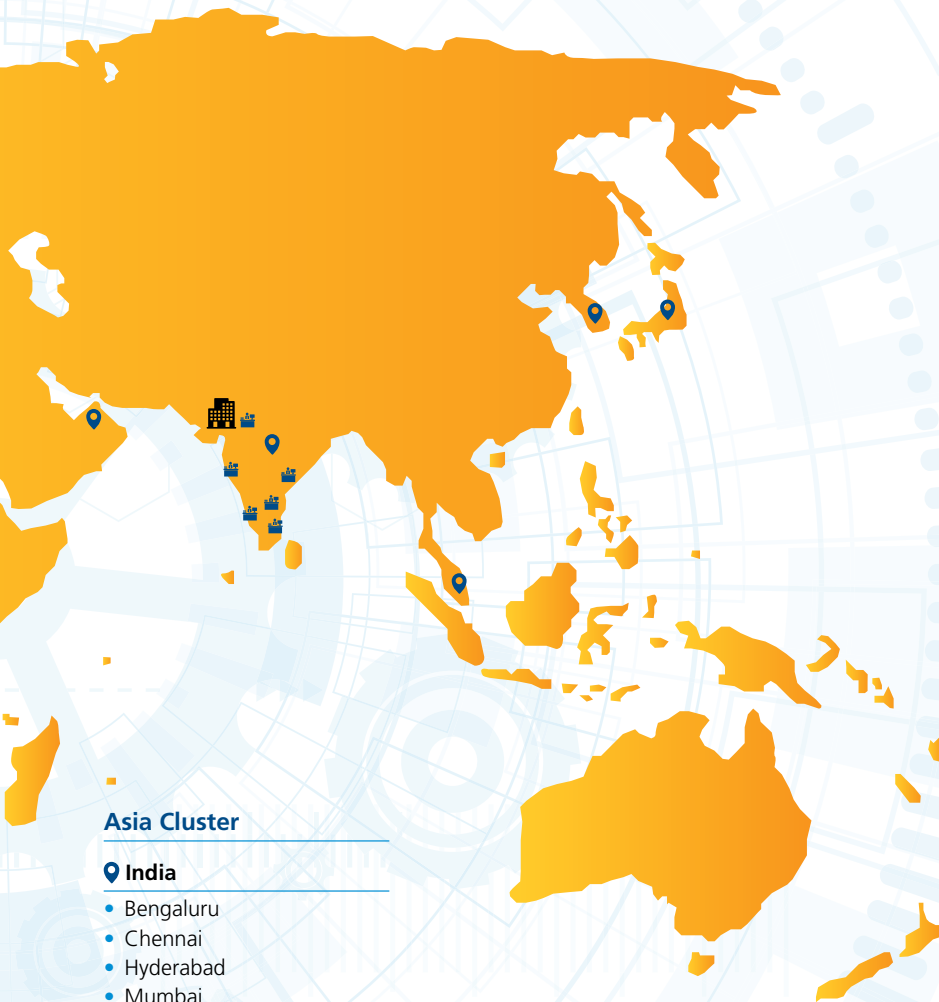
- California
- Connecticut
- Georgia
- Illinois
- Iowa
- Michigan
- New Jersey
- Texas
- Ohio
- Pennsylvania

Canada

- Ontario

 Head Quarter  Offices  Delivery Centre

Map is not to scale



Asia Cluster

India

- Bengaluru
- Chennai
- Hyderabad
- Mumbai
- Navi Mumbai
- Mysuru
- Vadodara

Japan

- Yokohama

South Korea

- Gyeonggi-Do

Middle East

- Abu Dhabi

Singapore

Head Quarters

 Vadodara, India

Europe Cluster

Belgium

- Brussels

Denmark

- Copenhagen

Finland

- Espoo

France

- Neuilly-sur-Seine

Germany

- Leipzig
- Munich

Italy

- Milan

Netherlands

- Amsterdam

Norway

- Baerum

Poland

- Warszawa

Sweden

- Kista

United Kingdom

- London

Our journey of engineering excellence

Mapping several milestones, we have come a long way since inception to set new benchmarks in engineering through our imaginative approach and strategic focus.

- Embedded Systems & Global Engineering Services merged to form L&T Integrated Engineering Services (IES)
- ODCs set up for Leading Swedish Truck Mfg. Co. & for Leading Korean Android Phone Mfg. Co.
- Mechanical & Hardware Labs set up

- PLM Practice started
- Tear Down Labs set up
- Zinnov leadership maintained

- Lighting Lab set up
- Zinnov rating for Industrial Automation/ Off-Highway Vehicles in the Leadership zone

2009

2010

2011

2012

2013

- ODC set up for Leading Finnish Marine Engines Co.
- Leadership in Zinnov rating for Industrial Automation
- Test Labs set up

- ODCs set up for Leading Dutch FMCG Co. & for Leading Japanese Auto Tier 1 Co
- Product Engineering Services Group of L&T Infotech acquired by L&T IES
- Innovation Lab set up
- Zinnov leadership maintained

- Strategic collaboration with Sierra Wireless to support the development of new Internet of Things applications
- Partnership with Infor as Re-seller and System Integrator
- IoT partner with Intel® Network Builders Program
- LTTTS - Cisco IoT Experience centre

- LTTTS and Rockwell Automation celebrate 10 years of Relationship
- LTTTS completes acquisition of US-based Esencia Technologies
- LTTTS partners with Microsoft to win Smart City project in Israel
- LTTTS expands global footprint with Centre of Excellence centre in Munich
- LTTTS & UTC establish an Innovation Lab at LTTTS campus in Bengaluru
- Opened Engineering Centre of Excellence at LTTTS Bengaluru campus with focus on medical devices

2014

2015

2016

2017

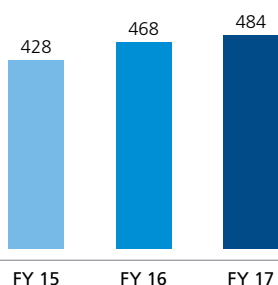
- LTTTS launched on April 1 JV with THALES
- Collaboration with CISCO
- Partnership with TELE 2
- Acquisition of Dell Innovation Services
- 6 LTTTS Verticals rated in the Leadership zone by Zinnov
- Excellence in Engineering Services Award from Frost & Sullivan

- Celebrated decade-long partnership in Engineering with Danaher Corporation
- LTTTS recognised as "ACE Supplier Gold" by UTC
- Ranked by Zinnov as an overall expansive and established service provider for the 4th consecutive year
- Rated in leadership zone in 10 different verticals by Zinnov
- Listed on NSE and BSE on 23rd September
- Rated as an "Established and Expansive Leader" in the Internet of Things (IoT) services by Zinnov

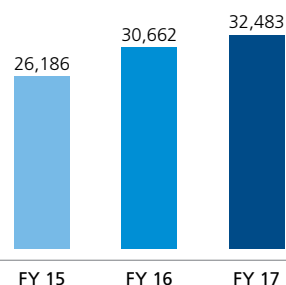
Numbers that define our growth

Our engineering focus continues to be recognised as industry-leading, with our numbers endorsing the same during the year under review.

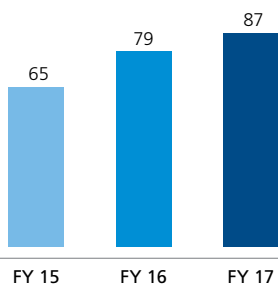
Revenue
(USD Mn)



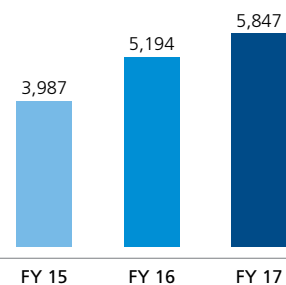
Revenue
(INR Mn)



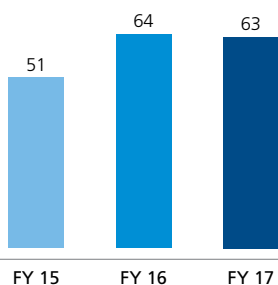
EBITDA
(USD Mn)



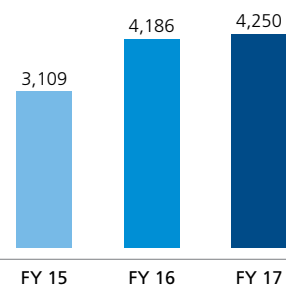
EBITDA
(INR Mn)



PAT
(USD Mn)

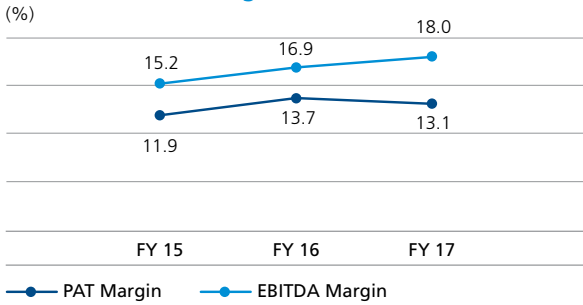


PAT
(INR Mn)

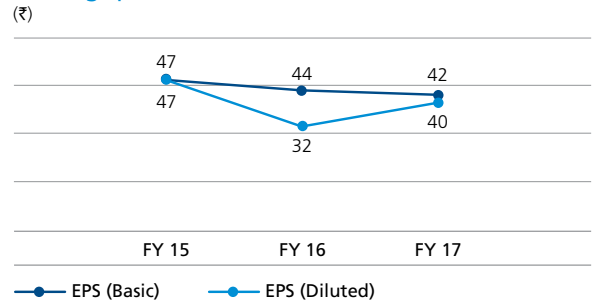


Note: Financial numbers for FY 15 are based on IGAAP Accounts and financial numbers for FY 16 and FY 17 are based on Ind AS Accounts.

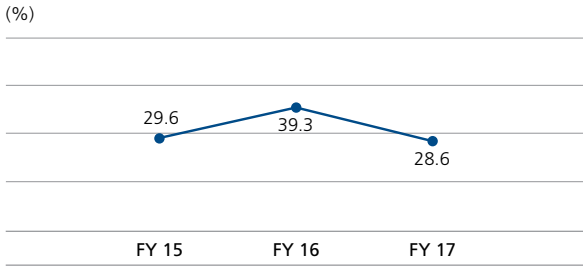
EBITDA and PAT Margin



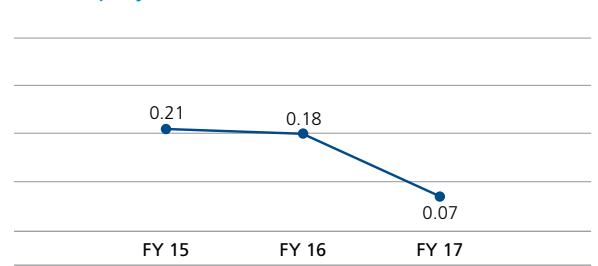
Earnings per Share



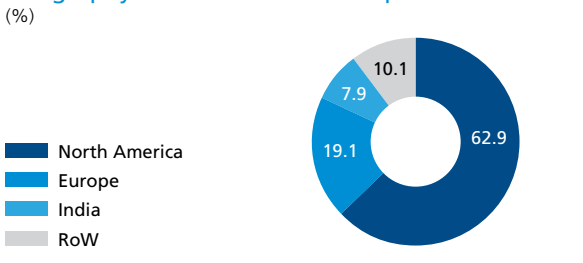
Return on Net worth



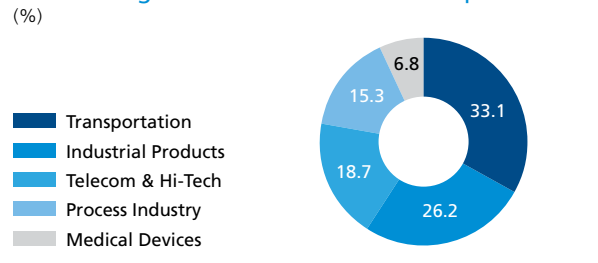
Debt-Equity Ratio



Geography-wise revenue break-up in FY17



Business segment-wise revenue break-up in FY 17



Founder Chairman's message



Dear Shareholders,

The fiscal year 2016-17 stood out as a year of multiple milestones for L&T Technology Services Limited (LTTS), with the most noteworthy being our debut on the Indian bourses in September, 2016, and reaffirmation of status as the country's leading pure play Engineering Services Company.

In 2003, I set up the engineering services division to leverage Larsen & Toubro's (L&T) technological expertise and offer services to global customers. Engineering outsourcing soon gathered momentum and a high caliber team of 1,600 engineers, with Dr. Keshab Panda as the Chief Executive, was formed in 2009 to translate this vision into reality.

Performance

In a short span of time, LTTS has scaled to a 10,463 strong team of specialist engineers with operations in 16 countries round the globe. Its clientele base comprises of 52 Fortune 500 companies and 48 of the world's top Engineering, Research and Development (ER&D) spenders.

As a subsidiary of Larsen & Toubro with a focus on ER&D services, LTTS is now uniquely positioned to leverage the group's heritage in design, manufacturing, plant engineering and its global customer connects. Its engagements are spread across several diverse industries, helping the team garner insights into different types of business and utilizing this cross-vertical expertise for further innovation.

LTTS currently has over 220 global customers and has contributed to 197 global customer owned patents and filed 57 of its own, a fine example of the company's focus on innovation.

The potential of the business is reflected in its performance over the years and it has posted a 4 year CAGR revenue growth of ~19% in INR terms and ~13% in USD terms. Revenues in FY17 touched INR 32,483 million, equivalent to USD 484 million.

It's a wonderful feeling to witness and be part of the rapid growth achieved by LTTS including its success in fostering long term client relationships.

Awards

In recognition of our engineering strengths and contribution to customers in the U.S, the Indo-American Chamber of Commerce named us as "The Company of the Year" in 2016. LTTS has been recognized in the Leadership Zone in ten industries by Zinnov Consulting in its 2016 product engineering survey. The company has also been bestowed with a prestigious Golden Peacock National Quality Award and World Quality Congress Award in 2017.

Outlook

While traditionally the technology services industry globally has been impacted by macro-economic factors and is sensitive to the cyclic nature of certain businesses, the potential remains as strong as ever for relevance of engineering services. For instance, global automotive OEMs are



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moving rapidly towards implementation of infotainment systems and autonomous vehicles. The Industrial Products market continues to offer immense growth potential, while the positivity in the Telecom & Hi-tech market is boosted by technological advancements, infrastructure availability, high customer demand and supplier push by the semiconductor industry. Medical device manufactures are aggressively looking at emerging markets and new product development. Notwithstanding volatile commodity prices and the slowdown in CAPEX spending by manufacturing companies in the Process Industry, the potential for growth is visible in certain specific segments like the Food Industry.

You will be happy to know that your company has established a strategic presence in differentiated sectors and developed the specialized domain knowledge that should enable it to successfully help customers and gain from an economic upturn.

LTTS will capitalize on disruptive technology trends as part of our five year strategic plan Lakshya that emphasizes profitable growth. It will harness opportunities in four critical areas - digital engineering for smart products & services, smart manufacturing & operations, perceptual engineering and pervasive technologies. We took a big step in this direction with the

recent acquisition of US-based Esencia Technologies, a move that will strengthen LTTS footprint in ASIC, VLSI, Embedded Design Services and Hi-Tech sectors, where we foresee growth momentum.

I thank you for your faith in the potential of this company and its ability to deliver on its promise. I assure you that your company will continue on its journey of using advanced technological solutions to delight customers and create value for all stakeholders.

A. M. Naik
Founder Chairman

Vice Chairman's message



Dear Shareholders,
Larsen & Toubro, India's largest Engineering and Construction company, is leading the transformation into the Digital world by incubating advanced technologies and solutions that will drive industrial productivity and future-proof our operations in the years to come. Technology, as you are aware, is changing dramatically with new innovations and patents coming up every day.

Like L&T, major enterprises across the globe are looking for agile and innovative partners possessing knowledge in the engineering domain and a keen understanding of the changing trends to collaborate with them for sustained and stable growth. In today's hyper-competitive world, enterprises need to quickly align their business models, products and offerings to the changing needs of the consumer. Engineering and R&D players have a crucial role in this digital transformation journey by building smart products, services and solutions that can accelerate customers'

go-to-market strategies. The possibilities are truly endless. This is where L&T Technology Services (LTTS) makes a perfect strategic fit.

L&T Technology Services, founded as the engineering and research & development services subsidiary of L&T, offers design, development and sustenance services worldwide across all major industries. It is now helping the L&T group to implement digital technologies, thus increasing productivity and transforming a brick and mortar giant to a digitally-agile, nimble and new-age corporation.

I am personally driving the Smart World business for the L&T group which, I believe, will propel L&T to the forefront of the smart city movement. I am convinced that L&T enjoys a lead over other players in areas such as smart communications, security solutions, and smart infrastructure which is creating opportunities for LTTs globally. Customers are beginning to benefit from L&T's large-scale, in-house experiments and adoption of digital engineering technologies like IoT and Engineering Analytics to create smart products, offer new services and make their manufacturing and operations even smarter.

Along with L&T Technology Services, we are trying to digitalise L&T's core operation in projects and manufacturing. LTTs has the capabilities - from a sensor, to device, to system, to system of systems - to engineer the customer experience as a whole and assist in the creation of a company that takes decisions objectively & based on data, has a unique way of looking at operations and also bring in transparency while dealing with the clients.

LTTs has engineered a ground-breaking smart building management platform - i-BEMS which is precisely what facility managers need for the buildings of the future. The modularity and open architecture of this platform helps to integrate a wide array of sensors, devices, communication protocols, thus bringing together a number of systems that create personalized user experiences, ensures occupant safety, and enables air quality monitoring and predictive diagnostics.

Similarly, LTTs also helps to accelerate IoT deployments with UBIQWeise™, a high-end analytics platform. The L&T Construction business is currently using UBIQWeise™ for Remote Asset Performance Management (RAPM) of



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thousands of equipment, vehicles and machinery across its various project sites. The UBIQWeise™ platform offers great possibilities to improve resource utilization and maximize RoI for clients. If this platform can be scaled up, I believe, we will have a first rate solution that LTTs can sell to the world. UBIQWeise™ has already been rolled out in the international market and is just one more example of LTTs's engineering excellence.

The endeavour is to make LTTs the flag bearer of this digital transformation and ensure that it plays an ever increasing role in growing our overall business.

LTTs has been investing in capability building by setting-up innovation labs, creating solutions and technology centres in proximity to its customers across the globe to create an eco-system that can transform the ER&D Services Industry into a focused value provider. The recent acquisition of Esencia Technologies will enhance LTTs' offerings in the realm of Embedded Technologies and Perceptual Computing for global technology giants.

I am confident that our cutting edge digital engineering solutions will be the building blocks for smart cities and connected factories of the future. With its able leadership, LTTs is well-poised for the digital leap ahead.

S. N. Subrahmanyam
Vice Chairman

CEO and Managing Director's message



Dear Shareholders,
It gives me great pleasure in presenting to you our first annual report since listing as a public limited company in September 2016. Since its inception in 2009, L&T Technology Services Limited (LTTS) has focused on delivering cutting-edge Engineering R&D services to several Fortune 500 companies through rapid innovation and operational excellence.

This continuous focus on customer excellence has made LTTS the leading pure-play engineering services company out of India today. I would like to highlight a few of the ways in which we have been successful in adding value to our customers and creating a unique portfolio.

Drawing upon the strengths and engineering heritage of Larsen & Toubro, L&T Technology Services (LTTS) has become a "one-stop shop" for Global Engineering R&D services companies. We help to create new products as an integrated team across conceptualisation to implementation stages and participate across the manufacturing engineering life cycles, with consulting, design, development, maintenance and after-market services complementing go-to-market strategies of our customers.

We have developed strong capabilities in areas like industrial products, plant engineering and process industries, and are amongst the few India-based ER&D

players who can automate plants, making them smarter by designing efficient, safe and sustainable production facilities. HfS Research, The Services Research Company™ positioned LTTS in the Winners Circle in the Industry 4.0 Blueprint Report.

The year was special as noted engineering consultancy Zinnov rated us in their Leadership Zone across 10 major verticals and recognized us as an Expansive and Established player in the industry. We are also the only pure-play engineering services company to be rated as Leaders by Nelson Hall in their IoT Services Study, while ARC Advisory has positioned us as having deep capabilities across Consumer IoT, Industrial IoT, Control Systems and Product Lifecycle Management.

LTTS' multi-vertical expertise across industrial products, transportation, telecom & hi-tech, medical devices and process industries with a diverse client base is a strong differentiator. We often cross-leverage our experience across segments

to develop and deliver ER&D services and solutions. This unique approach of cross-pollination helps us in solving complex customer problems that require multi-domain capabilities. As a result, most of our clients, which include 48 of the top 100 Global Engineering and R&D spenders, have rewarded us with repeat and growing business every year. As a testimony of the quality delivered to our global clients, LTTS achieved the distinction of being awarded the Golden Peacock National Quality Award in 2017, recognition of the company's consistent focus on high standards demanded by our global customers. High Customer Satisfaction rates and rapid growth in Net Promoter Scores re-inforce our belief in the strong foundation and operational excellence established by LTTS.

In the last five years, we have made investments in 34 labs catering to areas such as IoT, Engineering Analytics, Value Engineering, Power Electronics, Mobile & Augmented Reality applications, and

Security to name a few. Co-innovation labs have also been established with global technology leaders like UTC, an example of our deeply-valued partnerships and trust placed by our customers.


In the new digital era, the engineering services landscape is expanding and maturing at a rapid pace. The addressable market for opportunities in R&D Globalisation and Services is expected to grow to \$302 Billion in 2021 from \$232 Billion in 2016. India will be one of the global R&D frontiers. India's ER&D Services market is expected to reach \$38 Billion by 2021 from \$22.2 Billion in 2016 at a growth rate of 13.7%

LTTs is well poised to make the most of this opportunity. We have a healthy pipeline of deals and are seeing an increased industry demand for our solutions from some of our largest customers, a result of our strategy to mine, invest and focus on the top 30 customers.


Our Digital Engineering revenues as a proportion of overall revenues has jumped 25% in FY17 and now comprises 12.5% of our overall business. The growth in digital business was on account of maturing of the company's Intellectual Property and platform solutions such as UBIQWeise™, i-BEMS, and our Next Generation Wireless Protocol solutions. We also have a formidable patents portfolio with many of the patents co-authored with our global customers. We are constantly developing exciting R&D solutions for the market. For example, our engineers have worked on a light control system with artificial intelligence, a magnetic particle brake controlled valve arrangement, and we are also developing an intelligent pod for a drone. In the medical domain, we are currently developing a real-time optical sensor for blood analysis during major surgeries.

As part of our 5 year strategy we are focusing on four transformative areas which are expected to disrupt traditional ways of doing business and are crucial for our customers to remain ahead of the curve.

- 1) Digital Engineering helps in designing Smart Products & Services for our customers, overcome the challenges they face in decision making



We continue to strengthen our R&D Capabilities and expand our network of centres for our global customers.



and enhance data collection & transmission. The new generation of Smart Products & Services enable enterprises to expand market share and tap new revenue streams.

- 2) Perceptual Engineering will make machines and products intelligent using the five senses (touch, sight, sound, taste and smell) and the ability to think & learn. Human Machine Interface, Artificial Intelligence, Machine Learning, Image & Voice Processing, Neural Networks, Virtual Reality, Sensor Technology and Collaborative Robotics are critical technologies for the future and across which we will see increased R&D activity.
- 3) Smart Manufacturing & Operations make use of technologies for Industrie 4.0, connected manufacturing and automation to build intelligent plants by aligning & integrating our customers' manufacturing processes and the evolving technology landscape. These technologies can be implemented on the manufacturing shop floor at multiple levels from smart components and smart machines to digital factories.
- 4) Pervasive Technology- Software and Embedded technologies have become virtually omnipresent in all spheres of business. LTTs will continue to invest across the domain of embedded applications especially software, connectivity, eco-friendly technologies and enhanced security all of which are critical building blocks.

These digital mega-trends will define our offerings and our growth in the years to come.

We recently acquired US-based Esencia Technologies to deepen our offerings to global customers, in the realm of

perceptual computing, advanced silicon and wireless networking. We are looking at more such niche acquisitions to augment our capabilities in new age technologies and expand our solutions portfolio.

LTTs continues to strengthen our R&D Capabilities and expand its network of centres for our global customers. Most importantly, we continue to invest substantially in developing our people as we believe that our real success lies in our engineers who work round the clock on new technologies and solutions.

In conclusion, I remain confident in our fundamentals and our focus on cutting-edge R&D technology including digital transformation. Our business model is robust and will reap benefits in the mid to long term as it is influenced by R&D Heads and VPs of Engineering in our customer organizations who have a vision for the future. This helps us to develop long term plans with greater certainty and overcome the short-term jitters often seen in the IT industry. In addition, the ER&D industry has a much higher headroom for growth given the size of the market and the low penetration by pure-play service providers with deep expertise and engineering heritage. Looking ahead, we will continue to refine our offerings and re-engineer products and processes for our global customers, helping them to adapt to the needs of the new millennials.

I thank you all for your continued support, encouragement and the trust you have placed in the management team. A special word appreciation for our employees who continue to amaze me and make me feel proud to be part of the LTTs family.

I look forward to a bright FY '18 with you.

Dr. Keshab Panda
CEO & MD

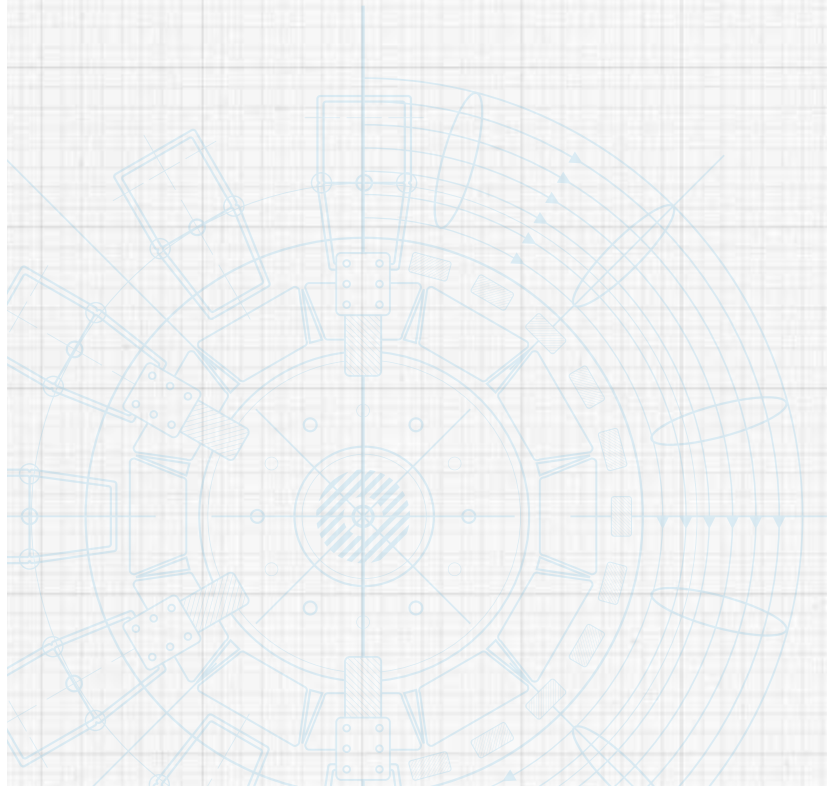
Case study



IMAGINEERING TOMORROW'S SOLUTIONS

Our end-to-end real-time condition-based maintenance solution for utility assets, which led to the development of the first ever commercial network for grids, stands out as a shining example of imagination-led approach translating into an unparalleled achievement.

At the heart of our imaginative focus lies deep curiosity, which inspires us to pioneer tomorrow's solutions today. The success of our business depends on our ability to continuously provide out-of-the-box services and solutions that address the varied and expanding requirements of our customers. One such example is our ingenious smart mesh for grids which overhauls conventional methods of energy distribution.



Customer

A North American utility

The Challenge

When this customer came to us for a Smart energy solution to address the problem of unplanned power disruptions in distribution network, we saw an opportunity to imagine an enduring solution, which was causing them revenue loss, due to frequent supply failures. We soon realised that the challenge lay in enabling end points to capture data and perform live analytics, which would help derive insights from multiple stakeholders. Easy accessibility also needed to be provided to the stakeholders, which further complicated the situation.

Finding the right solution using our imaginative approach

Instead of looking at the problem from a traditional technical viewpoint, we decided to approach it imaginatively in order to find a holistic solution encompassing all its individual and collective aspects.

Our multi-pronged solution comprised:

- **Wireless Mesh Network:** To help connect each home to a massive wireless mesh network, with data from individual

meters getting seamlessly transmitted to distribution transformers via the shortest, most efficient paths, which are dynamic and adjust in real-time in case of a malfunctioning in the mesh

- **Smart Meters:** To act as internet hubs, providing connectivity to households and additional revenue source for utility providers
- **Connectivity to the entire Smart City ecosystem:** Comprising street light control using daylight sensors, clean energy programmes, automated tracking and billing at automobile charging points
- **Single Unified Interface for Energy Monitoring:** To connect the city's complete network of transformers, with their data pushed to the cloud in real-time, so that the operators have access to a single, unified interface to view the entire city's consumption patterns
- **Analytics for continuous energy supply:** Enabling load demand forecast and real-time analytics to determine the energy needs to provision for adequate power supply, maintain continuous uptime during peak demand, and also control power losses in transmission lines
- **Remote monitoring of critical power machinery:** Through a central control station, which can thus pick up any anomalies at a nascent stage

and rectify the same during a planned, scheduled maintenance

- **Three-Layered Security:** Is used, along with advanced data encryption, for controlling user authentication into the smart grid system, with separate network access for consumers and utility providers

The value proposition delivered

By providing productive insights into utility assets and operations, our solution not only led to improved power distribution in the Smart City but also helped reduce theft and downtime, thereby leading to higher revenue collection.

With this solution, the client was able to go in for proactive planning to meet future needs and address any future problems. The client also benefited from the use of unconventional over traditional power generation. Improved demand forecasting and utilisation of assets led to minimisation of waste as the client could now improve response time and cut down on wastage. The mesh network also provides smooth Internet connectivity to households and users.

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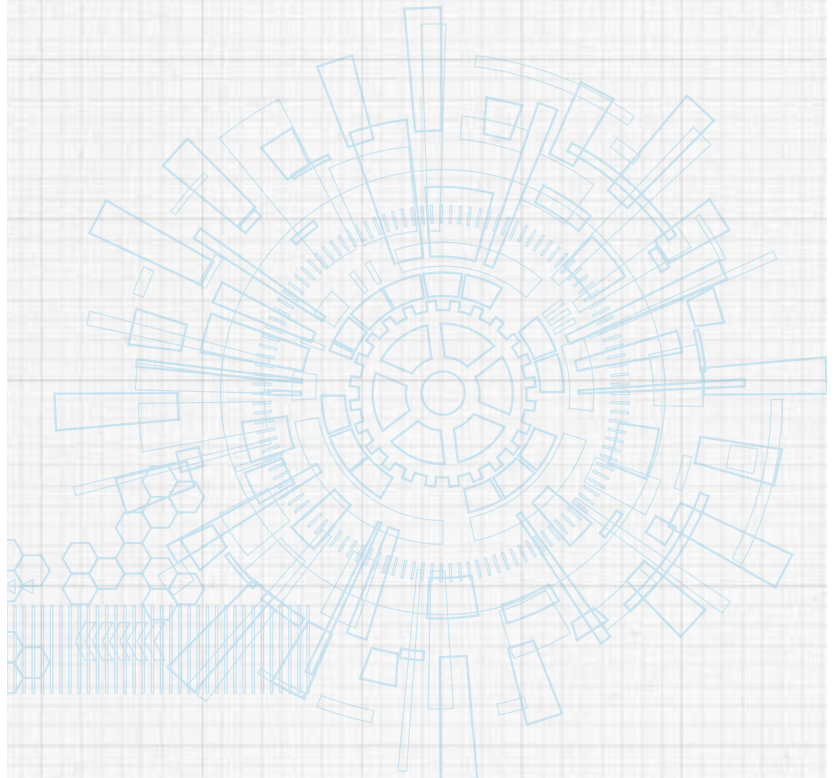
Case study



INNOVATING AHEAD

We are the partner of choice for one of the world's leading auto OEM offering automation of build management, continuous integration and high-end automated testing solutions to help scale-up their business.

Innovation is the foundation on which we are continuously building our portfolio of exemplary services and solutions to meet the diverse needs of our customers. We are the innovation partner for a major auto OEM in infotainment, body control and electric power train domain.



Customer

A major European OEM

The Challenge

We started testing work for this customer, one of the world's leading car makers, back in FY12. In just five years, the engagement has expanded multifold, leading to our emergence as their innovation partner. There were a number of challenges - demand for a wide range of offerings, and the need for innovative methodology of service delivery - including development, testing and validation services. Creating a state-of-the art infotainment system for the client, was not an easy project, but LTTs team of researchers found a way forward to address the specific needs. Electrification of vehicles is another emerging opportunity that the client is looking at us to meet effectively. The client's requirement includes large-scale automation, backed by cost efficiencies, which continues to drive us to deliver more innovative end consumer experience.

Innovating for tomorrow

We have not only understood the client's requirements for today but have gone

a step ahead to pre-empt its future needs with our comprehensive solutions portfolio, comprising:

- **Infotainment System Development for Autonomous Drive service:** With OE Infotainment and driver information systems leading automotive innovations, we have developed end-to-end automotive infotainment systems, right from system engineering to prototype production. Our infotainment solutions help integrate a car's audio, navigation and communication systems
- **Continuous Integration Framework:** Being the biggest contributor to the auto giant's infotainment platform, we offer continuous integration framework leading to successful automation of a number of the client's tools and processes pertaining to electric power train domain
- **Electrification of vehicles:** We are working on hardware design, testing and pre-compliance of their various ECU (Electronics Control Units) for electric and hybrid series of vehicles
- **Centre of Excellence:** We have set up another centre of excellence in Munich, Germany, to service the client needs, making it our fourth delivery centre

for this customer, after establishing dedicated R&D hubs in Mumbai, Bengaluru and Mysuru in India. We also provide support at the client's Japan office for localised features validation.

Value proposition delivered

Our solutions have empowered the client with a range of services to enable it to conquer the future by supporting their strategy of electrification and creating a new generation of electric and hybrid vehicles. Our new centre of excellence will help the OEM, one of our top 30 clients, scale-up existing projects and work on new ones. Our automation solution has helped the client save up to 35% in time to market and effort.

We see our innovation strength, which has emerged as a strong USP for our growth, continuing to steer our collective progress with our growing portfolio of customers around the world in the years to come.

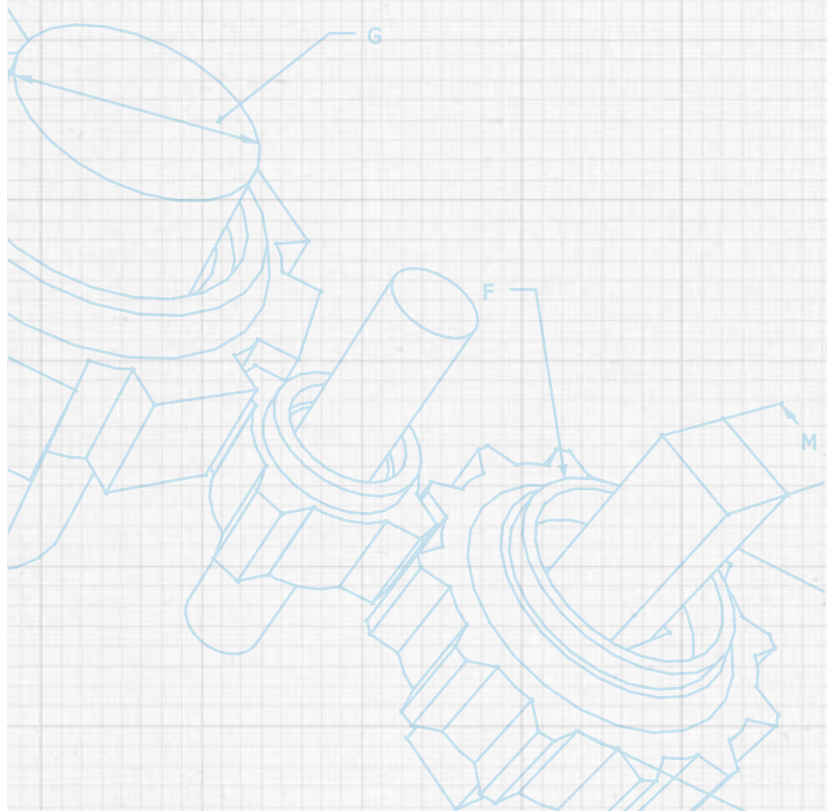
Case study



ENGINEERING EXCELLENCE

Our WAGES (Water, Air, Gas, Electricity, Steam) energy monitoring and conservation solutions for a food and beverages company is a study in how energy savings potential can be identified to engineer future OPEX reductions.

At LTTS, we engineer not just products and solutions but also excellence. From excellence in approach to excellence in quality, our business charter is designed to deliver distinctive services and solutions through exceptional engineering strength. During FY17, we delivered a range of benefits for a global food and beverages (F&B) giant that delivered energy efficiencies across its business value chain.



Customer

One of the largest global F&B companies

The Challenge

The customer put before us the task of assessing 35 plants in 13 countries across the globe to identify opportunities to reduce energy consumption. The exercise involved identifying gaps in energy metering and monitoring infrastructure to analyse the impact of plant performance on energy cost. It further encompassed data analytics for plant performance and development of customised KPI dashboards as well as reduced peakload cost.

How we engineered excellence

L&T Technology Services engineered excellence through a multi-pronged approach for the customer.

Assessment: We helped set up high-profile energy assessment & auditing teams.

Conservation opportunities: We identified energy conservation opportunities by auditing various sites.

Infrastructure: We identified energy metering & infrastructure requirements for the client.

Return on Investment (ROI): We provided them with cost estimation for the potential CAPEX/OPEX opportunities with ROI.

Engineering support: We provided client-detailed engineering support for implementation.

Key Performance Indicator (KPI)

dashboard: We developed a KPI dashboard providing real-time data.

The value proposition delivered

Through an extensive exercise, involving actual site visits and other tools, we delivered a range of benefits to the client that enabled it to deliver energy efficiencies across its business value chain. We helped the customer identify potential improvement areas for energy through phase-based audits, while supporting it in prioritising opportunities with major saving potential and ease of implementation. Our data analysis helped compare plant-to-plant performance to enable better efficiency and cost per unit of production.

We are committed towards enabling excellence for our customers to help them boost operational and cost efficiencies, while keeping pace with the environmental needs of the contemporary world.

Business segment review



GOING STRONG IN TRANSPORTATION SEGMENT

Accounting for 33.1% of the Company's total revenue during FY17, our Transport business segment is the key driver of our growth and the platform on which is built the edifice of our success.

Our presence in this segment spans Automotive, Aerospace and Rail, Trucks: Off-Highway Equipment (OHE), with a robust portfolio of products/services/solutions across each. We support our customers with concept to detailed design, through manufacturing and sourcing support, helping OEMs and Tier I suppliers focus on innovative and 'Glocal' designs to meet the needs of their end customers.

Transportation business unit addresses Aerospace & Rail, Automotive and Trucks & Off Highway verticals.

- Aerospace & Rail vertical offers ER&D services include Aerostructure Simulation & Analysis, After Market Services, Avionics Services, Inflight Entertainment & Communication Services, Testing & Certification Services
- Rail Transportation vertical offers ER&D services for train development and retrofit solutions for conditioned-based maintenance and asset management
- Automotive vertical offers ER&D services for Advanced Driver Assistance Systems, Body & Chassis Electronics, Body Engineering, Safety & Restraints, Infotainment & Driver Information Systems, Powertrain & Alternate Propulsion Systems and Telematics & Connected Cars

- Trucks & Off Highway vertical offers ER&D Services for Electricals & Powertrain, Geo specific product configuration and meeting emission and fuel-efficiency norms

Segment highlights FY17

- **Strengthening the US connect**
We launched an Engineering Centre for autonomous cars in Dublin, Ohio (USA). The Centre of Excellence (CoE) showcases a wide range of technologies, product designs and manufacturing engineering processes, aimed at supporting digital engineering, regional talent development and expansion of the Company's North American operations. Besides strengthening its offerings in the region, it serves as a key hub for supporting the Smart Cities initiative with focus on connected vehicle-to-vehicle communications, electric self-driving shuttles and autonomous vehicles
- **Augmenting base in Germany**
Our new CoE in Munich for the Automotive business was another important initiative launched during FY17 that caters to the needs of a German OEM. Strategically located near the customer, the accredited CoE provides engineering and R&D services for the Company's suite of infotainment consoles and its family of hybrid electric vehicles. It also aids hiring of local talent and fostering of skill development for the youth in Munich and Germany as a whole, thus propelling the regional economy by enabling delivery of quality services,

expansion of the workforce, and supporting major projects through innovative engineering processes

- **Delivering to new customers**

We have also expanded into some other new geographies with delivery centres in Langen and Krakow for our customers and also ramping up teams in the overall European Region.

Value Engineering through Product Tear Down Lab:

L&T Technology Services has a Tear Down lab for automotive customers at our Vadodara campus. The tear down lab does competitive benchmarking for manufacturers for potential entry in the emerging market. In this tear down studio, our engineers dismantle the whole vehicle and assemble back without much damage to any of the major components.

Our engineers study the technology of the benchmarked vehicles, identify the highest cost-saving potential which can be used in their vehicle.

The team studies the most likely competitors vehicles from system and aggregate specification, cost, respective features, part count, manufacturing & assembly processes perspectives.

Moving strategically forward

We see a lot of differentiated opportunities emerging in the Transportation segment with value-added products and services a key takeaway of this potential. With our expertise and experience in this segment, we are well positioned to address the evolving demands of our customers.

With Infotainment System Development for Autonomous Drive service OE Infotainment and driver information systems leading automotive innovations, we have developed end-to-end automotive infotainment systems, right from system engineering to prototype production. Infotainment solutions by LTTTS help integrate a car's audio, navigation & communication systems.

We see growth opportunities in Advanced Driver Assistance Systems (ADAS) in the Automotive vertical and our breakthrough ADAS solution has already been rolled out to many global automakers, paving the way for building this as a strong revenue stream.

The North American OEMs are, in particular, moving fast on the driveway of Automotive expansion and we have started delivering niche services to several of them. These include CAD and CAE Managed services, System Integration & Validation Support and Functional Safety Support (ISO 262 compliant products).

We have charted a well-planned strategic roadmap which will enable us to cross new frontiers of growth in the Transportation segment, going forward.





POWERING AHEAD IN INDUSTRIAL PRODUCTS SEGMENT

At 26.2% of the total revenue, the Industrial Products segment is the second biggest contributor to our growth. Our presence in this segment spans the fast-growing industry verticals of Power, Electrical, Drives & Utilities, Building Automation, Home & Office Products, and Industrial Machinery.

Our innovation-led offerings in this domain include product design, development, verification, validation and certification services. We also provide sustenance, maintenance and value engineering of existing products.

Industrial Product business unit addresses 3 verticals - Building Home & Office Products, Industrial Machinery and Power Generation, Electrical & Utilities.

- Building Home & Office Products offers ER&D Services for Elevators & Escalators, Lighting Equipment, Security & Surveillance, HVAC & Home Appliances
- Industrial Machinery offers ER&D services for Processing & Precision Machines, Flow Control Devices, Oil & Gas Services, Power & Machine Tools, Test & Measurement Services.

ZINNOV RATING 2016

RATED IN LEADERSHIP ZONE IN INDUSTRIAL PRODUCTS. THIS IS ALSO THE SIXTH CONSECUTIVE YEAR IN WHICH L&T TECHNOLOGY SERVICES HAS BEEN DISTINGUISHED AS A LEADING PLAYER IN INDUSTRIAL AUTOMATION BY ZINNOV.

- Power Generation, Electrical & Utilities offers ER&D services for Power Electronics & Drives, Renewable Energy, Conventional Power, Transmission & Distribution Services

Segment highlights FY17

• Innovating in Nanotechnology and Sensors

We have partnered with the Centre for Nano Science and Engineering (CeNSE) and Indian Institute of Science (IISc), Bengaluru, to jointly work towards innovations in the areas of Sensors and Energy Efficient Systems based on Nanotechnology. We are also working closely with CeNSE and IISc in the field of robotics and other related futuristic technologies.

• Towards intelligent innovation

We have tied up strategically with UTC Climate, Controls & Security and Otis, units of United Technologies Corp. to create an innovation laboratory focussed on integrated buildings, smart homes and cold chain technologies. The lab, to be located at our Bengaluru campus, will enhance our Internet of Things commitment.

• 10 years of collaborative innovation

We completed ten years of a successful

business relationship with Rockwell Automation, the US-based global provider in industrial automation. We will now be collaborating with them in the establishment of a joint Innovation Lab at Bengaluru.

Moving strategically forward

According to Markets & Markets, the industrial control and factory automation market will be worth USD 153.30 Billion by FY 22 at a CAGR of 4.9% between FY 16 and FY 22. We are moving aggressively to address the huge demand potential in this area, through our solutions across IoT, advanced analytics and 3D printers integrated with modern industrial automation control systems.

We are also focussing in a big way on current market trends like Edge Analytics, Industry 4.0, Energy Storage, Machine Learning, Smart City, and Hybrid Power Generation System, where we see immense growth potential going forward.

We are working with some of the major companies in Solar and Wind power to provide cleaner and greener environment. We design products with smaller carbon footprints and higher levels of sustainability for our customers.

Our commitment to developing green and clean solutions to meet the transforming needs of our customers worldwide will translate into more innovations in this area in the year ahead.



DELIVERING VALUE IN TELECOM & HI-TECH

Contributing 18.7% to our consolidated revenues from operations during FY17, and covering Consumer Electronics, Semiconductors and Telecom, this segment reported healthy profitability during the year, with the EU region also posting growth.

Telecom & Hi-Tech - This business unit offers ER&D services for Android Products, Network Management Systems, Smart Homes, Wireless & Wireline Infrastructure design and LTE Testing, Media & Entertainment and Semiconductor industries. We are utilizing our in-house Telecom expertise to promote cross industry leverage.

Consumer Electronics - We work with mobile device and tablet manufacturers, set-top box and gateway manufacturers, and smart home and wearable device manufacturers.

Semiconductor Industry - Our focus in this vertical is on application-specific integrated circuit (ASIC) design and verification, embedded software for chip and related validation services, reference board design and radio-frequency (RF) design.

Segment highlights FY 17

- Start of a large engagement with a Tier-1 Chinese consumer electronics OEM in Telecom and CE segments
- Consolidation of relationship with Tier-1 semiconductor company with a multi-year, multi-million dollar verification engagement win

- Won a multi-year contract from a leading media and entertainment company in Connected Home engineering services
- Leveraged OEM and customer relationship to jointly pitch to the market thus creating an elevated positioning in the service provider market e.g. Joint GTM pursuits with Sierra Wireless, Redknee, Samsung ARTIK
- Made investments in important/emerging technologies like 5G, SDN/NFV, smart home, analytics, IoT monetisation solutions
- Enhanced focus to include whole gamut of CE apart from traditional mobile devices focus; signed up end-to-end product responsibility like Tablets in enterprise devices segment
- Breakthrough with an offshore engagement in ODC mode for a Tier-1 US-based semiconductor company

Moving strategically forward

The market positivity can be gauged from the scale of IoT growth being boosted by technological advancements, infrastructure availability, high customer demand and supplier push by the semiconductor industry. Emergence of end-to-end full stack product engineering services is also aiding the segment growth.

Telecom carriers are in fact expecting huge growth opportunity in IoT, especially in case of devices that require

mobility such as 'Connected Cars', with connected gadgets moving the world towards greater automation and augmented reality.

Besides IoT, other technologies likely to boost growth in the coming year are Smart Home tech (connected home gadgets, consumer robots, personal assistants), Augmented and Virtual Reality, Intelligent apps, Machine learning and Automation. Coupled with the increased growth of smart building solutions like smart metering, smart mobility, and smart energy, these technologies will propel higher growth for us going forward. The promise of 5G is further making the opportunity landscape more exciting.

We are fully geared to take on these opportunities through skilling/reskilling, cross-selling accounts and more intensive engagement with customer engineering needs. We are also exploring joint go to market / POC opportunities with customers in emerging technologies, thus setting the stage of the next phase of our growth.

WE HAVE BEEN RANKED IN THE "LEADERSHIP ZONE" BY ZINNOV'S GSPR RATING 2016 ACROSS ALL 3 SUB VERTICALS - TELECOM, CONSUMER ELECTRONICS, AND SEMICONDUCTOR.



GLOBAL FOOTPRINT IN PROCESS INDUSTRY

Accounting for 15.3% of revenues, the Process Industry helps integrate leading edge technology for plants, supports every phase of plant development and ensures client investment remains profitable in the long run. With a global footprint and experienced resources, LTTs supports plant operations at every level, establish essential processes and help achieve regulatory compliances.

L&T Technology Services' industry-wide focus enables the Company to work closely with manufacturing companies across different stages of process and plant development.

The Process Industry team has proven experience in technology consulting across the entire plant lifecycle from plant engineering to manufacturing operations management. Our unique 'Collaborate, Innovate and Create' (CINC) approach - helps us keep the plants of our OEM customers agile and productive.

Process Industry business unit offers services for CAPEX Project E/EPCM (Engineering Procurement and Construction Management), Engineering Reapplication & Global Roll-outs, Operational Excellence, Plant Sustenance & Management, Regulatory Compliance Engineering and WAGES (Water, Air, Gas, Electricity, Steam) for monitoring and conservation programmes.



Segment highlights FY17

- Undertook engineering for ice cream plant expansion for a global FMCG major, involving design for expanding mix plant, new pack lines and germane infrastructure, concept design for feasibility assessment, front end engineering design for CAPEX estimation, detailed design for construction package and engineering support for procurement, construction
- Used Onsite-offshore hybrid engagement model - Concurrent Engineering - to shorten schedule and innovative 3D plant design
- Focussed on new-age solutions such as:
 - WAGES Global Rollout program (Energy Saving, Monitoring and Conservation)

- Smart Manufacturing solutions
- Operational Excellence Consulting – Supply Chain Management
- Machine Safety and Guarding
- Asset Integrity Management

Moving strategically forward

Notwithstanding the slowdown in CAPEX spending by manufacturing companies and volatile commodity prices, the potential for growth is clearly visible, particularly in certain specific segments such as Food Industry. CII estimates that the food industry in India currently valued at USD 39.7 billion is expected to grow at a CAGR of 11% to USD 65.4 billion by FY18, offering a robust opportunity matrix for us to leverage to our advantage.



ROBUST GROWTH IN MEDICAL DEVICES SEGMENT

Contributing around 6.8% to the entire revenue, Medical Devices segment is a dedicated practice of L&T Technology Services that is revolutionising delivery of healthcare by providing end-to-end product development solutions across a variety of devices, with concept design, embedded systems, mechanical engineering services, value engineering and analysis.

Leveraging investments in Innovation, mature quality processes and deep understanding of regulatory frameworks, L&T Technology Services helps medical devices manufacturers accelerate time to market and optimise development cost while pursuing global ambitions and cutting-edge innovation.

Medical Devices business unit offers ER&D services for Diagnostics, Life sciences, Musculoskeletal, Patient Mobility and Surgical segments.

Segment highlights FY17

- L&T Technology Services Limited joined hands with a US-based medical devices maker to launch an Engineering Centre of Excellence in LTTS' Bengaluru campus, as part of the US firm's patented process that delivers customised knee implants to customers
- LTTS showcased solutions in the field of Internet of Medical Things at AdvaMed 2016, America's leading medtech conference. Our breakthrough demos featured at the event included IoT for Homecare Application, Image Processing and Ultrasound on Android



- L&T Technology Services announced a partnership with the Centre for Nano Science and Engineering (CeNSE), Indian Institute of Science (IISc), Bangalore to jointly work towards innovations in the areas of Sensors and Energy Efficient Systems based on Nanotechnology. We will bring its domain expertise in the area of Industrial Products, Power Electronics, Intelligent Buildings and Smart Campuses, Medical Electronics, Testing and Measurements, Transportation and IIOT to create a platform for their accelerated digital journey. We are also working closely with CeNSE, IISc in the field of robotics and other related futuristic technologies

Moving strategically forward

The global medical device industry has experienced significant growth over the last five years. According to Lucintel, the global medical device market is expected to reach an estimated USD 343 Billion by FY21 at a CAGR of 4.6% from FY16-21.

The medical device industry is comprised of diagnostic, life sciences, surgical, cardiovascular, home healthcare, general medical and other devices. The industry is highly fragmented, and North America dominates with 46.0% of the global market.

Medical device manufactures are aggressively looking at emerging markets and new product development which provide opportunity to localize and design products for these markets.

Board of directors



Mr. A. M. Naik
Chairman

Mr. A. M. Naik is the Chairman of our Company. He obtained his graduate degree in mechanical engineering from the Birla Vishvakarma Mahavidyalaya, Sardar Patel University of Gujarat. He has been associated with L&T for over five decades.

Mr. Naik is the Hon. Consul. General for Denmark in Mumbai and was awarded the Order of the Dannebrog as Knight 1st Class by Queen Margrethe of Denmark. He has been awarded an Honorary Degree of Doctor of Letters from Veer Narmad South Gujarat University as well as an Honorary degree of Doctor of Science (D.Sc.) from Maharaja Sayajirao University of Baroda.

He has secured several global, national and professional honours, including the "Padma Bhushan", "Gujarat Garima Award" – Gujarat's highest civilian honour, "Asia Business Leader of the Year Award" and "India's Business Leader of the Year Award" by CNBC Asia, "Business Leader of the Year (Building India) Award" by NDTV Profit and "Business Leader of the Year Award" by the Economic Times.

Mr. Naik was appointed as a Non-Executive Director of our Company on 27th June, 2014.



Mr. S. N. Subrahmanyam
Vice Chairman

Mr. S. N. Subrahmanyam is designated as Vice Chairman, L&T Technology Services. He is the CEO and Managing Director of Larsen & Toubro (w.e.f. 1st July, 2017). He is also a Member of the Board and Sr. Executive Vice President – Infrastructure and Construction and heads L&T Construction.

He has obtained a graduate degree in civil engineering from the Kurukshetra University, Haryana and has completed a post-graduate course in business administration from Symbiosis Institute of Business Management, Pune. He has over 30 years of experience in the infrastructure and construction industry. He joined the L&T group in 1984. He is a member of the Governing Council of the Construction Skill Development Council of India. S.N. Subrahmanyam was awarded the "Leadership Award" by the Qatar Contractors Forum in 2014. He was ranked 36th in the "2014 Construction Week Power 100" in the global construction sector in a survey by international publication the Construction Week, in its issue dated 22nd June, 2014. In 2012, he was awarded with the "Outstanding Contribution to Industry (Infrastructure)" by the Construction Week Magazine. Mr. S. N. Subrahmanyam was appointed as a Non-Executive Director of our Company on 10th January, 2015.



Dr. Keshab Panda
CEO and MD

Dr. Keshab Panda is the Chief Executive Officer and Managing Director of our Company. Dr. Panda has over 31 years of global industry experience in research, conceptualising, creating, operationalising and turning around complex technology and engineering services businesses.

He has obtained a graduate degree of technology in aeronautical engineering from Anna University, Chennai, and a post graduate degree in aerospace engineering from Indian Institute of Science, Bangalore. He obtained his Doctor of Philosophy from the Indian Institute of Technology, Bombay. He also holds an advanced management degree from the Aresty Institute of Executive Education, The Wharton School, University of Pennsylvania. He started his career as a research scientist in Indian Space Research Organization and worked at the Aeronautical Development Agency, Ministry of Defence, Government of India, as a scientist/engineer for over 8 years. Dr. Panda was appointed as Director on 14th June, 2012.

He led L&T Technology Services through a high profile Initial Public Offering (IPO) in India and successfully listed the company on the National Stock Exchange and the Bombay Stock Exchange.



Mr. Amit Chadha
President Sales and Business Development

Mr. Amit Chadha is a whole-time Director of L&T Technology Services Board and is part of the management team providing business leadership, market direction and strategic vision to the Company. In his current role as President, Sales and Business Development, Amit is responsible for helping global R&D customers and Fortune 500 companies leverage L&T Technology Services' digital engineering offerings for their strategic differentiation and product development.

Amit joined L&T Technology Services in 2009, as its Business Head of Americas. Over the years, he has progressively taken on increased responsibility for the Company's business worldwide and helped in its growth, both organically and via acquisitions.

Amit's career which spans over two decades is marked with significant achievements. He has managed P&L for multiple business units, led organisation-wide strategic initiatives, business development and relationship management activities. He is certified under the Global Business Leadership Executive Program with Harvard Business School Publishing and holds a Degree in Electrical and Electronics Engineering from BIT Mesra. Amit is currently based in Washington DC.

He was appointed as Director on 1st February, 2015.



Mr. Samir Desai
Independent Director

Mr. Samir Desai has obtained a post-graduate degree in electrical engineering from the Illinois Institute of Technology. He also holds a post-graduate degree in business administration from Loyola University, Chicago. Samir Desai has over 30 years of experience in management.

Prior to joining our Company, he worked at Motorola for over 30 years and has also served as a chief information officer at Motorola. He has also served as general manager of iDEN® Networks & Devices.

Mr. Desai was appointed as an Independent Director of our Company with effect from 30th April, 2014.



Ms. Renuka Ramnath
Independent Director

Ms. Renuka Ramnath is the Founder, Managing Director and CEO of Multiples Alternate Asset Management Private Limited, an investment advisory firm she founded in 2009. She was associated with the ICICI Group for over 23 years and also served as the managing director and chief executive officer of ICICI Venture Funds Management Company Limited.

She has obtained a graduate degree in textiles from V.J. Technological Institute, University of Mumbai and a post graduate degree in management studies from the University of Mumbai. She has also completed the Advanced Management Program, the International Senior Managers Program from the Graduate School of Business Administration, Harvard University. She has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance.

She was appointed as an Independent Director of our Company with effect from 10th April, 2015.



Mr. Arjun Gupta
Independent Director

Mr. Arjun Gupta received a graduate degree in economics (honours) from St. Stephen's College, Delhi University; a graduate degree (Phi Beta Kappa) in computer science and a post graduate degree in computer science from Washington State University; and a post graduate degree in business administration from Stanford University.

He was also an Advanced Leadership Fellow at Harvard University in 2014-15 and a Henry Crown Fellow at the Aspen Institute in 2001-03. He has been the managing partner of TeleSoft Partners, a special situations venture capital firm he founded in 1997 in U.S.A. He has over 27 years of experience working with technology companies in engineering, consulting and venture capital roles. He was ranked by Forbes Magazine in the Top-100 technology venture capital investors on the 2006, 2007, 2008 and 2009 Midas Lists. He serves on the boards of various companies in U.S.A. such as Calient Technologies Inc., Education.com, Jumpstart Games Inc. (formerly Knowledge Adventure), Nexant Inc. and SalesHood Inc.; and he is an advisor of DocuSign.com. In India, he serves on the boards of LTI and LTTS. He was appointed as an Independent Director of our Company with effect from 28th October, 2015.



Mr. Sudip Banerjee
Independent Director

Mr. Sudip Banerjee obtained a graduate degree in Arts (honours course) in economics from University of Delhi, New Delhi. He holds a diploma in management from the All India Management Association, New Delhi. He has over 32 years of experience in IT industry.

Prior to his appointment as an Independent Director in our Company, he held the position of Chief Executive Officer of LTIIL between 2008-2011. He is on the board of directors of Kesoram Industries Limited and IFB Industries Limited. Besides he is an Operating Partner at Capital Square Partners Advisors Pte Ltd, Singapore. He is also a member on the advisory board of TAPMI Business School, Jaipur. He worked with Wipro Limited ("Wipro") from 1983 to 2008 and was the President, Enterprise Solutions Division at Wipro and a member of the Corporate Executive Council of Wipro between 2002 and 2008. He was a member of the Executive Council of Nasscom during 2000-2002 and again from 2009-2011. He served as a member on the Board of Governors of Indian Institute of Information Technology, Allahabad. He was appointed as an Independent Director of our Company with effect from 21st January, 2016.



Mr. Narayanan Kumar
Independent Director

Mr. Narayanan Kumar obtained a graduate degree in electronics and communications engineering from the University of Madras. He is a fellow member of the Indian National Academy of Engineering and the Institution of Electronics and Telecommunications Engineers. He is the vice-chairman of the Sanmar Group, a multinational conglomerate headquartered in Chennai, and engaged in the business of chemicals, engineering and shipping. He is also the president of the Indo-Japan Chamber of Commerce and Industry. He is on the board of various public companies such as Bharti Infratel Limited, Times Innovative Media Limited, MRF Limited, and L&T, among others and has experience in various sectors. He is also involved in areas of social welfare and education. He is a director on the board of Madhuram Narayanan Centre for Exceptional Children, the managing trustee of the Indian Education Trust, a governing council member of Save the Children and a trustee of the World Wide Fund for Nature-India. He is the Honorary Consul General of Greece in Chennai. As a spokesman of Industry and Trade, he had been a President of CII and participated in other apex bodies.

He was appointed as an Independent Director of our Company with effect from 15th July, 2016.

Corporate information

BOARD OF DIRECTORS:

MR. A. M. NAIK	Chairman
MR. S. N. SUBRAHMANYAN	Vice Chairman
DR. KESHAB PANDA	Managing Director & Chief Executive Officer
MR. AMIT CHADHA	President-Sales & Business Development & Whole-Time Director
MR. SAMIR DESAI	Independent Director
MR. ARJUN GUPTA	Independent Director
MR. NARAYANAN KUMAR	Independent Director
MS. RENUKA RAMNATH	Independent Director
MR. SUDIP BANERJEE	Independent Director
Chief Financial Officer	Mr. P. Ramakrishnan
Company Secretary	Mr. Kapil Bhalla
Registered Office	L&T House, N.M. Marg, Ballard Estate, Mumbai - 400 001
Corporate Office	5th Floor, West Block-II, L&T Knowledge City (IT/ITES) SEZ, N.H. No. 8, Ajwa Waghodia Crossing, Vadodara - 390 019
CIN No.	U72900MH2012PLC232169
Website	www.Inttechservices.com
Auditors	Sharp & Tannan
Registrar & Share Transfer Agent	Karvy Computershare Private Limited

Nurturing people in a culture of innovation

We strongly believe that our innovative engineering is a function of the quality of our people. We are thus continuously engaged in nurturing our employees in a culture of innovation. We have undertaken a series of interesting and impactful initiatives to empower employees, thus creating a strong leadership pipeline to meet industry and customer needs for the future. Employee hiring and on-boarding are managed through a planned strategic methodology, focussed on attracting and retaining on talent.

We are continuously strengthening our **CULTURE OF INNOVATION**, with employees across the organisational hierarchy, participating regularly in writing and presenting white papers, and building and inventing products and services. It is a win-win proposition for both - the Company gains by getting new patented products and the employees are rewarded for their inventions, which also encourages the development of entrepreneurial spirit amongst them.

We have also empowered our function and business heads to run the business with an **ENTREPRENEURIAL** zeal, as demonstrated in their respective segment performance.

EMPLOYEE ENGAGEMENT is an important pillar of our HR philosophy, which we are continuously strengthening to meet the demands of the evolving industry landscape. We provide our people with a **COLLABORATIVE** work environment rooted in a partnership approach, underlined by **FLEXIBILITY** and crafted to unleash their potential to the maximum.

Our association with the Great Place to Work® Institute is modelled to measure



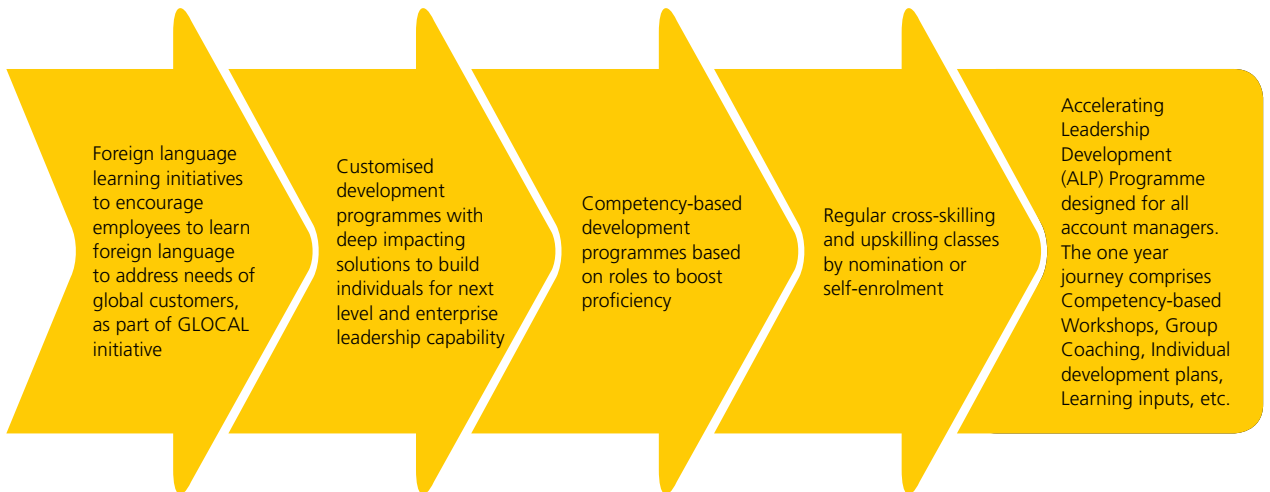
and enhance employee experience and engagement. Such initiatives encourage reverse communication and have fostered honesty, transparency and candid feedback for improvement.

We also work closely with global institutions to continually source ideas for engineering solutions, enabling us to enhance our product platform and service offerings to our global customers.

OUR FLEXIBLE APPROACH AND READINESS TO CHANGE MANAGEMENT ENABLES US TO PERCEIVE THE EVER-SHIFTING MARKET AND CUSTOMER DEMANDS WITH EASE.

We have in place a multi-pronged **LEARNING & LEADERSHIP DEVELOPMENT** framework designed to equip employees with future solutions to meet the needs of the customers.

Learning & Leadership Development Initiatives



Other key HR initiatives

- **TECHgium™** is a nationwide engineering talent hunt programme with an open innovation model, offering students a ready platform to solve contemporary challenges in engineering faced by industries globally. During FY17, more than 7,000 engineers with 193 faculty members from 164 reputed engineering institutes participated in the competition to solve the 22 challenges defined by our clients. The multi-stage competition required students to create concepts, submit abstracts, present technical papers and showcase Proof of Concepts (PoCs) to address the challenges
- CEO Club is an initiative and seeks to identify people with potential who can apply through a unique process of self nomination later validated by independent auditor PwC.
- Teach For India Fellowship is a two-year, full time paid commitment during which opportunities are provided to India's brightest and most promising individuals. Fellows are placed as full-time teachers for children in some of the country's most under-resourced/ low-income schools to help them get exposure to Indian education system and inculcate knowledge, skills, and mind-set, which is conducive to attain a respectable life.
- KUDOS is a tool to strengthen our R&R programme through an online point-based reward system, in conjunction with PAYBACK (India's largest loyalty programme) for offshore employees. A total 11,450 employees have been enrolled in KUDOS programme from November 2016 till March 2017



OUR COMPETENCY TRAINING FRAMEWORK HELPS IN MAKING NEW EMPLOYEES 'PROJECT-READY' WHILE ENABLING THEIR SEAMLESS INTEGRATION INTO THE COMPANY'S BUSINESS



Lending wings to diversity

Our "Wings" campaign fosters a culture that maximises female employee empowerment and inclusion through enhanced gender ratio, backed by additional maternity leave, work from home and flexible work hour policies.

Engineering with responsibility

As a global player led by the philosophy of responsible growth, we have undertaken several corporate social responsibility (CSR) programmes in some of the most critical areas of growth and development in the communities in which we operate.

Our CSR ambit covers Skill Development, Innovation & Technology, Water, Health & Education, and Environment, and we are continuously investing in welfare initiatives and programmes to provide support to people in the communities of our presence across these areas.



Skill Development (Naya Savera)

Our Naya Savera Skill Development programme is aimed at creating a skilled workforce, for which we have collaborated with various organisations to impart skill training to underprivileged men and women in Chennai, Vadodara, Mumbai and Bengaluru. Certification is provided to the successful students by the National Skill Development Corporation (NSDC), Government of India. Partnering with Labournet, Aarambh and Arch Social Consultant, we are conducting courses in beauty care, electrical & home appliance repair, automobile repair, leather stitching and basic computer courses under the programme. Our goal is to train and provide employment to 5,000 underprivileged by 2020.

Impact FY17

- 1,136 candidates passed out from Chennai, Vadodara and Mumbai
- 721 candidates got job placement, 306 have set up their own start-ups
- Monthly earning ranging from ₹ 8,000 to ₹ 12,000
- Livelihood of 721 candidates in generating income of approx. ₹ 57 lakhs per month



Water Project (ENWA)

In partnership with National Agro Foundation, we have launched this project in four villages of Pune district for the conservation of land and water resources through watershed activities by 2019. More than 2,000 people will have access to water by 2019, with increase in groundwater table to 25 feet, under this programme, which will also lead to increase in area under cultivation and crop yield. Over 2,000 hectares of land will be benefited as a result of the project, which will improve income levels and quality of life of the beneficiaries.

Impact FY17

- Due Diligence completed for implementing partner
- NOC and procedural formalities
- Technical feasibility completed by LTTS team (IP energy)
- Project kick-off completed in May 2017
- Installation and commissioning completed by end of May 2017



Environment Protection (ENWA)

This project has been launched in MG Halli Haadi village in Mysore District in Karnataka in partnership with Swami Vivekananda Youth Movement (SVYM) for the installation of solar-powered household electricity supply. Our goal is to empower the community to adopt sustainable renewable energy by 2018, by providing 58 tribal BPL households with electricity, while also providing anganwadi, government schools and community halls with solar power.

Impact FY17

- Due Diligence completed for partner
- NOC and procedural formalities completed
- Technical feasibility completed by LTTS team (IP energy)
- Project kick-off completed in May 2017
- Installation and commissioning completed by end of June 2017

Education (Naya Savera)

Under our Naya Savera Education project, we have partnered with STEM Learning, Arch Social Consultant and Aarambh to implement teacher and student education programmes in Mumbai and Vadodara. The programme objectives include enhancement of capacity and skills of teachers in Science and Mathematics, and improvement in quality of education and learning in government-aided schools.

Impact FY17

- 10,610 Children benefited from 11 government schools
- 80 teachers from government schools trained
- Science lab kit provided to 11 schools



Health Care (Sparsh)

Through this programme, being run in Tamil Nadu and Andhra Pradesh, we are touching the lives of the underprivileged people suffering from eye and vision problems. In partnership with the Medical Research Foundation (MRF) Sankara Nethralaya, we are reaching out to people in rural areas with no access to quality eye care and are providing them with the necessary eye care, apart from education and awareness on eye diseases.

Impact FY17

- 3,200 people screened at Camps in Naidupet, Thirkoilur, Jawadu hills, Muthialpet
- 458 cataract surgeries performed through MESU, provided 458 spectacles

Volunteering Activities (Samaritans)

Our CSR ethos is imbued in every member of our team and our employees regularly volunteer to participate in our programmes through education materials support, health awareness and blood donation camps, awareness and training to local youth on skill development, Joy of Giving (JOG) programme, national events at orphanages and NGOs, as well as conservation of environment and tree plantation drives.

Impact FY17

- More than 10 NGOs and government schools benefited
- More than 20,600 underprivileged positively impacted
- Participation of 800+ LTTs volunteers
- 2,400+ volunteering hours generated

Innovation & Technology (Tech Udan)

Our Tech Udan project at IIT Madras is targeted at differently-abled people, for whom it seeks to develop assistive technology solution to provide access to education, communication, recreation, employment, and rehabilitation. It also aims to provide learning and assistive devices, as well as medical devices, at affordable prices to the differently-abled.

Impact FY17

- Developed a series of products for differently-abled, which are in different stages – from testing to production
- Products were demonstrated at National Institute of Empowering Persons with Multiple Disabilities (NIEPMD), sharing knowledge about assistive devices

Notice

NOTICE is hereby given that the **FIFTH ANNUAL GENERAL MEETING** of **L&T TECHNOLOGY SERVICES LIMITED** will be held at **St. Andrew's Auditorium, St. Dominic Rd, Bandra West, Mumbai - 400 050, Maharashtra** on **Wednesday, August 23, 2017** at **3.00 P.M** to transact the following businesses:-

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company and the Reports of the Auditors thereon for the year ended March 31, 2017;
2. To declare a dividend on equity shares for the financial year 2016-17;
3. To appoint a Director in place of Mr. A. M. Naik (DIN: 00001514) who retires by rotation and is eligible for re-appointment;
4. To appoint a Director in place of Mr. Amit Chadha (DIN: 07076149) who retires by rotation and is eligible for re-appointment;
5. To appoint M/s. Sharp & Tannan, Chartered Accountants (ICAI Reg. No. 109982W) as statutory auditors and fix their remuneration and for that purpose to pass with or without modification (s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Sharp & Tannan, Chartered Accountants (ICAI Registration No.109982W), the Company's Statutory Auditors who hold office upto the date of this Annual General Meeting and, being eligible, offer themselves for re-appointment, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors or Audit Committee thereof, be and is hereby authorised to decide and finalise the terms and conditions of appointment, including the remuneration of the Statutory Auditors."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act, and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof), the consent of the Company be and is hereby accorded to the Board to revise, the terms of appointment/remuneration of Dr. Keshab Panda, Chief Executive Officer & Managing Director of the Company as explained in the Statement annexed to the Notice of the Meeting in terms of Section 102 of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act, and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof), the consent of the Company be and is hereby accorded to the Board to revise, the terms of appointment/remuneration of Mr. Amit Chadha, President- Sales &

Business Development and Whole-Time Director of the Company, as explained in the Statement annexed to the Notice of the Meeting in terms of Section 102 of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard.”

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

“**RESOLVED THAT** subject to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the Non – Executive Directors of the Company be paid, in addition to the sitting fees for attending the meetings of the Board or Committees thereof, a commission from financial year 2016-17 of an amount not exceeding the limit of 1% of the net profits of the Company per annum in aggregate.”

By Order of the Board of Directors
For **L&T TECHNOLOGY SERVICES LIMITED**

KAPIL BHALLA
COMPANY SECRETARY
(M.No.F3485)

Date: May 3, 2017
Place: Mumbai

NOTES:

- a) The information required to be provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards 2 on General Meetings, regarding the Directors who are proposed to be appointed/ re-appointed and the relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under item no. 6, 7 and 8 set out above are annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THAT PROXY NEED NOT BE A MEMBER. Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

Proxies in order to be effective must be received at the Registered Office of the Company at L&T House, Ballard Estate, Mumbai 400001 not less than forty eight hours before the commencement of the Meeting i.e. by 3 p.m. on August 21, 2017.

- c) The Register of Members and Transfer Books of the Company will be closed from Thursday, August 17, 2017 to Wednesday, August 23, 2017 (both days inclusive).
- d) Members are requested to furnish bank details, e-mail address, change of address etc. to the Company's Registrar & Transfer Agents: **Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032**, so as to reach them latest by Wednesday, August 16, 2017, in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by the Depositories as at the close of the aforesaid date will be considered by the Company. Hence, Members holding shares in demat mode should update their records at the earliest.
- e) In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with the Company by sending an e-mail to investor@LntTechservices.com
- f) Relevant documents referred to in the accompanying notice are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM.
- g) Members/Proxies should bring their attendance slips duly completed for attending the Meeting.
- h) There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Members who have not encashed their 2nd interim dividend warrants pertaining to the year 2016-17 may approach the Company/ its Registrar, for obtaining payments thereof.

- i) Investor Grievance Redressal:
The Company has designated an exclusive e-mail id viz. investor@LntTechservices.com to enable Investors to register their complaints, if any.
- j) E-voting:
The businesses as set out in the Notice may be transacted through electronic voting system and the Company will provide a facility for voting by electronic means. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard 2 on

General Meetings and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically. The Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

The facility for voting through electronic voting system ('Insta Poll') shall be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be able to vote at the AGM through 'Insta Poll'. Please note that the voting through electronic means is optional for shareholders.

A person whose name is recorded in the register of Members or in the register of beneficial owners maintained by the Depositories as on the cut-off date of Wednesday, August 16, 2017 shall be entitled to avail the facility of remote e-voting or voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purposes only.

The Notice will be displayed on the website of the Company www.lnttechservices.com and on the website of Karvy.

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

The remote e-voting period commences on August 19, 2017 at 9.00 a.m and ends on August 22, 2017 at 5.00 p.m. During this period, Members of the Company holding shares either in physical or dematerialized form, as on the cut-off date of Wednesday, August 16, 2017 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.

The Members, whose names appear in the Register of Members/list of Beneficial Owners as on August 16, 2017, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Eligible members who have acquired shares after the dispatch of the Annual Report and holding shares as on the cut-off date i.e Wednesday, August 16, 2017 may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

However, members who are already registered with Karvy for remote e-voting can use their existing user ID and password for casting their vote. In case they don't

remember their password, they can reset their password by using "Forgot User Details/ Password" option available on <https://evoting.karvy.com>

The Company has appointed Alwyn D'souza, Practicing Company Secretary (Membership No. FCS 5559) or failing him Vijay Sonone, Practicing Company Secretary of Alwyn D'Souza & Co, to act as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> or contact Mr. S. V. Raju, Deputy General Manager (Unit: L & T Technology Service Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone No. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

The Company is pleased to provide Web Check-in facility to its members to enable speedy and hassle free entry to the venue of the Annual General Meeting (the "Meeting"). This facility offers online pre-registration of Members for attending the Meeting and generates pre-printed Attendance Slips for presentation at the venue of the Meeting.

Members may avail the said Web Check-in facility from 9:00 a.m. on August 19, 2017 to 5:00 p.m. on August 22, 2017.

The procedure to be followed for Web Check-in is as follows:

- Log on to <https://karisma.karvy.com> and click on "Web Check-in for General Meetings (AGM/EGM/CCM)".
- Select event / name of the Company: L&T Technology Services Limited
- Pass through the security credentials, viz., DP ID / Client ID / Folio No. entry, and PAN No & "CAPTCHA" as directed by the system and click on "Submit" button.
- The system will validate the credentials. Then click on "Generate my Attendance Slip" button.
- The Attendance Slip in PDF format will be generated.
- Select the "PRINT" option for direct printing or download and save for printing the Attendance Slip.

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

A. In case a Member receives an e-mail from Karvy (for Members whose e-mail addresses are registered with the Company/ Depository Participants):

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the event/L&T Technology Services Limited.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".

- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email alwyn.co@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "L&T Technology Services Limited 5th AGM".

B. In case a Member receives physical copy of the Notice of AGM (for Members whose e-mail addresses are not registered with the Company/Depository Participants):

- i. Initial password, is provided as below, in the enclosed attendance slip:

EVEN (E-Voting Event Number)	User ID	Password

- ii. Please follow all steps from Sl. No. (i) to Sl. No. (xii) above, to cast vote.

Based on the report received from the scrutinizer the Company will submit within 48 hours of the conclusion of the Meeting to the stock exchanges details of the voting results as required under Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A Member can opt for only one mode of voting i.e. either through remote e-voting or at the Meeting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorized by him immediately after the results are declared.

The results declared along with the Scrutinizer's report, will be posted on the website of the Company www.inttechservices.com and on the website of Karvy Computershare Private Limited and will be displayed on the Notice Board of the Company at its Registered Office as well as Corporate Office immediately after the declaration of the result by the Chairman or any person authorised by him in writing and will be communicated to the Stock Exchanges.

EXPLANATORY STATEMENT

As required by Section 102(1) of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the business under items No. 6, 7 and 8 of the accompanying Notice dated May 3, 2017.

ITEM NO. 6

The Members had approved the appointment of Dr. Keshab Panda as the Chief Executive & Whole Time Director of the Company in its meeting held on January 10, 2015 for a period of 3 (Three) years with effect from January 10, 2015. The terms and conditions of appointment of Dr. Keshab Panda including remuneration were also approved by the Members in its meeting held on February 18, 2015. Further, the Board had re-designated Dr. Keshab Panda as the Chief Executive Officer and Managing Director of the Company in its meeting held on January 21, 2016. The terms & conditions of his appointment remained unchanged.

Subsequently, the Board of Directors of the Company at its meeting held on July 15, 2016 had ratified the amendment in his terms of remuneration with effect from April 1, 2015. The Members ratified the amended terms of remuneration of Dr. Keshab Panda in the Annual General Meeting held on July 15, 2016.

Since the managerial compensation structure of Dr. Keshab Panda was found to be skewed heavily towards Variable Pay – as compared to the managerial structure followed by a few of the Company's peers - the Board of Directors in its meeting held on November 10, 2016 and subsequently in its meeting held on May 3, 2017 proposed to revise the compensation structure of Dr. Keshab Panda in line with the prevailing managerial compensation trends in the IT sector, subject to the approval of the Members. Part III, of Schedule V of the Companies Act, 2013 read with Secretarial Standard 2 on General Meetings provide that the appointment and remuneration of Managing Directors and Whole – time Directors in accordance with Part I and Part II of the Schedule V shall be subject to approval of resolution of the shareholders in a General Meeting.

The term of appointment of Dr. Keshab Panda remained unchanged i.e. upto January 9, 2018.

The revised terms and conditions of appointment of Dr. Keshab Panda, CEO & Managing Director of the Company, are as specified in the Amendment Agreement entered into with him and the details of the remuneration payable to Dr. Keshab Panda with effect from April 1, 2016 and April 1, 2017 are as under:

Base Salary: With effect from April 1, 2016, USD 6,30,000/- (USD Six lakhs Thirty Thousand only) per annum. With effect from April 1, 2017, USD 6,60,000/- (USD Six lakhs Sixty Thousand only) per annum.

Retention Pay: USD 2,00,000/- (USD Two Lakhs only) per annum; however the Retention Pay of USD 2,00,000/- per annum will be withdrawn effective April 1, 2017, being the

first vesting year of the ESOPs granted to the CEO & Managing Director under the Employee Stock Option Scheme - 2016.

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

Variable Remuneration: With effect from April 1, 2016, Maximum upto USD 1,75,000/- per annum & with effect from April 1, 2017, USD 2,00,000/- per annum, based on the parameters as prescribed by the Company and at the Company's sole discretion.

Profit Sharing Incentive: The CEO & Managing Director will be eligible to be considered for a Profit Sharing Incentive at the rate of 0.2% of Company's Standalone Profit after Tax (PAT). Standalone PAT will be calculated in conformance with the Companies Act, 2013 and the employee shall have no role in determining the PAT. All Profit sharing incentive payments, and the timing for such payments, will be at the Company's sole discretion.

Brief Profile of Dr. Keshab Panda:

Dr. Keshab Panda is the Chief Executive Officer and Managing Director of our Company. Dr. Panda has over 31 years of global industry experience in research, conceptualising, creating, operationalising and turning around complex technology and engineering services businesses. He has obtained a graduate degree of technology in aeronautical engineering from Anna University, Chennai, and a post graduate degree in aerospace engineering from Indian Institute of Science, Bangalore. He obtained his Doctor of Philosophy from the Indian Institute of Technology, Bombay. He also holds an advanced management degree from the Aresty Institute of Executive Education, The Wharton School, University of Pennsylvania. He started his career as a research scientist in Indian Space Research Organization and worked at the Aeronautical Development Agency, Ministry of Defence, Government of India, as a scientist/engineer for over 8 years. Dr. Panda led L&T Technology Services through a high profile Initial Public Offering (IPO) in India and successfully listed the company on the National Stock Exchange and the Bombay Stock Exchange.

The Agreement entered into between the Company and Dr. Keshab Panda is available for inspection by the Members at the Registered Office of the Company on all working days except Saturdays, Sundays and holidays between 11.00 A.M. and 1.00 P.M., up to the date of the Annual General Meeting.

The Board recommends approval of the remuneration of Dr. Keshab Panda by the Members through Ordinary Resolution set forth in Item No. 6 of the Notice.

This may be treated as an abstract of the terms and conditions governing the variation in the payment of remuneration to Dr. Keshab Panda pursuant to Section 190 of the Companies Act, 2013 and other applicable provisions of the Act, if any.

Save and except Dr. Keshab Panda, none of the Directors or Key Managerial Personnel of the Company including their relatives are in anyway concerned or interested in the Resolution.

ITEM NO. 7

The Members had approved the appointment of Mr. Amit Chadha (DIN: 07076149), as the Whole-time Director of the Company in its meeting held on January 10, 2015 for a period of three years with effect from February 1, 2015. The terms and conditions of his appointment including remuneration were also approved by the Members in their meeting held on February 18, 2015.

Subsequently, the Board of Directors of the Company at its meeting held on July 15, 2016 ratified the amendment in his terms of remuneration with effect from July 1, 2015. The Members ratified the amended terms of remuneration of Mr. Amit Chadha in the Annual General Meeting of the Company held on July 15, 2016.

In the Board meeting held on November 10, 2016, Mr. Amit Chadha was re-designated as President-Sales & Business Development and Whole-Time Director of the Company. The term of appointment of Mr. Amit Chadha as Whole Time Director remained unchanged i.e. upto January 31, 2018.

Further since the managerial compensation structure of Mr. Amit Chadha was found to be skewed heavily towards Variable Pay as compared to the remuneration structure followed by a few of the Company's peers, the Board of Directors at its meeting held on November 10, 2016 approved the revision in the compensation structure of Mr. Amit Chadha with effect from July 1, 2016, and subsequently, in its meeting held on May 3, 2017, further approved the revision in the compensation structure with effect from July 1, 2017 in line with the prevailing trends in IT sector, subject to the approval of Shareholders. All other terms and conditions of the appointment will remain unchanged. Part III, of Schedule V of the Companies Act, 2013 read with Secretarial Standard 2 on General Meetings provide that the appointment and remuneration of Managing Directors and Whole-Time Directors in accordance with Part I and Part II of the Schedule V shall be subject to approval of resolution of the shareholders in a General Meeting.

The revised terms and conditions of appointment of Mr. Amit Chadha as President-Sales & Business Development and Whole-Time Director of the Company are as specified in the Amendment Agreement entered into with him and the following are the details of remuneration with effect from July 1, 2016 and July 1, 2017:

Fixed Compensation: With effect from July 1, 2016, USD 4,10,000/- (USD Four Lakhs Ten Thousand only) per annum. With effect from July 1, 2017, USD 4,35,000/- (USD Four Lakhs Thirty Five Thousand only) per annum.

Retention Pay: USD 60,000/- (USD Sixty Thousand only) per annum; however the Retention Pay of USD 60,000/- per annum

will be withdrawn effective April 1, 2017, being the first vesting year of the ESOPs granted to the President-Sales & Business Development and Whole-Time Director of the Company, under the Employee Stock Option Scheme - 2016.

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

Variable Compensation: With effect from July 1, 2016, Maximum up to USD 2,45,000/- per annum & with effect from July 1, 2017, USD 2,70,000/- per annum, based on Sales Performance incentive and Functional Performance incentive as prescribed by the Company and at the Company's sole discretion.

Brief Profile of Mr. Amit Chadha:

Mr. Amit Chadha is a Whole-time Director of L&T Technology Services Limited and is part of the management team providing business leadership, market direction and strategic vision to the Company. In his current role as President, Sales and Business Development, Mr. Amit Chadha is responsible for helping global R&D customers and Fortune 500 companies leverage L&T Technology Services' digital engineering offerings for their strategic differentiation and product development. Mr. Amit Chadha joined L&T Technology Services in 2009, as its Business Head of Americas. Over the years, he has progressively taken on increased responsibility for the Company's business worldwide and helped in its growth, both organically and via acquisitions. Mr. Amit Chadha's career which spans over two decades is marked with significant achievements. He has managed P&L for multiple business units, led organisation-wide strategic initiatives, business development and relationship management activities. He is certified under the Global Business Leadership Executive Program with Harvard Business School Publishing and holds a Degree in Electrical and Electronics Engineering from BIT Mesra. Mr. Amit Chadha is currently based in Washington DC.

The Agreement entered into between the Company and Mr. Amit Chadha is available for inspection by the Members at the Registered Office of the Company on all working days except Saturdays, Sundays and holidays between 11.00 A.M. and 1.00 P.M., up to the date of the Annual General Meeting.

The Board recommends approval of the remuneration of Mr. Amit Chadha by the Members through Ordinary Resolution set forth in Item No. 7 of the Notice.

This may be treated as an abstract of the terms and conditions governing the variation in the payment of remuneration to Mr. Amit Chadha pursuant to Section 190 of the Companies Act, 2013 and other applicable provisions of the Act, if any.

Save and except Mr. Amit Chadha, none of the Directors or Key Managerial Personnel of the Company including their relatives are in anyway concerned or interested in the Resolution.

ITEM NO. 8

Presently the Non-Executive Directors of the Company are not paid any remuneration in form of commission. The compensation payable to the Non-Executive Directors of companies should be adequate to attract independent professionals to take up these positions. This practice of payment of remuneration to Non-Executive Directors has been adopted by many leading companies in India.

Hence, approval of the shareholders is sought to enable the Company to make payment of remuneration in the form of commission to Non-Executive Directors, commensurate with their enhanced role and involvement, in any case not exceeding the limit of 1% of the net profits of the Company per annum in the aggregate as specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (Listing Regulations). The quantum of remuneration payable to each of the Non-Executive Directors vary from year to year.

The Directors recommend the resolution for approval of shareholders.

Except all Non-Executive Directors, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the Resolution.

By Order of the Board of Directors
For **L&T TECHNOLOGY SERVICES LIMITED**

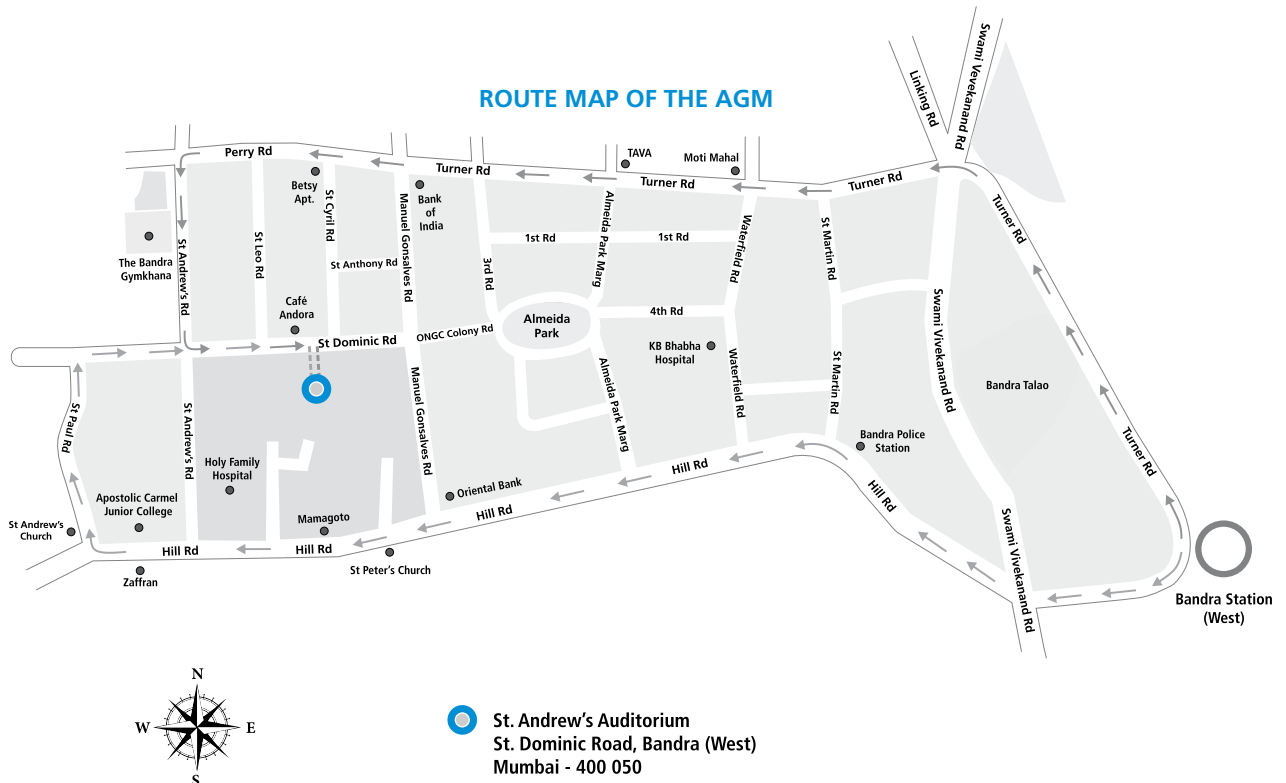
Date: May 3, 2017
Place: Mumbai

KAPIL BHALLA
COMPANY SECRETARY
(M.No.F3485)

(ANNEXURE TO NOTICE DATED MAY 3, 2017)
DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

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

Name of the Director	Mr. A. M. Naik	Dr. Keshab Panda	Mr. Amit Chadha
Date of Birth	June 9, 1942	October 1, 1958	October 2, 1972
Date of Appointment on the Board	June 27, 2014	June 14, 2012	February 1, 2015
Qualifications	B.E (Mech.)	B Tech, ME, PhD from IIT Bombay and Advanced Management Degree (Wharton Business School.)	B.E (Electrical and electronics)
Expertise	Diversified and vast experience in general management, Technology and Engineering & Construction.	Diversified and global business experience in research, conceptualizing, creating, operationalizing and turning around complex technology and engineering services businesses.	Diversified and vast experience in business development and relationship management activities.
Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign companies)	Larsen & Toubro Limited Larsen & Toubro Infotech Limited L&T Realty Limited	Nil	Nil
Memberships/ Chairmanships of committees across all companies	Membership in Nomination & Remuneration Committee - Larsen & Toubro Limited Larsen & Toubro Infotech Limited L&T Technology Services Limited	Membership in Corporate Social Responsibility Committee and Stakeholders Relationship Committee of L&T Technology Services Limited	Nil
Number of Meetings attended during the year	5 out of 5 meetings	5 out of 5 meetings	5 out of 5 meetings
Shareholding of Non- Executive Directors	None	None	None
Relationships between directors inter-se	Nil	Nil	Nil

ROUTE MAP OF THE AGM


Board Report

Dear Members,

Your Directors have pleasure in presenting the 5th Annual Report along with the Audited Financial Statements of L&T Technology Services Limited for the year ended March 31, 2017.

1. FINANCIAL RESULTS

	(₹ million)	
	2016-17	2015-16
Profit Before Depreciation, exceptional and extra ordinary items & Tax	6,571	6,135
Less: Depreciation, amortization and obsolescence	575	541
Add: Transfer from Revaluation Reserve	-	-
Profit before exceptional and extraordinary items and tax	5,996	5,594
Add: Exceptional Items	-	-
Profit before extraordinary items and tax	5,996	5,594
Add: Extraordinary items	-	-
Profit / (Loss) before tax	5,996	5,594
Less: Provision for tax	1,506	1,231
Profit for the period carried to the balance sheet	4,490	4,363
Add: Balance brought forward from previous year	270	-458
Balance available for disposal (which directors appropriate as follows)	4,760	3,905
Proposed dividend (Interim dividend paid and deemed dividend)	1,022	3,020
Dividend Tax	184	615
General Reserve	-	-
Balance to be carried forward	3,554	270

2. PERFORMANCE OF THE COMPANY

STATE OF COMPANY'S AFFAIRS

Revenue from operations and other income for the financial year under review were ₹ 31,680 million as against ₹ 29,754 million for the previous financial year registering an increase of 6.47%. The profit before tax was ₹ 5,996 million and the profit after tax was ₹ 4,490 million for the financial year under review as against ₹ 5,594 million and ₹ 4,363 million respectively for the previous financial year.

SEGMENTAL PERFORMANCE

The Company has five Business Segments, namely, Transportation, Process Engineering, Industrial Products, Medical Devices and Telecom. During the year, the contribution to the revenue from the various business segments was as follows:-

	(₹ million)	
	Revenue for 2016-17	Revenue for 2015-16
Transportation	9,382	7,434
Process Engineering	4,962	5,736
Industrial Products	8,524	7,742
Medical Devices	2,196	1,939
Telecom	6,061	6,086

The detailed segmental performance is referred in Note No. 46 of the Notes forming part of the unconsolidated financial statements.

GEOGRAPHICAL PERFORMANCE

The Revenue contribution of the Company from the various Geographies is mentioned herein below:

		(₹ million)	
S. N.	Geography	2016-17	2015-16
1.	North America	18,983	16,937
2.	Europe	6,057	5,955
3.	India	2,881	2,584
4.	Rest of the World	3,204	3,461
Total		31,125	28,937

3. INITIAL PUBLIC OFFERING OF YOUR COMPANY

During the year under review, the Company came out with its maiden 'Initial Public Offering' (IPO) where the Promoters & Holding Company, Larsen & Toubro Limited made an Offer for Sale of 10,400,000 Equity shares of face value of ₹ 2 each for cash at a price of ₹ 860 per equity share aggregating ₹ 8,944 million. The offer constituted 10.23% of the post-offer paid-up equity share capital of the Company. The public issue was open for subscription from September 12, 2016 till September 15, 2016. The issue was oversubscribed by 1.93 times. The Company got listed on September 23, 2016 on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

The shares prices touched a high of ₹ 931 on the date of Listing i.e. on September 23, 2016. Currently the share is being quoted at ₹ 770.90 as on May 2, 2017.

Based on the list released by NSE as of March 31, 2017, your company is ranked at 232nd position in the Top 500 Listed Companies on the basis of market capitalization.

4. CAPITAL & FINANCE

During the year under review, the Company had allotted 26,690,392 Equity Shares of ₹ 2 each at a premium of ₹ 279 per share to the Promoter i.e. Larsen & Toubro Limited on June 3, 2016 by way of rights issue pursuant to a resolution passed by the Board at its meeting held on April 26, 2016. The proceeds of the issue of equity shares were utilized for the purpose of redemption of 750,000,000 Preference Shares of ₹ 10 each in five tranches of 150,000,000 Preference Shares in each tranche, from May 16, 2016 to May 20, 2016, for an aggregate amount of ₹ 7,500 million. As on date, the capital structure of the Company consists of only Equity Shares.

Consequent to the aforesaid issue, the total paid up equity share capital of the company is ₹ 203,380,784 consisting of 10,16,90,392 Equity Shares of ₹ 2 each, fully paid up. Pursuant to the IPO, Larsen & Toubro Limited continues to be the Holding Company with a stake of 89.77% comprising of 9,12,90,392 Equity Shares and the Public holding is 10.23% comprising of 10,400,000 Equity Shares.

5. CAPITAL EXPENDITURE

As at March 31, 2017, the gross fixed and intangible assets stood at ₹ 6,928 million (previous year ₹ 6,435 million) out of which assets amounting to ₹ 592 million (previous year ₹ 920 million) were added during the year.

6. DEPOSITS

During the year ended March 31, 2017, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder and hence no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

7. DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2017, 99.99% of the Company's total paid up capital representing 101,688,765 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.

8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts that are due to be transferred to Investor Education and Protection Fund by the Company.

9. SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

The company has two subsidiaries, namely, L&T Thales Technology Services Private Limited and L&T Technology Services LLC.

The Company has signed Definitive Agreement to acquire Esencia Technologies Inc. USA

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

A) Performance and Financial Position of each subsidiary/associate and joint venture companies:

A statement containing the salient features of the financial statement of subsidiaries/associate/joint venture companies is annexed to this Report at page no. 219 and 220 of the Annual Report.

10. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided on pages 126 and 129 of this Annual Report.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee and Board of Directors have approved the Related Party Transaction Policy and the same has been uploaded on the Company's website <http://www.Inttechservices.com/investors/>.

The Company has a process in place of periodically reviewing and monitoring Related Party Transactions.

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

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

12. AMOUNT TO BE CARRIED TO RESERVES

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

13. DIVIDEND

The Board through a Circular Resolution on June 24, 2016, declared an interim dividend of ₹ 4.95 and in its meeting held on November 10, 2016, declared an interim dividend of ₹ 3 per equity share. Further, the Board, in its meeting held on May 3, 2017, has recommended a final dividend of ₹ 4 per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting to be held on August 23, 2017.

The final dividend on equity shares, if approved by the members would involve a total cash outflow including dividend tax in current year of ₹ 1,579 million as against ₹ 3,635 million in previous year. Dividend (including dividend tax) as a percentage of unconsolidated net profit after tax is 35% as compared to 83% in previous year.

The Board of Directors of the Company has approved the Dividend Distribution Policy on May 3, 2017 in line with regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is provided in Annexure 'G' of this Board Report and is also uploaded on the Company's website at <http://www.Inttechservices.com/investors/>.

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

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

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure "A" forming part of this Board Report.

16. RISK MANAGEMENT POLICY

The Risk Management Committee comprises of Mr. S. N. Subrahmanyam, Dr. Keshab Panda and Mr. P. Ramakrishnan. Mr. S. N. Subrahmanyam is the Chairman of the Committee.

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

A detailed note on risk management is given under financial review section of the Management Discussion and Analysis on pages 94 to 95 of this Annual Report.

17. CORPORATE SOCIAL RESPONSIBILITY

The Company has re-constituted the Corporate Social Responsibility (CSR) Committee on January 21, 2017 comprising of Mr. Arjun Gupta, Mr. Sudip Banerjee and Dr. Keshab Panda as its Member. Mr. Arjun Gupta is the Chairman of the Committee.

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

The details of various projects and programs which can be undertaken by the Company as a part of its CSR Policy framework is available on the its website <http://www.Inttechservices.com/media/32150/csr-policy-ltts.pdf>.

18. DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

A. Appointment/Re-appointment of Directors:

During the year, the following appointments were made on Board:-

- Mr. Narayanan Kumar was appointed as an Independent Director of the Company with effect from July 15, 2016 upto and including July 14, 2021, subject to the approval of the shareholders. His appointment was regularised as an Independent Director in the Annual General meeting of the Company held on July 15, 2016.
- Mr. A. M .Naik, Director of the Company, retires by rotation and being eligible, offers himself for

re-appointment at the ensuing Annual General Meeting of the Company.

- c. Mr. Amit Chadha, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the Company.
- d. Mr. S. N. Subrahmanyam, Director of the Company was appointed as Non-Executive Vice-Chairman of the Company with effect from May 3, 2017.

B. Cessation of Directors:

- a. Mr. V. K. Magapu ceased to be a Director of the Company w.e.f. July 15, 2016. The Board places on record its appreciation of the immense contribution by Mr. Magapu during his tenure as Director of the Company.
- b. Mr. Kumar Prabhas ceased to be COO & Whole-Time Director of the Company w.e.f. January 21, 2017. The Board places on record the valuable contribution of Mr. Prabhas during his tenure as COO & Whole-Time Director of the Company.

C. Key Managerial Personnel:

The following were the changes in the Key Managerial Personnel:-

- a. Mr. Y. V. S. Sravankumar ceased to be the Company Secretary w.e.f. April 26, 2016.
- b. Mr. Kapil Bhalla was appointed as the Company Secretary w.e.f. April 27, 2016.

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

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013 and are placed on the website of the Company <http://www.lnttechservices.com/investors/>.

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

19. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

This information is given in Annexure "C" Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 64 of this Annual Report.

20. AUDIT COMMITTEE

The Company has in place an Audit Committee in terms of the requirements of Section 177 of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details relating to the same are given in Annexure "C" Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 65 of this Annual Report.

21. COMPANY POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has in place a Nomination and Remuneration Committee (NRC) in accordance with the requirements of section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of the same are given in Annexure "C" - Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 67 of this Annual Report.

The Committee has formulated a policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a director.

The Committee has formulated a policy on Board diversity.

22. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has in place a Stakeholders' Relationship Committee in terms of the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 20 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The details of the same are given in Annexure "C" - Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 68 of this Board Report.

23. DECLARATION OF INDEPENDENCE

The Company has received Declarations of Independence from Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from appointing/continuing as Independent Director. The same are also displayed on the website of the Company <http://www.lnttechservices.com/investors/investor-download/>.

24. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC')

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

25. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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

26. PERFORMANCE EVALUATION OF BOARD/BOARD COMMITTEES AND DIRECTORS

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

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, its effectiveness, its functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on May 3, 2017, as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees, Directors and Chairman was also reviewed by the Nomination and Remuneration Committee and the Board.

27. DISCLOSURE OF REMUNERATION

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

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information in respect of employees of the Company required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is provided in Annexure "H" forming part of this Board Report.

In terms of Section 136(1) of the Act and the rules made thereunder, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure "H". Any Shareholder interested in obtaining copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

28. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

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

29. PROTECTION OF WOMEN AT WORKPLACE

The Company has constituted an Internal Complaints Committee ('ICC') - created in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act'). The ICC has been constituted as per the Act, to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, no cases of sexual harassment were received by the ICC.

30. CONSOLIDATED FINANCIAL STATEMENTS

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

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

31. STATUTORY AUDITORS

The Company's auditors, Sharp & Tannan, (firm registration number 109982W) Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, Sharp & Tannan are eligible to be appointed for the next financial year 2017-18.

A Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

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

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

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

32. SECRETARIAL AUDIT REPORT

The Board had appointed Naina Desai, (M. No.1351), Practicing Company Secretary, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016-17.

The Secretarial Audit Report issued by Naina Desai, Practicing Company Secretary is attached as Annexure "E" to this Board Report.

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

33. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

34. EXTRACT OF ANNUAL RETURN

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

35. OTHER DISCLOSURES

1. CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 read with schedule V of the SEBI (Listing Obligations & Disclosure Requirements)

Regulations, 2015, a Report on Corporate Governance and a certificate obtained from the Statutory Auditors confirming compliance, is provided in Annexure "C" forming part of this Board Report.

2. EMPLOYEE STOCK OPTION SCHEME

There has been no material change in the ESOP Scheme - 2016 during the current financial year. The ESOP Scheme -2016 is in compliance with the Securities and Exchange Board of India (Share based Employee Benefit) Regulations, 2014 ("SBEB Regulations").

The disclosure relating to the ESOP Scheme – 2016 required to be made under the Companies Act, 2013 and rules made thereunder and the SBEB Regulations together with a certificate obtained from the Statutory Auditors, confirming compliance, is provided on the website of the Company <http://www.lnttechservices.com/investors/>.

The Auditors' certificate confirming compliance with the Companies Act, 2013 and the SBEB Regulations obtained from Statutory Auditors is reproduced below:

Independent Auditors' certificate on Employee Stock Option Schemes

1. We have examined Employees Stock Option Schemes ('the Schemes') of L&T Technology Services Limited ('the Company'), books of accounts and other relevant records to determine whether the Schemes are in accordance with the rules specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) ('the Regulations') and in accordance with the resolutions passed in the extraordinary general meetings held on, 21 January 2016 ('the General Meetings') and as per postal ballot dated 15 December 2016.

Management's responsibility

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

Auditors' responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring implementation of the Schemes in accordance with the Regulations and the resolutions passed at the General Meetings.

4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the implementation of the Schemes by the Company in accordance with the Regulations and the resolutions passed at the General Meetings.
5. We have carried out an examination of the schemes, books of accounts and other relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016) issued by the Institute of Chartered Accountants of India ('the ICAI'), which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and related services engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has implemented the Schemes in accordance with the Regulations and as per the shareholders resolutions of the Company in general meetings held on 21 January 2016 and as per postal ballot dated 15 December 2016.

Restriction on use

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

SHARP & TANNAN

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

FIRDOSH D. BUCHIA

Partner
Membership No. 038332

Mumbai, May 3, 2017

3. No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

4. CREDIT RATING

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations. The Company has received CRISIL AA+/Stable rating and CRISIL A1+ rating for its the long term and short term financial instruments of the Company respectively.

5. VIGIL MECHANISM

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

The Company has a Whistle-blower Policy in place since 2014 to encourage and facilitate employees to report concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the chairperson of the Audit Committee. The Audit Committee of the Company oversees the implementation of the Whistle-Blower Policy.

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

6. REPORTING OF FRAUDS

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

36. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, vendors, academic institutions, Financial Institutions, Regulatory authorities and stock exchanges and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also acknowledge the support and co-operation from the Government of India and the Governments of various countries, the concerned State Governments and other Government Departments and Governmental Agencies. The Directors appreciate and value the contributions made by every member of the LTTS family globally.

For and on behalf of the Board

Dr. Keshab Panda

CEO & Managing Director
(DIN: 05296942)

S. N. Subrahmanyam

Vice Chairman
(DIN: 02255382)

Mumbai, May 3, 2017

Annexure-A

a. Conservation of Energy:

The Company being a Technology driven Company, has always adapted new technologies in its office infrastructure setup. Conservation of Energy is one of the most important factors while designing the office infrastructure.

The office zones are created and provided with occupancy sensors to automatically sense presence/ absence of humans. It helps to automatically switch on/off lights in the work area. Air Handling Units (AHUs) are provided with Variable Frequency Drives & Programmable Logic Controllers to vary speed & air flow based on the cooling requirement. Natural light and heat control films on windows are used to reduce light load & AC heat load. The Company in its offices has electrical load systems which re-estimate the maximum demand and changes accordingly thereby saving electricity consumption.

b. Technology absorption:

The Company being a Technology driven and has always adopted the latest technology trends and best practices. Company works on diverse technologies, domain and believes in providing a platform for sharing of the Knowledge and has built iKnowledge platform. This platform helps to share and reuse the knowledge assets in a structured manner, covers all functional areas, context sensitive, complying with protecting Intellectual Property materials. In addition to sharing of the knowledge artefacts, also helps to resolve technical challenges faced by Individual practitioners through helpdesk system, supported by community of Practice (led by practitioners with varying degree of expertise) to help resolve the problem. Scoring system ensures and motivates contribution from SME (subject matter expert) through a reward mechanism based on the scores earned.

Last year we mentioned about SPARK platform created to promote new ideas and innovation. The platform

integrated with various functional areas including the reward and recognition system and cross pollination collaboration platform (Tech Expression), Community of practice, Design Automation, iKnowledge & technical helpdesk. The Innovation culture initiative has helped to sustain our innovation culture which has been proved through "The Tech Expressions 2016", which received a whopping 2534 Technical Abstracts this year as against 2215 in 2015, 1045 in 2014, that's a jump of 112 percent in just one year. More than 8000 employees have participated in this event.

In order to promote open innovation and leverage external eco system, new initiative known as TECHgium, an online platform aimed to provide an opportunity to the country's most talented engineering students to solve futuristic & real engineering problems. TECHgium encourages creative thought and unconventional techniques to address industry challenges of tomorrow. We have more than 165 colleges across the nation participated with more than 7000 students submitting innovative concepts. The concepts are screened for best solutions and detailed presentation made by the participants and shortlisted solution are taken to make a proof of concept and finally select the best solution in a grand finale event.

c. Foreign exchange earnings and outgo:

The Company exports engineering and designing services mainly to North America, Europe, Middle East, Japan, Korea and other APAC countries.

The total foreign exchange earned and used for the period under review is as under:

Particulars	(₹ million)
Foreign exchange earned	28,921
Foreign exchange used	14,144

Annexure-B

Annual Report on Corporate Social Responsibility (CSR) Activities

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

The Company is committed to discharge its Social Responsibility in FY 2016-2017 through partnering with NGO and communities involved in the following areas:-

- a. Education and skill-building
- b. Innovation and Technology
- c. Health
- d. Water
- e. Environment
- f. Corporate volunteering program (CVP)

Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below.

a. Education and Skill building

Educational support was provided to eleven municipal school for setting up science teaching kit/Lab in Mumbai and Baroda in FY 2016-2017. 10610 children and 80 school teachers from eleven municipal schools benefitted from the program. 1200 children from Govt schools in Hyderabad will also benefit from E-Learning centres.

In FY 2016-2017 four skill development centre were established in Chennai, Bangalore, Baroda and Mumbai. Courses such as Beauty and Hair care, automotive technician, tailoring, leather stitching, electrical and home appliances, Tally courses and basic computing courses was imparted to the underprivileged candidates.

1136 skilled workforce were trained and certified through NSDC, (GOI) certificate in FY 16-17. In a special course 60 especially abled candidates were trained in Basic Computing courses.

b. Innovation and Technology

Five year partnership program is signed with Indian Institute of technology (IIT Madras) in 2016-2017 to harness innovation and technology within the community. Projects will address to solve the social needs of assistive devices for differently abled and smart city planning through traffic monitoring.

c. Health

Community mobile eye camps and cataract surgery was organized in partnership with Sankara Nethrayala in the remote villages of Andhra Pradesh and Tamil Nadu. 458 patients were provided free spectacles after the cataract surgery.

d. Water Conservation

Water conservation project started by construction of check dams, gabion structures, nalla plugs, farm ponds, contour structures through participatory watershed approach covering four villages of Kolvadi panchayat in Pune district.

More than 2000 hectares of land around 2000 families will get benefited through watershed project by 2019.

e. Environment

58 families in remote tribal village of MG Halli near Mysore will benefit from individual household solar power project. Swami Vivekananda Youth Movement (SVYM) will implement the project and also monitor the project till 2020

f. Corporate volunteering program (CVP)

Corporate volunteering program at the Company is being carried out under the banner of "SAMARITAN". 400+ Samaritans from Mumbai, Baroda, Mysore, Bangalore, Hyderabad and Chennai actively volunteered in social causes such as blood donation camps, tree plantation, imparting soft skills training in NGO's and distribution of education materials. JOY giving week was celebrated at L&TTS office locations with active participation from senior leaders during the entire week. Total 1200 volunteering hours generated which touched the lives of 1500 under privileged though employee volunteering program in FY 2016-2017.

While the focus of CSR efforts will be in the areas mentioned above, the Company however may also undertake projects where societal needs are high or in special situations (such as in the case of natural Disasters etc.). CSR Policy of the Company is available on the Company's website: <http://www.lnttechservices.com/media/32150/csr-policy-ltts.pdf>.

2. The Composition of the CSR Committee

- Mr. Arjun Gupta - Chairman
- Mr. Sudip Banerjee - Member
- Dr. Keshab Panda - Member

- 3. Average net profit of the Company for last three financial years:** ₹ 2,543 million
- 4. Prescribed CSR Expenditure for FY 2016-17 (two per cent of the amount as in item 3 above):** ₹ 51.00 million
- 5. Details of CSR spent during the financial year:**
- Total amount spent for the financial year: ₹ 36.02 millions
 - Amount unspent, if any: ₹ 15.00 millions
 - Manner in which the amount spent during the financial year:

(₹ millions)

Sl. No	CSR Project or Activity Identified	Sector in which the project is covered	Project or programs Local area / the state/ district were program was undertaken	Amount Outlay to project (Budget) project or program wise	Amount spent Direct Expenditure on projects or programs/ Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
1	Support Technology Incubation to CREATE project at IIT Madras	Innovation & Technology	Chennai	6.00	6.28	6.28	IIT Madras
2	Support Technology Incubation to traffic monitoring project at IIT Madras	Innovation and Technology	Chennai	12.50	4.20	4.20	IIT Madras, one project taken by other Co.
3	Establish Mini Science lab & E-Learning centre	Education	Mumbai, Baroda and Hyderabad	2.40	2.99	2.99	Aarambh, Arch Social Consultant, STEM Learning and Engineers Without Border(EWB)
4	Skill Development in Beauty therapist, automotive technician leather stitching, home appliance repair, Tailoring computer courses	Skill Development	Chennai, Mumbai, Baroda and Bangalore	7.70	8.92	8.92	LabourNet, Aarambh and Arch Social Consultant
5	Mobile eye surgical camps	Health care STEM Cell	Chennai Bangalore	4.00 2.20	3.75	3.75	Sankara Nethralaya Stem cell project dropped
6	Watershed	Water Conservation	Pune	6.00 3.00	7.41	7.41	National Agro Foundation(NAF) Watershed Andhra dropped
7	Renewable Energy project	Environment	Mysore, Andhra	5.50 3.50	2.46	2.46	Swami Vivekananda Youth Movement (SVYM), VJTI is R&D dropped.
TOTAL SPEND				52.80	36.02	36.02	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The objective of our CSR Policy is to create a visible impact in the focus areas for the beneficiaries and not just spending the requisite amount. The Company has made efforts to identify projects in line with its CSR focus areas. In 2016-2017 Company has spent its CSR amount through credible implementing partners such as Indian Institute of Technology (IIT Madras), LabourNet, Aarambh, Arch social consultants, STEM Learning, National Agro Foundation (NAF), Swami Vivekananda Youth Movement (SVYM), Engineers without Borders (EWB) and Sankara Nethralaya. Focus areas such as Innovation and Technology, Education, Skill Development, Health, Water and Environment was given priority as per the CSR Policy of the Company. Many of the project Implementation are long term in nature, so detailed feasibility study on the outcome and impact of the projects have been carried out including in some cases like watershed project in Kolvadi and solar power project in MG Halli village technical feasibility and the social impact and benefit, this has delayed some of the project start date and some of the

milestones. The actual spend is lesser than what has been planned for the year FY 2016-17. The details of which are given below:

Excess amount spent:

- Skill development centre at Bangalore, Chennai over achieved the target in terms of training and more schools covered in Mini Science lab kit project at Baroda and Mumbai (Excess ₹ 1.20 million)
- Engineers Without Border (EWB) paid- ₹ 0.60 million

Lesser amount spent:

- Mobile Eye surgery project actual spend was low against original proposal - ₹ 0.25 million
- MG Halli Mysore solar energy project approval from various authorities got delayed- ₹ 3.04 million
- Due diligence process and submission of DPR from National Agro foundation (NAF) got delayed. milestone completed on schedule

Dropped below Projects:

- IITM Research project on Urban infrastructure delivery system-another automotive co has sponsored - ₹ 5.50 million
- IITM Research project on transport service metering project proposal and subsequently milestone got delayed - ₹ 1.80 million
- Stem cell project social impact study conducted its effectiveness was low - ₹ 2.20 million

- The watershed project in Andhra Pradesh, could not get local community support and was dropped - ₹ 3.00 million
- Solar energy project by VJTI was for R&D purpose and could not identify remote village - ₹ 3.50 million
- Total shortfall: ₹ 16.06 million against ₹ 52.80 million. Spent ₹ 36.02 million

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its Framework.

Keshab Panda

Chief Executive Officer &
Managing Director

Arjun Gupta

Chairman
CSR Committee

Annexure-C

CORPORATE GOVERNANCE REPORT

Corporate Governance

The Company believes that comprehensive Corporate Governance is essential for increasing and retaining investor trust and your Company always strives to ensure that its Performance goals are set with high standards and met accordingly. The Company has systems and processes to keep its Board of Directors informed and prepared for fulfillment of responsibilities and to provide right path to management for achieving strategic goals of the Company for improving the stakeholders' value.

Company's Corporate Governance Philosophy

Corporate Governance is creation and enhancing of the long term sustainable value for the stakeholders through ethically driven business process. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

In line with the L&T Group philosophy, your Company firmly believes in adherence to good corporate governance practices and constant efforts are made to improve such practices and to adopt emerging best practices. Your Company is committed to continuously scaling up its corporate governance standards.

Corporate Governance Guidelines

The Management continuously strives to follow the global best practices and timely disclosure of accurate information pertaining to financials & performance in accordance with good governance practices.

Further, in order to strengthen the corporate governance culture within the Company, an online mandatory training and awareness program on Corporate Governance and related policies for employees was initiated in FY17.

BOARD OF DIRECTORS

a. Composition of the Board:

The Board of Directors along with its committees provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the company.

The Company's policy is to have an appropriate mix of Executive, Non-Executive & Independent Directors. As on March 31, 2017, the Board comprises of 9 Directors,

of which, 2 are Executive Directors, 2 are Non-Executive Directors and 5 are Independent Directors The Board is chaired by Mr. A. M. Naik, Non-Executive Chairman. The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

None of the Directors on the Company's Board is a member of more than 10 Committees and chairman of more than 5 Committees across all the Indian Public Limited Companies in which he/she is a Director.

b. Meetings of the Board:

The Board Meetings are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional meetings are held, whenever deemed necessary for the conduct of business. During the year under review, 5 board meetings were held on April 26, 2016, July 15, 2016, July 28, 2016, November 10, 2016 and January 21, 2017.

The Independent Directors met on May 3, 2017 to discuss 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 Chairman and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of any item(s) on the agenda. The Board meets at least once in every quarter, inter alia, to review the quarterly financial results. Presentations are made on business operations to the Board by the CEO and Managing Director of the Company. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

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

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

Name of Director	Category	Meetings held during the year	No. of Board Meetings attended	Attendance at last AGM
Mr. A. M. Naik	Non-Executive Chairman	5	5	YES
Mr. S. N. Subrahmanyam	Non-Executive Vice-Chairman	5	5	NO
Dr. Keshab Panda	Chief Executive Officer & Managing Director	5	5	YES
Mr. Amit Chadha	President – Sales & Business Development and Whole-Time Director	5	5	NO
Mr. Samir T. Desai	Independent Director	5	4	YES
Ms. Renuka Ramnath	Independent Director	5	4	NO
Mr. Arjun Gupta	Independent Director	5	4	NO
Mr. Sudip Banerjee	Independent Director	5	5	NO
Mr. Narayanan Kumar ¹	Independent Director	4	4	NA
Mr. V. K. Magapu ²	Non-Executive Director	2	2	NO
Mr. Kumar Prabhas ³	Chief Operating Officer & Whole-Time Director	5	4	NO

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

Notes:

¹Mr. Narayanan Kumar was appointed as an Independent Director w.e.f July 15, 2016

²Mr. V. K. Magapu ceased to be the Director w.e.f. July 15, 2016

³Mr. Kumar Prabhas ceased to be the Director w.e.f. January 21, 2017

None of the above Directors are related inter-se.

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

As on March 31, 2017, the number of other Directorships & Memberships/Chairmanships of Committees of the Board of Directors are as follows:

Name of Director	No of other company Directorships	No. of Committee Membership	No. of Committee Chairmanship
Mr. A. M. Naik	3	0	0
Mr. S. N. Subrahmanyam	3	3	1
Dr. Keshab Panda	0	1	0
Mr. Amit Chadha	0	0	0
Mr. Samir T. Desai	1	2	0
Ms. Renuka Ramnath	8	3	2
Mr. Arjun Gupta	1	0	0
Mr. Sudip Banerjee	2	2	0
Mr. Narayanan Kumar	8	2	4

- Other Company Directorships includes directorships in all entities whose securities are listed, public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 8 companies.
- The Committee Chairmanships/Memberships are within the limits laid down in 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 business segments
- Financing plans of the Company
- Minutes of meeting of Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee

- Details of any joint venture, acquisitions of companies or collaboration agreement
- Fatal or serious accidents, 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

BOARD COMMITTEES

The Board currently has the following six Committees:

- 1) Audit Committee 2) Nomination and Remuneration Committee; 3) Corporate Social Responsibility Committee 4) Stakeholders' Relationship Committee 5) IPO Committee 6) ESOP Committee.

Your Company has also constituted a Risk Management Committee which is chaired by a member of the Board and also comprises of Senior Executives such as the Chief Financial Officer amongst its members. The terms of reference of the Board Committees are governed by relevant Legislations and / or determined by the Board from time to time. The Board is responsible for constituting, assigning and appointing the members of the Committees. Draft minutes of the committee meetings are circulated to the members of those committee for their comments and thereafter, confirmed in its next meeting. The Board of Directors also takes note of the minutes of the committee meetings held in the previous quarter, at its meetings. The brief description of terms of reference of the Committees, the composition of the Committees including the number of meetings held during the financial year and the related attendance are provided below.

AUDIT COMMITTEE

• TERMS OF REFERENCE

The terms of reference of the Audit Committee include the following:

1. 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;
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. 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 a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. 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;
18. To establish and review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("the Listing Regulations") or by any other regulatory authority.

- **COMPOSITION**

During the year, the Audit Committee was reconstituted and as on March 31, 2017 comprised three Independent Directors and one Non- Executive Director as its member. The Chairman of the Committee is an Independent Director.

The role, terms of reference, the authority and power of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **MEETINGS**

During the year ended March 31, 2017, the Audit Committee met 4 (Four) times on April 25, 2016, July 28, 2016, November 10, 2016 and January 21, 2017.

The attendance of Members at the Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. Narayanan Kumar ²	Chairman	3	3
Mr. Samir T. Desai	Member	4	3
Ms. Renuka Ramnath	Member	4	2
Mr. S. N. Subrahmanyam ³	Member	3	2
Mr. Vijay Kumar Magapu ¹	Member	1	1

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

¹Mr. Vijay Kumar Magapu ceased to be a member w.e.f. July 15, 2016.

²Mr. Narayanan Kumar was appointed as a member w.e.f. July 15, 2016.

³Mr. S. N. Subrahmanyam was appointed as a member w.e.f. July 15, 2016.

All the members of Audit Committee are financially literate and have accounting and financial matters experience.

The CEO & Managing Director and CFO of the Company are permanent invitees of the Meetings of Audit Committee. Statutory and Internal Auditors or their representatives are permanently invited for the meetings of the Committee. The Company Secretary is the Secretary to the Committee.

- **INTERNAL AUDIT:**

During the financial year, the Internal Corporate Audit Team of Larsen & Toubro Limited carried out the Internal Audit of the Company. Over a period of time, the Corporate Audit department has acquired in-depth knowledge about the Company, its businesses, its systems & procedures. The Internal Auditor is responsible to the Audit Committee. The staff of Corporate Audit department is rotated periodically. From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. are reviewed by external experts. Presentations are made to the Audit Committee on the findings of such reviews.

NOMINATION AND REMUNERATION COMMITTEE

- **TERMS OF REFERENCE**

The terms of reference of the Nomination and Remuneration Committee include the following:

1. To identify, review, assess and recommend to the Board the appointment of executive and non-executive Directors and senior management personnel;
2. To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy for appointment and remuneration of the directors, key managerial personnel and senior management personnel and other employees;
3. To formulate a criteria for evaluation of performance of independent directors and the Board of Directors;

4. To consider and approve employee stock option schemes and to administer and supervise the same;
5. Devising a policy on Board diversity;
6. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
7. Any other terms of reference as may be referred by the Board or as may be provided under the Companies Act, or the Listing Regulations, or by any other regulatory authority.

- **COMPOSITION**

The Nomination and Remuneration Committee ('NRC') has been in place since February 15, 2014. As on March 31, 2017, the NRC comprised of three Members including two Independent Directors and one Non-Executive Chairman of the Board. The Chairman of the Committee is an Independent Director.

The role, terms of reference, the authority and power of the NRC were also amended / modified to be in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations.

- **MEETINGS**

During the year ended March 31, 2017, the NRC committee met 4 (four) times on April 26, 2016, July 15, 2016, July 28, 2016 and November 10, 2016.

The attendance of Members at the NRC Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. Samir Desai	Chairman	4	3
Mr. A.M. Naik	Member	4	4
Mr. Arjun Gupta	Member	4	3

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

- **BOARD MEMBERSHIP CRITERIA**

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

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

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

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

These certificates have been placed on the website of the Company.

- **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 Whole Time Directors are paid remuneration by way of salary, perquisites, variable pay and commission, wherever applicable based on recommendation of the NRC, approval of the Board and the shareholders. The commission is based on the performance of the business/ function as well as other 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 are paid remuneration by way of commission & sitting fees. The Company pays sitting fees of ₹ 50,000/- for attending each meeting of the Board and ₹ 25,000/- for attending each Committee Meeting to the Independent 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 commission to Independent Directors / Non – Executive Directors is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings, Chairmanship of Committees.

As required under the provisions of Regulation 46 of the Listing Regulations, the criteria for payment to Non-Executive Directors is made available on the investor page of our corporate website www.lnttechservices.com.

Performance Evaluation Criteria for IDs:

The performance evaluation questionnaire covers specific criteria with respect to the Board & Committee composition, structure, culture, effectiveness of the Board and Committees, functioning of the Board and Committees, information availability, etc. It also contains specific criteria for evaluating the performance of the Chairman and individual Directors.

- DETAILS OF REMUNERATION PAID/PAYABLE TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2017**

(a) Executive Directors:

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

(₹ million)

Name of Director	Salary p.a	Variable Pay p.a	Allowances	Profit sharing Commission
Dr. Keshab Panda	40.50	23.40	-	9.00
Mr. Amit Chadha	32.40	10.90	-	-
Mr. Kumar Prabhas*	18.50	-	-	-

*ceased to be a Director with effect from closing of working hours on January 21, 2017.

The above amount does not include gratuity, leave encashment, perquisite on ESOP allotment and tax on ESOPs borne by employer.

Notice period for termination of appointment of Managing Director and other Whole-time Directors is three months on either side.

No severance pay is payable on termination of appointment.

Details of Options granted under Employee Stock Option Scheme are provided on the website of the Company www.Inttechservices.com.

(b) Non-Executive Directors:

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

(₹ million)

Name of Director	Sitting fees for the Board Meeting	Sitting fees for Committee Meeting	Commission	Total
Mr. Samir T Desai	0.20	0.15	4.23	4.58
Mr. Narayanan Kumar	0.20	0.08	1.35	1.63
Ms. Renuka Ramnath	0.20	0.08	1.10	1.38
Mr. Arjun Gupta	0.20	0.12	3.22	3.54
Mr. Sudip Banerjee	0.25	0.08	1.43	1.76

Shares and convertible instruments held by the Independent Directors/Non-Executive Directors as on March 31, 2017 are Nil.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

- TERMS OF REFERENCE**

The terms of reference of the Stakeholders' Relationship Committee include the following:

- To redress grievances of shareholders, debenture holders and other security holders;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- To consider and resolve grievances related to non-receipt of declared dividends, annual report of the Company or any other documents or information to be sent by the Company to its shareholders; and
- Carrying out any other function as may be decided by the Board or specified/provided under the Companies Act, 2013 or the Listing Regulations or by any other regulatory authority.

- COMPOSITION**

During the year, the Stakeholders' Relationship Committee (SRC) was constituted and as on March 31, 2017, the SRC comprised of two Independent Directors and one Executive Director as its members. The Chairman of the Committee is an Independent Director of the Company.

- MEETINGS**

During the year ended March 31, 2017, the committee met 2 (Two) times on November 10, 2016 and January 21, 2017.

The attendance of Members at the Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Ms. Renuka Ramnath	Chairman	2	0
Mr. Sudip Banerjee	Member	2	2
Dr. Keshab Panda	Member	2	2

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

Mr. Kapil Bhalla, Company Secretary is the Compliance Officer.

- NUMBER OF REQUESTS/COMPLAINTS**

During the year, the Company has resolved investor grievances expeditiously.

During the year, the Company/ its Registrar 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	Nil	Nil	Nil	Nil
Shareholder Queries:	Nil	163	163	Nil
Dividend Related	Nil	16	16	Nil
Transmission / Transfer	Nil	Nil	Nil	Nil
Demat/Remat	Nil	Nil	Nil	Nil

The Board has delegated the powers to approve transfer of shares to a Share Transfer Committee of Executives comprising of two Senior Executives. The Share Transfer Committee meetings were held on November 3, 2016, November 24 and 2016, March 31, 2017

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

• TERMS OF REFERENCE

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

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 including any amendments thereto;
- To recommend the amount of expenditure to be incurred on the CSR activities referred to in the above clause; and
- To monitor CSR policy of the Company including instituting a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.

• COMPOSITION

During the year, the CSR Committee was reconstituted and as on March 31, 2017 the CSR Committee comprised of two Independent Directors and one Executive Director as its members. The Chairman of the Committee is an Independent Director.

• MEETINGS

During the year, the committee met 2 (Two) times on April 26, 2016 and January 21, 2017.

The attendance of Members at the Meetings was as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. Arjun Gupta	Chairman	2	2
Mr. Sudip Banerjee	Member	2	2
Dr. Keshab Panda ¹	Member	1	1
Mr. Vijay Kumar Magapu ²	Member	1	1
Mr. Kumar Prabhas ³	Member	1	1

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

¹Dr. Keshab Panda appointed as a member w.e.f. January 21, 2017

²Mr. Vijay Kumar Magapu ceased to be a member w.e.f. July 15, 2016

³Mr. Kumar Prabhas ceased to be a member w.e.f. January 21, 2017

IPO COMMITTEE

During the year an IPO Committee was constituted in order to comply with the various compliances of the Initial Public Offering (IPO) of the Company which came out in September 2016.

• TERMS OF REFERENCE

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

- To make applications in consultation with the Selling Shareholder, where necessary, to such authorities as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- To approve and file in consultation with the Selling Shareholder where applicable, the draft red herring prospectus with Securities and Exchange Board of India and stock exchanges, the red herring prospectus and prospectus with the Registrar of Companies, SEBI and stock exchanges and to make necessary amendments or alterations, therein;
- To decide in consultation with the Selling Shareholder on the timing, pricing and all the terms and conditions of the Offer, including the price band, Offer price, Offer size and to accept any amendments, modifications, variations or alterations thereto and to withdraw the offer documents if required;
- To appoint and enter into and terminate arrangements in consultation with the Selling Shareholder where applicable, with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, registrars, legal advisors and any other agencies or persons or intermediaries to the Offer and to negotiate and finalise the terms of their appointment;
- To negotiate, finalise and settle and to execute in consultation with the Selling Shareholder where applicable and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the preliminary and final international wraps, offer agreement, share escrow agreement, syndicate agreement, underwriting agreement, cash escrow agreement, agreements with the registrar and the advertising agency and all other documents, deeds, agreements and instruments and any notices, supplements and corrigenda thereto, as may be required or desirable in relation to the Offer;
- To open with the bankers to the Offer such accounts as may be required by the regulations issued by SEBI;

7. To open and operate bank accounts in terms of the escrow agreement with a scheduled commercial bank to receive applications along with application monies, handling refunds and for the purposes set out in Section 40(3) of the Companies Act, 2013 in respect of the Offer, and to authorise one or more officers of our Company to execute all documents/deeds as may be necessary in this regard;
8. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under applicable laws, including the Listing Regulations and the listing agreement to be entered into by our Company with the relevant stock exchanges;
9. To authorize and approve in consultation with the Selling Shareholder, the incurring of expenditure and payment of fees, commission, remuneration and expenses in connection with the Offer;
10. To issue allotment letters/confirmation of allotment notes with power to authorise one or more officers of our Company to sign all or any of the aforesaid documents;
11. To do all such acts, deeds, matters and things and execute all such other documents, etc. in consultation with the Selling Shareholder where applicable, deem necessary or desirable for such purpose, including without limitation, finalising the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
12. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited and such other agencies, authorities or bodies as may be required in this connection;
13. To make applications to such authorities as may be required for the Offer;
14. To make applications for listing of the Equity Shares in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and
15. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, in consultation with the Selling Shareholder, where applicable, deem fit and to delegate such of its powers as may be deemed necessary to the officials of our Company.

• COMPOSITION

IPO Committee was constituted during the year and on July 15, 2016 comprised of the Non-Executive Chairman of the Board as the Chairman of the Committee, one Non-Executive Director and one Executive Director as its members.

• MEETINGS

During the year, The Committee met 6 (Six) times on July 15, 2016, August 26, 2016, September 9, 2016, September 16, 2016, September 20, 2016 and September 21, 2016 in connection with the IPO of the Company. The attendance of Members at the Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. A. M. Naik	Chairman	6	6
Mr. S. N. Subrahmanyam	Member	6	5
Mr. Kumar Prabhas	Member	6	4

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

RISK MANAGEMENT COMMITTEE

• TERMS OF REFERENCE

The terms of reference of the Risk Management Committee include the following:

1. Framing, implementing, reviewing and monitoring the risk management plan for the Company;
2. Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
3. Oversight of the risk management policy/ enterprise risk management framework (identification, impact assessment, monitoring, mitigation & reporting);
4. Review key strategic risks at domestic/international, macro-economic & sectoral level (including market, competition, political & reputational issues);
5. Review significant operational risks; and
6. Performing such other activities as may be delegated by the Board of Directors or specified / provided under the Companies Act, 2013 or by the Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

• COMPOSITION

The Risk Management Committee as on March 31, 2017 comprised of Mr. S. N. Subrahmanyam, Non-Executive Director as the Chairman, Dr. Keshab Panda, Chief Executive Officer & Managing Director and Mr. P. Ramakrishnan, Chief Financial Officer as its members. The majority of members including the Chairman of the Committee are Board Members.

• MEETINGS

No meeting of the Risk Management Committee was held during the year.

OTHER INFORMATION:
Directors' Familiarization Programme

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

The website of the Company is regularly updated with regard to all the business developments, so that they are updated about the operations of the Company.

Information to Directors

Systems, procedures and resources are in place to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable / discharge his / her duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

Presentations are made regularly to the Board / NRC / Audit Committee (AC) where Directors get an opportunity to interact with senior management Presentations, inter alia, cover business strategies, management structure, HR policy, succession planning, quarterly and annual results, budgets, review of Internal Audit, Corporate Social Responsibility and risk management framework etc.

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Independent Directors have the freedom to interact with the Company's management.

RISK MANAGEMENT FRAMEWORK:

Please refer page no. 54 of Board Report

VIGIL MECHANISM /WHISTLE BLOWER POLICY

Please refer page no. 58 of the Board Report.

STATUTORY AUDITORS

Please refer page no. 57 of the Board Report.

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.lnttechservices.com. The declaration of Chief Executive Officer & Managing Director is given below:

To the Shareholders of L&T Technology Services 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

KESHAB PANDA
CEO & MANAGING DIRECTOR

Date: May 3, 2017

Place: Mumbai

GENERAL BODY MEETING

The last three Annual General Meetings of the Company were held at registered office of the Company at L&T House, Ballard Estate, N. M. Marg, Mumbai – 400 001 as under:

Financial Year	Date	Time
2015-16	July 15, 2016	1.00 PM
2014-15	September 22, 2015	10.00 AM
2013-14	August 18, 2014.	10.30 AM

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

Annual General Meeting held on July 15, 2016:

- To approve the alteration in articles of association of the Company.
- To approve the amendment in the memorandum of association of the Company
- To approve the revision in remuneration of Dr. Keshab Panda, Chief Executive Officer and Managing Director of the Company.
- To approve the revision in remuneration of Mr. Amit Chadha, Chief Sales Officer and Whole-Time Director of the Company.

Annual General Meeting held on September 22, 2015:

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

Annual General Meeting held on August 18, 2014:

- To approve the amendment in articles of association of the Company.

POSTAL BALLOT

During the year, following shareholders' approval was transacted through postal ballot:

Pursuant to Clause 12 and other applicable provisions, if any, of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013, 'L&T Technology Services Limited, Employee Stock Option Scheme 2016' ("ESOP Scheme-2016") formulated and approved prior to the Initial Public Offering ("IPO") of the Company, was ratified by the shareholders of the Company by way of special resolution through a postal ballot on December 15, 2016.

The E-voting facility was made available to the Members. The Board of Directors of the Company, appointed Alwyn D'souza, Practicing Company Secretary, (M. No. FCS 5559) and failing him Vijay Sonone, Practicing Company Secretary, (M. No. FCS 7301), as Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. The Results of the Postal Ballot were announced on December

17, 2016 at the Registered Office of the Company as per the Scrutinizer's Report and the same was uploaded on the website of the Company.

DISCLOSURES:

- A. During the year, there were no transactions of material nature with the Directors or the Management or relatives or the subsidiaries or related parties that had potential conflict with the interests of the Company.
- B. Details of all related party transactions form a part of the accounts as required under AS 18 / IND AS 24 and the same are given on pages 153 of the Annual Report.
- C. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.
- D. 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 www.lnttechservices.com.
- E. 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.
- F. The policy for determining material subsidiaries and related party transactions is available on our website www.lnttechservices.com.
- G. 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 page 94 of the Annual Report.

MEANS OF COMMUNICATION:

Financial Results	Quarterly & Annual Results are published in prominent daily newspaper viz. The Financial Express and Loksatta. The results are also posted on the Company's website www.lnttechservices.com .
News releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.lnttechservices.com .
Website	The Company's website www.lnttechservices.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 (consolidated) are available in downloadable formats. The entire Annual Report and Accounts of the Company will also be made available on the websites of the Stock Exchanges.
Filing with Stock Exchanges	Information to Stock Exchanges is now being also filed online on NEAPS for NSE and BSE Online for BSE.
Annual Report	Annual Report will be circulated to all the members and all others like auditors, debenture trustee, secretarial auditor, equity analysts, etc.
Management Discussion & Analysis	This will form 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.

COMPLIANCE MONITORING SYSTEM

The statutory compliance has become a catalyst for Corporate Governance. A good statutory compliance system has become vital for effective conduct of business operations. Currently, the compliance system is managed by the Company manually. As a major portion of the Company's business is conducted abroad, apart from ensuring compliance with Indian statutes, the Company also complies with the statutes of the countries where the Company has presence.

With a view to strengthen this system, the Company has taken steps to automate the said manual system and has framed a web based portal which will provide the users a web-based access, controls based on a defined authorization matrix. Besides connecting all the Compliance owners across time zones to a common corporate platform, the portal is expected to serve as a

repository of the compliance exercise yielding substantial saving in resources and efforts for tracking compliance. The Company is taking steps to build this Statutory Compliance Monitoring system.

UNCLAIMED SHARES

From the period September 23, 2016, 64 shares were lying under the securities escrow account due to invalid demat account details. During the year under review few shareholders had approached for transfer of 48 shares out of the said shares lying in the escrow account. The Registrar & Transfer Agent (RTA) has validated the said requests and on due diligence transferred 48 shares to the valid shareholder.

As on March 31, 2017, 16 shares are lying under the securities escrow account of the Company. The voting rights on such shares shall remain frozen till the rightful owners of such shares claim the shares.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

The Annual General Meeting of the Company to be convened on Wednesday, August 23, 2017 at St. Andrew's Auditorium, St. Dominic Rd, Bandra West, Mumbai - 400 050, Maharashtra at 3.00 p.m.

Financial calendar:

Annual Results of 2016-17	First week of May 2017
Mailing of Annual Reports	Third week of July, 2017*
First Quarter Results	During the last week of July 2017*
Annual General Meeting	August 23, 2017
Payment of Dividend	August 24, 2017
Second Quarter results	During first week of November 2017 *
Third Quarter results	During last week of January 2017*

*Tentative dates

Book Closure:

The dates of Book Closure are from Thursday, August 17, 2017 to Wednesday, August 23, 2017 (both days inclusive) to determine the members entitled to the final dividend for 2016-2017.

Listing of Equity Shares on Stock Exchanges:

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

Listing Fees to Stock Exchanges:

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

Custodial Fees to Depositories:

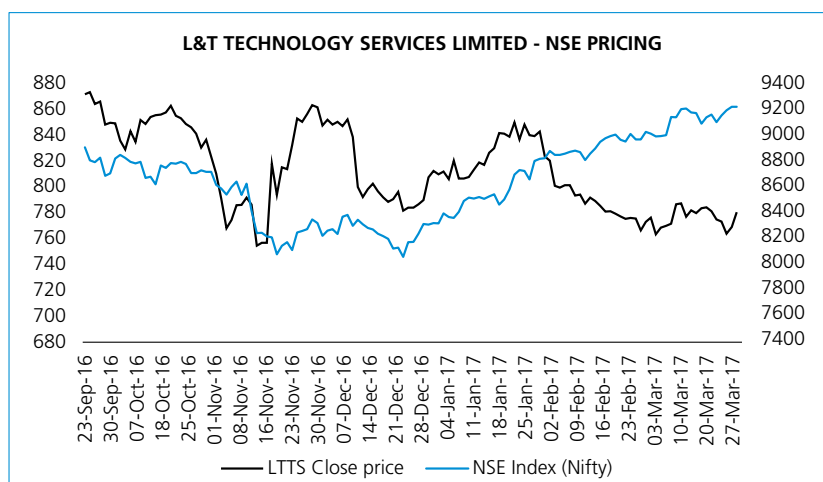
The Company has paid custodial fees for the year 2017-2018 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code/Symbol:

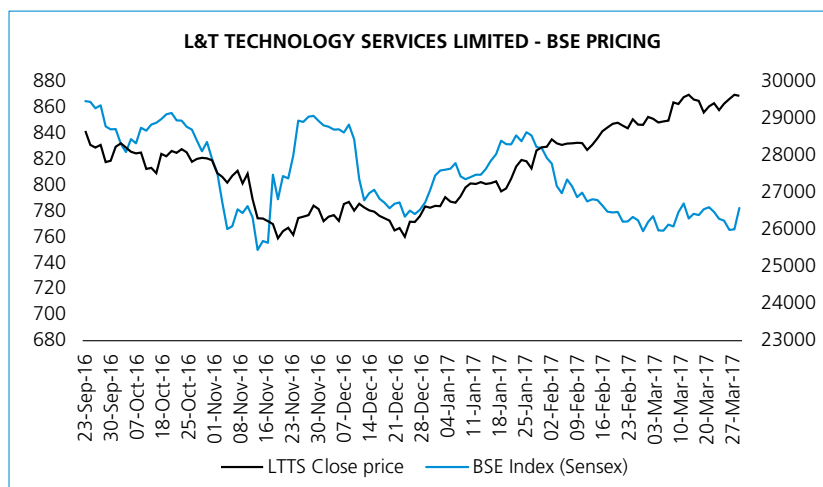
BSE Limited (BSE)	Scrip Code: 540115
National Stock Exchange of India Limited (NSE)	Scrip Code: LTTS
ISIN	INE010V01017

Stock market data for the period September 23, 2016 to March 31, 2017:

Month	LTTS NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
2016						
September	931.45	833.55	847.15	8885.20	8555.20	8611.15
October	864.95	823.00	834.30	8604.45	8541.35	8625.70
November	867.00	750.00	860.60	8669.60	7916.40	8224.50
December	861.95	773.00	787.90	8274.95	7903.70	8185.80
2017						
January	872.50	780.10	837.70	8672.70	8133.80	8561.30
February	845.85	773.10	773.50	8951.80	8537.50	8879.60
March	788.60	760.00	778.60	9191.70	8860.10	9173.75



Month	LTTS BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2016						
September	931.00	833.00	843.40	29,077.28	27,716.78	27,865.96
October	864.95	822.50	833.60	28,477.65	27,488.30	27,930.21
November	863.20	735.00	853.75	28,029.80	25,717.93	26,652.81
December	860.00	773.00	786.95	26,803.76	25,753.74	26,626.46
2017						
January	855.00	781.00	838.70	27,980.39	26,447.06	27,655.96
February	838.10	770.40	772.20	29,065.31	27,590.10	28,743.32
March	789.00	762.00	782.60	29,824.62	28,716.21	29,620.50



Registrar and Share Transfer Agent:

Karvy Computershare Private Limited
 Unit: L&T Technology Services Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli
 Financial District, Nanakramguda, Hyderabad,
 Telangana- 500 032
 Tel: (91 40) 6716 2222 | Fax: (91 40) 2343 1551
 Email: einward.ris@karvy.com

a) Share Transfer System:

The Company's investor services are handled by Karvy Computershare Private Limited who are the Company's RTA. The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Transfer Committee which comprises of the Chief Financial Officer and the Company Secretary.

Distribution of Shareholding as on March 31, 2017:

No. of shares	Shareholders		Shareholding	
	Number	Percentage	Number	Percentage
Upto 500	1,01,819	99.20	32,54,503	3.20
501- 1000	473	0.46	3,31,622	0.33
1001-2000	185	0.18	2,67,880	0.26
2001-3000	53	0.05	1,33,147	0.14
3001-4000	17	0.02	57,262	0.05
4001-5000	12	0.01	53,286	0.05
5001-10000	30	0.03	2,20,387	0.22
10001 & above	57	0.05	9,73,72,305	95.75
Total	1,02,646	100.00	10,16,90,392	100.00

Categories of Shareholders is as under:

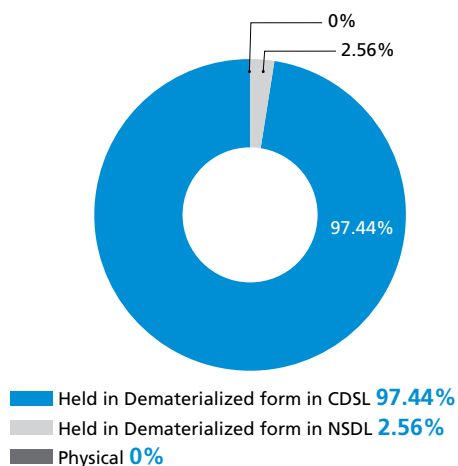
Category	March 31, 2017		September 23, 2016	
	Number	Percentage	Number	Percentage
Banks	3,352	0.00	14,417	0.01
Clearing Members	54,141	0.05	12,13,836	1.20
Foreign Portfolio Investors	34,31,017	3.37	12,86,646	1.27
Foreign Institutional Investors	1,65,867	0.16	18,43,382	1.81
Hindu Undivided Family HUF	1,40,213	0.14	1,71,810	0.17
Indian Financial Institutions	23,155	0.02	14,417	0.01
Bodies Corporates	15,64,145	1.54	10,33,953	1.02
Mutual Funds	10,70,968	1.05	18,23,095	1.80
NBFC	4,026	0.00	75,104	0.07
Non Resident Indians	1,33,106	0.13	32,704	0.03
Non Resident Indian Non repatriation basis	70,532	0.07	3,138	0.00
Promoters - Bodies Corporate	9,12,90,392	89.77	9,12,90,386	89.77
Promoters - Individuals	-	-	6	0.00
Resident Individuals	37,37,776	3.70	28,58,533	2.81
Trusts	1,702	0.00	28,965	0.03
Total	10,16,90,392	100.00	10,16,90,392	100.00

b) Dematerialization of Shares:

The Company has dematerialized its Equity Shares with NSDL and CDSL and the Company's ISIN is INE010V01017. The share transfers of dematerialized shares can be made through your Depository Participant.

As on March 31, 2017, the number of shares held in dematerialized and physical mode is as under:

Particulars	Number of shares	% of total capital issued
Held in Dematerialized form in NSDL	26,02,547	2.56
Held in Dematerialized form in CDSL	9,90,86,218	97.44
Physical	1,627	0.00
Total	10,16,90,392	100.00



Members are requested to convert their physical holdings into electronic holdings which will negate risks associated with physical certificates.

Members holding shares in dematerialized form are requested to intimate all changes viz. pertaining to change of address, change in e-mail id, bank details etc. to their Depository Participants whilst those holding shares in physical form are requested to intimate such changes to the Company's RTA.

c) Address for Correspondence:

Address of the Registrar and Share Transfer Agent (RTA)	Karvy Computershare Private Limited Unit: L&T Technology Services Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: einward.ris@karvy.com
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Address of the Compliance Officer	Kapil Bhalla 5th Floor, West Block-II L&T Knowledge City (IT/ITES) SEZ N.H. No. 8, Ajwa Waghodia Crossing Vadodara 390 019 Tel: (91 265) 670 5000 Fax: (91 265) 670 5955 E-mail: investor@LntTechservices.com
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Global Locations:

The Company has a network of offices all around the globe. The sales offices and delivery centers of the Company are located in Canada, USA, UAE, South Korea, Japan, Singapore, UK, Sweden, Poland, Norway, Netherlands, Italy, Germany, France, Finland, Denmark and Belgium.

India Locations:

The Company has delivery centers located at Mumbai, Vadodara, Chennai, Mysore, Bangalore and Hyderabad.

The registered office is located at L&T House, Ballard Estate, N. M. Marg, Mumbai- 400001 and the Corporate office is located at 5th Floor, West Block-II, L&T Knowledge City (IT/ITES) SEZ, N.H. No. 8, Ajwa-Waghodia Crossing, Vadodara 390 019.

d) Shareholder Grievances:

The Company has designated an e-mail id viz. investor@LntTechservices.com to enable shareholders to contact in case of any queries/ complaints. The Company strives to resolve any complaint within 7 working days.

Securities Dealing Code

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations), the Company has adopted the Securities Dealing Code with effect from September 22, 2016. The code lays down guidelines to the identified employees and create the necessary framework for transacting in the Company's securities, seeking prior clearance for transactions wherever necessary, and a mechanism for periodical reporting of transactions. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons (Directors, Advisors, Officers and other concerned employees/persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. Mr. Kapil Bhalla, Company Secretary has been designated

as the Compliance 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 www.lnttechservices.com

Awareness sessions/workshops on Governance practices:

Employees across the Company are being sensitized about the various policies and governance practices of the Company. The Company has 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.

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) of 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. Appropriate actions are taken to continuously improve the quality of compliance.

Secretarial Audit as per Companies Act, 2013:

Pursuant to the provisions of section 204(1) of the Companies Act, 2013, Naina Desai, Practicing Company Secretary, conducts the secretarial audit of the compliance of applicable statutory provisions and the adherence of good corporate practices by the Company.

CEO/CFO Certificate

To the Board of Directors of L&T Technology Services Limited

Dear Sirs,

Sub: CEO/CFO Certificate

(Issued in accordance with provisions of Regulation 17(8) of SEBI (Listing Obligation & Disclosure Requirement), Regulations, 2015

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

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

Yours Sincerely,

P. Ramakrishnan
Chief Financial Officer

Dr. Keshab Panda
CEO & Managing Director

Place : Mumbai
Date: May 3, 2017

Independent Auditors' certificate on corporate governance

To the members of L&T Technology Services Limited

1. We have examined the compliance of conditions of corporate governance by L&T Technology Services Limited ('the Company') for the year ended on 31 March 2017, as stipulated in regulation 17 to 27 and clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Management's responsibility

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

Auditors' responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither audit nor expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('the ICAI'), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purpose issued by

the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

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

Restriction on use

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

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

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Mumbai, May 3, 2017

Annexure-D

A) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17, the percentage increase in remuneration of each Director & Key Managerial Personnel (KMP) during the financial year 2016-17:

(₹ million)

Name of the Director/ KMP	Designation	2016-2017		
		Total Remuneration	Ratio of Remuneration of Director to the median remuneration ¹	Percentage increase in Remuneration
Mr. A. M. Naik	Non-Executive Chairman	NIL	NA	NA
Mr. S. N. Subrahmanyam	Non-Executive Vice Chairman	NIL	NA	NA
Dr. Keshab Panda	CEO & Managing Director	72.94	92.97	26.01
Mr. Amit Chadha	President- Sales & Business Development and Whole-Time Director	43.34	55.24	23.03
Mr. Samir T Desai	Independent Director	4.58	5.84	124.87
Ms. Renuka Ramnath	Independent Director	1.38	1.75	78.86
Mr. Arjun Gupta	Independent Director	3.54	4.52	#
Mr. Sudip Banerjee	Independent Director	1.76	2.23	##
Mr. Narayanan Kumar	Independent Director	1.63	2.07	###
Mr. Kumar Prabhas	Chief Operating Officer and Whole Time Director	18.94	24.14	@
Mr. V. K. Magapu	Non-Executive Director	NIL	NA	NA@@
Mr. P. Ramakrishnan	Chief Financial Officer	7.99	10.19	\$
Mr. Kapil Bhalla	Company Secretary	3.14	4.01	\$\$

1 Ratio of remuneration of director to the median remuneration calculated on pro ratio basis for those directors who served for only a part of the financial year 2016-17

Details Not given as Mr. Arjun Gupta was a director for only part of the financial year 2015-2016 i.e. w.e.f. October 28, 2015

Details Not given as Mr. Sudip Banerjee was a director for only part of the financial year 2015-2016 i.e. w.e.f. January 21, 2016

Details Not given as Mr. Narayanan Kumar was a director for only part of the financial year 2016-2017 i.e. w.e.f. July 15, 2016

@ Details Not given as Mr. Kumar Prabhas was a director for only part of the financial year 2016-2017 i.e. up to January 21, 2017

@@ Mr. V. K. Magapu resigned as Non-Executive Director w.e.f. July 15, 2016

\$ Details Not given as Mr. P. Ramakrishnan, Chief Financial Officer, was appointed w.e.f. January 21, 2016

\$\$ Details Not given as Mr. Kapil Bhalla, Company Secretary, was appointed w.e.f. April 27, 2016

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

The median remuneration of employees of the Company during the financial year was ₹ 7,84,584. In the financial year, there was an increase of 7.42 % in the median remuneration of employees;

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

There were 10,370 permanent employees on the rolls of Company as on March 31, 2017;

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

Average percentage increase made in the salaries of employees other than the managerial personnel for the year 2016-17 was 6.37% whereas the increase in the managerial remuneration was by 49.17 % because a substantial portion of managerial remuneration is linked to Company performance during the financial year 2016-17. As stated above, the Profit after Tax for the year 2016-17 increased by 2.91% directly impacting the variable component of managerial remuneration.

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

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

Annexure-E

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

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

To,
The Members,
L&T TECHNOLOGY SERVICES LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T TECHNOLOGY SERVICES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other specific business/industry related laws that are applicable to the Company, viz.-
- **The Information Technology Act, 2000**
 - **The Special Economic Zone Act, 2005**
 - **Policy relating to Software Technology Parks of India and its regulations.**
 - **The Indian Copyright Act, 1957**
 - **The Patents Act, 1970**
 - **The Trade Marks Act, 1999**
 - **Indian Telegraph Act.**
 - **Telecom Regulatory Authority of India (TRAI)/ Department of Telecommunication (DOT) Guidelines.**
 - **Other Service Provider Guidelines (Governed by DOT)**

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** and the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable as follows:-

- **The Equity Shares of the Company were listed on September 23, 2016 on BSE Limited and the National Stock Exchange of India Limited.**

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following events / actions have taken place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:-

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.-
- **Issue of 2,66,90,392 Equity Shares of ₹ 2/- each at a premium of ₹ 279 per share to the shareholders on Rights basis.**
 - **Reclassification of Authorised Share Capital of the Company of ₹ 1050,00,00,000/- (Rupees One Thousand Fifty Crores only) consisting of**

150,00,00,000 (One Hundred and Fifty Crore) equity shares of face value of ₹ 2/- each and 75,00,00,000 Preference Shares of ₹ 10/- each into 525,00,00,000 (Five Hundred and Twenty-five Crore) equity shares of face value of ₹ 2/- each,

- **On September 21, 2016, pursuant to Initial Public Offer of Equity Shares of the Company face value of ₹ 2/- each, by way of Offer for Sale of ₹ 1,04,00,00,000 Equity Shares by Larsen & Toubro Limited, the Promoter of the Company at an Offer price of ₹ 860/- per equity share were transferred to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representatives of the National Stock Exchange of India Limited, the designated Stock Exchange.**

- (ii) Redemption / buy-back of securities - **Redemption of 75,00,00,000, 10% Non- Convertible Redeemable Preference Shares of ₹10/- each, in five tranches of 15,00,00,000 Preference Shares each, on May 16, 2016, May 17, 2016, May 18, 2016, May 19, 2016 and May 20, 2016, respectively out of proceeds of fresh issue of 2,66,90,392 Equity Shares of ₹ 2/- each at a premium of ₹ 279 per share ranking pari passu with the existing Equity Shares, to Larsen & Toubro Limited on Right basis.**
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 – **NIL**
- (iv) Merger / amalgamation / reconstruction, etc. – **Approval by the High Court Order dated April 1, 2016, for the reduction in face value of the Equity Shares of the Company from ₹ 40 per Equity share, (fully paid-up) to ₹ 2 per Equity Share, (fully paid up)**
- (v) Foreign technical collaborations – **NIL**
- (vi) Other Events - **NIL**

NAINA R DESAI

Practising Company Secretary

Membership No. 1351

Certificate of Practice No.13365

Place: Mumbai

Date: April 13, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

To,
The Members,
L&T TECHNOLOGY SERVICES LIMITED

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai
Date: April 13, 2017

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Annexure-F

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	U72900MH2012PLC232169
ii) Registration Date	June 14,2012
iii) Name of the Company	L&T Technology Services Limited
iv) Category	Public Limited Company
v) Sub-Category of the Company	Company Limited by Shares
vi) Address of the Registered office and contact details	L&T House, N. M. Marg, Ballard Estate, Mumbai-400001 Mr. Kapil Bhalla- 0265-6705975
vii) Whether listed company	Listed
viii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: einward.ris@karvy.com Website: https://karisma.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	To Provide a range of Engineering Services and related technologies in the areas of Embedded Systems, Mechanical etc and to act as a services provider to companies in India and abroad	711	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of Shares held	Applicable Section
1	Larsen & Toubro Limited L&T House, N. M. Marg, Ballard Estate, Mumbai - 400001	L99999MH1946PLC004768	Holding Company	89.77	2(46)
2	L&T Thales Technology Services Private Limited RR V Tower,7th Floor,33a, Developed Plots, Sidco Industrial Estate, Guindy, Chennai-600032	U72200TN2006PTC059421	Subsidiary Company	74	2(87)
3	L&T Technology Services LLC 2035, Lincoln Highway, Suite#3002, Edison Square West, Edison,NJ-08817	Not Applicable	Subsidiary Company	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF		0	0	0	0	0	0	0	
b) Central Govt		0	0	0	0	0	0	0	
c) State Govt (s)		0	0	0	0	0	0	0	
d) Bodies Corp.		75,000,000	75,000,000	100	91,290,392	0	91,290,392	89.77	10.23
e) Banks / FI		0	0	0	0	0	0	0	
f) Any Other...		0	0	0	0	0	0	0	
Sub-total (A) (1):-		75,000,000	75,000,000	100	91,290,392	0	91,290,392	89.77	10.23
(2) Foreign									
a) NRIs -Individuals		0	0	0	0	0	0	0	
b) Other -Individuals		0	0	0	0	0	0	0	
c) Bodies Corp.		0	0	0	0	0	0	0	
d) Banks / FI		0	0	0	0	0	0	0	
e) Any Other...		0	0	0	0	0	0	0	
Sub-total (A) (2):-		0	0	0	0	0	0	0	
Total shareholding of Promoter									
(A) =(A)(1)+(A)(2)		75,000,000	75,000,000	100	91,290,392	0	91,290,392	89.77	10.23
B Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	1,070,968	0	1,070,968	1.05	
b) Banks / FI	0	0	0	0	26,507	0	26,507	0.03	
c) Central Govt	0	0	0	0	0	0	0	0.00	
d) State Govt(s)	0	0	0	0	0	0	0	0.00	
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00	
f) Insurance Companies	0	0	0	0	0	0	0	0.00	
g) FIs	0	0	0	0	165,867	0	165,867	0.16	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	
Sub-total (B)(1):-	0	0	0	0	1,263,342	0	1,263,342	1.24	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	1,564,145	0	1,564,145	1.54	
ii) Overseas	0	0	0	0	0	0	0	0.00	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	3,876,362	1,627	3,877,989	3.81	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0.00	
c) Others (specify)									
Foreign Portfolio Investors	0	0	0	0	3,431,017	0	3,431,017	3.37	
Non Resident Indians	0	0	0	0	133,106	0	133,106	0.13	
Non Resident Indian Non Repatriable	0	0	0	0	70,532	0	70,532	0.07	
Clearing Members	0	0	0	0	54,141	0	54,141	0.05	
NBFC	0	0	0	0	4,026	0	4,026	0.00	
Trust	0	0	0	0	1,702	0	1,702	0.00	
Sub-total (B)(2):-	0	0	0	0	9,135,031	1,627	9,136,658	8.98	
Total Public Shareholding (B)=(B)(1) + (B)(2)	0	0	0	0	10,398,373	1,627	10,400,000	10.23	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)		75,000,000	75,000,000	100	101,688,765	1627	101,690,392	100.00	

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	75,000,000	100	0	91,290,392	**89.77	0	10.23
	Total	75,000,000	100	0	91,290,392	89.77	0	10.23

*The Promoter through an Initial Public offer (IPO) had offered 10.23% of its stake in the Company to the public. Post the IPO, the Promoter holds 89.77% stake in the Company.

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	75,000,000	100.00	Equity- 75,000,000	100.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	26,690,392* 10,400,000#		101,690,392 91,290,392	100.00 89.77
	At the End of the year	91,290,392	89.77	91,290,392	89.77

***Increase by way of Rights Issue of shares.**

26,690,392 Equity Shares were allotted by our Company to our Promoter on June 3, 2016 by way of rights issue pursuant to a resolution passed by the Board at its meeting held on April 26, 2016. Consequently the promoter shareholding increased to 101,690,392.

Redemption of Preference shares.

750,000,000 Preference Shares were redeemed in five tranches of 150,000,000 Preference Shares each, on May 16, 2016, May 17, 2016, May 18, 2016, May 19, 2016 and May 20, 2016, respectively, for an aggregate amount of ₹ 7,500 million.

#Decrease by way of Offer for Sale.

During the year the Company came out with an IPO, wherein the Promoter of the Company offered 10.23% of its stake comprising of 10,400,000 Equity shares of ₹ 2 each to the public at a price of ₹ 860 per share. Consequently the shareholding of the Promoter in the Company decreased to 89.77% comprising of 91,290,392 equity shares of FV ₹ 2 each with effect from September 23, 2016 i.e the date of listing of shares on the stock exchanges.

iv) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	At the beginning of the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	NIL	NIL	16	0
	Date wise increase / decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	16	0

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	674.80	451.52	-	1,126.33
ii) Interest due but not paid				-
iii) Interest accrued but not due	0.48	-	-	0.48
Total (i+ii+iii)	675.28	451.52		1,126.81
Changes In Indebtness during the financial year				
Addition	-	-	-	-
Reduction	675.28	451.52	-	1,126.81
Net Change	(675.28)	(451.52)	-	(1,126.81)
Indebtness at the end of financial year				
i) Principle Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total(i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ million)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Dr. Keshab Panda	Mr. Amit Chadha	Mr. Kumar Prabhas	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.94	43.34	18.71	125.99
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	0.23	0.23
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity				
	Commission				
	- as % of profit	9.00	-	-	9.00
	- others, specify				
5	Others, please specify				
	Total (A)	72.94	43.34	18.94	135.22
	Ceiling as per the Act				616.84

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Director							Total Amount
		Mr. Samir Desai	Ms. Renuka Ramnath	Mr. Arjun Gupta	Mr. Sudip Banerjee	Mr. Narayanan Kumar	Mr A. M. Naik	Mr S. N. Subrahmanyam	
1	Independent Directors								
	• Fee for attending board / committee meetings	0.35	0.28	0.32	0.33	0.28	-	-	1.55
	• Commission	4.23	1.10	3.22	1.43	1.35	-	-	11.33
	• Others, please specify								
	Total (1)	4.58	1.38	3.54	1.76	1.63	-	-	12.88
2	Other Non-Executive Directors								
	• Fee for attending board / committee meetings								
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	4.58	1.38	3.54	1.76	1.63	-	-	12.88
	Total Managerial Remuneration (A + B)								148.10
	Overall ceiling as per the Act								678.52

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.95	7.70	10.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.20	0.29	0.49
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		-	-
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total	3.15	7.99	10.94

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

Annexure-G

DIVIDEND DISTRIBUTION POLICY

Introduction

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, prescribed Listed Companies are required to frame a Dividend Distribution Policy.

Purpose

The purpose of this Policy is to regulate the process of dividend declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company.

Authority

This Policy has been adopted by the Board of Directors of L&T Technology Services Limited ('the Company') at its Meeting held on May 3, 2017. The Policy shall also be displayed in the annual reports and also on the website of the Company.

Forms of Dividend

The Companies Act provides for two forms of Dividend:

Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit, in line with this policy. The Board should consider declaring an interim dividend after finalization of quarterly/ half yearly financial results.

Quantum of dividend and distribution

Dividend payout in a particular year shall be determined after considering the operating and financial performance of the Company and the cash requirement for financing the Company's future growth. In line with the past practice, the payout ratio is expected to grow in accordance with the profitable growth of the Company under normal circumstances.

Declaration of dividend

Dividend shall be declared or paid only out of-

- 1) Current financial year's profit:
 - a) after providing for depreciation in accordance with law;

- b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion
- c) after appropriating any other item as mandated by prescribed accounting standards

- 2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed; or

- 3) Out of 1) & 2) both.

The circumstances under which shareholders may not expect dividend/or when the dividend could not be declared by the Company shall include, but are not limited to, the following:

- A. Due to operation of any other law in force;
- B. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- C. Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders and
- D. Because of any default on part of the company.

Factors affecting Dividend declaration

The Dividend pay-out decision of any company, depends upon certain external and internal factors-

External Factors:

- Legal/ Statutory Provisions: The Board should keep in mind the restrictions imposed by Companies Act, any other applicable laws with regard to declaration and distribution of dividend. Further, any restrictions on payment of dividend by virtue of any regulation as may be applicable to the Company may also impact the declaration of dividend.
- State of Business Environment: The Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks in case of uncertain or recessionary economic conditions.
- Nature of Industry: The nature of industry in which a company is operating, influences the dividend decision, like stability of earnings will influence stable dividend.
- Taxation Policy: The tax policy of a country also influences the dividend policy of a company. The rate of tax directly influences the amount of profits available to the company for declaring dividends.

- Capital Markets: In case of unfavorable market conditions, the Board may resort to a conservative dividend pay-out in order to conserve cash outflows and reduce the cost of raising funds through alternate resources.

Internal Factors:

- Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include -
- Magnitude and Stability of Earnings: The extent of stability and magnitude of the company's earnings will directly influence the dividend declaration. Thus, the dividend is directly linked with the availability of the earnings (including accumulated earnings) with the company.
- Liquidity Position: A company's liquidity position also determines the level of dividend. If a company does not have sufficient cash resources to make dividend payment, then it may reduce the amount of dividend pay-out.
- Future Requirements: If a company foresees some profitable investment opportunities in near future including but not limited to Brand/ Business Acquisitions, Expansion of existing businesses, Additional investments in subsidiaries/associates of the Company, Fresh investments into external businesses, then it may go for lower dividend and vice-versa.

- Leverage profile and liabilities of the Company.
- Any other factor as deemed fit by the Board.

Retained Earnings

The portion of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as ploughing back of profit. The Company should ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These earnings may be utilized for internal financing of its various projects and for fixed as well as working capital. Thus the retained earnings shall be utilized for carrying out the main objectives of the Company and maintaining adequate liquidity levels.

Parameters that shall be adopted with regard to various classes of shares

The Company does not have different classes of shares and follows the 'one share on vote' principle.

Review & Amendment

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to change/amend the policy as may be expedient taking into account the law for the time being in force.

Management Discussion and Analysis

I. Company Overview:

L&T Technology Services Limited (LTTS) is a leading global pure-play ER&D services company. We offer design and development solutions throughout the product development chain and provide services and solutions in the areas of mechanical and manufacturing engineering, embedded systems, engineering analytics and process engineering.

A well-defined Digital Engineering strategy helps us deliver differentiated solutions for building Smart Products, Smart Manufacturing and enabling Smart Services. As part of this strategy, we have developed IP led solutions like our

IoT platform UBIQWeise™ and smart building framework i-BEMS that has been launched in the global market.

Our key differentiators are our domain expertise and multi-vertical presence in industry segments like Transportation, Industrial Products, Telecom & Hitech, Process Engineering and Medical Devices. We have been recognized as an Expansive and Established player in Zinnov Zones 2016 Product Engineering Services and in the Leadership Zone across 10 major industries due our best in class solutions, capabilities and offerings that combine digital technology with an innovation led orientation.

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VERTICALS RATED IN LEADERSHIP ZONE

- Telecommunication
- Energy
- Construction & Heavy Machinery
- Automotive
- Transport
- Industrial Products

10

VERTICALS RATED IN LEADERSHIP ZONE

- Consumer Electronics
- Semiconductor
- Aerospace
- Medical Devices
- Telecommunication
- Energy
- Construction & Heavy Machinery
- Automotive
- Transport
- Industrial Products

2014

2015

2016

8

VERTICALS RATED IN LEADERSHIP ZONE

- Aerospace
- Medical Devices
- Telecommunication
- Energy
- Construction & Heavy Machinery
- Automotive
- Transport
- Industrial Products

LTTs services more than 50 Fortune 500 companies and over 40 of the world's top ER&D spenders. We are well poised to meet future requirements of our customers by investing in new industry segments and state of the art innovation labs, adopting new technology initiatives, expanding into new geographies, and establishing alliances and partnerships.

Our 10,000 + highly-skilled personnel across 12 delivery centres and 27 sales offices globally enable our clients to achieve a sustainable competitive advantage. We have 34 innovation labs spread across key delivery centres in India.

II. Economic and Industry Overview:

This sections sets out the economic and political outlook globally:

Global Economic & Political Environment:

The victory of Donald Trump in the US presidential election and the UK decision to exit the European Union (Brexit) dominated headlines in 2016. These two events will continue to have an influence on growth strategies in 2017 and beyond. Potential policy changes affecting market access could drive cross-border deals as companies look to protect and sustain their globalized operations. Buying innovation will also be a major theme of 2017, as disruptive start-ups challenge existing business models.

Risks to companies' core business models remain, but with a slightly different complexion. Concerns about rising nationalism have transformed into uncertainty about policy, especially immigration. Previous fears about a slowdown in global trade have translated into uncertainties about new barriers being raised. Government intervention and policies — from diplomacy, trade to the movement of labour — now collectively top the macroeconomic concerns of global executives. Leading companies are more carefully accessing geopolitical risks and seeking expert advice to navigate these issues.

Indian Economic & Political Environment:

The Economic Survey 2015-16 had forecasted that the Indian economy will growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years. According to Fitch Ratings Agency, India's Gross Domestic Product (GDP) was likely to grow by 7.7 per cent in FY 2016-17 and slowly accelerate to 8 per cent by FY 2018-19, driven by the gradual implementation of structural reforms, higher disposable income and improvement in economic activity.

Impact of Recent Rupee Appreciation:

All emerging currencies have seen significant volatility against the US Dollar on account of changing political and economic scenario across the globe. For Indian third party service providers in ER&D segment, any appreciation in

Rupee will cause a dip in margins on a sequential basis. Short-term rupee appreciation will not have big impact considering the hedging strategies of companies. However, in case the Indian rupee appreciation continues for a long time, companies may have to offset the margin impact by tighter control on cost, execution and delivery-efficiency measures, etc. towards sustainable growth.

India Shining in the Global ER&D Space:

According to Zinnov, corporations spent a total of USD 1,062 billion on research and development and engineering activities such as product and process development, manufacturing engineering and other allied engineering in 2016. Of this amount, the 500 biggest corporate spenders in ER&D globally (the "G500 ER&D spend") contributed USD 621 billion or nearly 58%.

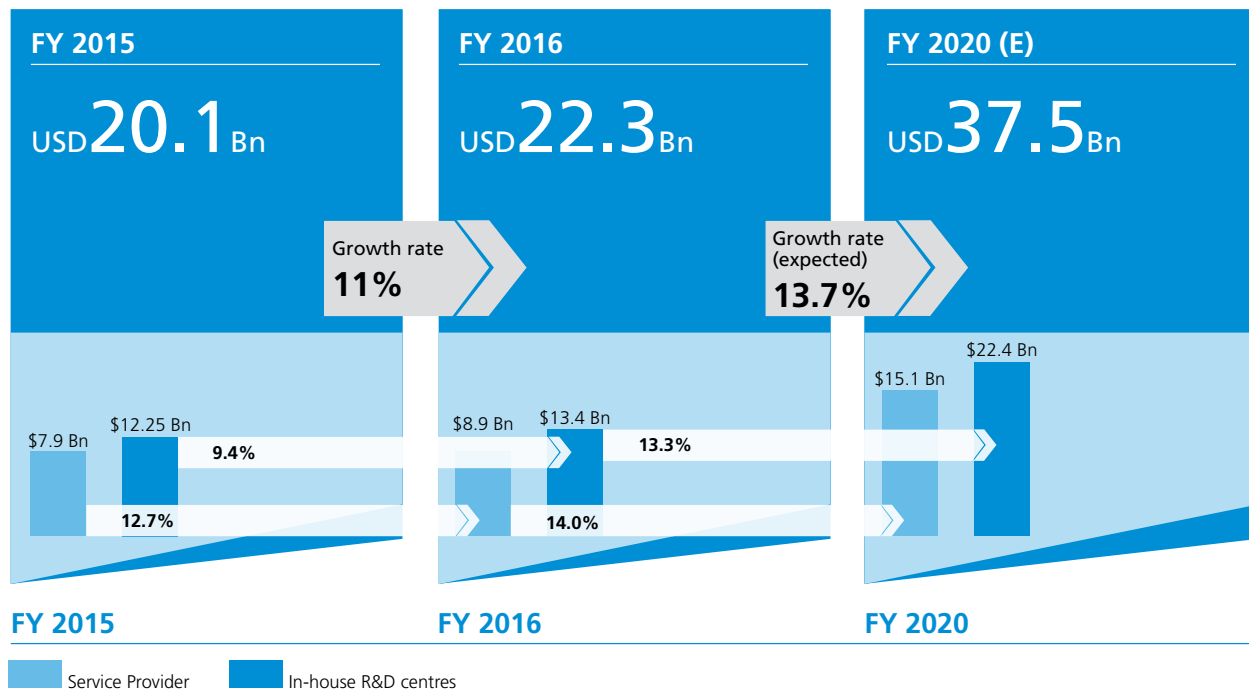
With respect to the total ER&D offshoring market for product engineering services as addressed by offshore third-party service providers and global in-house centres (the "Global Addressed Market"), the overall revenue was USD 85 billion in 2016, of which offshore in-house R&D centres and third-party service providers contributed USD 34 billion and USD 51 billion, respectively. The total R&D offshoring market revenue generated by both India-based third-party service providers and India-based in-house centres to global clients in 2016 was USD 22.3 billion. Of this, the third-party service providers and in-house ER&D centres contributed USD 8.9 billion and USD 13.4 billion of revenue in 2016, respectively.

"Strong sales in emerging markets are leading to a requirement of products that are tailored to the needs of customers, thereby driving engineering towards these markets. Increased product complexity is translating into a greater need for engineering work that needs to be done. Also, the war for talent, especially engineering talent, is real in many mature markets, and this bottleneck has opened up opportunities for players with a strong, well-qualified talent pipeline. All of these trends catalyzed the ER&D industry in India," comments Dr Wilfried Aulbur, Partner, Roland Berger Strategy Consultants GmbH.

India's ER&D services sector has indeed been on a growth path over the past five years. The market, which is expected to reach USD 35-40 billion by 2020, is creating deep impact in verticals such as automotive, avionics, construction and heavy engineering and telecom.



Engineering Services Growth Rate (In USD Billions)



III. Key differentiators for LTTS operations:

This section lists the key differentiators that our management believes will enable LTTS to continue to be a global leader in ER&D segment:

Account Mining and Farming: As a part of our sales strategy, we decided to focus on top 30 customers, which contribute 65% of our revenues. This strategy has been christened as T-30. Under this strategy, as a client relationship matures and deepens, we seek to maximise our revenues and profitability by expanding the scope of services offered to that client with the objective of winning more business from our clients, particularly in relation to our more substantive and value-added services.

Transformation Initiatives: We have initiated few transformational projects to further strengthen our processes, systems and global delivery models to achieve operational excellence. Identifying Account Delivery Managers (ADMs) and Account Relationship Managers (ARMs) to ensure account level leadership, setting up onshore, nearshore strategic and client-led centres in geographies like Poland, Western Europe(Auto), EU & US(CPG & Chemicals), building processes, governance models and leadership development plans are few initiatives of the transformation project.

Investment in Technologies & Innovation Engine: We are focused on driving innovation and adopting solutions in line with technological trends. Our culture of innovation since our establishment has enabled us to expand the range of our offerings to customers and improve the delivery of our solutions and products. We have initiated Proofs of Concepts (“POCs”), which demonstrate the viability of a design concept and we have also set up labs and developed new centres of excellence, where we have invested in new technologies such as engineering analytics, power electronics, IoT and M2M, which has allowed us to capitalise on key growth areas and trends.

Patents: Over the years, sustained investment in R&D has led to the creation of several unique engineering solutions, which we have patented. As of March 31, 2017, we have contributed to 197 customer owned patents and 57 filed exclusively by LTTS. Our patents cover many aspects of our products as well as the processes for making those products and are focused on developing mature solutions such as UbiqWeise™, i-BEMS in emerging technology areas.

Technology Events: We promote annual technology events such as Tech Panorama, which is an initiative by our Technology Solutions and Innovation Centre team which serves as a platform for our employees to participate in technical events and forums to showcase their skill and demonstrate their ideas. Also our open-innovation

initiative, TECHgium™ - co-sponsored by our customers, provides a platform for the nation's talented engineering graduates to solve real-world engineering problems and also get due recognition for it. Students are given an opportunity to use their futuristic ideas to come up with creative solutions.

Awards & Recognition: L&T Technology Services was recognized as the Company of the Year by the Indo American Chamber of Commerce (IACC) in 2016. The IACC also awarded the company as the Best Green Office Space of the year for its eco-friendly campuses. In March 2017, L&T Technology Services was conferred with the Golden Peacock National Quality Award, 2017, as a recognition of the company's consistent focus in enabling new technologies for global businesses. We have also won the Dataquest Vertical Warrior Award in IT/ ITeS for innovative use of digital technology earlier in 2017.

Our delivery centres are ISO 9001:2008-certified. Our Aerospace & Medical Devices practices are AS 9100C and ISO 13485:2003 certified. Also our Embedded Systems & Software activities are assessed at Maturity Level 5 of SEI's CMMi® Development.

Partnerships and Alliances: Our Recent global alliances include a Digital Engineering Transformation partnership with Microsoft Corporation to deliver Microsoft Azure Engineering Solutions for global enterprises across industries. This strategic partnership enables enterprises around the world to leverage our cutting-edge IP-led Digital Engineering solutions hosted on Microsoft's Azure enterprise cloud-first, mobile-first infrastructure.

We have also partnered with UTC Climate, Controls & Security and Otis, units of United Technologies Corp. to create an innovation laboratory focused on integrated buildings, smart homes and cold chain technologies. Other notable alliances and partnerships include AUTOSAR, Tele2, National Instruments, Sierra Wireless & Thing Worx.

IV. Significant Factors affecting our Results of Operations

This section sets out certain key factors that our management believes have historically affected our results of operations during the year under review, or which could affect our results of operations in the future:

Exchange rate fluctuations: Though our reporting currency is in Rupees, we transact a significant portion of our business in several other currencies. Although we partly benefit from a natural hedge for our foreign currency revenues against our foreign currency expenses, we also

SINCE INCEPTION, WE HAVE FILED FOR 57 PROPRIETARY PATENTS AND HAVE CO-AUTHORED 197 PATENTS WITH OUR CUSTOMERS.

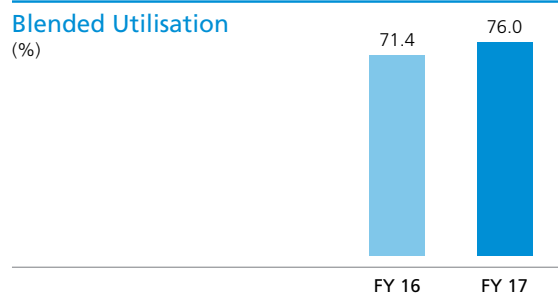
have an exposure to foreign exchange rate risk in respect of revenues or expenses entered into in a currency where corresponding expenses or revenues are denominated in different currencies. Such transactions are denominated in currencies such as US Dollar, Euro, Japanese Yen, etc. In addition, the overall competitiveness of the Indian ER&D industry in the global market is also significantly dependent on favourable exchange rates.

Manpower Utilization: Our profitability and the cost of providing our services are affected by the utilization of our employees. We define utilization as total billed hours divided by total available/billable hours.

If we are not able to maintain high employee utilization, our profitability may suffer, arising out of loss or reduction of business from customers. Our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforces, our overall employee satisfaction and ability to manage attrition also affects our profitable growth.

Blended Utilisation

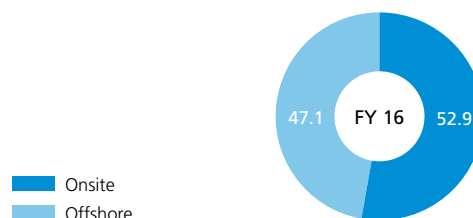
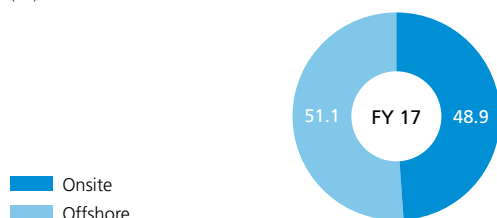
(%)



Composition of Revenue portfolio: Our offshore revenues consist of revenues from ER&D services performed at our customers' premises or from our Delivery Centres in India. Our onsite revenues consist of revenues from ER&D services performed at customers' premises or from our Delivery Centres outside India. Our profit margins are typically higher if work is performed offshore as compared to onsite. Accordingly, the mix of ER&D services performed onsite and offshore has an impact on our ability to achieve higher profit margins. The following table shows the proportionate contribution from our onsite and offshore export service revenue on consolidated basis for the periods indicated:

Revenue Mix

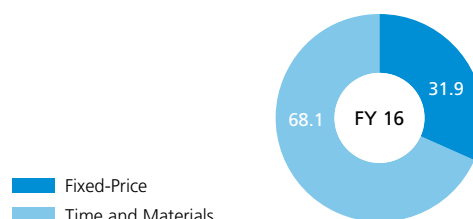
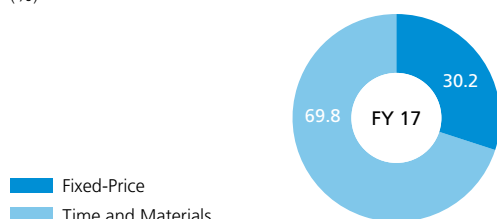
(%)



Our revenues are generated principally from services provided on either a time-and- materials or a fixed-price basis. For contracts on a time-and-materials basis, we charge our customers on the basis of the hourly billable rates of our employees. For such contracts, our profits and margins are affected by the utilization rates of our employees (with higher utilization typically driving higher revenues) and the recovery rates of the fees billed to our clients.

Revenue Mix

(%)



V. Financial Conditions Consolidated

Sources of Funds

1. Equity Capital

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Authorised :		
5,250,000,000 equity shares of ₹ 2 each (Previous year 75,000,000 of ₹ 40 each)	10,500	3,000
Issued, subscribed and paid up:		
Preference shares of ₹ 10 each (Previous year 7,50,000,000 of ₹10 each)	-	7,500
101,690,392 equity shares of ₹ 2 each (Previous year 75,000,000 of ₹ 40 each)	203	3,000
	203	3,000

Pursuant to the order dated April 1, 2016 of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement for reduction in the face value of the equity shares of the Company, the Company reduced the face value of its equity shares from ₹ 40 each to ₹ 2 each. Therefore, with effect from April 1, 2016, the cumulative number of equity shares of the Company pursuant to the sub-division was 75,000,000 equity shares of ₹ 2 each.

Consequent to the reduction of the face value of the equity shares of the Company from ₹ 40 to ₹ 2 each, an amount of ₹ 2,850 million was transferred to the securities premium account of the Company.

Subsequently, the Company allotted 26,690,392 equity shares of ₹ 2 each on June 3, 2016 to its Promoter, Larsen & Toubro Limited, by way of a rights issue at a premium of ₹ 279 per equity share, for a total consideration of ₹ 7,500 million (the "L&T Allotment"). From the proceeds received for the L&T Allotment, all 750,000,000 preference shares outstanding as at April 1, 2016, of face value of ₹ 10 each were redeemed in May 2016.

Consequently, the issued, subscribed and paid-up equity share capital of the Company aggregates to ₹ 203 million consisting of 101,690,392 equity shares of ₹ 2 each. There are no outstanding preference shares as on date.

2. Other Equity

	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Equity component of preference share capital	-	7,500
Retained earnings (including OCI)	3,084	57
Hedging reserve	962	119
Securities premium	10,297	-
Foreign currency translation reserve	-	-15
Employee stock options outstanding	-	-
Less: Deferred Compensation	310	-
Reserves & Surplus (excluding minority interest)	14,653	7,661

During the year, Other equity at the end of March 31, 2017 stood at ₹14,653 million as against ₹7,661 million at the end of at March 31, 2016.

3. Long Term and Short Term Borrowings

	(₹ million)					
	As at March 31, 2017			As at March 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Long-Term Borrowings						
Secured loans	-	-	-	-	-	-
Term loans from bank	-	-	-	-	-	-
Short-Term Borrowings						
Secured loans	-	-	-	-	675	675
Unsecured loans from banks	-	1,019	1,019	-	1,280	1,280
Total Borrowings		1,019	1,019	-	1,955	1,955

The Company's short-term borrowings stood at ₹1,019 million at March 31, 2017 from ₹1,955 million as at March 31, 2016 on account of net repayment of loans.

4. Current Liabilities

	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Trade payables	1,847	2,138
Other financial liabilities	1,822	2,401
Other current liabilities	714	1,010
Short-term provisions	1,271	1,232
Current tax liabilities	-	31
Total Current Liabilities	5,654	6,812

Current liabilities consisting of trade payables, other financial liabilities, other current liabilities, short term provisions and current tax liabilities stood at ₹5,654 million as of March 31, 2017 from ₹6,812 million as of March 31, 2016.

5. Property, Plant and Equipment

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Property, plant and equipment	1,190	1,071
Capital work-in-progress	23	143
Goodwill	4,139	4,144
Goodwill on consolidation	76	76
Other intangible assets	733	917
Net Fixed Assets	6,161	6,351

Additions:

Additions to the gross block in the year ended March 31, 2017 amounted to ₹599 million. The Company has been investing in infrastructure facilities on account of computers, office equipment, expansion of development centres and overseas offices, in line with business growth.

Deductions:

During the year, the company disposed various assets with a gross block of ₹99 million, mainly on vacancy of an office space in Bangalore location in India.

6. Non-current Assets

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Other financial assets	227	250
Other non-current assets	96	112
	323	362

The company's non-current assets decreased from ₹362 million as at March 31, 2016 to ₹323 million as at March 31, 2017 primarily on account of decrease in investment in fixed deposit to the extent of ₹23 million.

7. Deferred Tax Asset (Net)

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Deferred tax asset (Net)	323	1,061

Deferred tax liability or asset is recognised on timing differences between the income accounted in financial statements and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Consequent to the assessment order for financial year 2013-14 where in goodwill was allowed as deductible expenditure in Income Tax, we have readjusted our tax provisions for earlier years considering goodwill as deductible expenditure. Accordingly, we have created deferred tax liability on goodwill which is the major reason for the reduction in deferred tax asset.

8. Trade Receivables

Trade receivables amounted to ₹7,106 million (net of provision for doubtful debts amounting to ₹166 million) as at March 31, 2017, compared to ₹7,259 million (net of provision for doubtful debts amounting to ₹349 million) as at March 31, 2016. The day's sales outstanding stood at 78 days as at March 31, 2017 as compared to 81 days as at March 31, 2016.

9. Cash & Bank

The bank balances in India include both rupee accounts and foreign currency accounts. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations.

Deposits with banks represent surplus money deployed in form of deposits and collaterals kept against open ended bank guarantees issued to customers. The cash & bank balance stood at ₹674 million as at March 31, 2017 from ₹834 million as at March 31, 2016.

10. Current Assets

	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Investments	1,946	555
Loans	1	-
Other financial assets	1,308	518
Other current assets	3,554	2,483
	6,809	3,556

The current investments comprises of investments in mutual funds which rose substantially during the year from ₹555 million as at March 31, 2016 to ₹1946 million as at March 31, 2017.

Other financial assets consisting advance to employees, security deposits, forward contract receivables, etc. which increased from ₹518 million as at March 31, 2016 to ₹1308 million as at March 31, 2017 primarily on account of forward contract receivable amounting to ₹933 million as at March 31, 2017.

Other current asset increased mainly due to increase in unbilled revenue by 825 million. Unbilled revenue primarily comprises of costs and earnings in excess of billings to the clients on fixed-price, and time-and-material contracts. Unbilled revenue stood at ₹2,295 million as at March 31, 2017 as against ₹1,470 million at March 31, 2016.

VI. Results of our operations - Consolidated

The following table shows a breakdown of our results of operations and each item as a percentage of total income for the years indicated:

	FY 17		FY 16	
	(₹ million)	% of total income	(₹ million)	% of total income
Income				
Revenue from operations	32,483	98.2%	30,662	97.3%
Other income	591	1.8%	845	2.7%
Total Income	33,074	100.0%	31,507	100.0%
Expenses				
Employee benefit expenses	20,958	63.4%	19,681	62.5%
Other Operating expenses	5,678	17.1%	5,787	18.3%
Total Expenses	26,636	80.5%	25,468	80.8%
Operating profit	6,438	19.5%	6,039	19.2%
Finance costs	21	0.1%	25	0.1%
Depreciation and amortisation expense	625	1.9%	589	1.9%
	646	2.0%	614	2.0%
Profit before extraordinary items and tax	5,792	17.5%	5,425	17.2%

	FY 17		FY 16	
	(₹ million)	% of total income	(₹ million)	% of total income
Extraordinary items				
Profit before tax	5,792	17.5%	5,425	17.2%
Tax expenses				
- Current tax	1,421	4.3%	1,402	4.4%
- Deferred tax	121	0.4%	-163	-0.5%
	1,542	4.7%	1,239	3.9%
Profit after tax	4,250	12.8%	4,186	13.3%
Profit for the year before minority interest	4,250	12.8%	4,186	13.3%
Minority Interest	1	0.0%	-5	-0.0%
Profit for the Year	4,249	12.8%	4,191	13.3%

*All figures are rounded to the nearest ₹ million.

** The percentages are calculated on absolute figures.

VII. Financial Year 2017 compared to Financial Year 2016

1. Income

Our total income comprises of revenue from operations and other income.

Our total income increased by 5% to ₹33,074 million for the year ended March 31, 2017 from ₹31,507 million for the year ended March 31, 2016, primarily due to an increase in our revenue from operations partly offset by a decrease in other income.

Revenue from Operations

Our revenue from continuing operations increased by 5.9% to ₹32,483 million for the year ended March 31, 2017 from ₹30,662 million for the year ended March 31, 2016, primarily as a result of growth in our revenues in our Transportation and Industrial product vertical.

Our USD revenue from operations comprise revenues denominated in USD, in addition to amounts in foreign currencies across our operations, that are denominated in INR and then converted into USD using the exchange rates for the relevant period. Such revenues increased by 3.4% to USD 484.4 million for the year ended March 31, 2017 from USD 468.4 million for the year ended March 31, 2016.

Other Income

Our other income primarily consists of income from foreign exchange gains, investments in mutual funds, interest received, net gain on fair value of investment and miscellaneous income. Our other income decreased to ₹591 million for the year ended March 31, 2017 from ₹845 million for the year ended March 31, 2016. This was primarily due to decrease in foreign exchange gain to ₹418 million in the year ended March 31, 2017 as compared to foreign

exchange gain of ₹712 million in the year ended March 31, 2016.

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges. The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract.

The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

2. Expenses

Our expenses include employee benefit expenses, other operating expenses, finance costs, depreciation and amortization and tax expenses. Our total expenses increased by 5.5% to ₹28,824 million for the year ended March 31, 2017 from ₹27,321 million for the year ended March 31, 2016, primarily as a result of an increase in employee benefit expenses, which was attributable to the growth of our operations and annual increase in salaries.

Employee Benefit Expenses

Employee benefit expenses comprise salaries (including overseas staff expenses); share based payment, staff welfare; contributions to provident funds and contributions to gratuity funds.

Our employee benefit expenses increased by 6.5% to ₹20,958 million for the year ended March 31, 2017 (which represented 63.4% of our total income for such year) from ₹19,681 million for the year ended March 31, 2016 (which represented 62.5% of our total income for such year). This is primarily as a result of increase in salaries, including overseas staff expenses, to ₹20,305 million from ₹19,270 million on account of annual increments and increase in the headcount from 9,406 as at March 31, 2016 to 10,463 as at March 31, 2017 and share based payment amounting to ₹193 million for the year ended March 31, 2017.

Other Operating Expenses

Other operating expenses primarily comprises of Subcontracting & Component charges, technical & consultancy charges, cost of computer software, rent & establishment expense, travelling & conveyance, legal & professional charges, overheads charges & miscellaneous expenses.

Our other operating expenses decreased by 1.7% to ₹5,678 million for the year ended March 31, 2017 (which represented 17.1% of our total income for such year) from ₹5,787 million for the year ended March 31, 2016 (which represented 18.3% of our total income for such year).

Finance Costs

Finance costs comprise bank interest paid & interest on bill discounting.

Our finance costs decreased by 16.0% to ₹21 million for the year ended March 31, 2017 from ₹25 million for the year ended March 31, 2016, due to repayment of loans during the year.

Depreciation and Amortization

Tangible and intangible assets are amortised over periods corresponding to their estimated useful lives.

Our depreciation on tangible assets decreased by 6.5% to ₹347 million for the year ended March 31, 2017 from ₹371 million for the year ended March 31, 2016, and our amortisation of intangible assets increased by 27.6% to ₹278 million for the year ended March 31, 2017 from ₹218 million for the year ended March 31, 2016.

Profit before Extraordinary Items and Tax

As a result of the above mentioned factors, our profit before extraordinary items and tax was ₹5,792 million for the year ended March 31, 2017 (which represented 17.5% of our total income for such year) and ₹5,425 million for the year ended March 31, 2016 (which represented 17.2% of our total income for such year).

Tax Expenses

Tax expenses comprise of current tax and deferred tax. Current income tax is the amount expected to be paid to the tax authorities in accordance with the applicable tax laws in relevant jurisdictions. Deferred income tax reflects the impact of timing differences between taxable income and accounting income.

Our current tax increased by 1.4% to ₹1,421 million for the year ended March 31, 2017 from ₹1,402 million for the year ended March 31, 2016.

Our deferred tax charge for the year ended March 31, 2017 was ₹121 million as against our deferred tax credit for the year ended March 31, 2016 of ₹163 million

Our total tax expense has increased by 24.5% to ₹1,542 million for the year ended March 31, 2017 from ₹1,239 million for the year ended March 31, 2016. The increase is on account of higher effective tax rate and increase in profit before tax. Increase in effective tax rate is on account of lower SEZ exemption as some SEZ units moved from 100% exemption to 50% exemption during the year.

Net Profit after Tax

As a result of the foregoing factors, our net profit was ₹4,250 million for the year ended March 31, 2017 and ₹4,186 million for the year ended March 31, 2016.

Earnings per Share (EPS)

Our Basic EPS before extraordinary items has decreased by 3.9% to ₹42.08 per share in the year ended March 31, 2017 from ₹43.78 per share in the year ended March 31, 2016. However, the diluted EPS has increased by 22.8% to ₹39.64 per share in the year ended March 31, 2017 from ₹32.29 per share in the year ended March 31, 2016. The reduction in basic EPS is on account of fresh issue of 26,690,392 equity shares on June 3, 2016. The weighted average number of potential equity shares on account of employee options are 26,09,438 for the year ended March 31, 2017.

VIII. Segment Reporting

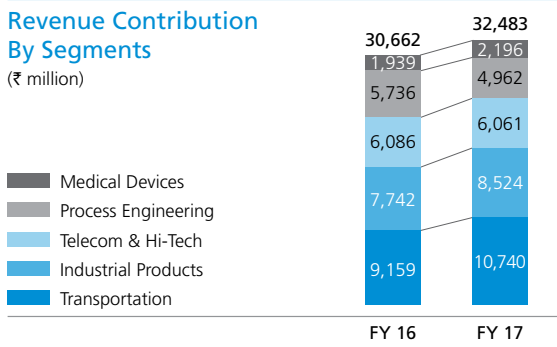
Our segmental reporting comprises of business and geographic segmentation.

Business segmentation

LTTTS operates in five industry segments namely Transportation, Industrial products, Telecom & Hitech, Process industry and Medical devices. We also provide two horizontal service offerings – Embedded systems and Mechanical which caters to all the vertical segments.

Revenue Contribution By Segments

(₹ million)



1: Transportation:

Transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.

Transportation segment is our largest segment by revenue contributing nearly one third (33.1% in FY17) of the company's total revenue. However the segment has a low operating profit profile due to margins of our subsidiaries L&T Thales Technology Services Private Limited and L&T Technology Services LLC. The segment has seen a 17% revenue growth in FY17 over FY16 majorly on account of growth in the aerospace sector as well as automotive sector which saw key deal wins including a large deal win for design, implementation and management of continuous integration framework for a European Luxury OEM and support in development of an instrument cluster for a leading Japanese Tier-1.

2: Industrial Products:

Industrial Products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

The Industrial products segment is the second largest segment in terms of revenue contribution (26.2% in FY17) and has grown by 10% in Rupee terms in FY17 over FY16 on account of addition of new logos as well as some significant big wins from the existing customer base. The emergence and development of technologies such as IoT, Edge Analytics, Industry 4.0, Energy Storage, Smart City, and Hybrid Power Generation System has steered a growth in the segment's performance over the year.

3: Telecom & Hi-tech:

Telecom & Hi-tech segment caters to OEM/ODMs, Chipset vendors, Telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement & sustenance, Testing & Validation, System Integration for communication and related solutions & systems and field implementation services.

The telecommunication industry continues to seek differentiation through network quality and breadth of service portfolio. The need to keep up with the new technologies has become paramount which has led one of the top clients to face business challenges resulting in a ramp down in this segment due to which the revenue has remained stagnant in the current year as compared to the previous year. However despite of stagnancy in revenue, the segment's operating profits have marginally improved due to higher operational efficiencies in FY17 as compared to FY16.

4: Process Engineering:

Process engineering segment provides end to end engineering services for leading plant operators across the globe. The industry span and services are broadly for chemical, consumer packaged goods (FMCG) and energy and utility sector clients.

The current year has witnessed degrowth (13.5% drop in FY17 as compared to FY16) in the segment's revenue primarily in US and Europe region. The chemical industry has gone into consolidation mode which has resulted in lesser number of Greenfields coming up. Due to drop in oil prices and weak global demand amid concerns over slowing economic growth around the world has affected the capital expenditure spend of energy majors, thereby resulting in degrowth of this segment.

5: Medical Devices:

Medical Devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance. The

medical device industry is comprised of diagnostic, life sciences, surgical, cardiovascular, home healthcare, general medical and other devices.

The medical device industry is undergoing strategic change with the focus moving from diagnosis to prevention. There has been unprecedented growth in innovative and improved technologies, which has led to higher number of projects from the existing customer base in North America, Europe and the rest of the world region. The medical devices segment's revenue has thus grown by 13.3% in FY17 over FY16.

The following table shows a breakdown of our revenue by our business segments for the periods indicated:

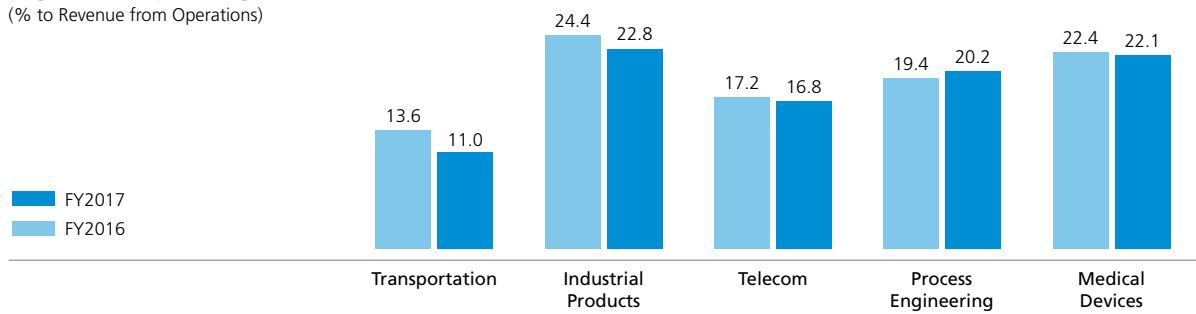
(₹ million)

	As at March 31, 2017		As at March 31, 2016	
	(₹ million)	% to Revenue from operations	(₹ million)	% to Revenue from operations
Transportation	10,740	33.1%	9,159	29.9%
Process Engineering	4,962	15.3%	5,736	18.7%
Industrial Products	8,524	26.2%	7,742	25.2%
Medical Devices	2,196	6.8%	1,939	6.3%
Telecom & Hi-Tech	6,061	18.7%	6,086	19.8%
Revenue from operations	32,483	100.0%	30,662	100.0%

Further, the segment wise operating profits as a percentage to respective segment revenue has been depicted below for the periods indicated:

Segmental Operating Profits

(% to Revenue from Operations)

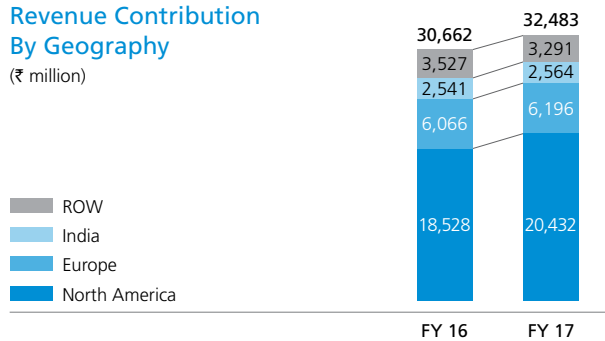


Geographical segmentation:

The revenues are generated from four main geographic markets: North America, Europe, India and Rest of the world. We present our revenues by client location, irrespective of the location of the headquarters of the client or the location of the delivery Centre where the work is performed.

Revenue Contribution By Geography

(₹ million)



SHARP & TANNAN
Chartered Accountants
Ravindra Annexe
194, Churchgate Reclamation
Dinshaw Vachha Road
Mumbai 400 020

INDEPENDENT AUDITOR'S REPORT

To the Members of L&T Technology Services Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Technology Services Limited ('the Company'), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone

Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position; refer note 35 to the standalone Ind AS financial statements
 - ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses;
 - iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and refer note 49 to the standalone Ind AS financial statements
 - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note 40 to the standalone Ind AS financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner

Mumbai, May 3, 2017

Membership no. 038332

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

- | | |
|--|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;</p> <p>(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and</p> <p>(c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.</p> <p>(ii) The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.</p> <p>(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.</p> <p>(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.</p> <p>(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.</p> <p>(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.</p> <p>(vii) (a) According to the information and explanations given to us and on the basis of our examination of records</p> | <p>of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs, duty of excise, employees' state insurance and value added tax.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.</p> <p>(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no dues of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom that have not been deposited with the appropriate authorities on account of any dispute.</p> <p>(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.</p> <p>(ix) The Company has neither raised money by sale of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, paragraph 3(ix) of the Order is not applicable to the Company.</p> <p>(x) According to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees that have been noticed or reported during the year.</p> <p>(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.</p> <p>(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.</p> |
|--|--|

- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us and based on our examination of the records of the

Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner

Mumbai, May 3, 2017

Membership no. 038332

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Technology Services Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion

or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner

Mumbai, May 3, 2017

Membership no. 038332

BALANCE SHEET

as at March 31, 2017

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ million)				
ASSETS				
I Non-current assets				
Property, plant and equipment	4	1,177	1,058	828
Capital work-in-progress		23	143	2
Goodwill	5	3,891	3,891	3,891
Other intangible assets	5	521	654	519
Financial assets				
Investments	6	61	61	61
Other financial assets	7	204	219	272
Deferred tax assets (net)	8	328	1,031	668
Other non current assets	9	94	109	335
Total non-current assets		6,299	7,166	6,576
II Current assets				
Financial assets				
Investments	10	1,927	555	-
Trade receivables	11	7,110	7,117	6,581
Cash and cash equivalents	12	622	807	671
Other bank balances	13	2	2	451
Loans	14	1	30	11
Other financial assets	15	1,328	576	658
Current tax assets (net)	16	126	-	-
Other current assets	17	3,287	2,247	2,395
Total current assets		14,403	11,334	10,767
TOTAL ASSETS		20,702	18,500	17,343
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	18	203	3,000	3,000
Other equity		15,112	7,894	7,300
Total equity		15,315	10,894	10,300
I. Non-current liabilities				
Provisions	19	-	-	7
Total non-current liabilities		-	-	7
II. Current liabilities				
Financial liabilities				
Borrowings	20	-	1,127	1,554
Trade payables	21	1,689	2,124	1,972
Other financial liabilities	22	1,784	2,300	1,520
Other current liabilities	23	689	820	749
Provisions	24	1,225	1,204	948
Current tax liabilities (net)	25	-	31	293
Total current liabilities		5,387	7,606	7,036
TOTAL EQUITY AND LIABILITIES		20,702	18,500	17,343
Notes forming part of the financial statements	1-50			

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

	Note No.	(₹ million except as stated otherwise)	
		Year ended March 31, 2017	Year ended March 31, 2016
I. Revenue from operations	26	31,125	28,937
II. Other income	27	555	817
III. TOTAL INCOME		31,680	29,754
IV. Expenses:			
Employee benefit expenses	28	19,738	18,309
Other operating expenses	29	5,363	5,294
Finance cost	30	8	16
Depreciation and amortisation expenses		575	541
TOTAL EXPENSES		25,684	24,160
V. PROFIT BEFORE TAX (III-IV)		5,996	5,594
VI. Tax expense :			
(a) Current tax		1,421	1,401
(b) Deferred tax		85	(170)
TOTAL TAX EXPENSE	31	1,506	1,231
VII. PROFIT FOR THE YEAR (V-VI)		4,490	4,363
VIII. Other comprehensive income (OCI), net of taxes	32	828	(135)
IX. TOTAL COMPREHENSIVE INCOME, NET OF TAXES		5,318	4,228
X. EARNING PER EQUITY SHARE	33		
Basic - Rupee		44.52	46.14
Diluted - Rupee		41.94	34.03
Face value per equity share - Rupee		2.00	40.00
XI. Notes forming part of the financial statements	1-50		

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

STATEMENT OF CHANGES IN EQUITY

	Other Equity						Total equity attributable to equity holders of the Company	
	Reserves & Surplus			Items of other comprehensive income				
	Equity Share Capital	Equity component of preference share capital	Securities premium account	Retained earnings	Share Options Outstanding Account	Hedging reserve		Other items of other comprehensive income
Balance as at 01-04-2015	3,000	7,500	-	(458)	-	258	-	10,300
Profit for the year	-	-	-	4,363	-	-	-	4,363
Other comprehensive income (net of taxes)	-	-	-	-	-	-	5	5
Dividends	-	-	-	(3,020)	-	-	-	(3,020)
Dividend tax	-	-	-	(615)	-	-	-	(615)
Addition/(deduction) during the period	-	-	-	-	-	(139)	-	(139)
Balance as at 31-03-2016	3,000	7,500	-	270	-	119	5	10,894
Profit for the year	-	-	-	4,490	-	-	-	4,490
Other comprehensive income (net of taxes)	-	-	-	-	-	-	(16)	(16)
Deemed dividend - ESOP	-	-	-	(117)	-	-	-	(117)
Dividends	-	-	-	(905)	-	-	-	(905)
Dividend tax	-	-	-	(184)	-	-	-	(184)
Employees shares options outstanding	-	-	-	-	952	-	-	952
Deferred employee compensation expense	-	-	-	-	(642)	-	-	(642)
Addition/(deduction) during the period	(2,797)	(7,500)	10,297	-	-	843	-	843
Balance as at 31-03-2017	203	-	10,297	3,554	310	962	(11)	15,315

Notes forming part of the financial statements 1-50

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

FIRDOSH D. BUCHIA

Partner

Membership No. 038332

Place: Mumbai

Date: May 03, 2017

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

KAPIL BHALLA

Company Secretary

A.M. NAIK

Director
 (DIN 00001514)

KESHAB PANDA

Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai

Date: May 03, 2017

CASH FLOW STATEMENT

for the year ended March 31, 2017

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
A. Cash flow from operating activities		
Profit before tax	5,996	5,594
Adjustments for:		
Depreciation and amortisation	575	541
Interest received	-	(33)
Interest paid	8	16
(Profit)/Loss on sale of fixed assets	9	-
Employee stock option forming part of staff expenses	193	-
Dividends received from current investments	(56)	(30)
Unrealised foreign exchange loss/(gain)	188	(39)
Operating profit before working capital changes	6,913	6,049
Changes in working capital		
(Increase)/decrease in trade receivables	(81)	(586)
(Increase)/decrease in other receivables	(1,219)	299
Increase/(decrease) in trade & other payables	(53)	1,147
(Increase)/decrease in working capital	(1,353)	860
Cash generated from operations	5,560	6,909
Direct taxes paid	(1,579)	(1,663)
Net cash (used in)/from operating activities	3,981	5,246
B. Cash flow from investing activities		
Purchase of fixed assets	(471)	(1,063)
Sale of fixed assets	20	15
(Purchase)/Sales of current investments	(1,372)	(555)
Dividends received from current investments	56	30
Interest received	-	33
Net cash (used in)/from investing activities	(1,767)	(1,540)
C. Cash flow from financing activities		
Equity share capital issued including share premium	7,500	-
Preference share capital redeemed	(7,500)	-
Proceeds from/(repayment of) borrowings	(1,127)	(427)
Interest paid	(8)	(16)
Dividend paid	(905)	(3,020)
Dividend tax	(359)	(556)
Net cash (used in) / from financing activities	(2,399)	(4,019)
Net (decrease) / increase in cash and cash equivalents	(185)	(313)
Cash and cash equivalents at beginning of year	809	1,122
Cash and cash equivalents at end of year	624	809

Notes:

- 1 Cash flow has been prepared under the indirect method as set out in the IndAS - 7.
- 2 Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.
- 3 Bank balances include revaluation loss of ₹ 38 million (Previous year gain of ₹ 19 million)
- 4 Cash and cash equivalents included in Cash Flow Statement comprise the following :

	As at March 31, 2017	As at March 31, 2016
	(₹ million)	
a) Cash and cash equivalents	622	807
b) Other bank balances	2	2
	624	809
Notes forming part of the financial statements	1-50	

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

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 Company Secretary

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

NOTES FORMING PART OF THE ACCOUNTS

1. CORPORATE INFORMATION

L&T Technology Services Limited (referred to as “the Company”) is a leading global pure-play Engineering, Research and Development (ER&D) services company. ER&D services are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers.

The Company is a public company incorporated and domiciled in India and has its registered office at L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001. As at March 31, 2017, Larsen & Toubro Limited, the holding company owns 89.77% of the Company’s equity share capital.

The unconsolidated financial statements for the year ended March 31, 2017 were approved for issue by the Board of Directors on May 3, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period financials have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”) to Ind AS of Shareholders’ equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the

price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

d) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Companies Act, 2013 (“the Act”). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 “Cash Flow Statements”. The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

e) Revenue recognition

Revenue from contracts which are on time and material basis are recognized when services are rendered and related costs are incurred.

Revenue from services performed on “fixed-price” basis is recognized using the proportionate completion method.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

f) Employee benefits

i. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits.

NOTES FORMING PART OF THE ACCOUNTS

The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

ii. Post-employment benefits

a) Defined contribution plan:

The Company's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised in the statement of profit and loss in the period in which the employee renders the related service.

b) Defined benefit plans:

The provident fund scheme managed by trust, employee's gratuity fund scheme managed by LIC and post-retirement medical benefit scheme are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash-flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government bonds as at the balance sheet date, having maturity periods approximating to the terms of related obligations. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Other changes in net defined benefit obligation like current service cost, past service cost, gains and losses on curtailment and net interest expense or income are recognized in the statement of profit and loss.

iii. Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Employee stock ownership scheme

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the excess of fair value of the share over the exercise price is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognised as expense each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to general reserve.

i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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The estimated useful lives are as mentioned below:

Asset class	Useful life (years)
Plant and equipment	8
Air-condition and refrigeration	12
Canteen equipment	8
Laboratory equipment	8
Electrical installations	10
Computers	3
Office equipment	4
Furniture and fixtures	10
Cars	7
Leasehold improvements	Lease period

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

j) Intangible assets and amortisation

Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of computer software and technical know-how which are amortised over the useful life as given below:

Asset class	Useful life (years)
Specialised software	6
Technical knowhow	4

k) Goodwill

Goodwill represents the excess of consideration paid over the net value of assets acquired. Goodwill is not amortised, however tested for impairment at regular interval. Refer note O (b) for accounting policy on impairment of assets.

l) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair

value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Non-derivative financial assets:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Non-derivative financial liabilities:

Financial liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

Derivative financial instrument

Cash flow hedge

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

NOTES FORMING PART OF THE ACCOUNTS

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract.

The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

m) Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

n) Leases

(a) Finance leases:

Assets acquired under lease where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Such assets are capitalised at inception of lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Operating leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

o) Impairment of assets

a) Trade receivables

The Company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance with IndAS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

b) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss

Goodwill is tested for impairment annually and if events or changes in circumstances indicate that

NOTES FORMING PART OF THE ACCOUNTS

an impairment loss may have occurred. In the impairment test, the carrying amount of the cash generating unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognised, up to a maximum amount of the goodwill related to the cash generating unit.

p) Foreign currencies

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

q) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits

NOTES FORMING PART OF THE ACCOUNTS

in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied related to income tax assessments in interest expenses.

r) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event;
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- a) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- b) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

s) Commitment

Commitments are future liability for contractual expenditure. Commitment are classified and disclosed as follows:

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for,
- b. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

t) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

u) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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3. FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These standalone financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in preparation of opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition to Ind AS). In preparing its opening Ind AS balance sheet the company has adjusted amount reported previously in financial statements prepared in accordance with accounting standards notified under Companies(Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the act (previous GAAP). An explanation of how transition from previous GAAP to Ind AS has affected the Company's financials position, financial performance and cash flow is set out in following tables and notes.

3.1 Exemptions and exceptions availed

- a) Ind AS 101 permits a first time adopter to elect to continue with carrying value for all of its property, plant and equipment as recognised in the financial statements as at date of transition to Ind AS, measured as per previous GAAP and use that as deemed cost as at date of transition after making necessary adjustments. Accordingly, company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

3.2 Reconciliation of standalone equity as at April 01, 2015

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		828	-	828
Capital work-in-progress		2	-	2
Goodwill		3,891	-	3,891
Intangible assets		519	-	519
Financial assets				
Non-current investments		61	-	61
Other financial assets	e)	612	(340)	272
Deferred tax assets (net)	a)	340	328	668
Other non current assets	e)	13	322	335
Current assets				
Current investments		-	-	-
Trade receivables	c)	6,673	(92)	6,581
Cash and cash equivalent		671	-	671
Other bank balances		451	-	451
Loans	f)	1,648	(1,637)	11
Other financial assets	f)	2	656	658
Other current assets	f)	1,581	814	2,395
TOTAL ASSETS		17,292	51	17,343
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		3,000	-	3,000
Other equity	3.7	7,567	(267)	7,300
Non-Current liabilities				
Long-term provisions		7	-	7
Other long term liabilities		-	-	-
Deferred tax liabilities (Net)		-	-	-

NOTES FORMING PART OF THE ACCOUNTS

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Current liabilities				
Short-term borrowings	g)	1,554	0	1,554
Trade payables	g)	3,098	(1,126)	1,972
Other financial liabilities	g)	-	1,520	1,520
Other current liabilities	g)	825	(76)	749
Short-term provisions	h)	1,241	(293)	948
Tax liabilities (net)	h)	-	293	293
TOTAL EQUITY AND LIABILITIES		17,292	51	17,343

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note

3.3 Reconciliation of standalone equity as at March 31, 2016

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,058	-	1,058
Capital work-in-progress		143	-	143
Goodwill		3,891	-	3,891
Intangible assets		654	-	654
Financial assets				
Non-current investments		61	-	61
Loans	e)			
Other financial assets	e)	244	(25)	219
Deferred tax assets (net)	a)	335	696	1,031
Other non current assets	e)	-	109	109
		-	-	-
Current assets				
Current investments	b)	555	0	555
Trade receivables	c)	7,127	(10)	7,117
Cash and cash equivalent		807	-	807
Other bank balances	d)	33	(31)	2
Loans	f)	2,023	(1,993)	30
Other financial assets	f)	16	560	576
Other current assets	f)	1,304	943	2,247
		-	-	-
TOTAL ASSETS		18,251	249	18,500
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		3,000	-	3,000
Other equity	3.7	8,162	(268)	7,894
Non-Current liabilities				
Long-term provisions		-	-	-
Other long term liabilities		-	-	-

NOTES FORMING PART OF THE ACCOUNTS

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Current liabilities		-	-	
Short-term borrowings	g)	1,127	0	1,127
Trade payables		3,566	(1,442)	2,124
Other financial liabilities	g)	-	2,300	2,300
Other current liabilities	g)	1,161	(341)	820
Short-term provisions	h)	1,235	(31)	1,204
Tax liabilities (net)	h)	-	31	31
TOTAL EQUITY AND LIABILITIES		18,251	249	18,500

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note.

3.4 Reconciliation of standalone total comprehensive income for the year ended March 31, 2016

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
INCOME:				
Revenue from operations	l)	28,940	(3)	28,937
Other income	i)	753	64	817
Total Revenue		29,693	61	29,754
EXPENSES:				
Employee benefit expenses	g)	18,254	55	18,309
Operating expenses		2,353	-	2,353
Sales, administration and other expenses	k) & c)	3,008	(67)	2,941
OPERATING PROFIT		6,078	73	6,151
Finance cost		16		16
Depreciation, amortisation and obsolescence expenses		541	-	541
PROFIT BEFORE TAX		5,521	73	5,594
Provision for taxation :				
Current tax	m)	1,362	39	1,401
MAT credit	a)	(249)	-	(249)
Deferred tax		64	14	79
PROFIT AFTER TAX		4,343	20	4,363
Other Comprehensive Income	n)	-	(135)	(135)
TOTAL COMPREHENSIVE INCOME		4,343	(115)	4,228

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note.

3.5 Impact of Ind AS adjustment on standalone statement of cash flow for the year ended March 31, 2016

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Net cash (used in) from operating activities	i) & f)	5,305	(28)	5,277
Net cash (used in) from investing activities	b)	(1,571)	(9)	(1,580)
Net cash (used in) from financing activities		(4,017)	7	(4,010)
		-	-	
Net (decrease) / increase in cash and cash equivalents	d)	(282)	(31)	(313)
Cash and cash equivalents at April 01, 2015		1,122	0	1,122
Cash and cash equivalents at March 31, 2016	d)	840	(31)	809

NOTES FORMING PART OF THE ACCOUNTS

Analysis of changes in cash and cash equivalents for purpose of standalone statement of cash flow under Ind AS

Particulars	Note	(₹ million)	
		As at March 31, 2016	As at April 1, 2015
Cash and cash equivalent as per previous GAAP		840	1,122
Regrouping of bank deposits having maturity after 12 months	d)	(31)	-
Cash and cash equivalent as per Ind AS		809	1,122

3.6 Reconciliation of standalone total comprehensive income for the year ended March 31, 2016

Particulars	Note	(₹ million)	
		As at March 31, 2016	
Profit after tax as per previous GAAP			4,343
Adjustments:			-
Provision for expected credit loss	c)		82
Provision for employee benefits based on constructive obligation	g)		(41)
Reclassification of net actuarial (gain)/loss on employee defined benefit obligations to OCI	j)		(6)
Impact of hedge accounting related to premium on forward contracts	i)		49
Gain/(loss) on fair value of investments	b)		0
Others			(11)
Impact of deferred and current tax in respect of above adjustments	a) & m)		(53)
Profit after tax as per Ind AS			4,363
Other comprehensive income	n)		(135)
Total comprehensive income			4,228

3.7 Reconciliation of standalone equity as at March 31, 2016 and April 1, 2015

Particulars	Note	(₹ million)	
		As at March 31, 2016	As at April 1, 2015
Total equity (shareholder's fund) as per previous GAAP		11,162	10,567
Provision for expected credit loss	c)	-	(82)
Provision for employee benefits based on constructive obligations	g)	(336)	(295)
Gain/(loss) on fair valuation of investments	b)	0	-
Impact of hedge accounting related to premium on forward contracts	i)	(151)	-
Others		(31)	(21)
Impact of deferred and current taxes in respect of the above adjustments	a) & m)	250	131
Total equity as per Ind AS		10,894	10,300

NOTES FORMING PART OF THE ACCOUNTS

3.8 Notes to first time adoption of Ind AS

a) Deferred tax assets (net)

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS which are mainly gain on fair valuation of investment, expected credit loss allowance & employee benefit provisions. Further, Minimum Alternated Tax (MAT) balance was grouped under short term loans and advances under previous GAAP which has been presented under deferred tax assets as per Ind AS.

b) Current investments

As per Ind AS, investments in liquid mutual funds have been revalued at fair value which was being accounted at cost under previous GAAP. The resulting fair value changes of these investments have been recognised in profit and loss.

c) Trade receivables

Under previous GAAP, provisions were made for specific receivables if collection was doubtful. Under Ind AS 109, the Company has applied expected credit loss model for recognising allowance for doubtful debt. Expected credit loss model reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and also includes loss for the time value of money.

d) Other bank balances and other financial assets

Fixed deposits were all classified under "Cash & Bank" category under previous GAAP. Under Ind AS, the Company has classified fixed deposits into current and non-current based on maturity duration. Accordingly, fixed deposits having maturity date after 12 months from reporting date have been classified as non-current financial assets.

e) Other financial assets & other non current assets

Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, financial assets are required to be recognised at fair value. Accordingly, the Company has measured the security deposits at fair value under Ind AS. The difference between fair value and transaction value of security deposit has been recognised as prepaid rent and is being expensed on straight line basis over term of lease. The Company also recognizes interest income using internal rate of return through its profit and loss over the life of the deposit.

f) Short term loans, financial assets and other current assets

Under previous GAAP, the financial guarantee given on behalf of subsidiary was disclosed by way of contingent liability in the standalone financial statements of the Company. As per Ind AS 109, para 5.1.1 the Company has recognised the financial guarantee at fair value at inception. Under previous GAAP, specific classification of various assets under head "financial assets" was not made. Under Ind-AS, assets covered by nature as defined under Ind AS 32 have been regrouped from short term loans to financial asset category. Assets classified as non-financial in nature have been regrouped under other current assets.

g) Other financial liabilities and other current liabilities

Constructive obligation is not defined under previous GAAP due to which certain employee related expenses were recognised as and when they occur. Under Ind AS 37, the same is covered under definition of constructive obligation

NOTES FORMING PART OF THE ACCOUNTS

and all such employee related expenses needs to be provided for. Under previous GAAP, specific classification of various liabilities under head "financial liabilities" was not made and no liability were presented under category "financial liabilities". Under Ind-AS 32, financial liability has been defined and accordingly, liabilities covered by nature as defined under Ind AS 32 has been regrouped from other current liabilities to financial liabilities category. Liability classified as non-financial in nature has been regrouped under other current liability. Consequent to transition, all employee relevant liabilities has been classified under financial liability as per new disclosure requirements. Interest accrued but no due in respect of short term borrowings regrouped from other current liability to borrowing as per disclosure requirements of Ind AS.

h) Short term provisions and Tax liabilities (net)

Under previous GAAP, current year tax liability/asset was disclosed under category "short term provisions" or "short term advance". However, as per Ind AS disclosure requirements, current year tax liabilities and advances needs to be adjusted and net balance to be disclosed separately.

i) Hedge Accounting impact on other income

Under previous GAAP, the Company was accounting the premia income over the period of the forward contract. However, under Ind AS, the Company does not account the premia income. As per Ind-AS109, changes in the fair value of the derivative hedging instrument which are designated as "Cash flow hedges" have been recognized under Other Comprehensive Income and held in Hedging Reserve (net of taxes) to the extent the hedges are effective.

j) Remeasurement of post employment benefit obligations

As per Ind AS, re-measurement of defined benefit plans has been disclosed under "Other Comprehensive Income" (OCI), which was being debited to statement of profit and loss under previous GAAP.

k) Amortisation of prepaid rent & notional interest income on lease deposits

Impact of Ind AS transition on lease deposit has been covered under note (e). Accordingly, lease deposits were fair valued and notional interest income is recognised on lease deposit using internal rate of return over life of deposit.

l) Accounting of cash discount given to customers

Under previous GAAP, cash discounts were accounted as finance cost. Under Ind AS, cash discounts are reduced from the revenue from operations.

m) Current year income tax charge

Consequent to Ind AS adjustments which are mainly on account of post employment benefit obligations and tax impact on premia/exchange gain / loss reversal, respective tax adjustments have been made in the statement of profit and loss for the year ended March 31, 2016.

n) Other Comprehensive Income

As per Ind AS, re-measurement of defined benefit plans and effective portions of gains and losses on cash flow hedges have been disclosed under "Other Comprehensive Income" (OCI). The re-measurement of defined benefit plans was being earlier recognised in the statement of profit and loss under previous GAAP.

NOTES FORMING PART OF THE ACCOUNTS

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and equipment general *	Aircondition and refrigeration	Canteen equipments	Laboratory equipments	Electrical installations	Computers* equipments*	Office equipments* and fixtures	Furniture and fixtures	Cars	Total
Gross carrying value as on											(₹ million)
01-04-2015	13	72	31	1	25	24	384	70	123	85	828
Additions during the period	155	1	32	-	43	70	140	56	75	40	612
Deductions during the period	-	1	3	-	-	3	59	2	7	22	97
Gross carrying value as on	168	72	60	1	68	91	465	124	191	103	1,343
31-03-2016											
Accumulated depreciation											
As on 01-04-2015	-	-	-	-	-	-	-	-	-	-	-
For the Year	11	10	6	-	7	10	228	44	32	20	368
On Deductions	-	-	2	-	-	2	58	2	3	16	83
As on 31-03-2016	11	10	4	-	7	8	170	42	29	4	285
Net carrying value as on	157	62	56	1	61	83	295	82	162	99	1,058
on 31-03-2016											
Gross carrying value as on	168	72	60	1	68	91	452	137	191	103	1,343
01-04-2016											
Additions during the period	114	2	31	-	13	42	179	42	39	29	491
Deductions during the period	-	-	6	-	-	5	19	16	35	18	99
Gross carrying values as on	282	74	85	1	81	128	612	163	195	114	1,735
31-03-2017											
Accumulated depreciation											
Depreciation as on	11	10	4	-	7	8	159	53	29	4	285
01-04-2016											
For the Year	26	10	8	-	9	14	177	40	35	22	341
On Deductions	-	-	2	-	-	2	18	15	21	10	68
Depreciation as on 31-03-2017	37	20	10	-	16	20	318	78	43	16	558
Net Carrying value as on	245	54	75	1	65	108	294	85	152	98	1,177
31-03-2017											

*Opening balances have been regrouped due to reclassification of assets.

NOTES FORMING PART OF THE ACCOUNTS

5. GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ million)

	Other Intangible Assets			Goodwill
	Specialised softwares	Technical knowhow	Total	
Gross carrying values as on 01-04-2015	750	143	893	3,891
Additions during the period	308	-	308	-
Deductions during the period	-	-	-	-
Gross carrying values as on 31-03-2016	1,058	143	1,201	3,891
Accumulated amortisation				
Amortisation as on 01-04-2015	336	38	374	-
For the Year	138	35	173	-
On Deductions	-	-	-	-
Amortisation as on 01-04-2016	474	73	547	-
Net carrying value as on 31-03-2016	584	70	654	3,891
Gross carrying value as on 01-04-2016	1,058	143	1,201	3,891
Additions during the period	101	-	101	-
Deductions during the period	-	-	-	-
Gross carrying value as on 31-03-2017	1,159	143	1,302	3,891
Accumulated amortisation				
Amortisation as on 01-04-2016	474	73	547	-
For the Year	199	35	234	-
On Deductions	-	-	-	-
Amortisation as on 31-03-2017	673	108	781	-
Net Carrying value as on 31-03-2017	486	35	521	3,891

6. INVESTMENTS

(₹ million)

Non-current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1,520,692 equity shares of ₹ 10 each in L&T Thales Technology Services Private Limited	60	60	60
1000 common stock of USD 10 each in L&T Technology Services LLC	1	1	1
	61	61	61

7. OTHER FINANCIAL ASSETS

(₹ million)

Non-current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	199	188	272
Fixed deposits *	5	31	-
	204	219	272

*Fixed deposits are margin money deposits against bank guarantees

NOTES FORMING PART OF THE ACCOUNTS

8. DEFERRED TAX ASSETS (NET)

Description	(₹ million)					DTL/(DTA) As at March 31, 2017
	DTL/(DTA) As at 01.04.2015	Charge/(Credit) to P&L	Charge/(Credit) to OCI	DTL/(DTA) As at 31.03.2016	Charge/(Credit) to P&L	
Property, plant and equipment, goodwill and other intangible assets	74	(42)	-	32	522	554
Branch profit tax	142	78	-	220	59	279
Net gain/(loss) on fair valuation of investments	-	-	-	-	-	-
Provision for employee benefits	(313)	(68)	-	(381)	199	(182)
Allowances for doubtful debts	(87)	(33)	-	(120)	88	(32)
Cash flow hedges	(268)	133	(193)	(328)	-	290
Other items giving rise to timing differences	(18)	11	-	(7)	5	(2)
MAT credit entitlement	(198)	(249)	-	(447)	(788)	(1,235)
Total	(668)	(170)	(193)	(1,031)	85	(328)

NOTES FORMING PART OF THE ACCOUNTS

9. OTHER NON CURRENT ASSETS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	94	109	335
	94	109	335

10. INVESTMENTS

	(₹ million)					
Current investment	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	Amount	Units	Amount	Units	Amount
Investment in mutual funds						
Quoted						
Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment	1,026,624	103	-	-	-	-
Birla Sunlife Saving Fund - Direct Plan - Daily Dividend Reinvestment	506,513	51	-	-	-	-
Birla Sunlife Short Term Fund- Direct Plan - Monthly Dividend Reinvestment	3,007,885	35	-	-	-	-
HDFC Liquid Fund - - Direct Plan - Daily Dividend Reinvestment	100,992	103	-	-	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Dividend Reinvestment	4,049,260	41	-	-	-	-
HDFC Short Term Opportunities Fund - Direct Plan - Fortnightly - Dividend Reinvestment	2,971,373	31	-	-	-	-
ICICI Prudential Flexi Income - Daily Dividend Reinvestment	316,418	33	-	-	-	-
ICICI Prudential Flexi Income - Direct - Daily Dividend Reinvestment	143,949	15	-	-	-	-
ICICI Prudential Ultra Short Term - Direct - Daily Dividend Reinvestment	2,986,030	30	-	-	-	-
ICICI Prudential Liquid - Direct Plan - Daily Dividend Reinvestment	1,096,612	110	-	-	-	-
L&T Liquid Fund - Daily Dividend Reinvestment	948,104	959	548,909	555	-	-
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment	137,764	211	-	-	-	-
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment	200,730	205	-	-	-	-
		1,927		555		-
Aggregate amount of quoted investment at cost		1,925		555		-
Aggregate amount of quoted investment at market value		1,927		555		-

NOTES FORMING PART OF THE ACCOUNTS

11. TRADE RECEIVABLES

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, considered good	7,110	7,117	6,581
Considered doubtful	155	348	253
	7,265	7,465	6,834
Less: Allowance for doubtful debt	(155)	(348)	(253)
	7,110	7,117	6,581

12. CASH AND CASH EQUIVALENTS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks	424	642	473
Cheques on hand	35	-	42
Remittance in transit	163	165	156
Cash on hand	-	-	-
	622	807	671

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior periods.

13. OTHER BANK BALANCES

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed deposits with banks *			
More than 3 months and less than 12 months	2	2	451
	2	2	451

* Fixed deposits are margin money deposits against bank guarantees

14. LOANS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, considered good			
Intercompany deposits with related parties	-	30	11
Others	1	-	-
	1	30	11

NOTES FORMING PART OF THE ACCOUNTS

15. OTHER FINANCIAL ASSETS

(₹ million)

Current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances to employees	314	455	379
Security deposits	34	16	2
Forward contract receivable	933	-	135
Loans and advances to related parties	36	71	98
Other receivables	-	30	40
Premium receivable on financial guarantee contracts	11	4	4
	1,328	576	658

16. CURRENT TAX ASSETS (NET)

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	(1,356)	-	-
Advance tax installment	1,267	-	-
TDS certificate receivable	215	-	-
	126	-	-

17. OTHER CURRENT ASSETS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue	2,132	1,303	1,593
Retention money not due	10	10	10
	2,142	1,313	1,603
Advance to suppliers	93	71	13
Prepaid expenses	560	532	394
Service tax recoverable	125	16	60
Other receivables	216	248	325
	994	867	792
	3,136	2,180	2,395
Income tax net of previous year provisions	151	67	-
	151	67	-
	3,287	2,247	2,395

NOTES FORMING PART OF THE ACCOUNTS

18. SHARE CAPITAL

18.1

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ million)			
Authorised :			
5,250,000,000 Equity shares of ₹ 2 each (March 31, 2016 : 75,000,000 Equity shares of ₹ 40 each) (April 01, 2015 : 300,000,000 Equity shares of ₹ 10 each)	10,500	3,000	3,000
Preference shares of ₹ 10 each - Nil (March 31, 2016 : 750,000,000 Preference shares of ₹ 10 each) (April 01, 2015 : 750,000,000 Preference shares of ₹ 10 each)	-	7,500	7,500
	10,500	10,500	10,500

18.2

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ million)			
Issued, subscribed and paid up			
101,690,392 Equity shares of ₹ 2 each	203	-	-
75,000,000 Equity shares of ₹ 40 each	-	3,000	-
300,000,000 Equity shares of ₹ 10 each	-	-	3,000
Total issued, subscribed and paid up capital	203	3,000	3,000

18.3 The Company consolidated 300,000,000 equity shares of ₹ 10/- each to 75,000,000 equity shares of ₹ 40/-each with effect from January 13, 2016. Pursuant to the order dated April 1, 2016 of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement for reduction in the face value of the equity shares of the Company, the Company reduced the face value of its equity shares from ₹ 40 each to ₹ 2 each. Therefore, with effect from April 1, 2016, the cumulative number of equity shares of the Company pursuant to the sub-division was 75,000,000 equity shares of ₹ 2 each.

Consequent to the reduction of the face value of the equity shares of the Company from ₹ 40 to ₹ 2 each, an amount of ₹ 2,850 million was transferred to the securities premium account of the Company. Subsequently, the Company allotted 26,690,392 equity shares of ₹ 2 each on June 3, 2016 to its Promoter, Larsen & Toubro Limited, by way of a rights issue at a premium of ₹ 279 per equity share, for a total consideration of ₹ 7,500 million (the "L&T Allotment"). From the proceeds received for the L&T Allotment, all 750,000,000 preference shares outstanding as at April 1, 2016, of face value of ₹ 10 each were redeemed in May 2016.

Consequently, the issued, subscribed and paid-up equity share capital of the Company aggregates to ₹ 203 million consisting of 101,690,392 equity shares of ₹ 2 each. There are no outstanding preference shares as on date.

18.4 In the period of five years immediately preceding March 31, 2017:

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

Aggregate number and class of shares bought back - Nil

NOTES FORMING PART OF THE ACCOUNTS

18.5 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. They entitle the holder to participate in the dividends, and to share in the proceeds of the winding up the company in proportion to the number of and amounts paid on the shares held. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

18.6 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 39.

18.7 Reconciliation of the shares outstanding at the beginning and at the end of the year.

Equity shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period (₹ 40 per share)	75,000,000	3,000	-	-
At the beginning of the period (₹ 10 per share)	-	-	300,000,000	3,000
Reduction in number of shares consequent to increase in face value	-	-	225,000,000	-
Reduction in value of shares consequent to decrease in face value	-	2,850	-	-
Issued during the period	26,690,392	53	-	-
Outstanding at the end of the period (₹ 2 per share)	101,690,392	203	-	-
Outstanding at the end of the period (₹ 40 per share)	-	-	75,000,000	3,000

Preference shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period	750,000,000	7,500	750,000,000	7,500
Issued during the period	-	-	-	-
Redeemed during the period	750,000,000	7,500	-	-
Outstanding at the end of the period	-	-	750,000,000	7,500

18.8 Shares of the Company held by holding/ultimate holding company

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	% Holding	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		75,000,000		300,000,000	

18.9 Shareholders holding more than 5% of equity shares as at the end of the quarter

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	% Holding	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		75,000,000		300,000,000	

NOTES FORMING PART OF THE ACCOUNTS

19. PROVISIONS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for interest rate guarantee	-	-	7
	-	-	7

20. BORROWINGS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured:			
From banks *	-	675	910
	-	675	910
Unsecured:			
Short term unsecured loans from banks	-	452	644
	-	452	644
	-	1,127	1,554

* Secured against hypothecation of the accounts receivables.

21. TRADE PAYABLES

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due to related parties	565	892	1,170
Liability for revenue goods	538	504	308
Supplier ledger - revenue goods/services	586	728	494
	1,689	2,124	1,972

22. OTHER FINANCIAL LIABILITIES

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investor education protection fund	-	-	-
Liability towards employee compensation	1,704	1,825	1,391
Liability - employee car/computer schemes	65	66	52
Other payables	15	13	10
Forward cover payable	-	380	-
Supplier ledger - capital goods/services	-	16	67
	1,784	2,300	1,520

NOTES FORMING PART OF THE ACCOUNTS

23. OTHER CURRENT LIABILITIES

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance received from customer	-	1	1
Other payables	678	815	744
Financial guarantee contract	11	4	4
	689	820	749

24. PROVISIONS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions for employee benefits :			
Leave encashment	1,151	978	789
Post retirement medical benefits	74	51	42
Provision for interest rate guarantee (PF)	-	-	1
	1,225	1,029	832
Others			
Tax on interim dividend on preference shares	-	38	37
Tax on interim dividend on equity shares	-	137	79
	-	175	116
	1,225	1,204	948

25. CURRENT TAX LIABILITIES (NET)

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	-	1,362	960
Advance tax installment	-	(1,094)	(515)
TDS certificate receivable	-	(237)	(152)
	-	31	293

NOTES FORMING PART OF THE ACCOUNTS

26. REVENUE FROM OPERATIONS

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Overseas	28,244	26,353
Domestic	2,881	2,584
	31,125	28,937

27. OTHER INCOME

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Foreign exchange gain / (loss)	416	706
Dividend income and gain/(loss) from mutual fund	55	30
Interest received on fixed deposit with banks	-	33
Miscellaneous income	84	48
	555	817

28. EMPLOYEE BENEFIT EXPENSES

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Salaries including overseas staff expenses	19,094	17,908
Share based payments to employees	193	-
Staff welfare	206	167
Contribution to provident and other funds	181	171
Contribution to gratuity fund	64	63
	19,738	18,309

29. OTHER OPERATING EXPENSES

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Subcontracting and component charges	952	961
Engineering, professional, technical and consultancy fees	1,084	916
Cost of computer software	476	476
Travelling and conveyance	504	444
Rent and establishment expenses	630	569
Telephone, postage and other communication charges	167	164
Legal and professional charges	279	229
Advertisement and sales promotion expenses	114	72
Recruitment expenses	104	83
Repairs to buildings & machineries	214	241
General repairs and maintenance	78	73
Power and fuel	111	100
Equipment hire charges	13	13
Insurance charges	56	62
Rates & taxes	23	26
Allowances for doubtful debts	10	96
Bad Debts	256	-

NOTES FORMING PART OF THE ACCOUNTS

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Less : Provision written back	(203)	-
Overheads charged by group companies	229	618
Trademark fees	37	-
Corporate social responsibility expenditure	36	3
Loss/(gain) on sales of fixed asset	9	-
Miscellaneous expenses	184	148
	5,363	5,294

30. FINANCE COST

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Interest paid		
Bank interest paid	5	14
Interest paid/payable - others	1	1
Interest on bill discounting	2	1
	8	16

31. PROVISION FOR TAXATION

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Current tax*	1,421	1,401
Deferred tax	85	(170)
	1,506	1,231

* Current tax includes ₹ 37 million credit consequent to the completion of income tax assessment for FY 2013-14 in India.

32. OTHER COMPREHENSIVE INCOME

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit plans	(20)	6
Income tax relating to remeasurements of the net defined benefit plans	4	(1)
	(16)	5
Items that will be reclassified to profit or loss		
Effective portion of gains and losses on hedging instruments in a cash flow hedge	1,379	(372)
Income tax relating to effective portion of gains and losses on hedging instruments in a cash flow hedge	(535)	232
	844	(140)
Total other comprehensive income, net of tax	828	(135)

NOTES FORMING PART OF THE ACCOUNTS

33. BASIC AND DILUTED EARNING PER EQUITY SHARE

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Basic		
Profit after tax	4,490	4,363
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,373	3,460
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Basic EPS - Rupees	44.52	46.14
Diluted		
Profit after tax	4,490	4,363
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,373	3,460
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Add - No. of potential equity shares	6,046,283	26,690,392
Weighted average no. of equity shares outstanding	104,299,830	101,690,392
Diluted EPS -Rupees	41.94	34.03

34. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 65 million (previous year: ₹ 177 million)

35. CONTINGENT LIABILITY

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Corporate guarantee	1,018	1,093
	1,018	1,093

(Corporate Bank Gurantee of USD 15.7 million outstanding to Bank of America as on 31-03-2017 and USD 16.5 million outstanding to Citibank as on 31-03-2016 for securing borrowings of L&T Technology Services LLC , USA.)

36. DETAILS OF PAYMENT TO AUDITORS

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Payment to auditors		
As auditor:		
Audit fee	0.73	0.66
Taxation matters	0.22	0.20

NOTES FORMING PART OF THE ACCOUNTS

	Year ended March 31, 2017	Year ended March 31, 2016
(₹ million)		
Company law matters	0.02	0.02
Other services :		
- Limited review	0.46	0.42
- Other services including certification work	1.36	0.80
Re-imbursement of expenses	0.11	0.01
	2.90	2.11

37. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2017	Year ended March 31, 2016
(₹ million)		
Donation to IIT Chennai	10	-
Healthcare	4	-
Skill development and education	12	3
Water conservation	7	-
Environment	3	-
Donation to PM relief fund	-	5
Donation to CM relief fund	-	4
Total	36	12
Amount required to be spent as per Section 135 of the Act	51	20

38. FAIR VALUE MEASUREMENTS

Financial instrument by category

Equity shares	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
- Mutual funds	1,927	-	-	555	-	-	-	-	-
- Bank fixed deposits	-	-	5	-	-	31	-	-	-
Loans	-	-	1	-	-	30	-	-	11
Trade receivables	-	-	7,110	-	-	7,117	-	-	6,581
Cash and cash equivalents	-	-	622	-	-	807	-	-	671
Other bank balances	-	-	2	-	-	2	-	-	451
Derivative financial assets	77	856	-	-	-	-	-	135	-
Security deposits	-	-	233	-	-	204	-	-	274
Premium receivable on financial guarantee contracts	-	-	11	-	-	4	-	-	4
Loans - related parties	-	-	36	-	-	71	-	-	98

NOTES FORMING PART OF THE ACCOUNTS

Equity shares	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Advances - to employees	-	-	314	-	-	455	-	-	379
Other receivables	-	-	-	-	-	30	-	-	40
Total financials assets	2,004	856	8,334	555	-	8,751	-	135	8,509
Financial liabilities									
Borrowings	-	-	-	-	-	1,127	-	-	1,554
Trade payables	-	-	1,689	-	-	2,124	-	-	1,972
Liability - employee car/ computer schemes	-	-	65	-	-	66	-	-	52
Forward cover payable	-	-	-	-	380	-	-	-	-
Supplier ledger - capital goods/ services	-	-	-	-	-	16	-	-	67
Liability towards employee compensation	-	-	1,704	-	-	1,825	-	-	1,391
Other payables	-	-	15	-	-	13	-	-	10
Total financials liabilities	-	-	3,473	-	380	5,171	-	-	5,046

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2017				As at March 31, 2016				As at April 1, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Financial investment at FVPL												
Mutual funds	1,927	-	-	1,927	555	-	-	555	-	-	-	-
Financial investment at FVOCI												
Derivative financial assets	-	856	-	856	-	-	-	-	-	135	-	135
Total financials assets	1,927	856	-	2,783	555	-	-	555	-	135	-	135
Financial liabilities												
Forward cover payable	-	-	-	-	-	380	-	380	-	-	-	-
Total financials liabilities	-	-	-	-	-	380	-	380	-	-	-	-

NOTES FORMING PART OF THE ACCOUNTS

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of remaining financial instrument is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (NAV) considered for the fair valuation of the current investment i.e. Mutual fund. Gain/(loss) on fair valuation is recognised in Profit and Loss.
- The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.
- The fair value of premium receivable on financial guarantee contract is derived by discounting premium receivable over the period of contract. Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the period of the contract.

39. SHARE BASED PAYMENTS

(a) Employee stock option plan (ESOP)

The establishment of the ESOP scheme, 2016 was done pursuant to the resolutions passed by the Board and the Shareholders on January 21, 2016 for issue of options to eligible employees which may result in issue of not more than 6,000,000 equity shares. In terms of the ESOP Scheme, 2016, the Company can grant options aggregating to not more than 8.0% of the paid up equity share capital of the Company as on April 1, 2016. The eligible employees include permanent employees (including executive directors and non-executive directors, but excluding the independent directors) of the Company, its subsidiaries, or holding company. However, unless otherwise decided by the Board, in the event the subsidiaries or the holding company have implemented a stock option scheme, the employees of such entities will not be eligible for grant of options under the ESOP Scheme, 2016. Further, the employees (i) holding 10.0% of the outstanding share capital of the Company at any time after the commencement of the ESOP Scheme, 2016, or (ii) who are promoters or persons belonging to promoter group, or directors, who either by themselves or through their relatives or any body corporate, directly or indirectly, hold more than 10.0% of the outstanding equity shares of the Company, will not be eligible for grant of options under the ESOP Scheme, 2016

The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent.

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The vesting of options granted under the ESOP Scheme, 2016 will commence one year after the date of grant of options at the rate of 20.0% of options granted each year, or at such other rates as may be fixed by the Board and may extend up to five years from the date of grant of options, unless otherwise varied in accordance with the employee stock option rules to be framed under the ESOP Scheme, 2016. The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years (84 months) from the date of grant of options or six years from the date of first vesting or three years (36 months) from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI ESOP Regulations and shall be subject to compliance with accounting policies under the ESOP Regulations. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.

Further, on resignation / termination of the eligible employees, only the vested options would be exercisable. All other grants if unvested for any reason whatsoever shall be deemed lapsed. Such eligible employee is required to exercise the options within a period of 90 days from the last date of employment or such other period as may be decided by the Board at the time of such separation. In the event an eligible employee retires or is permanently incapacitated, all unvested options will vest in the said employee immediately. The eligible employee has to exercise options within a period of three years from the date of retirement or the date of permanent incapacitation, as the case may be, or such other period as may be decided by the Board. In case of voluntary or pre-mature retirement, the eligible employee will exercise only the vested options within 180 days from the last date of employment. All other unvested options will lapse. However, the Board will have the discretion to vest the unvested options in deserving cases and where the employee has crossed the age of 55 years. The retiring age for non-executive directors shall be 75 years or as may be decided by Board and on attainment of which, all the unvested options of the nonexecutive directors shall be vested with them immediately. In event of death of the eligible employee, unvested options shall be vested immediately in the nominees or legal heirs, as the case may be, and in the event of death of any of the nominees, his share shall vest in the surviving nominees or legal heirs, pro-rata.

	2016-17		2015-16	
	Average exercise price per share option (INR)	Number of options	Average exercise price per share option (INR)	Number of options
Opening balance	-	-	-	-
Granted during the year	2	4,145,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	165,000	-	-
Forfeited during the year	-	-	-	-
Closing balance	-	3,980,000	-	-
Vested and exercisable	-	-	-	-

No options expired during the periods covered in the above table

Shares options outstanding at the end of the year have the following expiry date and exercise prices.

Grant date	Expiry date	Exercise price (INR)	Share options	Share options March 31, 2016	Share options April 1, 2015
			March 31, 2017		
July 28, 2016	July 27, 2023	2	2,000,000	-	-
August 27, 2016	August 26, 2023	2	1,980,000	-	-
Total			3,980,000	-	-

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Options granted on July 28, 2016 includes 1,500,000 and 500,000 options allotted to non-executive directors and key managerial personnel respectively.

Options granted on August 28, 2016 includes 50,000 options allotted to key managerial personnel.

Weighted average remaining contractual life of options outstanding at the end of period.	2.32 Years	-	-
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(i) Fair value of options granted

The fair value at grant date of options granted during the year ended 31-03-2017 was INR 281 (31-03-2016 - Nil). The fair value of grant date is determined using the Black Scholes Model which takes into account the exercise price, term of option, share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31-03-2017 included:

- weighted average exercise price: INR 2 (31-03-2016 - Nil)*
- grant date : 28-07-2016 and 27-08-2016
- expiry date: 27-07-2023 & 26-08-2023 (31-03-2016 - Nil)
- weighted average share price at grant date: INR 281 (31-03-2016 - Nil)#
- weighted average expected price volatility of company's share: 25.17% (31-03-2016 - Nil)
- weighted average expected dividend yield over life of option: 18.5% (31-03-2016 - Nil)
- weighted average risk-free interest: 6.95% (31-03-2016 - Nil)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

* The first vesting is due on 27-07-2017.

As the Company was not listed on the date of grant, price at grant date has been taken as per the valuation done by a category 1 merchant banker.

(b) Expense arising from share based payment transactions

Total expenses arising from share based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

	(₹ million)	
	March 31, 2017	March 31, 2016
Employee options plan	193	-

40. DISCLOSURE OF SPECIFIED BANK NOTES

During the year, the Company had specified bank notes and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017. Disclosure pursuant to the said notification is given below:

	SBNs	Other denominations	Total
Closing cash in hand as on November 08, 2016	286,500	83,026	369,526
Permitted receipts	-	300,099	300,099
Permitted payments	-	229,588	229,588
Amount deposited in bank	286,500	-	286,500
Closing cash in hand as on December 30, 2016	-	153,537	153,537

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41. DIVIDENDS

Dividends paid during the year ended March 31, 2017 include an amount of 7.95 per equity share towards interim dividend for the year ended March 31, 2017 and an amount of 0.13 per preference share towards dividend on preference shares. Dividends paid during the year ended March 31, 2016 include an amount of 14.32 per equity share towards interim dividend for the year ended March 31, 2016 and an amount of 1 per preference share towards dividend on preference shares.

The dividends declared by the holding Company are based on the profits available for distribution as reported in the financial statements of the holding Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. On May 3, 2017, the Board of Directors of the holding Company have proposed a final dividend of ₹ 4 per share in respect of the year ended March 31, 2017 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 490 Mn inclusive of dividend distribution tax of ₹ 83 Mn.

42. FINANCIAL RISK MANAGEMENT

Market risk management

The Company regularly reviews its foreign exchange forward and option positions and interest rate swaps, both on a standalone basis and in conjunction with its underlying foreign currency and interest rate related exposures. The Company follows cash flow hedge accounting for highly probable forecasted exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the balance sheet of the Company. The Company manages its exposures normally for a period of up to three years based on the estimated exposures over that period. As the period increases, the cash flows hedged as a percentage of the total expected cash flows diminish, as there is increased uncertainty of the total cash flows materializing over a longer period of time. The recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect the Company's financial condition and operating results. Hence, the Company monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on balance sheet exposures, the Company monitors the risks on net un-hedged exposures.

Price risk

The Company's investment policy and strategy are focused on preservation of capital and supporting the Company's liquidity requirements. The Company uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Company typically invests in money market funds, under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. To provide a meaningful assessment of the price risk associated with the Company's investment portfolio, the Company performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% move in debt funds and debt securities. Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- 3 INR Mn. as of March 31, 2017 and +/- 0.9 INR Mn. as of March 31, 2016. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

Foreign currency risk

In general, the Company is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Company's net sales and gross margins as expressed in Indian Rupees.

The Company may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Company's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Company may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Company may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Company uses a multi-

NOTES FORMING PART OF THE ACCOUNTS

currency correlated value-at-risk (“VAR”) model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. The overnight VAR for the Company at 95% confidence level is 140.9 INR Mn. as of March 31, 2017 and 69.9 INR Mn. as of March 31, 2016.

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Company's actual exposures and position.

Credit/counter-party risk

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was Rupees 155 million as at March 31, 2017 and Rupees 348 million as at March 31, 2016. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows

	(₹ million)	
	2016-17	2015-16
Opening balance of allowances for doubtful accounts	348	253
Allowances recognized (reversed)	(193)	95
Closing balance of allowances for doubtful accounts	155	348

The percentage of revenue from its top five customers is 24.2% for 2016-17 (24.2% for 2015-16).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments.

The Company invests its surplus funds in liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.

Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position.

The Company has no borrowings as on March 31, 2017 but it has credit facilities with banks that will help it to generate funds for the business if required. The contractual maturities of financial assets and financial liabilities is as follows

NOTES FORMING PART OF THE ACCOUNTS

Particular			(₹ million)
	Less than 1 year	More than 1 year	Total
Financial assets			
Investments	1,927	-	1,927
Trade receivables	7,110	-	7,110
Loans	1	-	1
Other financial assets	395	-	395
Total	9,433	-	9,433
Financial liabilities			
Trade payable	1,689	-	1,689
Other financial liabilities	1,784	-	1,784
Total	3,473	-	3,473

43. TAX RECONCILIATION STATEMENT

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Profit before income taxes	5,996	5,594
Enacted tax rates in India	34.61	34.61
Computed expected tax expense	2,075	1,936
Tax effect of exempt non-operating income	(19)	(10)
Tax effect due to non-taxable income for Indian tax purposes	(788)	(948)
Effect of non-deductible expenses	20	7
Overseas taxes	221	230
Others	(3)	16
Total tax expense as per books of accounts	1,506	1,231

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The foreign tax expenses are due to income taxes payable overseas, principally in the United States of America. In India, the Company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005(SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Upto 50 percent of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-investment reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income tax Act, 1961.

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44. EMPLOYEE BENEFITS

a) The amounts recognised in balance sheet are as follows:

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
A. Present Value of defined benefit obligation						
Wholly funded	388	319	-	-	2,445	1,970
Wholly unfunded	-	-	74	42	29	26
Less: Fair Value of Plan assets	388	319	74	42	2,474	1,997
Amount to be recognised as liability or (asset) (a-b)	318	271	-	-	2,460	2,002
	70	48	74	42	14	(5)
B. Amounts reflected in the Balance Sheet						
Liabilities	70	48	74	42	(15)	(5)
Assets	-	-	-	-	-	-
Net liability / (asset)	70	48	74	42	(15)	(5)

b) Profit & loss account expense :

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1. Current service cost	62	55	12	12	120	117
2. Interest cost	2	8	4	3	187	151
3. Expected return on plan assets	-	-	-	-	(187)	(151)
4. Actuarial losses / (gains)	-	-	-	-	(15)	(9)
5. Past service cost	-	-	-	-	-	-
6. Actuarial Gain/loss not recognized in books	-	-	-	-	15	9
Total expense for the year included in staff cost	64	63	16	15	120	117

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Particulars	Gratuity plan		Post retirement medical benefit plan		(₹ million)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016		
1. Opening amount recognized in OCI outside Profit and Loss Account	-	-	(6)	-	-	
2. Remeasurement during the period due to						
Changes in financial assumptions	27	(1)	17	(1)	(1)	
Changes in demographic assumptions	-	-	-	-	-	
Experience adjustments	(20)	6	(9)	(5)	(5)	
Actual return on plan assets less interest on plan assets	4	(5)	-	-	-	
Adjustment to recognize the effect of asset ceiling	-	-	-	-	-	
Closing amount recognized in OCI outside Profit and Loss Account	11	-	2	(6)	(6)	
c) Amount recorded in other comprehensive income :						
Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	(₹ million)
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at April 1, 2015		
Opening net defined benefit	48	105	9	6	(5)	(3)
Expense charged to profit & loss account	63	63	41	16	109	499
Amount recognized outside profit & loss account	12	-	64	(16)	-	-
Employer Contributions	(53)	(120)	(9)	-	(119)	(498)
Impact of Liability assumed or settled*	-	-	-	36	-	-
Closing balance of the present value of defined benefit obligation	70	48	105	42	(15)	(2)
d) Reconciliation of net liability/asset:						

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- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:
 Movement in benefit obligations :

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan		(₹ million)
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2016	As at April 1, 2015	As at March 31, 2016	
Opening of Defined Benefit Obligation	319	252	35	42	6	1,608	228
Transfer in/(Out)	-	-	-	-	-	29	506
Current service cost	62	55	35	12	11	117	112
Past service cost	-	-	-	-	-	-	-
Interest on defined benefit obligation	23	18	17	3	5	151	-
Remeasurements due to :							
Actuarial loss/(gain) arising from change in financial assumptions	27	(1)	55	(1)	(16)	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	-	-	-	-	-	-	-
Actuarial loss/(gain) arising on account of experience changes	(20)	6	-	(5)	-	-	-
Contribution by Plan Participants**	-	-	-	-	-	269	844
Benefits paid	(23)	(11)	(12)	-	-	(177)	(82)
Liabilities assumed / (settled)*	-	-	122	-	36	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-	-
Closing of Defined Benefit Obligation	388	319	252	74	51	1,997	1,608

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The company expects to contribute ₹ 70 million towards its gratuity plan in FY 2017-18
Movement in plan assets :

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	271	147	26	-	1,610	230
Expected Return on Plan Assets	-	-	11	-	151	112
Add / (Less) : Transfer in/(Out)	-	-	-	-	27	-
Add/(Less) : Actuarial gains/(losses)	-	-	(9)	-	9	26
Employer contributions	53	120	9	-	113	499
Contributions by Plan participants	-	-	-	-	269	825
Interest on plan assets	22	10	-	-	-	-
Administration expenses	-	-	-	-	-	-
Assets acquired on acquisition / (distributed on divestiture)	-	-	122	-	-	-
Remeasurements due to :	-	-	-	-	-	-
Actual return on plan assets less interest on plan assets	(5)	5	-	-	-	-
Benefits paid	(23)	(11)	(12)	-	(177)	(82)
Liabilities assumed / (settled)*	-	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-
Closing balance of the plan assets	318	271	147	-	2,002	1,610

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Sensitivity analysis :

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Impact of increase in 50 bps on defined benefit obligation				
Discount rate	-3.04%	-2.87%		
Salary escalation rate	3.17%	3.03%		
Impact of decrease in 50 bps on defined benefit obligation				
Discount rate	3.23%	3.03%		
Salary escalation rate	-3.03%	-2.90%		
Discount rate				
Impact of increase in 50 bps on defined benefit obligation			-10.59%	-9.98%
Impact of decrease in 50 bps on defined benefit obligation			12.26%	11.50%
Healthcare costs rate				
Impact of increase in 50 bps on defined benefit obligation			20.40%	21.26%
Impact of decrease in 50 bps on defined benefit obligation			-15.93%	-16.36%
Life expectancy				
Impact of increase in 50 bps on defined benefit obligation			0.54%	0.45%
Impact of decrease in 50 bps on defined benefit obligation			-0.57%	-0.47%

f) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Government of India securities	Scheme with LIC	Scheme with LIC	20.45%	25.32%
State government securities			21.19%	15.84%
Corporate bonds			14.50%	8.94%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds			8.38%	9.32%
Public sector bonds			32.84%	39.25%
Mutual Funds			2.64%	1.33%

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g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	As at March 31, 2017	As at March 31, 2016
1. Discount rate		
a) Gratuity plan	6.75%	7.95%
b) Post retirement medical benefit plan	6.75%	7.95%
2. Annual increase in healthcare costs	5.00%	5.00%
3. Salary growth rate	5.00%	5.00%
4. Attrition rate	2% to 18% for various age groups	2% to 18% for various age groups

h) The amounts pertaining to defined benefit plans for the current year are as follows:

Particulars	(₹ in million)	
	As at March 31, 2017	As at March 31, 2016
Post retirement medical benefit plan (non funded)		
1. Defined benefit obligation	74	51
2. Experience Adjustments plan liabilities	-	-
3. Experience Adjustments plan assets	-	-
Gratuity plan		
1. Defined benefit obligation	388	319
2. Plan assets	318	271
3. (Surplus) / deficit	70	48
4. Experience Adjustments plan liabilities	-	-
5. Experience Adjustments plan assets	-	-
Self - managed provident fund plan		
1. Defined benefit obligation	2,445	1,997
2. Plan assets	2,460	2,002
3. (Surplus) / deficit	(15)	(5)

General descriptions of defined benefit plans:

a.) Gratuity plan

The Company makes contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b.) Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

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c.) Self-managed provident fund plan

The Company's provident fund plan is managed by its holding company through a Trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

45. RELATED PARTY DISCLOSURE

(i) List of related parties over which control exists/exercised:

Name	Relationship
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

(ii) List of related parties which can exercise control:

Name	Relationship
Larsen and Toubro Limited	Holding company

(iii) Key management personnel :

Name	Status
Dr. Keshab Panda	Chief Executive Officer & Managing Director
Mr. Amit Chadha	President - Sales & Business Development and Whole Time Director
Mr. Kumar Prabhas	Whole Time Director*
Mr. P. Ramakrishnan	Chief Financial Officer
Mr. Kapil Bhalla	Company Secretary**
Mr. Y. V. S. Sravankumar	Company Secretary***

*Ceased to be Whole Time Director w.e.f the close of working hours of January 21, 2017

** Appointed as Company Secretary w.e.f April 27, 2016

***Ceased to be Company Secretary w.e.f the close of working hours of April 26, 2016

(iv) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding company
Larsen & Toubro Infotech Limited	Fellow subsidiary
Larsen & Toubro Infotech Canada Limited	Fellow subsidiary
Larsen & Toubro Infotech GmbH	Fellow subsidiary
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Technologies INC	Fellow subsidiary
Larsen & Toubro LLC	Fellow subsidiary
Larsen & Toubro (East Asia) SDN.BHD	Fellow subsidiary
L&T-MHPS Boilers Private Limited	Fellow subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow subsidiary
L&T Hydrocarbon Engineering Limited *	Fellow subsidiary
Larsen & Toubro T&D SA (PTY) Limited	Fellow subsidiary

NOTES FORMING PART OF THE ACCOUNTS

Name	Relationship
L&T Construction Equipment Limited	Fellow subsidiary
L&T-Valdel Engineering Limited *	Fellow subsidiary
L&T Infocity Limited	Fellow subsidiary
L&T Infrastructure Engineering Limited	Fellow subsidiary
PT. Tamco Indonesia	Fellow subsidiary
Ewac Alloys Limited	Fellow subsidiary
Larsen & Toubro Electromech LLC	Fellow subsidiary
Kesun Iron & Steel Company Private Limited	Fellow subsidiary
L&T Overseas Projects Nigeria Limited	Fellow subsidiary
Servowatch Systems Limited	Fellow subsidiary
Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
Larsen Toubro Arabia LLC	Fellow subsidiary
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

* L&T-Valdel Engineering Ltd has been amalgamated with L&T Hydrocarbon Engineering Ltd effective April 1, 2016.

(v) Disclosure of related party transactions

Transaction	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Sale of services :		
Holding Company	227	295
- Larsen & Toubro Limited	227	295
Fellow Subsidiaries	633	748
- L&T Hydrocarbon Engineering Limited *	11	40
- Larsen & Toubro Infotech Limited	598	667
- Larsen & Toubro LLC	-	24
- Larsen & Toubro (East Asia) SDN.BHD	8	10
- L&T Construction Equipment Limited	-	-
- L&T-MHPS Boilers Private Limited	-	6
- Ewac Alloys Limited	-	1
- Larsen & Toubro Infotech GMBH	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
- L&T Metro Rail (Hyderabad) Limited	-	-
- L&T Valves Limited	-	-
- L&T Power Limited	1	-
- L&T Infotech South Africa	15	-
Subsidiaries	665	441
- L&T Thales Technology Services Private Limited	319	104
- L&T Technology Services LLC	346	337
Purchase of services :		
Holding Company	48	12
- Larsen & Toubro Limited	48	12

NOTES FORMING PART OF THE ACCOUNTS

Transaction	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Fellow Subsidiaries	242	512
- L&T Hydrocarbon Engineering Limited *	126	-
- Larsen & Toubro Infotech Limited	104	79
- Larsen & Toubro Infotech GMBH	9	-
- L&T Metro Rail (Hyderabad) Limited	1	-
- L&T-Valdel Engineering Limited *	-	419
- PT. Tamco Indonesia	2	13
- L&T Infrastructure Engineering Limited	-	1
- L&T-Sargent & Lundy Limited	-	-
- L&T Construction Equipment Limited	-	-
Subsidiaries	166	42
- L&T Thales Technology Services Private Limited	19	6
- L&T Technology Services LLC	147	36
Sale of Assets :		
Holding Company	-	3
- Larsen & Toubro Limited	-	3
Rent paid :		
Holding Company	165	78
- Larsen & Toubro Limited	165	78
Fellow Subsidiaries	36	54
- Larsen & Toubro Infotech Limited	26	51
- L&T-MHPS Boilers Private Limited	-	-
- Larsen & Toubro Infotech GMBH	7	-
- PT. Tamco Indonesia	1	1
- L&T Infocity Limited	1	1
- L&T Infotech Financial Services Technologies INC	1	1
Subsidiaries	-	2
- L&T Thales Technology Services Private Limited	-	2
- L&T Technology Services LLC	-	-
Commission paid :		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Fellow Subsidiaries	3	5
- Larsen & Toubro Infotech Limited	3	5

NOTES FORMING PART OF THE ACCOUNTS

Transaction	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Interest paid :		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Interest receivable :		
Holding Company	13	-
- Larsen & Toubro Limited	13	-
Subsidiaries	1	1
- L&T Thales Technology Services Private Limited	1	1
Services availed by company :		
Holding Company	316	1,023
- Larsen & Toubro Limited	316	1,023
Fellow Subsidiaries	108	420
- Larsen & Toubro Infotech Limited	102	375
- L&T Hydrocarbon Engineering Limited *	-	9
- L&T Infocity Limited	6	7
- L&T Information Technology Services (Shanghai) Co. Ltd	-	20
- Larsen & Toubro Infotech Canada Limited	-	1
- Larsen & Toubro LLC	-	1
- PT. Tamco Indonesia	-	5
- Larsen&Toubro (East Asia) SDN.BHD	-	-
- Larsen & Toubro T&D SA (PTY) Limited	-	2
- L&T Construction - Hq International	-	-
- L&T Construction Equipment Limited	-	-
- L&T Ramboll Consulting Eng Ltd	-	-
- L&T-Sargent & Lundy Ltd.	-	-
- Larsen & Toubro Infotech Gmbh	-	-
- Larsen & Toubro Kuwait Construction	-	-
Subsidiaries	38	4
- L&T Thales Technology Services Private Limited	14	4
- L&T Technology Services LLC	24	-
Services rendered by company :		
Holding Company	1	1
- Larsen & Toubro Limited	1	1

NOTES FORMING PART OF THE ACCOUNTS

Transaction	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Fellow Subsidiaries	3	106
- L&T-Valdel Engineering Limited	-	106
- Larsen & Toubro Infotech GmbH	-	-
- Larsen & Toubro Infotech Limited	3	-
- L&T Hydrocarbon Engineering Limited *	-	-
- Servowatch Systems Limited	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
Subsidiaries	72	194
- L&T Thales Technology Services Private Limited	28	34
- L&T Technology Services LLC	44	160
Trademark fees :		
Holding Company	37	-
- Larsen & Toubro Limited	37	-
Reimbursement of expense incurred on the Company's behalf :		
Holding Company	6	12
- Larsen & Toubro Limited	6	12
Fellow Subsidiaries	8	1
- L&T Hydrocarbon Engineering Limited	2	-
- Larsen & Toubro Infotech Limited	6	1
- L&T Infocity Limited	-	-
- Larsen Toubro Arabia LLC	-	-
Subsidiaries	4	
- L&T Thales Technology Services Private Limited	1	-
- L&T Technology Services LLC	3	-

Transaction	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inter corporate deposit to :			
Subsidiaries	-	30	11
- L&T Thales Technology Services Private Limited	-	30	11
Trade receivable :			
Holding Company	71	121	87
- Larsen & Toubro Limited	71	121	87

NOTES FORMING PART OF THE ACCOUNTS

Transaction	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fellow Subsidiaries	269	201	263
- Larsen & Toubro Infotech Limited	229	156	201
- L&T-MHPS Boilers Private Limited	-	1	1
- L&T Hydrocarbon Engineering Limited *	-	10	-
- L&T Construction Equipment Limited	-	-	20
- Larsen & Toubro (East Asia) SDN.BHD	23	31	30
- L&T Information Technology Services (Shanghai) Co. Ltd	2	2	-
- Ewac Alloys Limited	-	1	-
- Larsen & Toubro Infotech South Africa (PTY) Limited	15	-	-
- Larsen & Toubro LLC	-	-	11
- L&T Valves Limited	-	-	-
Subsidiaries	340	235	17
- L&T Thales Technology Services Private Limited	243	86	1
- L&T Technology Services LLC	97	149	16
Trade payable :			
Holding Company	455	675	849
- Larsen & Toubro Limited	455	675	849
Fellow Subsidiaries	110	217	313
- Larsen & Toubro Infotech Limited	77	103	239
- Larsen & Toubro Infotech Canada Limited	-	-	1
- L&T Infotech Financial Services Technologies INC	1	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	1	-
- L&T-Valdel Engineering Limited *	-	97	61
- L&T Hydrocarbon Engineering Limited *	15	10	3
- Larsen & Toubro (East Asia) SDN.BHD	5	6	5
- Larsen & Toubro Electromech LLC	-	-	-
- L&T-Sargent & Lundy Limited	-	-	1
- Larsen & Toubro Kuwait Construction Company, With Limited Liability	-	-	1
- L&T Infrastructure Engineering Limited	-	-	2
- L&T Infocity Limited	-	-	-
- Larsen & Toubro Infotech GmbH	10	-	-
- Larsen & Toubro Saudi Arabia LLC	2	-	-
- Larsen Toubro Arabia LLC	-	-	-
Subsidiaries	-	-	8
- L&T Thales Technology Services Private Limited	-	-	1
- L&T Technology Services LLC	-	-	7
Loans and advances recoverable :			

NOTES FORMING PART OF THE ACCOUNTS

Transaction	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Holding Company	6	5	91
- Larsen & Toubro Limited	6	5	91
Fellow Subsidiaries	4	3	7
- Kesun Iron & Steel Company Private Limited	2	2	2
- Larsen & Toubro Infotech GmbH	-	1	1
- L&T Overseas Projects Nigeria Limited	-	-	-
- Ewac Alloys Limited	-	-	-
- L&T Metro Rail (Hyderabad) Limited	-	-	-
- Larsen & Toubro LLC	-	-	4
- L&T Seawood Limited	-	-	-
- Servowatch Systems Limited	2	-	-
Subsidiaries	26	63	-
- L&T Thales Technology Services Private Limited	24	31	-
- L&T Technology Services LLC	2	32	-

Corporate guarantee outstanding as on respective balance sheet date :

Transaction	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Subsidiaries	1,018	1,093	1,031
- L&T Technology Services LLC	1,018	1,093	1,031
(Corporate bank guarantee of USD 15.7 million as on 31.03.2017 and USD 16.5 million as on 31.03.2016 and 31.03.2015)			
Equity Share Capital issued :	54	-	198
- Larsen & Toubro Limited **	54	-	198
Preference Share Capital issued :			
Holding Company	-	-	350
- Larsen & Toubro Limited	-	-	350
Preference Share Capital redeemed :			
Holding Company	7,500	-	-
- Larsen & Toubro Limited	7,500	-	-
Interim dividend paid - Equity :			
Holding Company	777	2,270	1,568
- Larsen & Toubro Limited	777	2,270	1,568
Interim dividend paid - Preference :			
Holding Company	97	750	582
- Larsen & Toubro Limited	97	750	582

** Equity shares were issued at premium of ₹ 279 per share

NOTES FORMING PART OF THE ACCOUNTS

Compensation to Key managerial personnel

Particulars	(₹ million)	
	2016-17	2015-16
Short-term employee benefits	146	98
Post-employment benefits	1	-
Share-based payment *	132	-
Total compensation	279	98

* During the year ended March 31, 2017, 5,50,000 ESOPs were granted to the key managerial personnel under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 39 for detailed terms of the ESOP Scheme 2016.

Compensation to Non-executive directors

Particulars	(₹ million)	
	2016-17	2015-16
Sitting fees	2	1
Commission	15	-
Share-based payment*	359	-

During the year ended March 31, 2017, 15,00,000 ESOPs were granted to the Non-executive directors under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 39 for detailed terms of the ESOP Scheme 2016.

Translations with Trust Managed Employees Provident fund

Particulars	(₹ million)	
	2016-17	2015-16
Towards Employer's contribution	81	75

Translations with Approved Gratuity Fund

Particulars	(₹ million)	
	2016-17	2015-16
Towards Employer's contribution	52	118

46. SEGMENT REPORTING

(a) Description of segments and principal activities

The Company's management examines the Company's performance from industry perspective and has identified five reportable segments of its business:

1: Transportation: The transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.

2: Process Engineering: Process engineering segment provides end to end engineering services for leading plant operators across the globe. This segment works across the lifecycle of the project covering concept and basic engineering to detail engineering and start-up support.

NOTES FORMING PART OF THE ACCOUNTS

3: Industrial Products: Industrial Products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

4: Medical Devices: Medical Devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance.

5: Telecom: Telecom segment caters to OEM/ODMs, Chipset vendors, Telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement & sustenance, Testing & Validation, System Integration for communication and related solutions & systems and field implementation services.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

Particulars							(₹ million)
	Transportation	Process Engineering	Industrial Products	Medical Devices	Telecom	Total	
Revenue	9,382	4,962	8,524	2,196	6,061	31,125	
% to Total	30.1%	15.9%	27.4%	7.1%	19.5%	100.0%	
	7,434	5,736	7,742	1,939	6,086	28,937	
% to Total	25.7%	19.8%	26.8%	6.7%	21.0%	100.0%	
Segment operating profits	1,632	961	2,078	493	1,043	6,207	
% to Revenue	17.4%	19.4%	24.4%	22.4%	17.2%	19.9%	
	1,149	1,160	1,762	428	1,019	5,518	
% to Total	15.5%	20.2%	22.8%	22.1%	16.7%	19.1%	
Un-allocable expenses (net)						183	
						184	
Other income						555	
						817	
Operating profit						6,579	
						6,151	
Finance cost						8	
						16	
Depreciation						575	
						541	
Profit before extraordinary items and tax						5,996	
						5,594	

NOTES FORMING PART OF THE ACCOUNTS

(ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

Particulars	(₹ million)				
	North America	Europe	India	ROW	Total
External revenue by location of customers	18,983	6,057	2,881	3,204	31,125
	<i>16,937</i>	<i>5,955</i>	<i>2,584</i>	<i>3,461</i>	<i>28,937</i>

Numbers in italics are previous year numbers

Fixed assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the fixed assets and services are used inter-changeably among segments.

47. LEASES

The lease rentals charged during the period is as under

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognised during the period	684	660

The Group avails office space under non-cancellable operating leases. The Company recognises rent expense on a straight-line basis over the non-cancellable lease term. Future minimum lease rentals payable under non-cancellable operating leases as per the rentals stated in the respective agreements are as follows:

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Future minimum lease payable			
Not later than 1 year	529	563	438
Later than 1 year and not later than 5 years	1,944	1,989	1,942
Later than 5 years	1,487	1,951	2,436

The operating lease arrangements, are renewable on a periodic basis and most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

48. MICRO AND SMALL ENTERPRISES

Particulars	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	1	-
The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the year (where the principal has been paid but interest under the Act not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Dues to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, have been determined to the extent such parties have been identified on the basis of information collected by the Management.

49. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.
50. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

SHARP & TANNAN
Chartered Accountants
Ravindra Annexe
194, Churchgate Reclamation
Dinshaw Vachha Road
Mumbai 400 020

INDEPENDENT AUDITOR'S REPORT

To the members of L&T Technology Services Limited

Report on the consolidated Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying consolidated Ind AS financial statements of L&T Technology Services Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss (including consolidated other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'consolidated Ind AS financial statements').

Management's responsibility for the consolidated Ind AS financial statements

The Holding Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

The respective board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or

error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at March 31, 2017, its consolidated financial performance including consolidated other comprehensive income, its consolidated cash flows and its consolidated changes in equity for the year ended on that date.

Other matters

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 875 million and net assets of ₹ (450) million as at March 31, 2017 and total revenues of ₹ 1,573 million and net cash inflows of ₹ 48 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of section 143(3) and (1) of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

This subsidiary is located outside India and its financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by other auditors under generally accepted auditing standards applicable in its country. The Company's management has converted the financial statements of this subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of this subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
 - c) the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of

changes in equity dealt with by this report are in agreement with the books of account;

- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
- e) on the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the board of directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - refer note 34 of the consolidated financial statements;
 - ii. the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India - refer note 47 of the consolidated financial statements; and
 - iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer Note 39 to the consolidated Ind AS financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner

Mumbai, May 3, 2017

Membership no. 038332

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF L&T TECHNOLOGY SERVICES LIMITED

(Referred to in paragraph 1(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Technology Services Limited ('the Holding Company') and its Subsidiaries ('the Holding Company and its Subsidiaries together referred to as 'the Group') as at March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The respective board of directors of the of the Holding company and its subsidiary company which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its Subsidiary Company incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, May 3, 2017

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ million)				
ASSETS				
I Non-current assets				
Property, plant and equipment	4	1,190	1,071	832
Capital work-in-progress		23	143	4
Goodwill	5	4,139	4,144	3,952
Other intangible assets	5	733	917	808
Goodwill on consolidation	5	76	76	76
Financial assets				
Other financial assets	6	227	250	275
Deferred tax assets (net)	7	323	1,061	720
Other non current assets	8	96	112	335
Total non-current assets		6,807	7,774	7,002
II Current assets				
Financial assets				
Investments	9	1,946	555	-
Trade receivables	10	7,106	7,259	6,756
Cash and cash equivalents	11	672	832	703
Other bank balances	12	2	2	451
Loans	13	1	-	-
Other financial assets	14	1,308	518	694
Current tax assets (net)	15	129	-	-
Other current assets	16	3,554	2,483	2,589
Total current assets		14,718	11,649	11,193
TOTAL ASSETS		21,525	19,423	18,195
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	17	203	3,000	3,000
Other equity		14,653	7,661	7,254
Equity attributable to equity holders of the Company		14,856	10,661	10,254
Non-controlling interest		(4)	(5)	-
Total equity		14,852	10,656	10,254
I. Non-current liabilities				
Provisions	18	-	-	7
Total non-current liabilities		-	-	7
II. Current liabilities				
Financial liabilities				
Borrowings	19	1,019	1,955	2,188
Trade payables	20	1,847	2,138	1,954
Other financial liabilities	21	1,822	2,401	1,698
Other current liabilities	22	714	1,010	848
Provisions	23	1,271	1,232	954
Current tax liabilities (net)	24	-	31	292
Total current liabilities		6,673	8,767	7,934
TOTAL EQUITY AND LIABILITIES		21,525	19,423	18,195
Notes forming part of the financial statements	1-48			

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(₹ million except as stated otherwise)

	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I. Revenue from operations	25	32,483	30,662
II. Other income	26	591	845
III. TOTAL INCOME		33,074	31,507
IV. Expenses:			
Employee benefit expenses	27	20,958	19,681
Other operating expenses	28	5,678	5,787
Finance cost	29	21	25
Depreciation and amortisation expenses		625	589
TOTAL EXPENSES		27,282	26,082
V. PROFIT BEFORE TAX (III-IV)		5,792	5,425
VI. Tax expense :			
(a) Current tax		1,421	1,402
(b) Deferred tax		121	(163)
TOTAL TAX EXPENSE	30	1,542	1,239
VII. PROFIT FOR THE YEAR (V-VI)		4,250	4,186
VIII. Other comprehensive income (OCI), net of taxes	31	843	(150)
IX. TOTAL COMPREHENSIVE INCOME, NET OF TAXES		5,093	4,036
Profit/(loss) attributable to :			
Owners of the company		4,249	4,191
Non-controlling interest		1	(5)
Total comprehensive income attributable to :			
Owners of the company		5,092	4,041
Non-controlling interest		1	(5)
X. EARNING PER EQUITY SHARE	32		
Basic - Rupee		42.08	43.78
Diluted - Rupee		39.64	32.29
Face value per equity share - Rupee		2.00	40.00
XI. Notes forming part of the financial statements	1-48		

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Other Equity						Total equity attributable to equity holders of the Company			
	Reserves & Surplus			Items of other comprehensive income						
	Equity Share Capital	Equity component of preference share capital	Securities premium account	Retained earnings	Share options outstanding	Non-controlling interest	Foreign currency translation reserve	Hedging reserve	Other items of other comprehensive income	
Balance as at 01-04-2015	3,000	7,500	-	(504)	-	-	-	258	-	10,254
Profit for the year	-	-	-	4,191	-	-	-	-	5	4,191
Other comprehensive income	-	-	-	(3,020)	-	-	-	-	-	(3,020)
Dividends	-	-	-	(615)	-	-	-	-	-	(615)
Dividend tax	-	-	-	-	-	(5)	(15)	(139)	-	(159)
Addition/(deduction) during the period	-	-	-	-	-	5	(15)	119	5	10,656
Balance as at 31-03-2016	3,000	7,500	-	52	-	5	(15)	119	5	10,656
Profit for the year	-	-	-	4,249	-	-	-	-	(16)	4,249
Other comprehensive income	-	-	-	(117)	-	-	-	-	-	(117)
Deemed dividend - ESOP	-	-	-	(905)	-	-	-	-	-	(905)
Dividends	-	-	-	(184)	-	-	-	-	-	(184)
Dividend tax	-	-	-	-	-	-	-	-	-	-
Employees shares options outstanding	-	-	-	-	952	-	-	-	-	952
Deferred employee compensation expense	-	-	-	-	(642)	-	-	-	-	(642)
Addition/(deduction) during the period	(2,797)	(7,500)	10,297	-	-	1	15	843	-	859
Balance as at 31-03-2017	203	-	10,297	3,095	310	(4)	-	962	(11)	14,852

Notes forming part of the financial statements 1-48

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

FIRDOSH D. BUCHIA

Partner

Membership No. 038332

Place: Mumbai

Date: May 03, 2017

P. RAMAKRISHNAN

Chief Financial Officer

KAPIL BHALLA

Company Secretary

A.M. NAIK

Director
(DIN 00001514)

KESHAB PANDA

Chief Executive Officer &
Managing Director
(DIN 05296942)

For and on behalf of the Board of Directors of
L&T Technology Services Limited

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2017

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
A. Cash flow from operating activities		
Profit before tax	5,792	5,594
Adjustments for:		
Depreciation and amortisation	625	589
Interest received	(1)	(32)
Interest paid	21	25
(Profit)/Loss on sale of fixed assets	9	-
Employee stock option forming part of staff expenses	193	-
Dividends received from current investments	(56)	(30)
Unrealised foreign exchange loss/(gain)	181	(33)
Operating profit before working capital changes	6,764	5,944
Changes in working capital		
(Increase)/decrease in trade receivables	62	(554)
(Increase)/decrease in other receivables	(1,295)	353
Increase/(decrease) in trade & other payables	(109)	1,195
(Increase)/decrease in working capital	(1,342)	994
Cash generated from operations	5,422	6,938
Direct taxes paid	(1,581)	(1,663)
Net cash (used in)/from operating activities	3,841	5,275
B. Cash flow from investing activities		
Purchase of fixed assets	(465)	(1,283)
Sale of fixed assets	20	15
(Purchase)/Sales of current investments	(1,391)	(555)
Dividends received from current investments	56	30
Interest received	1	32
Net cash (used in)/from investing activities	(1,779)	(1,761)
C. Cash flow from financing activities		
Equity share capital issued including share premium	7,500	-
Preference share capital redeemed	(7,500)	-
Proceeds from/(repayment of) borrowings	(937)	(233)
Interest paid	(21)	(25)
Dividend paid	(905)	(3,020)
Dividend tax	(359)	(556)
Net cash (used in) / from financing activities	(2,222)	(3,834)
Net (decrease) / increase in cash and cash equivalents	(160)	(320)
Cash and cash equivalents at beginning of year	834	1,154
Cash and cash equivalents at end of year	674	834

Notes:

- 1 Cash flow has been prepared under the indirect method as set out in the IndAS - 7.
- 2 Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.
- 3 Bank balances include revaluation loss of ₹ 38 million (Previous year gain of ₹ 21 million)
- 4 Cash and cash equivalents included in Cash Flow Statement comprise the following :

	As at March 31, 2017	As at March 31, 2016
	(₹ million)	
a) Cash and cash equivalents	672	832
b) Other bank balances	2	2
	674	834
Notes forming part of the financial statements	1-48	

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
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 Company Secretary

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. CORPORATE INFORMATION

L&T Technology Services Limited, along with its subsidiaries (herein after referred to as the "Group"), is a leading global pure-play Engineering, Research and Development (ER&D) services company. ER&D services are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers.

The Company is a public company incorporated and domiciled in India and has its registered office at L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001. As at March 31, 2017, Larsen & Toubro Limited, the holding company owns 89.77% of the Company's equity share capital.

The consolidated financial statements of the Group for the year ended March 31, 2017 were approved for issue by the Board of Directors on May 3, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period financials have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the

price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Principles of consolidation

- i. The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expense, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Parent Company's independent financial statements.
- ii. Goodwill on consolidation represents the difference between the Group's share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill arising on consolidation is not amortised, however, it is tested for impairment. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.
- iii. Non-controlling interest represents that part of the net profit or loss and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Group.

d) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

e) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

f) Revenue recognition

Revenue from contracts which are on time and material basis are recognized when services are rendered and related costs are incurred.

Revenue from services performed on "fixed-price" basis is recognized using the proportionate completion method.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

g) Employee benefits

i. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

ii. Post-employment benefits

a) Defined contribution plan:

The Company's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised in the statement of profit and loss in the period in which the employee renders the related service.

b) Defined benefit plans:

The provident fund scheme managed by trust, employee's gratuity fund scheme managed by LIC and post-retirement medical

benefit scheme are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash-flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government bonds as at the balance sheet date, having maturity periods approximating to the terms of related obligations. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Other changes in net defined benefit obligation like current service cost, past service cost, gains and losses on curtailment and net interest expense or income are recognized in the statement of profit and loss.

iii. Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Employee stock ownership scheme

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the excess of fair value of the share over the exercise price is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognised as expense each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to general reserve.

j) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below

Asset class	Useful life (years)
Plant and equipment	8
Air-condition and refrigeration	12
Canteen equipment	8
Laboratory equipment	8
Electrical installations	10
Computers	3
Office equipment	4
Furniture and fixtures	10
Cars	7
Leasehold improvements	Lease period

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

k) Intangible assets and amortisation

Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable,

less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of computer software and technical know-how which are amortised over the useful life as given below:

Asset class	Useful life (years)
Specialised software	6
Technical knowhow	4
Customer contracts and relationships	7

l) Goodwill

Goodwill represents the excess of consideration paid over the net value of assets acquired. Goodwill is not amortised, however tested for impairment at regular interval. Refer note O (b) for accounting policy on impairment of assets.

m) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Non-derivative financial assets:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Non-derivative financial liabilities:

Financial liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

Derivative financial instrument

Cash flow hedge

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract.

The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no

longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

n) Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

o) Leases

(a) Finance leases:

Assets acquired under lease where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Such assets are capitalised at inception of lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Operating leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

p) Impairment of assets

a) Trade receivables

The Company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance with IndAS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

b) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss

Goodwill is tested for impairment annually and if events or changes in circumstances indicate that an impairment loss may have occurred. In the impairment test, the carrying amount of the cash generating unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognised, up to a maximum amount of the goodwill related to the cash generating unit.

q) Foreign currencies

The functional currency of the Company is Indian rupee.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

r) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in

statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied related to income tax assessments in interest expenses.

s) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event;
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- a) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- b) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

t) Commitment

Commitments are future liability for contractual expenditure. Commitment are classified and disclosed as follows:

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for,
- b. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

u) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

v) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

w) The list of subsidiaries included in the consolidated financial statements is as under:

	Name of the subsidiary company	Country of incorporation	Proportion of ownership as at March 31 (%)	
			2017	2016
1	L&T Technology Services LLC	USA	100	100
2	L&T Thales Technology Services Private Limited	India	74	74

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

3. FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These financial statements, for the year ended March 31, 2017, are the first the group has prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in preparation of opening Ind AS balance sheet at April 1, 2015 (the group's date of transition to Ind AS). In preparing its opening Ind AS balance sheet the group has adjusted amount reported previously in financial statements prepared in accordance with accounting standards notified under Companies(Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the act (previous GAAP). An explanation of how transition from previous GAAP to Ind AS has affected the group's financials position, financial performance and cash flow is set out in following tables and notes.

3.1 Exemptions and exceptions availed

- Ind AS 101 permits a first time adopter to elect to continue with carrying value for all of its property, plant and equipment as recognised in the financial statements as at date of transition to Ind AS, measured as per previous GAAP and use that as deemed cost as at date of transition after making necessary adjustments. Accordingly, group has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.
- In respect of business combinations, Ind AS 101 provides the option to apply Ind AS 103 prospectively from transition date or from a specific date prior to transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to transition date. The group has elected to apply Ind AS 103 prospectively to business combination occurring after its transition date. Business combination occurring prior to transition date have not been restated.
- Ind AS 101 allows first time adopter not to apply Ind AS 21 Effects of changes in foreign exchange rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases where the entity does not apply Ind AS 21 retrospectively fair value adjustments and goodwill, the entity treats them as assets and liabilities of acquirer and not as acquiree. The group has elected to apply this exemption.
- Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of parent and to the non controlling interests. The requirement needs to be followed even if this results in non controlling interest having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from date of transition. Consequently, group has applied above requirement prospectively from date of transition.

3.2 Reconciliation of consolidated equity as at April 01, 2015

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		832	-	832
Intangible assets		808	-	808
Capital work-in-progress		4	-	4
Goodwill		4,028	-	4,028
Financial assets				
Non-current investments		-	-	-
Other financial assets	g)	615	(340)	275
Deferred tax assets (net)	c)	392	328	720
Other non current assets	g)	13	322	335
Current assets				
Current investments		-	-	-
Trade receivables	e)	6,848	(92)	6,756

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Cash and cash equivalent		703	-	703
Other bank balances		451	-	451
Other financial assets	h)	1,675	(981)	694
Other current assets	h)	1,776	813	2,589
TOTAL ASSETS		18,145	50	18,195
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		3,000	-	3,000
Other equity	3.6	7,521	(267)	7,254
Non-Current liabilities		7	-	7
Long-term provisions		-	-	-
Other long term liabilities		-	-	-
Deferred tax liabilities (Net)		-	-	-
Current liabilities		-	-	-
Short-term borrowings	i)	2,188	-	2,188
Trade payables	e)	3,080	(1,126)	1,954
Other financial liabilities	i)	-	1,698	1,698
Other current liabilities	i)	1,103	(255)	848
Short-term provisions	k)	1,247	(293)	954
Tax liabilities (net)	k)	-	292	292
TOTAL EQUITY AND LIABILITIES		18,145	50	18,195

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for purpose of this note.

3.3 Reconciliation of consolidated equity as at March 31, 2016

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,071	-	1,071
Capital work-in-progress		143	-	143
Goodwill		4,220	-	4,220
Intangible assets		917	-	917
Financial assets		-	-	-
Non-current investments		-	-	-
Other financial assets	e)	279	(29)	250
Deferred tax assets (net)	a)	365	696	1,061
Other non current assets	e)	-	112	112
Current assets		-	-	-
Current investments	b)	555	-	555
Trade receivables	c)	7,270	(11)	7,259
Cash and cash equivalent		832	-	832
Other bank balances	d)	33	(31)	2
Other financial assets	d)	2,009	(1,491)	518
Other current assets	f)	1,481	1,002	2,483

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
TOTAL ASSETS		19,175	248	19,423
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		3,000	-	3,000
Other equity	3.6	7,925	(264)	7,661
Non-controlling interest	a)	-	(5)	(5)
Non-Current liabilities		-	-	-
Long-term provisions		-	-	-
Other long term liabilities		-	-	-
Current liabilities		-	-	-
Short-term borrowings		1,955	-	1,955
Trade payables		3,581	(1,443)	2,138
Other financial liabilities	g)	-	2,401	2,401
Other current liabilities	g)	1,451	(441)	1,010
Short-term provisions	h)	1,263	(31)	1,232
Tax liabilities (net)	h)	-	31	31
TOTAL EQUITY AND LIABILITIES		19,175	248	19,423

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for purpose of this note

3.4 Reconciliation of consolidated total comprehensive income for the year ended March 31, 2016

				(₹ million)
Particulars	Note	Previous GAAP*	Adjustment	Ind AS
INCOME:				
Revenue from operations	l)	30,665	(3)	28,937
Other income	i)	781	64	817
Total Revenue		31,446	61	29,754
EXPENSES:				
Employee benefit expenses	g)	19,627	54	18,309
Operating expenses		2,675	-	2,353
Sales, administration and other expenses	k) & c)	3,177	(65)	2,941
OPERATING PROFIT			72	6,151
Finance cost		25	-	25
Depreciation, amortisation and obsolescence expenses		589	-	589
PROFIT BEFORE TAX		5,353	72	5,425
Provision for taxation :				
Current tax	m)	1,364	38	1,402
MAT credit	a)	(178)	15	(163)
PROFIT AFTER TAX		4,167	19	4,186
Other Comprehensive Income	n)	-	(150)	(150)
TOTAL COMPREHENSIVE INCOME		4,167	(131)	4,036

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for purpose of this note

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

3.5 Impact of Ind AS adjustment on standalone statement of cash flow for the year ended March 31, 2016

Particulars	Note	(₹ million)	
		March 31, 2016	
Profit after tax as per previous GAAP		4,167	
Adjustments:			
Provision for expected credit loss	e)	82	
Provision for employee benefits based on constructive obligation	i)	(42)	
Reclassification of net actuarial (gain)/loss on employee defined benefit obligations to OCI	m)	(6)	
Impact of hedge accounting related to premium on forward contracts	l)	49	
Gain/(loss) on fair value of investments	d)	-	
Others		(11)	
Impact of deferred and current tax in respect of above adjustments	c) & p)	(53)	
Profit after tax as per Ind AS		4,186	
Other comprehensive income	q)	(150)	
Total comprehensive income		4,036	

3.6 Reconciliation of consolidated equity as at March 31, 2016 and April 01, 2015

Particulars	Note	(₹ million)	
		March 31, 2016	March 31, 2015
Total equity (shareholder's fund) as per previous GAAP		10,925	10,521
Provision for expected credit loss	e)	(1)	(82)
Provision for employee benefits based on constructive obligations	i)	(336)	(295)
Gain/(loss) on fair valuation of investments	d)	-	-
Impact of hedge accounting related to premium on forward contracts	l)	(151)	-
Others		(31)	(21)
Impact of deferred and current taxes in respect of the above adjustments	c) & p)	250	131
Total equity as per Ind AS		10,656	10,254

3.7 Impact of Ind AS adjustment on standalone statement of cash flow for the year ended March 31, 2016

Particulars	Note	(₹ million)		
		Previous GAAP	Adjustment	Ind AS
Net cash (used in) from operating activities	3.5	5,306	(31)	5,275
Net cash (used in) from investing activities	d)	(1,751)	(10)	(1,761)
Net cash (used in) from financing activities		(3,844)	10	(3,834)
Net (decrease) / increase in cash and cash equivalents		(289)	(31)	(320)
Cash and cash equivalents at April 1, 2015		1,154	-	1,154
Cash and cash equivalents at March 31, 2016		865	(31)	834

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Analysis of changes in cash and cash equivalents for purpose of standalone statement of cash flow under Ind AS

Particulars	Note	(₹ million)	
		March 31, 2016	March 31, 2015
Cash and cash equivalent as per previous GAAP		865	1,154
Regrouping of bank deposits having maturity after 12 months	f)	(31)	-
Cash and cash equivalent as per Ind AS		834	1,154

3.8 Notes to first time adoption of Ind AS

a) Deferred tax assets (net)

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS which are mainly gain on fair valuation of investment, expected credit loss allowance & employee benefit provisions. Further, Minimum Alternated Tax (MAT) balance was grouped under short term loans and advances under previous GAAP which has been presented under deferred tax assets as per Ind AS.

b) Current investments

As per Ind AS, investments in liquid mutual funds have been revalued at fair value which was being accounted at cost under previous GAAP. The resulting fair value changes of these investments have been recognised in profit and loss.

c) Trade receivables

Under previous GAAP, provisions were made for specific receivables if collection was doubtful. Under Ind AS 109, the Group has applied expected credit loss model for recognising allowance for doubtful debt. Expected credit loss model reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and also includes loss for the time value of money.

d) Other bank balances and other financial assets

Fixed deposits were all classified under "Cash & Bank" category under previous GAAP. Under Ind AS, the Group has classified fixed deposits into current and non-current based on maturity duration. Accordingly, fixed deposits having maturity date after 12 months from reporting date have been classified as non-current financial assets.

e) Other financial assets & other non current assets

Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, financial assets are required to be recognised at fair value. Accordingly, the Group has measured the security deposits at fair value under Ind AS. The difference between fair value and transaction value of security deposit has been recognised as prepaid rent and is being expensed on straight line basis over term of lease. the Group also recognizes interest income using internal rate of return through its profit and loss over the life of the deposit.

f) Short term loans, financial assets and other current assets

Under previous GAAP, the financial guarantee given on behalf of subsidiary was disclosed by way of contingent liability in the standalone financial statements of the Group. As per Ind AS 109, para 5.1.1 the Group has recognised the financial guarantee at fair value at inception. Under previous GAAP, specific classification of various assets under head "financial assets" was not made. Under Ind-AS, assets covered by nature as defined under Ind AS 32 have been regrouped from short term loans to financial asset category. Assets classified as non-financial in nature have been regrouped under other current assets.

g) Other financial liabilities and other current liabilities

Constructive obligation is not defined under previous GAAP due to which certain employee related expenses were recognised as and when they occur. Under Ind AS 37, the same is covered under definition of constructive obligation and all such employee related expenses needs to be provided for. Under previous GAAP, specific classification of various

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

liabilities under head "financial liabilities" was not made and no liability were presented under category "financial liabilities". Under Ind-AS 32, financial liability has been defined and accordingly, liabilities covered by nature as defined under Ind AS 32 has been regrouped from other current liabilities to financial liabilities category. Liability classified as non-financial in nature has been regrouped under other current liability. Consequent to transition, all employee relevant liabilities has been classified under financial liability as per new disclosure requirements. Interest accrued but no due in respect of short term borrowings regrouped from other current liability to borrowing as per disclosure requirements of Ind AS.

h) Short term provisions and Tax liabilities (net)

Under previous GAAP, current year tax liability/asset was disclosed under category "short term provisions" or "short term advance". However, as per Ind AS disclosure requirements, current year tax liabilities and advances needs to be adjusted and net balance to be disclosed separately.

i) Hedge Accounting impact on other income

Under previous GAAP, the Group was accounting the premia income over the period of the forward contract. However, under Ind AS, the Group does not account the premia income. As per Ind-AS109, changes in the fair value of the derivative hedging instrument which are designated as "Cash flow hedges" have been recognized under Other Comprehensive Income and held in Hedging Reserve (net of taxes) to the extent the hedges are effective.

j) Remeasurement of post employment benefit obligations

As per Ind AS, re-measurement of defined benefit plans has been disclosed under "Other Comprehensive Income" (OCI), which was being debited to statement of profit and loss under previous GAAP.

k) Amortisation of prepaid rent & notional interest income on lease deposits

Impact of Ind AS transition on lease deposit has been covered under note (e). Accordingly, lease deposits were fair valued and notional interest income is recognised on lease deposit using internal rate of return over life of deposit.

l) Accounting of cash discount given to customers

Under previous GAAP, cash discounts were accounted as finance cost. Under Ind AS, cash discounts are reduced from the revenue from operations.

m) Current year income tax charge

Consequent to Ind AS adjustments which are mainly on account of post employment benefit obligations and tax impact on premia/exchange gain / loss reversal, respective tax adjustments have been made in the statement of profit and loss for the year ended March 31, 2016.

n) Other Comprehensive Income

As per Ind AS, re-measurement of defined benefit plans, effective portions of gains and losses on cash flow hedges and foreign currency translation reserve have been disclosed under "Other Comprehensive Income" (OCI). The re-measurement of defined benefit plans was being earlier recognised in the statement of profit and loss under previous GAAP.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and equipment general*	Aircondition and refrigeration	Canteen equipments	Laboratory equipments	Electrical installations	Computers *	Office equipments	Furniture and fixtures *	Cars	Total
Gross carrying value as on 01-04-2015	13	72	31	1	25	24	388	69	124	85	832
Additions during the period	155	1	32	-	43	70	150	58	75	40	624
Deductions during the period	-	1	3	-	-	3	59	2	7	22	97
Gross carrying values as on 31-03-2016	168	72	60	1	68	91	479	125	192	103	1,359
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
As on 01-04-2015	-	-	-	-	-	-	-	-	-	-	-
For the Year	11	10	6	-	7	10	232	44	31	20	371
On Deductions	-	-	2	-	-	2	58	2	3	16	83
As on 31-03-2016	11	10	4	-	7	8	174	42	28	4	288
Net carrying value as on 31-03-2016	157	62	56	1	61	83	305	83	164	99	1,071
Gross carrying value as on 01-04-2016	168	72	60	1	68	91	466	138	192	103	1,359
Additions during the period	114	2	31	-	13	42	183	44	39	29	497
Deductions during the period	-	-	6	-	-	5	19	16	35	18	99
Gross carrying values as on 31-03-2017	282	74	85	1	81	128	630	166	196	114	1,757
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Depreciation as on 01-04-2016	11	10	4	-	7	8	163	53	28	4	288
For the Year	26	10	8	-	9	14	182	41	35	22	347
On Deductions	-	-	2	-	-	2	18	15	21	10	68
Depreciation as on 31-03-2017	37	20	10	-	16	20	327	79	42	16	567
Net Carrying values as on 31-03-2017	245	54	75	1	65	108	303	87	154	98	1,190

* Opening balances have been regrouped due to reclassification of assets.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

5. GOODWILL, OTHER INTANGIBLE ASSETS AND GOODWILL ON CONSOLIDATION

	Specialised softwares	Technical knowhow	Customer Contracts & Relationships	Total	Goodwill	Goodwill on consolidation
Gross carrying values as on 01-04-2015	776	143	297	1,216	3,952	76
Additions during the period	313	-	-	313	188	-
Deductions during the period	-	-	-	-	-	-
Gross carrying value as on 31-03-2016	1,089	143	297	1,529	4,140	76
Accumulated amortisation						
Amortisation as on 01-04-2015	358	38	12	408	-	-
For the Year	141	35	42	218	-	-
On Deductions	-	-	-	-	-	-
Amortisation as on 01-04-2016	499	73	54	626	-	-
Foreign currency translation reserve	-	-	14	14	4	-
Net carrying value as on 31-03-2016	590	70	257	917	4,144	76
Gross carrying value as on 01-04-2016	1,089	143	311	1,543	4,144	76
Additions during the period	102	-	-	102	-	-
Deductions during the period	-	-	-	-	-	-
Gross carrying value as on 01-04-2017	1,191	143	311	1,645	4,144	76
Accumulated amortisation						
Amortisation as on 01-04-2016	499	73	54	626	-	-
For the Year	201	35	42	278	-	-
On Deductions	-	-	-	-	-	-
Amortisation as on 01-04-2017	700	108	96	904	-	-
Foreign currency translation reserve	-	-	(8)	(8)	(5)	-
Net Carrying value as on 31-03-2017	491	35	207	733	4,139	76

6. OTHER FINANCIAL ASSETS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	222	219	275
Fixed deposits *	5	31	-
	227	250	275

*Fixed deposits include margin money deposits against bank guarantees.

7. DEFERRED TAX ASSETS (NET)

Description	(₹ million)							
	DTL/ (DTA)	Adjustment in Goodwill	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2016	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2017
Property, plant and equipment, goodwill and other intangible assets	72	-	(44)	-	28	516	-	544
Branch profit tax	142	-	78	-	220	59	-	279

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ million)

Description	DTL/ (DTA)	Adjustment in Goodwill	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2016	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2017
Net gain/(loss) on fair valuation of investments	-	-	-	-	-	-	-	-
Provision for employee benefits	(328)	2	(81)	-	(407)	204	-	(203)
Allowances for doubtful debts	(87)	-	(34)	-	(121)	89	-	(32)
Cash flow hedges	(268)	-	134	(193)	(327)	-	618	291
Other items giving rise to timing differences	(52)	20	33	(2)	(1)	41	(1)	39
MAT credit entitlement	(199)	-	(249)	-	(453)	(788)	-	(1,241)
Total	(720)	22	(163)	(195)	(1,061)	121	617	(323)

8. OTHER NON CURRENT ASSETS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	96	112	335
	96	112	335

9. INVESTMENTS

Current investment

(₹ million)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	Amount	Units	Amount	Units	Amount
Investment in mutual funds						
Quoted						
Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment	1,026,624	103	-	-	-	-
Birla Sunlife Saving Fund - Direct Plan - Daily Dividend Reinvestment	506,513	51	-	-	-	-
Birla Sunlife Short Term Fund - Direct Plan - Monthly Dividend Reinvestment	3,007,885	35	-	-	-	-
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	100,992	103	-	-	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Dividend Reinvestment	4,049,260	41	-	-	-	-
HDFC Short Term Opportunities Fund - Direct Plan - Fortnightly - Dividend Reinvestment	2,971,373	31	-	-	-	-
ICICI Prudential Flexi Income - Daily Dividend Reinvestment	316,418	33	-	-	-	-

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ million)					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	Amount	Units	Amount	Units	Amount
ICICI Prudential Flexi Income - Direct - Daily Dividend Reinvestment	143,949	15	-	-	-	-
ICICI Prudential Ultra Short Term - Direct - Daily Dividend Reinvestment	2,986,030	30	-	-	-	-
ICICI Prudential Liquid - Direct Plan - Daily Dividend Reinvestment	1,096,612	110	-	-	-	-
L&T Liquid Fund - Daily Dividend Reinvestment	967,294	979	548,909	555	-	-
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment	137,764	210	-	-	-	-
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment	200,730	205	-	-	-	-
		1,946		555		-
Aggregate amount of quoted investment at cost		1,944		555		
Aggregate amount of quoted investment at market value		1,946		555		

10. TRADE RECEIVABLES

Current	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good	7,106	7,259	6,756
Considered doubtful	166	349	253
	7,272	7,608	7,009
Less: Allowance for doubtful debt	(166)	(349)	(253)
	7,106	7,259	6,756

11. CASH AND CASH EQUIVALENTS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks	473	666	504
Cheques on hand	35	-	42
Remittance in transit	164	166	157
Cash on hand	-	-	-
	672	832	703

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior periods.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

12. OTHER BANK BALANCES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed deposits with banks *			
More than 3 months and less than 12 months	2	2	451
	2	2	451

* Fixed deposits are margin money deposits against bank guarantees.

13. LOANS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, considered good			
Others	1	-	-
	1	-	-

14. LOANS / OTHER FINANCIAL ASSETS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Advances to employees	315	457	379
Security deposits	39	16	38
Forward contract receivable	933	-	135
Loans and advances to related parties	10	8	97
Other receivables	11	37	45
	1,308	518	694

15. CURRENT TAX ASSETS (NET)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	(1,356)	-	-
Advance tax installment	1,267	-	-
TDS certificate receivable	218	-	-
	129	-	-

16. OTHER CURRENT ASSETS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue	2,295	1,470	1,753
Retention money not due	10	11	10
	2,305	1,481	1,763

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance to suppliers	93	72	13
Prepaid expenses	579	555	407
Service tax recoverable	187	36	78
Other receivables	235	270	327
	1,094	933	825
	3,399	2,414	2,588
Income tax prior years			
Income tax net of previous year provisions	155	69	1
	155	69	1
	3,554	2,483	2,589

17. SHARE CAPITAL

17.1 Authorised :

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5,250,000,000 Equity shares of ₹ 2 each	10,500	-	-
(March 31, 2016 : 75,000,000 Equity shares of ₹ 40 each)	-	3,000	-
(April 01, 2015 : 300,000,000 Equity shares of ₹ 10 each)	-	-	3,000
Preference shares of ₹ 10 each - Nil	-	7,500	7,500
(March 31, 2016 : 750,000,000 Preference shares of ₹ 10 each)	-	-	-
(April 01, 2015 : 750,000,000 Preference shares of ₹ 10 each)	-	-	-
	10,500	10,500	10,500

17.2 Issued, subscribed and paid up

101,690,392 Equity shares of ₹ 2 each	203	-	-
75,000,000 Equity shares of ₹ 40 each	-	3,000	-
300,000,000 Equity shares of ₹ 10 each	-	-	3,000
Total issued, subscribed and paid up capital	203	3,000	3,000

17.3 The Company consolidated 300,000,000 equity shares of ₹ 10/- each to 75,000,000 equity shares of ₹ 40/-each with effect from January 13, 2016. Pursuant to the order dated April 1, 2016 of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement for reduction in the face value of the equity shares of the Company, the Company reduced the face value of its equity shares from ₹ 40 each to ₹ 2 each. Therefore, with effect from April 1, 2016, the cumulative number of equity shares of the Company pursuant to the sub-division was 75,000,000 equity shares of ₹ 2 each.

Consequent to the reduction of the face value of the equity shares of the Company from ₹ 40 to ₹ 2 each, an amount of ₹ 2,850 million was transferred to the securities premium account of the Company. Subsequently, the Company allotted 26,690,392 equity shares of ₹ 2 each on June 3, 2016 to its Promoter, Larsen & Toubro Limited, by way of a rights issue at a premium of ₹ 279 per equity share, for a total consideration of ₹ 7,500 million (the "L&T Allotment"). From the proceeds

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

received for the L&T Allotment, all 750,000,000 preference shares outstanding as at April 1, 2016, of face value of ₹ 10 each were redeemed in May 2016.

Consequently, the issued, subscribed and paid-up equity share capital of the Company aggregates to ₹ 203 million consisting of 101,690,392 equity shares of ₹ 2 each. There are no outstanding preference shares as on date.

17.4 In the period of five years immediately preceding March 31, 2017:

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

Aggregate number and class of shares bought back - Nil

17.5 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. They entitle the holder to participate in the dividends, and to share in the proceeds of the winding up the company in proportion to the number of and amounts paid on the shares held. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

17.6 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 38.

17.7 Reconciliation of the shares outstanding at the beginning and at the end of the year.

Equity shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period (₹ 40 per share)	75,000,000	3,000		
At the beginning of the period (₹ 10 per share)	-	-	300,000,000	3,000
Reduction in number of shares consequent to increase in face value	-	-	225,000,000	-
Reduction in value of shares consequent to decrease in face value	-	2,850	-	-
Issued during the period	26,690,392	53	-	-
			-	-
Outstanding at the end of the period (₹ 2 per share)	101,690,392	203	-	-
Outstanding at the end of the period (₹ 40 per share)	-	-	75,000,000	3,000

Preference shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period	75,000,000	750	75,000,000	750
Issued during the period	-	-	-	-
Redeemed during the period	75,000,000	750	-	-
Outstanding at the end of the period	-	-	75,000,000	750

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

17.8 Shares of the company held by holding/ultimate holding company

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		75,000,000		300,000,000	

17.9 Shareholders holding more than 5% of equity shares as at the end of the quarter

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		75,000,000		300,000,000	

18. PROVISIONS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for interest rate guarantee (PF)	-	-	7
	-	-	7

19. BORROWINGS

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured:	-	675	910
From banks *	-	675	910
Unsecured:			
Short term unsecured loans from banks	1,019	1,280	1,278
	1,019	1,280	1,278
	1,019	1,955	2,188

* Secured against hypothecation of the accounts receivables.

20. TRADE PAYABLES

	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due to related parties	565	892	1,162
Liability for revenue goods	635	521	308
Supplier ledger - revenue goods/services	647	725	484
	1,847	2,138	1,954

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

21. OTHER FINANCIAL LIABILITIES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investor education protection fund	-	-	-
Liability towards employee compensation	1,736	1,921	1,467
Liability - employee car/computer schemes	65	66	52
Other payables	21	18	112
Forward cover payable	-	380	-
Supplier ledger - capital goods/services	-	16	67
	1,822	2,401	1,698

22. OTHER CURRENT LIABILITIES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance received from customer	-	-	1
Other payables	714	1,010	847
	714	1,010	848

23. PROVISIONS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions for employee benefits :	-	-	-
Leave encashment	1,197	1,006	795
Post retirement medical benefits	74	51	42
Provision for interest rate guarantee (PF)	-	-	1
	1,271	1,057	838
Others			
Tax on interim dividend on preference shares	-	38	37
Tax on interim dividend on equity shares	-	137	79
	-	175	116
	1,271	1,232	954

24. CURRENT TAX LIABILITIES (NET)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	-	1,362	960
Advance tax installment for the period	-	(1,094)	(514)
TDS certificate receivable for the period	-	(237)	(154)
	-	31	292

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

25. REVENUE FROM OPERATIONS

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Overseas	29,919	28,121
Domestic	2,564	2,541
	32,483	30,662

26. OTHER INCOME

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Foreign exchange gain / (loss)	418	712
Dividend income and gain/(loss) from mutual fund	56	30
Interest received on fixed deposit with banks	1	32
Miscellaneous income	116	71
	591	845

27. EMPLOYEE BENEFIT EXPENSES

	(₹ million)	
Expense	Year ended March 31, 2017	Year ended March 31, 2016
Salaries including overseas staff expenses	20,305	19,270
Share based payments to employees	193	-
Staff welfare	209	171
Contribution to provident and other funds	185	176
Contribution to gratuity fund	66	64
	20,958	19,681

28. OTHER OPERATING EXPENSES

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Subcontracting and component charges	920	1,114
Engineering, professional, technical and consultancy fees	1,220	1,064
Cost of computer software	496	497
Travelling and conveyance	517	468
Rent and establishment expenses	676	622
Telephone, postage and other communication charges	178	175
Legal and professional charges	288	239
Advertisement and sales promotion expenses	114	74
Recruitment expenses	105	85
Repairs to buildings & machineries	221	247
General repairs and maintenance	78	73

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Power and fuel	116	106
Equipment hire charges	13	13
Insurance charges	57	63
Rates & taxes	26	33
Allowances for doubtful debts (net)	20	96
Bad Debts	256	-
Less : Provision written back	(203)	-
Overheads charged by group companies	282	651
Trademark fees	37	-
Corporate social responsibility expenditure	36	4
Loss/(gain) on sales of fixed asset	9	-
Miscellaneous expenses	216	163
	5,678	5,787

29. FINANCE COST

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest paid		
Bank interest paid	19	23
Interest paid/payable - others	-	1
Interest on bill discounting	2	1
	21	25

Depreciation

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation	348	372
Amortisation	277	217
	625	589

30. PROVISION FOR TAXATION

	(₹ million)	
	Year ended March 31, 2017	Year ended March 31, 2016
Current tax *	1,421	1,402
Deferred tax	121	(163)
	1,542	1,239

* Current tax includes ₹ 37 million credit consequent to the completion of income tax assessment for prior years.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

31. OTHER COMPREHENSIVE INCOME

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
A. Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit plans	(20)	6
Income tax relating to remeasurements of the net defined benefit plans	4	(1)
	(16)	5
B. Items that will be reclassified to profit or loss		
Effective portion of gains and losses on hedging instruments in a cash flow hedge	1,379	(372)
Exchange differences on the translation of foreign operation	15	(15)
Income tax relating to effective portion of gains and losses on hedging instruments in a cash flow hedge	(535)	232
	859	(155)
Total other comprehensive income, net of tax	843	(150)

32. BASIC AND DILUTED EARNING PER EQUITY SHARE

	Year ended March 31, 2017	Year ended March 31, 2016
		(₹ million)
Basic		
Profit after tax	4,250	4,186
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,133	3,283
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Basic EPS - Rupees	42.08	43.78
Diluted		
Profit after tax	4,250	4,186
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,133	3,283
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Add - No. of potential equity shares	6,046,283	26,690,392
Weighted average no. of equity shares outstanding	104,299,830	101,690,392
Diluted EPS - Rupees	39.64	32.29

33. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 65 million (*previous year: ₹ 177 million*)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

34. CONTINGENT LIABILITY

	Year ended March 31, 2017	Year ended March 31, 2016
Corporate guarantee	1,018	1,093
	1,018	1,093

(₹ million)

(Corporate Bank Gurantee of USD 15.7 million outstanding to Bank of America as on March 31, 2017 and USD 16.5 million outstanding to Citibank as on 31-03-2016 for securing borrowings of L&T Technology Services LLC, USA.)

35. DETAILS OF PAYMENT TO AUDITORS

	Year ended March 31, 2017	Year ended March 31, 2016
Payment to auditors		
As auditor:		
Audit fee	1.13	1.06
Taxation matters	0.32	0.30
Company law matters	0.02	0.02
Other services :		
- Limited review	0.51	0.42
- Other services including certification work	1.57	0.89
Re-imburement of expenses	0.12	0.01
	3.67	2.70

(₹ million)

36. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2017	Year ended March 31, 2016
Donation to IIT Chennai	10	-
Healthcare	4	-
Skill development and education	12	3
Water conservation	7	-
Enviroment	3	-
Donation to PM relief fund	-	5
Donation to CM relief fund	-	4
Total	36	12
Amount required to be spent as per Section 135 of the Act	51	21

(₹ million)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

37. FAIR VALUE MEASUREMENTS

Financial instrument by category

	(₹ million)								
	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
- Equity investment									
- Mutual funds	1,946	-	-	555	-	-	-	-	-
- Bank fixed deposits	-	-	5	-	-	31	-	-	-
Loans	-	-	1	-	-	-	-	-	-
Trade receivables	-	-	7,106	-	-	7,259	-	-	6,756
Cash and cash equivalents	-	-	672	-	-	832	-	-	703
Other bank balances	-	-	2	-	-	2	-	-	451
Derivative financial assets	77	856	-	-	-	-	-	135	-
Security deposits	-	-	261	-	-	235	-	-	313
Premium receivable on financial guarantee contracts	-	-	-	-	-	-	-	-	-
Loans - related parties	-	-	10	-	-	8	-	-	97
Advances - to employees	-	-	315	-	-	457	-	-	379
Other receivables	-	-	11	-	-	37	-	-	45
Total financials assets	2,023	856	8,383	555	-	8,861	-	135	8,744
Financial liabilities									
Borrowings	-	-	1,019	-	-	1,955	-	-	2,188
Trade payables	-	-	1,847	-	-	2,138	-	-	1,954
Liability - employee car/ computer schemes	-	-	65	-	-	66	-	-	52
Forward cover payable	-	-	-	-	380	-	-	-	-
Supplier ledger - capital goods/ services	-	-	-	-	-	16	-	-	67
Liability towards employee compensation	-	-	1,736	-	-	1,921	-	-	1,467
Other payables	-	-	21	-	-	18	-	-	112
Total financials liabilities	-	-	4,688	-	380	6,114	-	-	5,840

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) measured and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value,

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2017				As at March 31, 2016				As at April 1, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Financial investment at FVPL												
Mutual funds	1,946	-	-	1,946	555	-	-	555	-	-	-	-
Financial investment at FVOCI												
Derivative financial assets	-	856	-	856	-	-	-	-	-	135	-	135
Total financials assets	1,946	856	-	2,802	555	-	-	555	-	135	-	135
Financial liabilities												
Forward cover payable	-	-	-	-	-	380	-	380	-	-	-	-
Total financials liabilities	-	-	-	-	-	380	-	380	-	-	-	-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were transfers between levels 1 and 2 during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of remaining financial instrument is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (NAV) considered for the fair valuation of the current investment i.e Mutual fund. Gain/(loss) on fair valuation is recognised in Profit and Loss.
- The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- The fair value of premium receivable on financial guarantee contract is derived by discounting premium receivable over the period of contract. Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the period of the contract.

38. SHARE BASED PAYMENTS

(a) Employee option plan

The establishment of the ESOP scheme, 2016 was done pursuant to the resolutions passed by the Board and the Shareholders on January 21, 2016 for issue of options to eligible employees which may result in issue of not more than 6,000,000 equity shares. In terms of the ESOP Scheme, 2016, the Company can grant options aggregating to not more than 8.0% of the paid up equity share capital of the Company as on April 1, 2016. The eligible employees include permanent employees (including executive directors and non-executive directors, but excluding the independent directors) of the Company, its subsidiaries, or holding company. However, unless otherwise decided by the Board, in the event the subsidiaries or the holding company have implemented a stock option scheme, the employees of such entities will not be eligible for grant of options under the ESOP Scheme, 2016. Further, the employees (i) holding 10.0% of the outstanding share capital of the Company at any time after the commencement of the ESOP Scheme, 2016, or (ii) who are promoters or persons belonging to promoter group, or directors, who either by themselves or through their relatives or any body corporate, directly or indirectly, hold more than 10.0% of the outstanding equity shares of the Company, will not be eligible for grant of options under the ESOP Scheme, 2016

The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent.

The vesting of options granted under the ESOP Scheme, 2016 will commence one year after the date of grant of options at the rate of 20.0% of options granted each year, or at such other rates as may be fixed by the Board and may extend up to five years from the date of grant of options, unless otherwise varied in accordance with the employee stock option rules to be framed under the ESOP Scheme, 2016. The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years (84 months) from the date of grant of options or six years from the date of first vesting or three years (36 months) from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI ESOP Regulations and shall be subject to compliance with accounting policies under the ESOP Regulations. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.

Further, on resignation / termination of the eligible employees, only the vested options would be exercisable. All other grants if unvested for any reason whatsoever shall be deemed lapsed. Such eligible employee is required to exercise the options within a period of 90 days from the last date of employment or such other period as may be decided by the Board at the time of such separation. In the event an eligible employee retires or is permanently incapacitated, all unvested options will vest in the said employee immediately. The eligible employee has to exercise options within a period of three years from the date of retirement or the date of permanent incapacitation, as the case may be, or such other period as may be decided by the Board. In case of voluntary or pre-mature retirement, the eligible employee will exercise only the vested options within 180 days from the last date of employment. All other unvested options will lapse. However, the Board will have the discretion to vest the unvested options in deserving cases and where the employee has crossed the age of 55 years. The retiring age for non-executive directors shall be 75 years or as may be decided by Board and on attainment of which, all the unvested options of the non-executive directors shall be vested with them immediately. In event of death of the eligible employee, unvested options shall be vested immediately in the nominees or legal heirs, as the case may be, and in the event of death of any of the nominees, his share shall vest in the surviving nominees or legal heirs, pro-rata

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	March 31, 2017		March 31, 2016	
	Average exercise price per share option (INR)	Number of options	Average exercise price per share option (INR)	Number of options
Opening balance	-	-	-	-
Granted during the year	2	4,145,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	165,000	-	-
Forfeited during the year	-	-	-	-
Closing balance	-	3,980,000	-	-
Vested and exercisable	-	-	-	-

No options expired during the periods covered in the above table

Shares options outstanding at the end of the year have the following expiry date and exercise prices.

Grant date	Expiry date	Exercise price (INR)	Share options March 31, 2017	Share options March 31, 2016	Share options April 1, 2015
July 28, 2016	July 27, 2023	2	2,000,000	-	-
August 24, 2016	August 26, 2023	2	1,980,000	-	-
Total			3,980,000	-	-

Options granted on July 28, 2016 includes 1,500,000 and 500,000 ESOPs granted to non-executive directors and key managerial personnel respectively.

Options granted on August 28, 2016 includes 50,000 ESOPs granted to key managerial personnel.

Weighted average remaining contractual life of options outstanding at the end of period.	2.32 Years	-	-
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(i) Fair value of options granted

The fair value at grant date of options granted during the year ended 31-03-2017 was INR 281 (31-03-2016 - Nil). The fair value of grant date is determined using the Black Scholes Model which takes into account the exercise price, term of option, share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended March 31, 2017 included:

- weighted average exercise price: INR 2 (March 31, 2016 - Nil) *
- grant date : July 28, 2016 and August 27, 2016
- expiry date: July 27, 2023 & August 26, 2023 (March 31, 2016 - Nil)
- weighted average share price at grant date: INR 281 (March 31, 2016 - Nil) #
- weighted average expected price volatility of company's share: 25.17% (March 31, 2016 - Nil)
- weighted average expected dividend yield over life of option: 18.5% (March 31, 2016 - Nil)
- weighted average risk-free interest: 6.95% (March 31, 2016 - Nil)

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The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

* The first vesting is due on 27-07-2017.

As the Company was not listed on the date of grant, price at grant date has been taken as per the valuation done by a category 1 merchant banker.

- (b) Expense arising from share based payment transactions
 Total expenses arising from share based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

	(₹ million)	
	March 31, 2017	March 31, 2016
Employee options plan	193	-

39. DISCLOSURE OF SPECIFIED BANK NOTES

During the year, the Company had specified bank notes and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017. Disclosure pursuant to the said notification is given below

			(₹)
	SBNs	Other denominations	Total
Closing cash in hand as on November 08, 2016	286,500	83,026	369,526
Permitted receipts	-	300,099	300,099
Permitted payments	-	229,588	229,588
Amount deposited in bank	286,500	-	286,500
Closing cash in hand as on December 30, 2016	-	153,537	153,537

40. DIVIDENDS

Dividends paid during the year ended March 31, 2017 include an amount of 7.95 per equity share towards interim dividend for the year ended March 31, 2017 and an amount of 0.13 per preference share towards dividend on preference shares. Dividends paid during the year ended March 31, 2016 include an amount of 14.32 per equity share towards interim dividend for the year ended March 31, 2016 and an amount of 1 per preference share towards dividend on preference shares.

The dividends declared by the holding Company are based on the profits available for distribution as reported in the financial statements of the holding Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. On May 3, 2017, the Board of Directors of the holding Company have proposed a final dividend of ₹ 4 per share in respect of the year ended March 31, 2017 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 490 Mn inclusive of dividend distribution tax of ₹ 83 Mn.

41. FINANCIAL RISK MANAGEMENT

Market risk management

The Group regularly reviews its foreign exchange forward and option positions and interest rate swaps, both on a standalone basis and in conjunction with its underlying foreign currency and interest rate related exposures. The Group follows cash flow hedge accounting for highly probable forecasted exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the balance sheet of the Group. The Company manages its exposures normally for a period of up to three years based on the estimated exposures over that period. As the period increases, the cash flows hedged as a percentage of the total expected cash flows diminish, as there is increased uncertainty of the total cash flows materializing over a longer period of time. The

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect the Group's financial condition and operating results. Hence, the Group monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on balance sheet exposures, the Group monitors the risks on net unhedged exposures.

Price risk

The Group's investment policy and strategy are focused on preservation of capital and supporting the Group's liquidity requirements. The Group uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Group typically invests in money market funds, under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. To provide a meaningful assessment of the price risk associated with the Group's investment portfolio, the Group performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% move in debt funds and debt securities. Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- 3 INR Mn. as of March 31, 2017 and +/- 0.9 INR Mn. as of March 31, 2016. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

Foreign currency risk

In general, the Group is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian rupee, will negatively affect the Group's net sales and gross margins as expressed in Indian rupees.

The Group may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Group's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Group may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Group may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Group's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Group uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. The overnight VAR for the Group at 95% confidence level is 145.4 INR Mn. as of March 31, 2017 and 72.8 INR Mn. as of March 31, 2016.

Actual future gains and losses associated with the Group's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange rates and the Group's actual exposures and position.

Credit/counter-party risk

The principal credit risk that the Group is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Group reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Group also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Group makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Group retains the provision made for doubtful debts without any adjustment.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was Rupees 166 million as at March 31, 2017 and Rupees 349 million as at March 31, 2016. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

	(₹ million)	
	2016-17	2015-16
Opening balance of allowances for doubtful accounts	349	253
Allowances recognized (reversed)	(183)	96
Closing balance of allowances for doubtful accounts	166	349

The percentage of revenue from its top five customers is 23.2% for 2016-17 (22.8% for 2015-16).

The counter-party risk that the Group is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter-parties are mainly banks and the Group has entered into contracts with the counterparties for all its hedge instruments.

The Group invests its surplus funds in liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.

Liquidity risk management

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position. The contractual maturities of financial assets and financial liabilities is as follows:

Particular	(₹ million)		
	Less than 1 year	More than 1 year	Total
Financial Asset			
Investments	1,946	-	1,946
Trade receivables	7,106	-	7,106
Loans	1	-	1
Other financial assets	375	-	375
Total	9,428	-	9,428
Financial Liabilities			
Borrowings	1,018	-	1,018
Trade payables	1,847	-	1,847
Other financial liabilities	1,822	-	1,822
Total	4,687	-	4,687

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

42. EMPLOYEE BENEFITS

a) The amounts recognised in balance sheet are as follows:

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
A. Present Value of defined benefit obligation						
Wholly funded	388	319	-	-	2,445	1,970
Wholly unfunded	8	8	74	51	29	27
	397	327	74	51	2,474	1,997
Less: Fair Value of Plan assets	318	271	-	-	2,460	2,002
Amount to be recognised as liability or (asset) (a-b)	79	56	74	51	14	(5)
B. Amounts reflected in the Balance Sheet						
Liabilities	79	56	74	51	(15)	(5)
Assets	-	-	-	-	-	-
Net liability / (asset)	79	56	74	51	(15)	(5)

b) Profit & loss account expense :

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1. Current service cost	63	56	12	12	120	117
2. Interest cost	2	9	4	3	187	151
3. Expected return on plan assets	-	-	-	-	(187)	(151)
4. Actuarial losses / (gains)	-	-	-	-	(15)	(9)
5. Past service cost	-	-	-	-	-	-
6. Actuarial Gain/loss not recognized in books	-	-	-	-	15	9
Total expense for the year included in staff cost	65	65	16	15	120	117

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

c) Amount recorded in other comprehensive income :

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1. Opening amount recognized in OCI outside Profit and Loss Account	-	-	(6)	-
2. Remeasurement during the period due to				
Changes in financial assumptions	28	(1)	17	(1)
Changes in demographic assumptions	-	-	-	-
Experience adjustments	(20)	6	(9)	(5)
Actual return on plan assets less interest on plan assets	4	(5)	-	-
Adjustment to recognize the effect of asset ceiling	-	-	-	-
Closing amount recognized in OCI outside Profit and Loss Account	12	-	2	(6)

d) Reconciliation of net liability/asset:

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2016	As at March 31, 2017	As at April 1, 2015
Opening net defined benefit	56	112	17	42	6	(2)
Expense charged to profit & loss account	66	64	43	15	16	499
Amount recognized outside profit & loss account	12	-	61	(6)	(16)	-
Employer Contributions	(55)	(120)	(9)	-	-	(498)
Impact of Liability assumed or (settled)*	-	-	-	-	36	-
Closing balance of the present value of defined benefit obligation	79	56	112	51	42	(1)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:
Movement in benefit obligations :

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2016	As at March 31, 2017	As at April 1, 2015
Opening of Defined Benefit Obligation	327	258	43	42	1,997	228
Transfer in/(Out)	-	-	-	-	57	506
Current service cost	63	56	36	12	120	112
Past service cost	-	-	-	-	-	-
Interest on defined benefit obligation	24	19	18	3	187	-
Remeasurements due to :	-	-	-	-	-	-
<i>Actuarial loss/(gain) arising from change in financial assumptions</i>	28	(1)	52	(1)	(16)	-
<i>Actuarial loss/(gain) arising from change in demographic assumptions</i>	-	-	-	-	-	-
<i>Actuarial loss/(gain) arising on account of experience changes</i>	(20)	6	-	(5)	-	-
Contribution by Plan Participants**	-	-	-	-	279	844
Benefits paid	(25)	(11)	(13)	-	(195)	(82)
Liabilities assumed / (settled)*	-	-	123	-	36	-
Liabilities extinguished on settlements	-	-	-	-	-	-
Closing of Defined Benefit Obligation	397	327	259	51	2,445	1,608

The Group expects to contribute ₹ 70 million towards its gratuity plan in FY 2017-18

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Movement in plan assets :

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	271	147	-	-	1,610	230
Expected Return on Plan Assets	-	-	-	-	151	112
Add / (Less) : Transfer in/(Out)	-	-	-	-	28	-
Add/(Less) : Actuarial gains/(losses)	-	-	-	-	9	26
Employer contributions	55	120	-	-	113	498
Contributions by Plan participants	-	-	-	-	269	825
Interest on plan assets	21	10	-	-	-	-
Administration expenses	-	-	-	-	-	-
Assets acquired on acquisition / (distributed on divestiture)	-	-	-	-	-	-
Remeasurements due to :						
<i>Actual return on plan assets</i>	(4)	5	-	-	-	-
<i>less interest on plan assets</i>						
Benefits paid	(25)	(11)	-	-	(178)	(82)
Liabilities assumed / (settled)*	-	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-
Closing balance of the plan assets	318	271	-	-	2,002	1,609

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Sensitivity analysis :

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Impact of increase in 50 bps on defined benefit obligation				
Discount rate	-3.04% to -3.34%	-2.87% to -3.1%		
Salary escalation rate	3.17% to 3.18%	3.03% to 3.16%		
Impact of decrease in 50 bps on defined benefit obligation				
Discount rate	3.23% to 3.56%	3.03% to 3.30%		
Salary escalation rate	-3.03% to -3.15%	-2.90% to -3.06%		
Discount rate				
Impact of increase in 50 bps on defined benefit obligation			-10.59%	-9.98%
Impact of decrease in 50 bps on defined benefit obligation			12.26%	11.50%
Healthcare costs rate				
Impact of increase in 50 bps on defined benefit obligation			20.40%	21.26%
Impact of decrease in 50 bps on defined benefit obligation			-15.93%	-16.36%
Life expectancy				
Impact of increase in 50 bps on defined benefit obligation			0.54%	0.45%
Impact of decrease in 50 bps on defined benefit obligation			-0.57%	-0.47%

f) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Government of India securities			20.45%	25.32%
State government securities			21.19%	15.84%
Corporate bonds	Scheme with LIC	Scheme with LIC	14.50%	8.94%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds			8.38%	9.32%
Public sector bonds			32.84%	39.25%
Mutual Funds			2.64%	1.33%

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	As at March 31, 2017	As at March 31, 2016
1. Discount rate		
a) Gratuity plan	6.75% to 6.90%	7.95% to 8.05%
b) Post retirement medical benefit plan	6.75%	7.95%
2. Annual increase in healthcare costs	5.00%	5.00%
3. Salary growth rate	5.00%	5.00%
4. Attrition rate	2% to 18% for various age groups	2% to 18% for various age groups

h) The amounts pertaining to defined benefit plans for the current year are as follows:

Particulars	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Post retirement medical benefit plan (non funded)		
1. Defined benefit obligation	74	51
2. Experience Adjustments plan liabilities	-	-
3. Experience Adjustments plan assets	-	-
Gratuity plan		
1. Defined benefit obligation	397	327
2. Plan assets	318	271
3. (Surplus) / deficit	79	56
4. Experience Adjustments plan liabilities	-	-
5. Experience Adjustments plan assets	-	-
Self - managed provident fund plan		
1. Defined benefit obligation	2,445	1,997
2. Plan assets	2,460	2,002
3. (Surplus) / deficit	(15)	(5)

General descriptions of defined benefit plans:

a.) Gratuity plan

The Company makes contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b.) Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

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c.) Self-managed provident fund plan

The Company's provident fund plan is managed by its holding company through a Trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

43. RELATED PARTY DISCLOSURE

(i) List of related parties over which control exists/exercised:

Name	Relationship
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

(ii) List of related parties which can exercise control:

Name	Relationship
Larsen and Toubro Limited	Holding company

(iii) Key management personnel :

Name	Status
Dr. Keshab Panda	Chief Executive Officer & Managing Director
Mr. Amit Chadha	Whole Time Director
Mr. Kumar Prabhas	Whole Time Director*
Mr. P. Ramakrishnan	Chief Financial Officer
Mr Kapil Bhalla	Company Secretary**
Mr. Y. V. S. Sravankumar	Company Secretary***

*Ceased to be Whole Time Director w.e.f the close of working hours of January 21, 2017

** Appointed as Company Secretary w.e.f April 27, 2016

***Ceased to be Company secretary w.e.f the close of working hours of April 26, 2016

(iv) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding company
Larsen & Toubro Infotech Limited	Fellow subsidiary
Larsen & Toubro Infotech Canada Limited	Fellow subsidiary
Larsen & Toubro Infotech GmbH	Fellow subsidiary
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Technologies INC	Fellow subsidiary
Larsen & Toubro LLC	Fellow subsidiary
Larsed & Toubro (East Asia) SDN.BHD	Fellow subsidiary
L&T-MHPS Boilers Private Limited	Fellow subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow subsidiary
L&T Hydrocarbon Engineering Limited *	Fellow subsidiary
Larsen & Toubro T&D SA (PTY) Limited	Fellow subsidiary
L&T Construction Equipment Limited	Fellow subsidiary

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Name	Relationship
L&T-Valdel Engineering Limited *	Fellow subsidiary
L&T Infocity Limited	Fellow subsidiary
L&T Infrastructure Engineering Limited	Fellow subsidiary
PT. Tamco Indonesia	Fellow subsidiary
Ewac Alloys Limited	Fellow subsidiary
Larsen & Toubro Electromech LLC	Fellow subsidiary
Kesun Iron & Steel Company Private Limited	Fellow subsidiary
L&T Overseas Projects Nigeria Limited	Fellow subsidiary
Servowatch Systems Limited	Fellow subsidiary
Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
Larsen Toubro Arabia LLC	Fellow subsidiary
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

* L&T-Valdel Engineering Ltd has been amalgamated with L&T Hydrocarbon Engineering Ltd effective April 1, 2016.

(v) Disclosure of related party transactions

Transaction	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Sale of services :		
Holding Company	227	295
- Larsen & Toubro Limited	227	295
Fellow Subsidiaries	634	748
- L&T Hydrocarbon Engineering Limited *	11	40
- Larsen & Toubro Infotech Limited	599	667
- Larsen & Toubro LLC	-	24
- Larsen & Toubro (East Asia) SDN.BHD	8	10
- L&T-MHPS Boilers Private Limited	-	6
- Ewac Alloys Limited	-	1
- L&T Power Limited	1	-
- L&T Infotech South Africa	15	-
Purchase of services :		
Holding Company	48	12
- Larsen & Toubro Limited	48	12
Fellow Subsidiaries	343	635

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Transaction	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
- L&T Hydrocarbon Engineering Limited *	11	-
- Larsen & Toubro Infotech Limited	206	202
- Larsen & Toubro Infotech GMBH	8	-
- L&T Metro Rail (Hyderabad) Limited	1	-
- L&T-Valdel Engineering Limited *	115	419
- PT. Tamco Indonesia	2	13
- L&T Infrastructure Engineering Limited	-	1
Sale of Assets :		
Holding Company	-	3
- Larsen & Toubro Limited	-	3
Rent paid :		
Holding Company	165	78
- Larsen & Toubro Limited	165	78
Fellow Subsidiaries	36	54
- Larsen & Toubro Infotech Limited	26	51
- Larsen & Toubro Infotech GMBH	7	-
- PT. Tamco Indonesia	1	1
- L&T Infocity Limited	1	1
- L&T Infotech Financial Services Technologies INC	1	1
Commission paid :		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Fellow Subsidiaries	3	5
- Larsen & Toubro Infotech Limited	3	5
Interest paid :		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Interest receivable :		
Holding Company	13	-
- Larsen & Toubro Limited	13	-

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Transaction	(₹ million)	
	As at March 31, 2017	As at March 31, 2016
Services availed by company :		
Holding Company	318	1,023
- Larsen & Toubro Limited	318	1,023
Fellow Subsidiaries	107	421
- Larsen & Toubro Infotech Limited	101	374
- L&T Hydrocarbon Engineering Limited *	-	9
- L&T Infocity Limited	6	7
- L&T Information Technology Services (Shanghai) Co. Ltd	-	20
- Larsen & Toubro Infotech Canada Limited	-	1
- Larsen & Toubro LLC	-	1
- PT. Tamco Indonesia	-	5
- Larsen & Toubro T&D SA (PTY) Limited	-	2
Services rendered by company :		
Holding Company	1	1
- Larsen & Toubro Limited	1	1
-	-	-
Fellow Subsidiaries	3	107
- L&T-Valdel Engineering Limited *	-	107
- Larsen & Toubro Infotech Limited	3	-
Trademark fees :		
Holding Company	37	-
- Larsen & Toubro Limited	37	-
Reimbursement of expense incurred on the Company's behalf :		
Holding Company	6	12
- Larsen & Toubro Limited	6	12
Fellow Subsidiaries	9	1
- L&T Hydrocarbon Engineering Limited *	2	-
- Larsen & Toubro Infotech Limited	7	1

Transaction	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivable :			
Holding Company	71	121	87
- Larsen & Toubro Limited	71	121	87

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Transaction	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fellow Subsidiaries	269	201	263
- Larsen & Toubro Infotech Limited	229	156	201
- L&T-MHPS Boilers Private Limited	-	1	1
- L&T Hydrocarbon Engineering Limited *	-	10	-
- L&T Construction Equipment Limited	-	-	20
- Larsen & Toubro (East Asia) SDN.BHD	23	31	30
- L&T Information Technology Services (Shanghai) Co. Ltd	2	2	-
- Ewac Alloys Limited	-	1	-
- Larsen & Toubro Infotech South Africa (PTY) Limited	15	-	-
- Larsen & Toubro LLC	-	-	11
Trade payable :			
Holding Company	455	675	849
- Larsen & Toubro Limited	455	675	849
Fellow Subsidiaries	110	217	313
- Larsen & Toubro Infotech Limited	77	103	239
- Larsen & Toubro Infotech Canada Limited	-	-	1
- L&T Infotech Financial Services Technologies INC	1	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	1	-
- L&T-Valdel Engineering Limited *	-	97	61
- L&T Hydrocarbon Engineering Limited *	15	10	3
- Larsen & Toubro (East Asia) SDN.BHD	5	6	6
- L&T-Sargent & Lundy Limited	-	-	1
- Larsen & Toubro Kuwait Construction Company, With Limited Liability"	-	-	1
- L&T Infrastructure Engineering Limited	-	-	2
- Larsen & Toubro Infotech GmbH	10	-	-
- Larsen & Toubro Saudi Arabia LLC	2	-	-
Loans and advances recoverable :			
Holding Company	6	5	90
- Larsen & Toubro Limited	6	5	90
Fellow Subsidiaries	4	3	7
- Kesun Iron & Steel Company Private Limited	2	2	2
- Larsen & Toubro Infotech GmbH	-	1	1
- Larsen & Toubro LLC	-	-	4
- Servowatch Systems Limited	2	-	-

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Transaction	(₹ million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity Share Capital issued :	54	-	198
- Larsen & Toubro Limited **	54	-	198
Preference Share Capital issued :			
Holding Company	-	-	350
- Larsen & Toubro Limited	-	-	350
Preference Share Capital redeemed :			
Holding Company	7,500	-	-
- Larsen & Toubro Limited	7,500	-	-
Interim dividend paid - Equity :			
Holding Company	777	2,270	1,568
- Larsen & Toubro Limited	777	2,270	1,568
Interim dividend paid - Preference :			
Holding Company	97	750	582
- Larsen & Toubro Limited	97	750	582

** Equity shares were issued at premium of ₹ 279 per share

Compensation to Key managerial personnel

Particulars	2016-17	2015-16
Short-term employee benefits	146	98
Post-employment benefits	1	-
Share-based payment *	132	-
Total compensation	278	98

* During the year ended March 31, 2017, 5,50,000 ESOPs were granted to the key managerial personnel under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 38 for detailed terms of the ESOP Scheme 2016.

Compensation to Non-executive directors

Particulars	2016-17	2015-16
Sitting fees	2	1
Commission	15	-
Share-based payment*	359	-

During the year ended March 31, 2017, 15,00,000 ESOPs were granted to the Non-executive directors under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 38 for detailed terms of the ESOP Scheme 2016.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Translations with Trust Managed Employees Provident fund

Particulars	2016-17	2015-16
Towards Employer's contribution	81	75

Translations with Approved Gratuity Fund

Particulars	2016-17	2015-16
Towards Employer's contribution	52	118

(₹ million)

44. SEGMENT REPORTING

(a) Description of segments and principal activities

The Group's management examines the Group's performance from industry perspective and has identified five reportable segments of its business:

1: Transportation: The transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.

2: Process Engineering: Process engineering segment provides end to end engineering services for leading plant operators across the globe. This segment works across the lifecycle of the project covering concept and basic engineering to detail engineering and start-up support.

3: Industrial Products: Industrial Products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

4: Medical Devices: Medical Devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance.

5: Telecom: Telecom segment caters to OEM/ODMs, Chipset vendors, Telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement & sustenance, Testing & Validation, System Integration for communication and related solutions & systems and field implementation services.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

Particulars	(₹ million)					
	Transportation	Process Engineering	Industrial Products	Medical Devices	Telecom	Total
Revenue	10,740	4,962	8,524	2,196	6,061	32,483
% to Total	33.1%	15.3%	26.2%	6.8%	18.7%	100.0%
	9,159	5,736	7,742	1,939	6,086	30,662

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Particulars							(₹ million)
	Transportation	Process Engineering	Industrial Products	Medical Devices	Telecom	Total	
	% to Total	29.9%	18.7%	25.2%	6.3%	19.8%	100.0%
Segment operating profits		1,455	961	2,078	493	1,043	6,030
	% to Revenue	13.5%	19.4%	24.4%	22.4%	17.2%	18.6%
		1,009	1,160	1,762	428	1,019	5,378
	% to Total	11.0%	20.2%	22.8%	22.1%	16.7%	17.5%
Un-allocable expenses (net)							183
							184
Other income							591
							845
Operating profit							6,438
							6,039
Finance cost							21
							25
Depreciation							625
							589
Profit before extraordinary items and tax							5,792
							5,425

(ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

Particulars						(₹ million)
	North America	Europe	India	ROW	Total	
External revenue by location of customers	20,432	6,196	2,564	3,291	32,483	
	18,528	6,066	2,541	3,527	30,662	

Numbers in italics are previous year numbers

Fixed assets used and liabilities contracted for performing the Group's business have not been identified to any of the above reported segments as the fixed assets and services are used inter-changeably among segments.

45. LEASES

The lease rentals charged during the period is as under

			(₹ million)
	Year ended March 31, 2017	Year ended March 31, 2016	
Lease rentals recognised during the period	727	709	

The Company avails office space under non-cancellable operating leases. The Company recognises rent expense on a straight-line basis over the non-cancellable lease term. Future minimum lease rentals payable under non-cancellable operating leases as per the rentals stated in the respective agreements are as follows:

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Future minimum lease payable			
Not later than 1 year	567	606	485
Later than 1 year and not later than 5 years	2,045	2,072	2,068
Later than 5 years	1,487	1,951	2,436

The operating lease arrangements, are renewable on a periodic basis and most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

46. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at March 31, 2017

(₹ million)

Name of the entity	Net assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
L & T Technology Services Limited	103%	15,315	106%	4,490	98%	828	104%	5,318
Subsidiaries								
Indian								
L & T Thales Technology Services Private Limited	0%	(28)	0%	5	0%	-	0%	5
Foreign								
L&T Technology Services LLC	(3%)	(450)	(6%)	(245)	2%	15	(4%)	(230)
Subtotal	100%	14,837	100%	4,250	100%	843	100%	5,093
a. Adjustments arising out of consolidation		19		-		-		-
b. Non-Controlling interests in all subsidiaries		(4)		1	0%	-	0%	1
Total Owner's Share		14,852		4,249		843		5,092

47. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

48. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

For and on behalf of the Board of Directors of
 L&T Technology Services Limited

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

(₹ million)

Sr no	Particulars	L&T Technology Services LLC	L & T Thales Technology Services Private Limited
	Financial year ending on	March 31, 2017	March 31, 2017
	Currency	US\$	INR
	Exchange rate on the last day of financial year	64.85	1
1	Share capital	1	21
2	Reserves	(451)	(48)
3	Liabilities	1,325	392
4	Total liabilities	875	364
5	Total assets	875	364
6	Investments	-	19
7	Turnover	1,573	615
8	Profit before taxation	(209)	5
9	Provision for taxation	36	(1)
10	Profit after taxation	(245)	6
11	Interim dividend - equity	-	-
12	Interim dividend - preference	-	-
13	Proposed dividend - equity	-	-
14	Proposed dividend - preference	-	-
15	% of share holding	100%	74%

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 03, 2017

Place: Mumbai
 Date: May 03, 2017

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014]

L&T TECHNOLOGY SERVICES LIMITED

CIN: U72900MH2012PLC232169

Regd. Office: L&T House, Ballard Estate, N. M. Marg, Mumbai – 400 001.

Tel No.: (022) 6752 5656 | Fax No.: (022) 6752 5893

Website.: www.lnttechservices.com | E-mail.: investor@lnttechservices.com

Name of the Member(s)			
Registered Address			
Email ID			
Folio No./ Client ID		DP ID	

I/We, being the member(s) of shares of L&T TECHNOLOGY SERVICES LIMITED, hereby appoint:

1. of having e-mail idor failing him
2. of having e-mail idor failing him
3. of having e-mail idor failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifth Annual General Meeting of the Company, to be held at St. Andrew's Auditorium, St. Dominic Rd, Bandra West, Mumbai 400 050, Maharashtra on Wednesday, August 23, 2017 at 3.00 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Item No.	Resolutions	For	Against
1.	Adopt the audited financial statements of the Company for the year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company and the Reports of the Auditors thereon for the year ended March 31, 2017.		
2.	Dividend on equity shares for the financial year 2016-17.		
3.	Appoint Mr. A.M. Naik (DIN: 00001514) as a Director liable to retire by rotation.		
4.	Appoint Mr. Amit Chadha (DIN: 07076149) as a Director liable to retire by rotation.		
5.	Re- appointment of Sharp & Tannan as Statutory Auditors of the Company.		
6.	Variation in terms of appointment / remuneration of Dr. Keshab Panda as the Chief Executive Officer & Managing Director.		
7.	Variation in terms of appointment / remuneration of Mr. Amit Chadha as the President – Sales & Business Development and Whole-Time Director.		
8.	Payment of Commission to Non-Executive Directors of an amount not exceeding the limit of 1% of the net profits of the Company per annum in aggregate.		

Signed thisday of 2017

Signature of shareholder.....

Signature of proxy holder(s)


Note:

- (1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- (2) **A Proxy need not be a member of the Company.**
- (3) Members/Proxies should bring their attendance slips duly completed for attending the Meeting.
- (**4) This is only optional. Please put an 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- (6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

CORRIGENDUM TO THE ANNUAL REPORT (2016-17) OF THE COMPANY

To all the Members,

We draw your kind attention towards our Annual Report for the FY 2016-17 uploaded on our website at <http://www.lnttechservices.com/investors/financial-information/annual-report/> and also sent through permitted modes to the Members of the Company.

The details of the top Ten Shareholders (Other than Directors, Promoters and Holder of ADR and GDR) was inadvertently not printed in Annexure F-Form MGT-9 (Extract of Annual Return) forming part of the Directors' Report at page no. 83. The same is now enclosed and is to be considered to be forming part of Annexure F-Form MGT-9 (Extract of Annual Return) of the Annual Report. Thus, the Annual Report should always be read with this Corrigendum.

The 'Corrigendum to the Annual Report has been uploaded on the Company's Website at <http://www.lnttechservices.com/investors/investor-download/> .

Thanking You,

Yours sincerely,
For L&T Technology Services Limited



Kapil Bhalla
Company Secretary
Encl:As above



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr.No.	For Each of the Top 10 shareholders	Date of Transaction	Shareholding at the beginning of the year		Increase/Decrease in the shareholding	Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			591293	591293	0.58
		September 30,2016			82220	673513	0.66
		October 21,2016			220	673293	0.66
		October 28,2016			107000	780293	0.77
		November 4, 2016			67712	848005	0.83
		November 18, 2016			161367	1009372	0.99
		November 25, 2016			1350	1010722	0.99
		December 16, 2016			19500	1030222	1.01
		December 30, 2016			37904	1068126	1.05
		January 20, 2017			763	1068889	1.05
		January 27, 2017			6846	1075735	1.06
		February 3, 2017			27479	1103214	1.08
		February 10, 2017			42	1103256	1.08
		February 17, 2017			86	1103342	1.09
		February 24, 2017			24	1103366	1.09
		March 3, 2017			108	1103474	1.09
		March 10, 2017			27	1103501	1.09
		March 17, 2017			32	1103533	1.09
	At the end of the year				255	1103788	1.09
2	DB INTERNATIONAL (ASIA) LTD			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			0	0	0.00
	At the end of the year				609248	609248	0.60
3	J P MORGAN FUNDS			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			0	0	0.00
		November 4, 2016			379110	379110	0.37
		November 25, 2016			35307	414417	0.41
		March 3, 2017			91545	505962	0.50
		March 10, 2017			53740	559702	0.55
	At the end of the year					559702	0.55
4	PARVEST EQUITY WORLD EMERGING			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			0	0	0.00
		September 30,2016			402243	402243	0.40
		October 21,2016			35925	438168	0.43
		November 18, 2016			7749	445917	0.44
		November 25, 2016			3253	449170	0.44
		March 24, 2017			81428	367742	0.36
	At the end of the year				24969	342773	0.34
5	COPTHALL MAURITIUS INVESTMENT LIMITED			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			244176	244176	0.24
		November 4, 2016			27551	271727	0.27
		November 11, 2016			42314	314041	0.31
		November 18, 2016			30435	344476	0.34
		November 25, 2016			33579	378055	0.37
		December 2, 2016			17850	395905	0.39
		December 23, 2016			1400	394505	0.39
		January 13, 2017			48700	443205	0.44
		January 27, 2017			16450	426755	0.42
		February 10, 2017			8255	418500	0.41
		February 17, 2017			2820	415680	0.41
		February 24, 2017			1856	413824	0.41
		March 3, 2017			2726	411098	0.40
		March 10, 2017			28960	382138	0.38
		March 17, 2017			6226	375912	0.37
		March 24, 2017			5121	370791	0.36
	At the end of the year				30471	340320	0.33
6	DSP BLACKROCK BALANCED FUND			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			0	0	0.00
		October 7,2016			175233	175233	0.17
		October 14,2016			90978	84255	0.08
		October 21,2016			90978	175233	0.17
		December 9, 2016			51554	226787	0.22
		December 16, 2016			89360	316147	0.31
	At the end of the year					316147	0.31
7	DSP BLACKROCK EQUITY FUND			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			0	0	0.00
		December 2, 2016			95159	95159	0.09
		December 9, 2016			193787	288946	0.28
	At the end of the year					288946	0.28
8	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			271785	271785	0.27
		September 30,2016			79929	191856	0.19
		December 2, 2016			12710	179146	0.18
		December 9, 2016			321	178825	0.18
		January 6, 2017			1	178824	0.18
		March 17, 2017			7170	185994	0.18
		March 24, 2017			17830	203824	0.20
	At the end of the year						
9	NATIONAL PENSION SERVICE MANAGED BY OAKTREE CAPITAL MANAGEMENT L P			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			190604	190604	0.19
	At the end of the year				0	190604	0.19
10	MAX LIFE INSURANCE COMPANY LIMITED A/CULIF00125/06/04LIFEGROWTH104 - GROWTH FUND			0.00			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	September 23,2016			28771	28771	0.03
		September 30,2016			53118	81889	0.08
		October 7,2016			81054	162943	0.16
		October 21,2016			17057	180000	0.18
	At the end of the year					180000	0.18

