



L&T Technology Services

*L&T Technology Services Limited
L&T Knowledge City
Special Economic Zone (IT/ITES)
West Block -II, N.H.08
Between Ajwa-Waghodiya Crossing
Vadodara - 390019, Gujarat, India*

August 24, 2018

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 Sir,

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 for the FY 2017-18 was duly approved and adopted in the 6th Annual General Meeting of the Company held on Wednesday, August 22, 2018.

The Annual Report has been uploaded on the Company's Website at https://www.lnttechservices.com/sites/default/files/investors/financial-info/annual-report/Annual_Report_0.pdf

We request you to please take note of the above.

Thanking you,

Yours sincerely,

For **L&T Technology Services Limited**


Kapil Bhalla

Company Secretary
(M. No. F3485)



Registered Office: L&T House, N. M. Marg, Ballard Estate, Mumbai - 400 001. INDIA, Tel: +91 22 6752 5656 Fax: + 91 22 6752 5893
CIN : L72900MH2012PLC232169

L&T Technology Services Limited is a subsidiary of Larsen & Toubro Limited



ENGINEERING THE **CHANGE**



ANNUAL REPORT 2017 - 18

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Forward-looking Statement


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 sources and has not verified those information independently.



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To view or download our online reports please log on to www.LntTechservices.com



The era of technology-driven product ecosystem is upon us. Combining the digital, physical and virtual realms, digital engineering and new age technologies are redefining business models.

To help customers successfully navigate change, manage complexity and improve outcomes, we have taken a strategic decision to invest across four futuristic technological domains: *Digital Engineering, Smart Manufacturing & Operations, Pervasive Technologies, and Perceptual Engineering.*

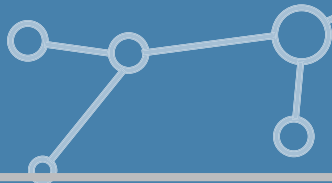
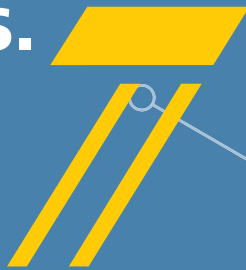
The pillars of modern-day Industrial Digital Revolution, these transformative areas will help us lead the way in pushing the frontiers of innovation and efficiency.

Powered by our technological prowess to create tomorrow's solutions, L&T Technology Services is successfully 'Engineering the Change'.

Corporate Snapshot



LTTS is committed to engineering the change with disruptive new-age technology solutions.



WHO WE ARE

L&T Technology Services Limited (LTTS) is a leading global Engineering Research & Development (ER&D) company offering consultancy, design, development and testing services across the product and process development life cycle.

WHAT DEFINES US

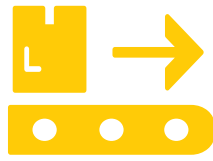
We are proud of our rich engineering legacy. Our parent company Larsen & Toubro Limited, is an Indian multinational engaged in technology, engineering, construction, manufacturing and financial services with USD 18 billion in revenue. It operates in over 30 countries worldwide.

WHAT WE DO

We offer 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 (but are not limited to) digital engineering, mobility and augmented reality, IoT (including IIoT and NBloT), automation of knowledge, robotics, autonomous & near-autonomous vehicles, energy efficiency and imaging and video. We are the only Indian pure play engineering R&D Company of its kind to offer ER&D services and solutions to all major industries viz. Transportation, Industrial Products, Telecom & Hi-Tech, Medical Devices and Process Industry.



Transportation



Industrial Products



Telecom & Hi-Tech



Medical Devices



Process Industry

LTTS offers design and development solutions throughout the product development value chain and provides solutions in the areas of mechanical and manufacturing engineering, embedded systems, software engineering and process engineering.

LTTS provides services and solutions in the areas of New Product Development, Product Lifecycle Management, Engineering Analytics, Power Electronics, M2M Connectivity and IoT.

WHO ENDORSES OUR EXPERTISE

We have a global customer base which includes 52 Fortune 500 companies and 51 of the world's top ER&D spenders. Further, 90% of our annual revenue is from repeat business, signifying the high confidence we enjoy among our customers for our offerings.

Our offerings are delivered to our customers using 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.

HOW WE SUCCEED

Our ER&D services help customers reduce time-to-market for their end products and services, innovate to create new products and solutions, reduce the cost of development and meet increasing regulatory requirements more effectively.

WHERE WE OPERATE

North America constitutes our largest market with 57.6% of revenue share followed by Europe and India with 18.6% and 11.7% share respectively. Rest of the world contributes 12.1% of our global revenues.

WHAT PROPELS US FORWARD



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 and peaceful existence.

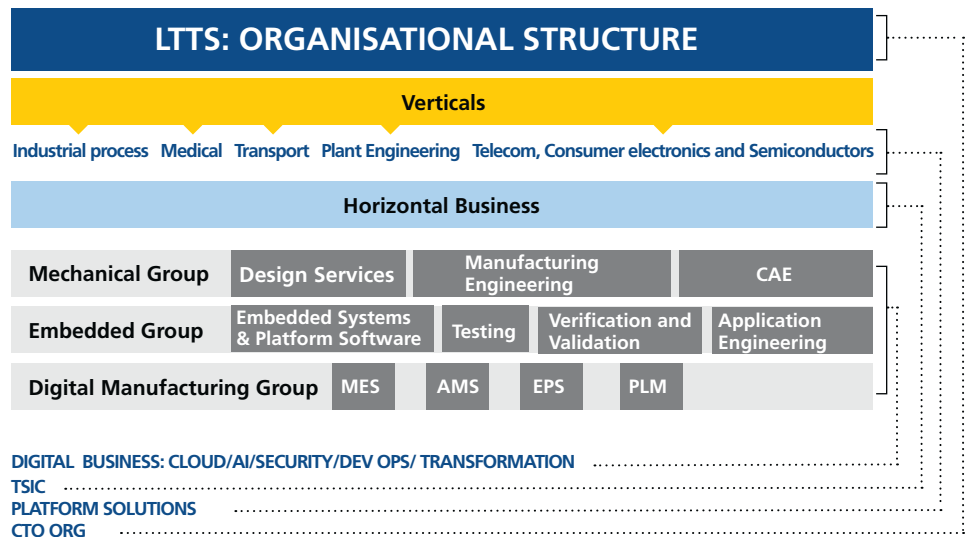
OUR OFFERINGS & VALUE PROPOSITION

LTTS' multi-sectoral presence and domain expertise enables cross-pollination of ideas and best practices leading to differentiated engineering solutions for the world's top R&D Houses. The Company has a robust horizontal technology practice comprising of Embedded Systems, Mechanical Engineering and Digital Manufacturing Group, which together provide design and development solutions across the entire value chain of product development. These technology lines also facilitate LTTS' go-to-market strategy.

Embedded Systems & Applications:

We help customers to engineer and launch ingenious innovations to the market with our exhaustive portfolio of solutions in embedded design, application software and field testing. Our strength as an ideal design partner in the embedded systems space is vindicated by us receiving the Zinnov Zones 2017 Product Engineering Services ratings.

Mechanical Engineering: Technology-dependent OEMs, ODMs, and Tier 1 and Tier 2 suppliers rely on our mechanical engineering services for driving business success. We bring efficiency and innovation to our customer's product design and



development strategies with customised solutions that span the product lifecycle. Our advanced, end-to-end services combine aesthetics and functionality for ensuring faster time to market at optimal costs.

Digital Manufacturing Group: Our integrated smart manufacturing services facilitate real time visibility of plant operations along with timely insights. This leads to leaner and faster processes, quicker and informed decision-making, better quality products and improved plant safety. Key offerings include Digital PLM, Integrated Manufacturing

Services, Engineering Application Software and Asset Data Management Services.

In addition to the above, we have defined our Quality Management Systems (QMS) in line with our Quality policy and organization's vision. Our scope of implementation of the QMS includes all our engineering services activities such as embedded, hardware, software and product design.

The QMS manual is detailed and adopts the ISO standards and CMMi guidelines. The system provides readily available procedures and templates

required to execute all types of projects. The project workflow for various project development life cycles (PDLs) are also built into a tool for ready use. An independent quality team reporting to the COO governs the maintenance, updating and compliance to the QMS. QMS also provides the senior management with a balanced dashboard, which is a scorecard of all

the lead and lag metrics. Structured governance in the use of dashboards enables early risk identification and addressal, hence ensuring the highest quality for project deliverables.

To boost innovation and incubate new technologies & platforms, LTTs has set up a **CTO Organisation**. As we foray deeper into the digital world, the CTO Organization would be incubating

and building the Digital Business by focusing in the areas of Cloud Practice, AI/Analytics, Security, IoT and Digital Transformation. The CTO Organization is also responsible for increasing the penetration of digital business among existing and prospective customers and driving LTTs' go-to-market strategy to grow in the digital space.



Awards & Recognition

- Recognised by CII as one of the most innovative Indian companies
- Golden Peacock Innovation Award 2018 for smart campus solution i-BEMS™
- Recognised by NASSCOM as a prominent player for capabilities to reskill, upskill and cross-skill across Digital Technologies
- Rated as a leader across 10 major industries in the Zinnov Zones 2017 Product
- HfS Positioned L&T Technology Services in 'Winner's Circle' for IoT Services
- LTTs featured in HfS 'Winners Circle' for Automotive Engineering Services
- Businessworld bestowed HR Excellence Awards
- Positioned as IoT Services Leader by NelsonHall



Strategic Alliances

- Partnered the Government of Israel for launching a Centre of Excellence (CoE) in Jerusalem (Israel)
- Partnered with Microsoft to host flagship LTTs solutions on Azure
- Global partnership with PTC to provide next-generation of Smart Digital Solutions & Services to shared enterprise customers worldwide
- Strategic partner for CoE-IoT- a joint initiative of Government of India (Department of Electronics and Information Technology or DEITY), NASSCOM and ERNET
- Partnered the US-based Purdue University and the Indian Institute of Science, Bangalore for futuristic technologies like robotics and nanotechnology



Certifications

- CMMI Level 5 certified since 2003, which is the benchmark in Quality Standards
- ISO 9001:2015 by Lloyd's Register Quality Assurance for engineering solutions in the CAD and CAM domains
- AS 9100 D
- ISO 13485: 2016
- CMMi – DEV 1.3, Maturity Level
- ISO/IEC 27001:2013
- ISO 14001:2015
- BS OHSAS 18001: 2007

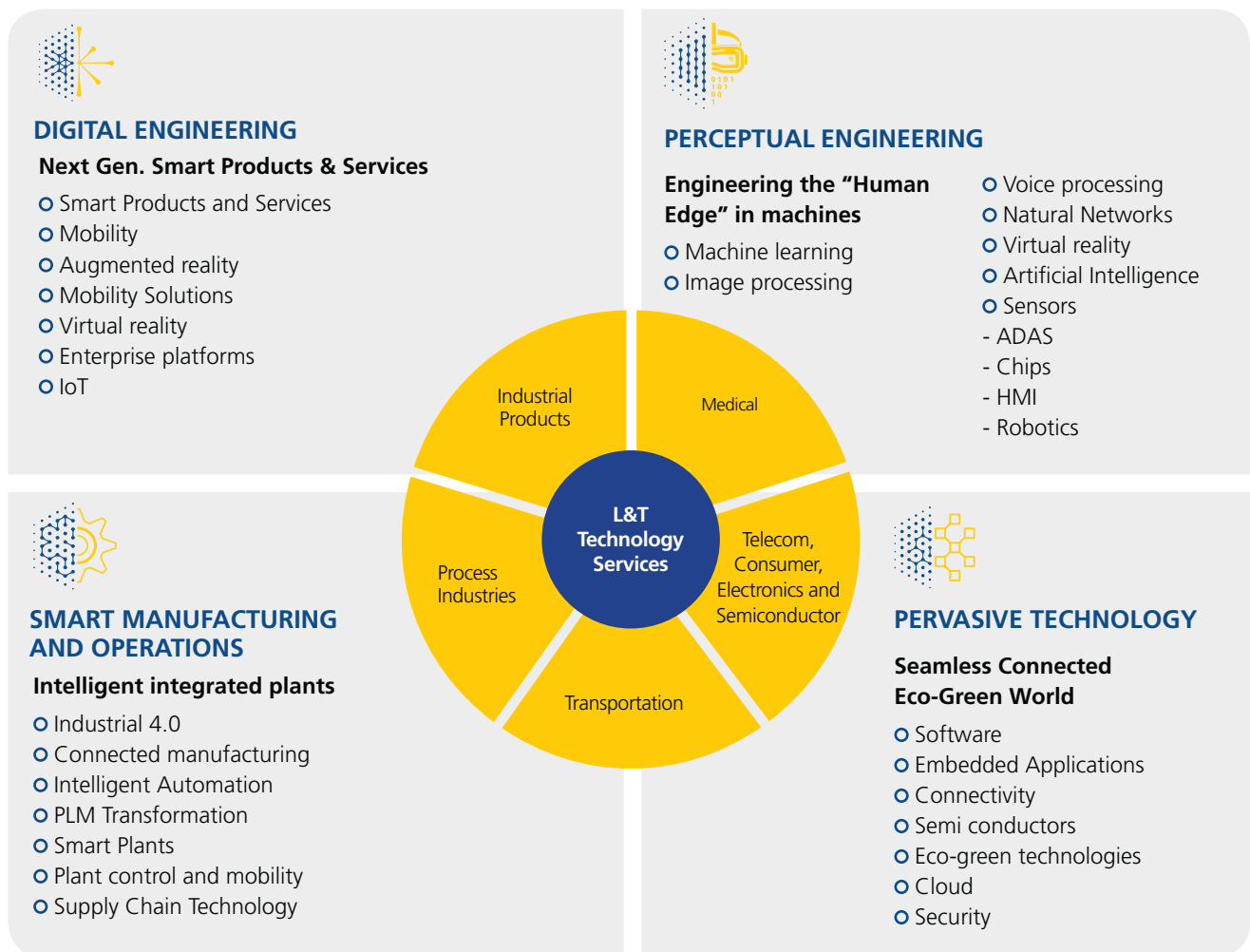
Engineering the Change

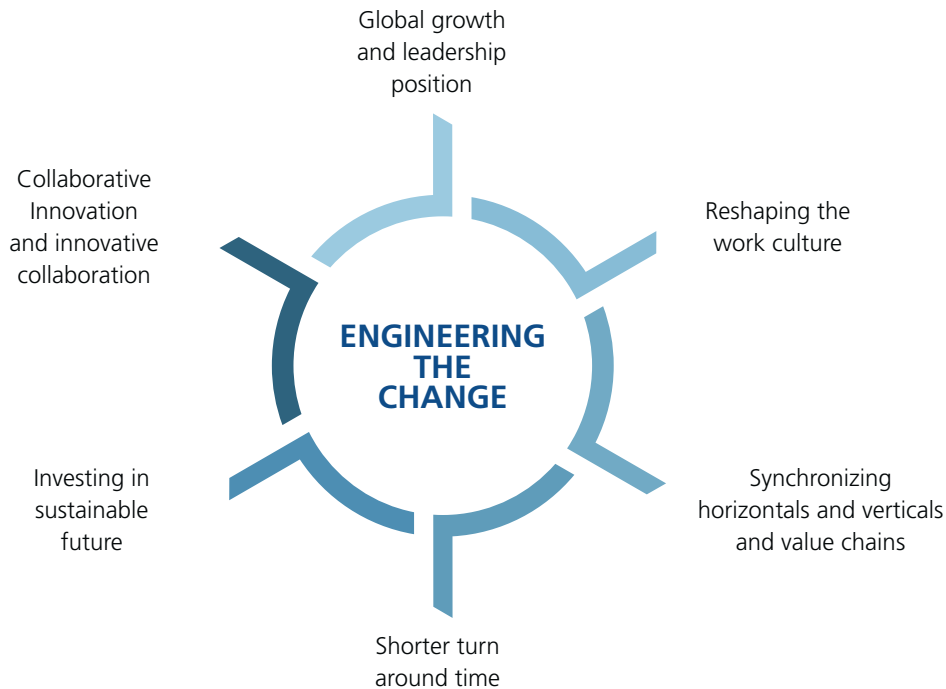
In line with our mission and vision we have devised the Lakshya 2021 framework which is LTTS' five year strategy plan that envisions LTTS transforming its end customers products and services using new age technology and digital engineering. This mission is also reflected in our Company's brand positioning 'Engineering The Change' or ETC.

At LTTS, ETC is all about envisaging industrial and technological developments of the future and acting ahead to usher a new era of innovation, analytics and productivity for our customers. Our ability to draw insights and learnings from several verticals is our most valuable asset, enabling us to think two steps ahead and enhance our offerings continuously.

THE FOUR-PILLARS OF TRANSFORMATION

From an engineering and R&D standpoint, there are four futuristic technologies, 4Es or 'four-pillars' which are expected to disrupt traditional ways of doing business and are crucial to shaping innovation. These technologies, namely digital engineering, smart manufacturing and operations, pervasive engineering, and perceptual technologies are enhancing the value proposition to the end-users at a rapid pace.





ENGINEERING THE CHANGE THROUGH DISRUPTIVE SOLUTIONS

As a services company, it is necessary for us to be contemporary with technology and practices so as to be ahead of our competition and to be able to provide futuristic solutions for our customers. Due to our engineering heritage and commitment to sustainable innovation, we are at the forefront of transforming India into a global ER&D hub. As a strategic decision to capitalise on the disruptions and digitalisation wave in India today, we are investing in building solutions around new age, sustainable and go green initiatives.

- **VANGEN (Video Annotation Generator)** - Allows easy data collection and labelling to train autonomous vehicles to read data. For example, the platform can train autonomous cars to distinguish and find the correct lane through images.
- **AiKno™** - Cognitive intelligence framework which combines contextual intelligence and AI, enabling customers to develop a range of digital virtual agents, problem solving applications and robotic process automations.
- **UBIQWeise™** - LTTS' proprietary IoT platform that supports data acquisition from IoT devices, aggregation at the gateway, storage in the cloud and easy retrieval by applications.
- **WAGES** - Cloud based application for monitoring and optimizing Water, Air, Gas, Electricity & Steam for manufacturing plants. It measures data on-site, conducts analysis, site auditing, produces assessments and reports.
- **iBEMSTM™** - Intelligent building energy management system based on cloud for managing and monitoring building operations to minimize energy consumption. Facilitates management of energy consumption, heating, ventilation and air conditioning, elevators and escalators, building safety and lighting.
- **nBon** - A Narrow Band IoT (NBloT) solution that provides Wide Area Network connectivity at low power. Specifically designed for indoor coverage, at low cost with long battery life and high connectivity and easy integration into target platform.
- **Service IQ** - Mobile solution that connects customers to enterprises in real-time and even in offline mode. Facilitates quick and easy resolution of issues being faced by end users.
- **DT ROBOTM™** - Multiplatform framework for handheld devices, networking equipments such as telephones, routers and vehicle infotainment systems. Allows testing the devices on various performance parameters such as display, battery life, calling, connectivity and audio quality.



CONNECTED SYSTEMS WITH DIGITAL ENGINEERING

By infusing Digital with Engineering, we are helping our customers design next-generation smart products and services. Leveraging Digital Engineering helps us create an ecosystem of products and solutions, in turn creating a system of systems for the end-customer that makes experiences more intuitive and meaningful. Our digital engineering portfolio of smart services has enabled us to emerge as a leading player in this area.

The Change that Digital Engineering Ushers

Smart appliances such as connected coffee machines, IoT enabled wearable devices such as smart helmets which can monitor workers in hazardous scenarios, and condition based monitoring of vital parameters of plant assets are just a few of the smart solutions we have delivered through our digital engineering capabilities.

Our Differentiation

As an ER&D company, the impact of our digital engineering services is at the product, plant and enterprise levels, helping customers design next-gen products and services.



CREATING DIGITAL FACTORIES WITH SMART MANUFACTURING

Driven by the ever-evolving consumer landscape, increasing complexity of supply chain and proliferation of smart technologies, businesses are seeking new ways to increase productivity.

Some of the burning questions in modern day manufacturing setup are:

How can manufacturers shrink and shorten the design to manufacturing cycle?

How can intelligent automation be enabled across all stages for faster time-to-market and sustainable competitive advantage?

By reimagining manufacturing with intelligent and integrated plants and connected technologies, we are bringing Smart Manufacturing onto the shop floor of enterprises to boost efficiencies, ensure safety compliance and cut operational costs.

Our Differentiation

We delivered a cutting-edge project at the plant of one of the world's leading OEM manufacturers, wherein we integrated a new model into existing manufacturing lines using virtual simulation of robotic welding, PLC programming and HMI design.



SEAMLESS CONNECTIONS WITH PERVASIVE TECHNOLOGIES

Today technology is everywhere - from our watches and cars to lighting systems and traffic lights. The amount of data being generated every day with these embedded technologies and software is inconceivable. When mined right, this data unlocks higher value for the organisation, customers and our world.

How can businesses leverage virtually omnipresent technologies and create a seamlessly connected world?

At LTTS, we have the broad expertise and in-depth knowledge of pervasive technology that gathers data not only to predict what consumer wants and drive consumer trends and imaginations but also to create a smarter sustainable world.

The way pervasive technology works

Pervasive technologies use sensor fusion which combines sensors to produce data and signal computing. This helps to analyse and connect systems, enabling businesses to transform into digital-service models.

Recognising the power of embedded sensors, we have made a head start in this area. Working in partnership with the Centre for Nano Science and Engineering, Indian Institute of Science (IISc), Bengaluru, we are jointly working towards the areas of Sensors and Energy Efficient Systems based on Nanotechnology.

#EngineeringTheChange

For a major European Airport, LTTS developed smart bins to monitor wastage levels and clearance. We also fitted sensors under water bodies in the airport for monitoring water levels, especially during heavy rains. Working with Automotive OEMs, we are deploying sensors in vehicles to measure the level of carbon-dioxide emissions.



HUMAN-EDGE IN MACHINES WITH PERCEPTUAL ENGINEERING

The future world will comprise of machines having sensors and the ability to think, learn, enhance productivity and correct itself without human intervention. The future is closer than we think. The emergence of self-driving autonomous cars is a case in point.

How is LTTS poised to facilitate the 'human-edge' in machines?

We are inspiring intelligent innovation and developing future-ready and future-proof capabilities with our Perceptual Engineering solutions. Our solutions leverage critical technologies such as artificial intelligence, robotics, machine learning and sensor technology to develop cognitive and perceptive machine capabilities.

We developed Machine Learning & Deep Learning technology for smarter solutions and are deploying them in a variety of industries : Security & Surveillance (through face/voice recognition, suspect tracking and crowd threat detection), Robotics (via speech processing, object identification and adaptive learning), Natural Language Processing (by information extraction and mapping from thousands of documents) and Image and Video Analytics (machine vision for manufacturing and oil & gas imaging).

Our Differentiation

We have created digital twins for chemical and aerospace customers that mimic physical models of objects, processes and whole factories.

Engineering Change Beyond Boundaries



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

Australia

- Victoria

Africa Cluster

South Africa

- Houghton

Asia Cluster

India

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

Japan

- Yokohama

South Korea

- Gyeonggi-Do

Middle East

- Abu Dhabi

Singapore

- Singapore

Malaysia

- Petaling Jaya

Europe Cluster

Belgium

- Brussels

Denmark

- Copenhagen

Finland

- Espoo

France

- Neuilly-sur-Seine

Germany

- Leipzig
- Munich

Italy

- Milan

Israel

- Tel Aviv

Netherlands

- Amsterdam

Norway

- Baerum

Poland

- Warszawa

Sweden

- Kista

United Kingdom

- London

Head Quarters

Vadodara, India

Milestones of the Year



March, 2018

- Awarded Multi-Million Dollar digitalization contract from ExxonMobil Exploration Company
- Awarded Multi-Million Dollar ER&D project from German chemical major Covestro
- LTTs' industry academia skill building initiative TECHgium® witnessed record breaking participation

January, 2018

Awarded \$50 million avionics contract from global aerospace electronic systems manufacturer

December, 2017

Consolidated position as the country's leading pure-play engineering services company after being rated as a leader across 10 major industries by Zinnov

November, 2017

- Positioned in the Leaders Category by independent global research firm Nelson Hall in its evaluation for IoT services providers
- Launched Center of Excellence in Jerusalem, Israel

October, 2017

Recognized by CII as one of the most innovative Indian companies in Technology Services

September, 2017

- Set up Engineering Solution Design Center dedicated to wind energy major Vestas
- Conferred the prestigious NASSCOM Digital Skills Award

July, 2017

Unveiled Industry 4.0 CoE in collaboration with PTC

May, 2017

Acquired California-based Esencia Technologies, a provider of design services in Digital Signal Processing for Communications, Video, Security and Networking

April, 2017

Partnership with Microsoft to develop Smart Office Campus in Israel

Founder Chairman's Message

Dear Shareholders,
I am happy to present your company's annual report for fiscal 2018. In its second year as a listed company, L&T Technology Services has strengthened its position as India's leading pure play Engineering Research & Design services provider, with a client roster of global majors.



You will be happy that your company ranks among the most respected global ER&D players, with clients including 51 of the world's largest R&D houses and 52 Fortune 500 companies.



RICH ENGINEERING HERITAGE

Your company has evolved out of the technology vision we had articulated in 2009. We saw value in carving out a separate company from what was originally an internal wing of the parent organisation, and allowing it to compete on level terms with peers across the world. Your company's record of success, and its growing reputation as one of the more technologically innovative companies in its space is an affirmation of our decision.

Today, your company is closely attuned to the organisation's heritage of engineering excellence, and is the Group's flag bearer into new digital arenas. It is harnessing opportunities in disruptive technology areas such as smart manufacturing and perceptual engineering. Smart solutions conceived by your company will be the building blocks for L&T's Smart World initiatives which are among the largest and most ambitious movements in India.

DIFFERENTIATED OFFERINGS

LTTTS has stayed ahead of the commoditization curve. It is engaged in engineering specialised, new age products for global R&D brands. Its focus on advanced offerings like digital engineering, machine learning and collaborative robotics have given it market salience, resulting in superior performance and better returns for investors.

LTTTS closed the year with INR 37.4 billion in revenue, which is an industry leading growth of 15.4% YoY. Revenues from digital and leading-edge technologies have doubled to 26% of total turnover, holding out excellent prospects for the future. I am confident that with its rigorous fiscal discipline and focus on innovation, LTTTS will continue to exceed industry expectations in the years ahead.

You will be happy that your company ranks among the most respected global ER&D players, with clients including 51 of the world's largest R&D houses and 52 Fortune 500 companies. LTTTS also garnered several accolades such as CII Industrial Innovation Award 2017 and Golden Peacock Innovation Award 2018.

OUTLOOK

Globally, the world is witnessing a sharpening of social and political divides, triggering a search for quick-fix solutions like policy interventions. These can often distort the free play of market forces. In addition to apprehensions that differences over tariff trade treaties can adversely impact the global economy, volatile crude prices and currency are also matters of concern.

Amid these uncertainties, it is heartening to note that manufacturing and ER&D spends around the world continue to rise. This augurs well for a pure ER&D player like LTTTS. Demand in the US and Europe is on the rebound, driven by new product launches, IoT application development and smart manufacturing – all sectors where your company enjoys a strong competitive advantage.

Under an effective leadership team that maps likely trends, your company is developing new expertise ahead of the curve. In the transportation segment, for example, LTTTS anticipates a global shift towards electric and hybrid vehicles and has

already established its own prototype electric vehicle and is also working with global OEMs to create the next generation of electric and hybrid automobiles.

In the plant engineering space, where LTTTS is an acknowledged leader, the company is developing technologies for Industry 4.0 and automation to build the digital factories of the future. The telecom & hi-tech vertical is witnessing sustained growth in the semiconductor space driven by more needs in the smart home, healthcare, automotive, AI and big data areas. The medical devices sector is witnessing an upswing due to expanding demand for domiciliary care. Your company is responding positively to these developments.

Having established itself as the leading ER&D Services brand out of India today, my vision is for LTTTS to emerge as a global business leader in ER&D. The technologies and innovations which originate in your company's labs have a ripple effect all through society, and can pave the way for to a happier and more prosperous future for all.

I look forward to another year of excellence and technological accomplishments.

A. M. Naik
Founder Chairman

CEO and Managing Director's Message



Dear Shareholders,

It is my privilege to present before you our Annual Report for 2017-18, marking our second year as a listed company. L&T Technology Services was formally established in April 2014 and in less than four years has become India's leading ER&D Services company with operations across 22 countries and over 12,000 engineers from 17 nationalities.

Over the years, L&T Technology Services has become the preferred partner of choice, particularly with large global corporations, working with them to create new products and services. We at LTTS work as an integrated team along with the customer right from the conceptualisation phase to implementation stages and participate across the manufacturing engineering life cycles.

Now let me share more about what we achieved in fiscal 2018 for our shareholders, our customers and partners, and for the communities in which we operate throughout the world.

SUSTAINABLE GROWTH

LTTS has continued its robust growth trajectory and posted strong financials in FY2018, thereby ensuring healthy returns for our investors. We closed the year with ₹ 37.4 Billion in revenue with an industry leading growth of over 15% YoY. Our strategy of focusing on Top 30 customer accounts worked very well and won us large deals facilitating deeper co-innovation with new and existing customers.

We secured many large multi-million dollar deals during the year, including two digital transformation projects worth more than US\$50 million. We have collaborated with our global customers on several innovative patents. In FY18 we introduced 74 new patents taking our total patents count stood at 328.

Globally, all major geographies have contributed to our growth. North America continues to dominate our business and LTTS has been largely immune to any geopolitical flux owing to the constant demand for high end engineering solutions due to a recent revival in capex and manufacturing spend. We have engagements with over 50 Fortune 500 companies in the US market and 90% of them have rewarded us with repeat business, a validation of our commitment to quality & excellence. We have also expanded our operations in the U.S. with the acquisition of Esencia Technologies in the Silicon Valley, to increase our footprint in high-end VLSI, ASIC & hi-tech security solutions.

DIGITAL ENGINEERING & SMART MANUFACTURING MOMENTUM

I am especially happy to note that our revenue from digital engineering and new age technology services doubled year on year and now comprises 26% of the overall business. This is important because LTTS is not just preparing for the disruptions that inevitably lie ahead; instead we believe in causing the disruptions in technology and engineering the transformation of ER&D enterprises in the world today. This is evident from many of our projects which are landmarks in their respective domains; for example, LTTS has taken big strides in smart manufacturing with cutting edge projects for one of the world's largest automakers, that involved integrating a new model into existing

manufacturing lines using virtual simulation of robotic welding, PLC programming and HMI design. We are also combining our expertise in sensors, robotics and engineering analytics to create perceptual engineering in machines that will replicate the human senses and cognitive ability.

LTTS has started work in this exciting field for customers, creating, for example, digital twins for chemical and aerospace customers that mimic physical models of objects, processes and whole factories. We also developed Machine Learning & Deep Learning technology for smarter solutions and deploying them into a variety of industries from Security & Surveillance through face/voice recognition, suspect tracking and crowd threat detection to Robotics via speech processing, object identification and adaptive learning.

Our CTO's Office has been sharpening focus on monetizing key platforms and solutions that can become revenue generators in the near term for us. We have identified 20 such platforms including device to cloud IoT platform UBIQWeise™, energy audit & monitoring platform WAGES, iBEMS™ - LTTS' proprietary smart campus framework and VANGEN, our homegrown autonomous vehicle testing platform. All of these will mature as we continue to roll out more advanced engineering solutions for global customers.

20:20:20 VISION

As part of our 5-year Lakshya strategy, we have drawn up an organization wide roadmap termed as the 20:20:20 vision. This blue print envisions a sustainable 20% annual topline growth, complemented by healthy EBITDA margins of 20% and 20 new technology patents annually, which will achieve the momentum necessary to drive growth to \$1 billion by 2021. The key tenets of this plan are as follows:

Ramping up accounts: To ramp up its large accounts, LTTS is following a two pronged strategy. This involves providing a portfolio of new & emerging technology offerings to top customers while expanding its footprint across various divisions and geographies for existing clients. Over the next 3 years this will enable LTTS to ramp up its current large accounts which are in the range of USD 20 to 30 million, to over 50 million USD in size.

Incubating disruptive technologies: As mentioned previously, LTTS is focusing on four transformative technology areas, including digital engineering, smart manufacturing & operations, perceptual engineering and pervasive technologies, which are expected to disrupt traditional ways of doing business and are crucial for our customers to remain ahead of the curve. Many of these futuristic technologies centred around NBloT, Human Machine Interface and nano technologies, are currently being incubated in our R&D labs and centers of excellence.

Focus on IP led solutions: In addition to incubating new solutions, LTTS is currently in talks with various industry players for monetizing some of these patents and generate a steady stream of high margin non-linear revenues. The company's future growth trajectory will be propelled by innovations in specific verticals such as telecom and hi-tech, automotive and medical devices which are seeing an increase in demand from the end consumer.

Improve quality of revenue: LTTS is moving towards a consulting led business model with higher margins to move further up the pyramid. We are also using technology and automation tools to obtain higher productivity, explore newer ways of customer engagement and look at business deals with an investor lens so that margin dilutive projects can be consciously ignored.

In conclusion, I would like to say that being India's leading ER&D services firm, we are proud to build the country as a global ER&D destination. Owing to its unparalleled engineering prowess over the last few years, the LTTS brand has become synonymous with ER&D services in India, and it is my endeavour to leverage our leadership position to make India the preferred hub for all ER&D innovation being undertaken by our Fortune 500 customers.

I look forward to a successful and highly productive FY '19.

Dr. Keshab Panda
CEO & MD

LTTTS Facts & Figures

Consolidated

Operational Revenue

(INR in Mn)

FY 18	37,471
FY 17	32,483
FY 16	30,662

EBIDTA

(INR in Mn)

FY 18	5,811
FY 17	5,857
FY 16	5,194

PAT*

(INR in Mn)

FY 18	5,061
FY 17	4,249
FY 16	4,191

Standalone

Operational Revenue

(INR in Mn)

FY 18	35,066
FY 17	31,125
FY 16	28,938

EBIDTA

(INR in Mn)

FY 18	5,509
FY 17	6,024
FY 16	5,315

PAT*

(INR in Mn)

FY 18	4,894
FY 17	4,489
FY 16	4,390

* PAT numbers are post Minority Interest

LTTTS IN NUMBERS#

328

Patents filed (245 patents co-authored with global customers and 83 by LTTTS)

90%

Repeat Business

39

Innovation Labs

51

Customers across top R&D Houses

16

Global Design Centres

235

Global Customers

12,300 +

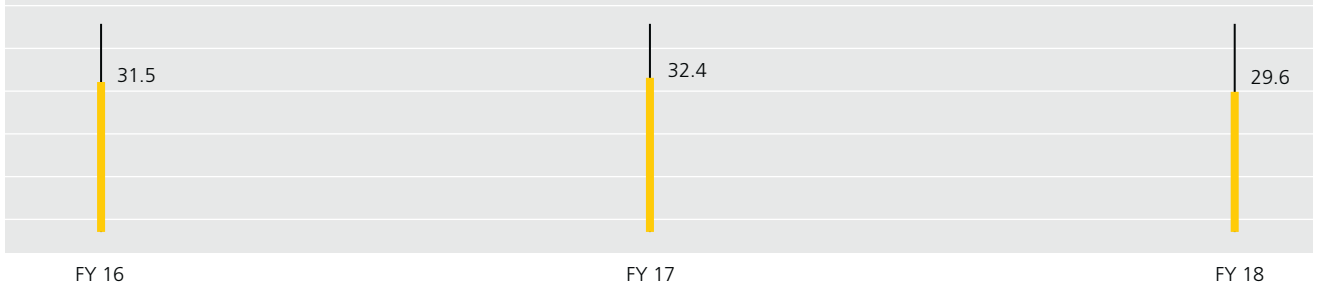
Employees

27

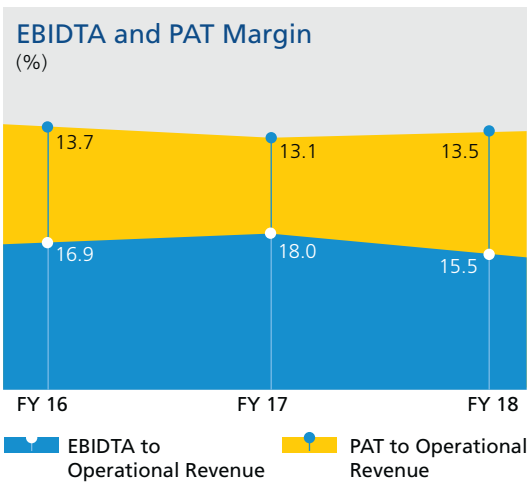
Global Sales Offices

#As of March 31, 2018

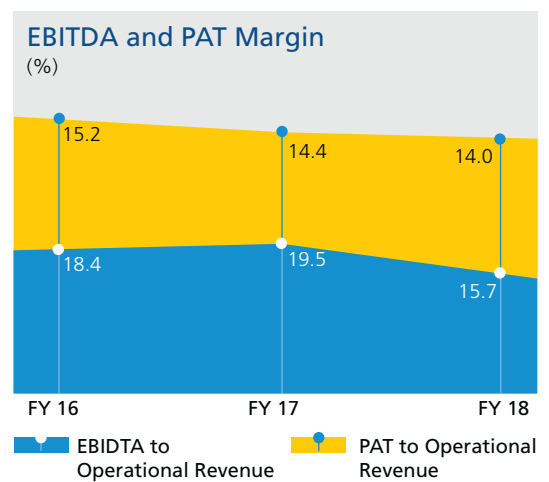
Return on Net Worth (Consolidated) (%)



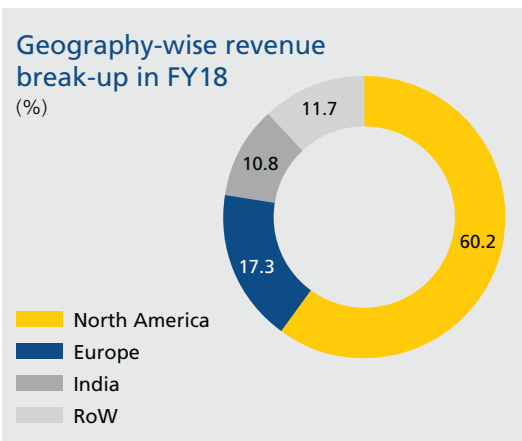
Consolidated



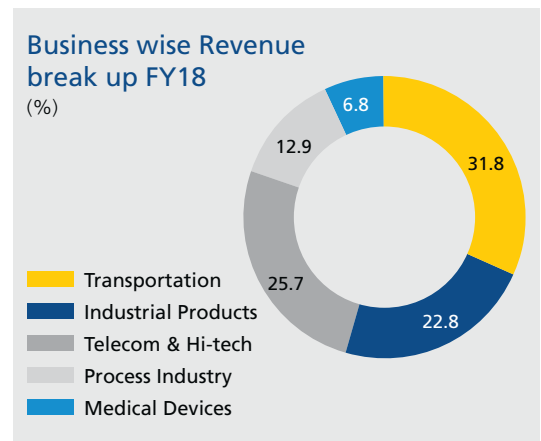
Standalone



Consolidated



Consolidated



HR Transformation






We firmly believe that a 'Culture of Engagement' begets an 'Ecosystem of Accomplishment'. Our strategic agenda for HR transformation is founded on three critical parameters – People, Process & Portals. By encouraging higher level of employee involvement in the decision-making process through technologies such as process automation, cloud-based systems, mobile app and chatbots, we endeavour to enhance their skills, recognize their efforts and jointly celebrate our professional and personal achievements.

KEY HIGHLIGHTS OF THE YEAR FOR DRIVING INCREASED ENGAGEMENT:

- 9 countries moved to a Host country compensation model
- Successful go-live of the 'Performance Feedback & Development' module in Kaleidoscope tool
- HR Genie (Chatbots) – A mobile app designed to make work simple, it addresses frequent queries related to Performance Feedback & Development Module
- Launched 'Gift a Leave Policy': 400+ leaves gifted to other employees for personal emergencies
- Launched 'Bundle of Joy' to celebrate parenthood
- Increased brand positivity in the workplace through launch of '51 Reasons to Cheer'
- Introduction of onsite short-term travel policy for employees
- Launch of MyTS app
- Online stress check programme launched for Japan employees

LEARNING AND LEADERSHIP DEVELOPMENT INITIATIVES

Our career-based development programmes have been devised to nurture future leaders and offer career pathways to employees, thus increasing engagement, productivity and retention.

ALP (ACCELERATING LEADERSHIP POTENTIAL)	FTMP (FIRST TIME MANAGERS PROGRAM)	LEAD
 <p>A Development journey that focuses on Middle Management Development considering account delivery managers and high-potentials from level 7,8 and 9. The objective is to refine the leadership skills our leaders have already acquired, and for developing those essential for the greater responsibilities ahead. It's a 12 month long journey focussed on enhancing competencies through a series of interventions, action learning projects & group coaching.</p>	 <p>A Development journey meant for First time managers that focusses on the crucial transition from an Individual Contributor to a people Manager. Its a 6 month long journey aimed at enhancing competencies to bring about a mindset change and equip them for the new & complex gamut of responsibilities critical for managing & driving the team towards achieving results</p>	 <p>A year-long development journey designed for delivery heads with a focus to develop Inspirational, Pragmatic & Visionary Leaders. The journey focuses on building strategic skills for effective decision-making, strategy development, and implementation.</p>
<p>Highlights of FY 18</p> <p>39 high potential individuals identified from the ALP participants for internal movements</p> <p>96 successful participants</p> <p>4 development workshops and coaching sessions conducted for each participant.</p>	<p>Highlights of FY 18</p> <p>FTMP enabled by internal facilitation</p> <p>60 managers covered</p> <p>90% average feedback score</p> <p>4+ batches of internal training sessions facilitated</p>	<p>Highlights of FY 18</p> <p>32 web-based sessions completed with over 39 participants</p> <p>Individual and Group Projects carried out by participants</p> <p>All participants certified by Strategy Academy</p>



HR TRANSFORMATION JOURNEY

The highlights of the year for our key transformational initiatives are summarised below:

Career Progression Framework

Objective: To ensure availability of quality talent pool & identify right people for right jobs and enable employees for an enhanced career & growth opportunity.

Accomplishments:

30+

Technical Discussions

28

Technical Compendiums across Domains

100+

Focus Group discussions

400+

Role Holders

518

Unique Roles Identified

CEO Club

Objective: The CEO Club Program is created for grooming and nurturing high-potential talent and create a new class of outstanding employees & top performers from various functions within the organization.

Accomplishments:

2ND

Year of Enthusiastic Response

The Top 5 CEO Club winners for last year attended Executive Education Programs at International Universities and have been groomed to work on organization level projects.

Wings

Objective: To foster a culture of women employee empowerment & inclusion through enhanced gender ratio, additional maternity leave, work from home and flexible work hour policies.

Accomplishments:

Active propagation of policy

External member included in revamped ICCs across locations

Ethics Line

Objective: This platform promotes "ZERO TOLERANCE" for values violation & unethical conduct at the workplace.

Accomplishments:

16

Webinars Covering All the Geographies

19

Cases Registered and Closed in Time

TECHgium®

Objective: LTTTS' industry-academia connect endeavour to facilitate student-scientist culture and unearth India's tremendous engineering potential.

Accomplishments:

The second edition of TECHgium® received a record-breaking participation from over 17,000 students across 220 engineering colleges with 1,088 innovative ideas and 53 Proof of Concepts (PoC)

TechExpressions™

Objective: Showcase best concepts from over 10,000 of our talented engineers.

Accomplishments:

Produced a formidable portfolio of 300+ patents, many of which are co-authored with global customers.

WIZneers

Objective: Our inside-out strategy to connect and share technological wisdom

Accomplishments:

Created a community of 'Technology Architects' who come together every fortnight to discuss, debate and disrupt.

NEW INITIATIVES



Fresher training

Positive feedback from business units - 97 trainees participated in sessions over the last 2 quarters

New assesment gramework introduced

Mini projects introduced



Certifications

26 proactive certifications on Solutions

NPTEL certifications campaigns



Digital Transformation

Virtual classes - onsite, multi-location offshore

Virtual labs - Cloud based labs (trainings-Labview, Matlab)

Blended Learning - PMP prep course, more in pipeline

In house content

Development - ISMS, QMS, halliburn proj, UTC

Inclusion of internal trainings on LIFE



Tech Talk & Webinars

Technology trends

Introduction to new technologies

Best practices - Tools and technology

Corporate Social Responsibility



ENGINEERING SUSTAINABLE CHANGE

L&T Technology Services is committed to promoting a culture of sustainable innovation while meeting the expectations of its stakeholders and the world at large. As a responsible organisation, we have undertaken several transformational initiatives that contribute towards community empowerment and all-round societal development. Our strategic social investments are undertaken in key areas like healthcare, water availability, skill development and education, among others. The endeavour is to foster long-term sustainable community development and drive growth initiatives that make a meaningful impact in people's lives.

TO ACHIEVE THESE GOALS, WE:

- Implement planned and sustainable CSR programmes with an objective to 'Build India's social infrastructure';
- Collaborate with communities, institutions and NGOs to promote skill development, water and sanitation awareness, health and education;
- Leverage technology and innovation-based solutions to closely address social needs and issues;
- Facilitate the development of a progressive, model society with a high quality of life devoid of inequality;
- Empower individuals in socially, educationally, and economically backward communities to achieve their potential.

CSR EFFORTS AND THEIR IMPACT IN FY2018

Education (Naya Savera)

We have partnered with STEM learning, Arch Social Consultant and Aarambh to implement teacher and student education programmes in Mumbai and Vadodara.

During the year, a total of **26,525 students benefitted** from mini science labs installations along with various other educational camps, libraries and other programmes to improve the quality of learning. In addition, **169 teachers were trained** by a programme module devised by Indian Institute of Science (IISc).

Skill Development (Naya Savera)

This initiative is aimed at providing skill training to the underprivileged youth to help them be gainfully employed.

Various vocational courses are being conducted in partnership with Labournet, Aarambh and Arch Social Consultant. Our goal is to train and provide employment to 5,000 underprivileged individuals by 2020.

A total of **1,415 candidates benefitted** from various courses held in tailoring and beauty training, leather stitching, basic computer operations, electrical appliances and automobile repair. Amongst the beneficiaries, **100 participants are differently-abled**, who are provided with skills that help in making them independent.

Healthcare (Spارش)

In collaboration with Sankara Nethralaya, we are providing highest quality eye care solutions to the rural population at their doorsteps, absolutely free of cost.

During the year, **4,162 people were screened** for eye diseases and **675 cataract surgeries** were performed on needy patients who are located in remote villages and are unable to afford private operations.

Water (ENWA)

In partnership with National Agro Foundation, we are undertaking watershed activities for the conservation of land and water resources. This provides better farming opportunities to the local communities and increases their income and quality of life.

Two watershed projects are being undertaken in water-starved Maharashtra and Tamil Nadu. The projects which are underway intend to **aid 10,000 people from the farming community** across nine villages. The aim is to increase groundwater table and water storage facilities to **provide water for 8,000 hectares of land**. Parallel programmes of community development and agri-training aim to **improve agricultural crop yield by 25-25%**.

Climate Action (ENWA)

To promote the use of renewable energy, we have partnered with Swami Vivekananda Youth Movement for the installation of solar-powered electricity.

We introduced solar electricity to a tribal colony in Mysuru in Karnataka, lighting up 60 homes, several schools and community halls benefitting 220 people. The solar power lighting also helps the community reduce their carbon footprint to ensure their surroundings remain pristine.

Sustainable Cities and Communities

We are devising alternate methods to improve traffic congestion by studying Chennai's traffic signal systems. Our endeavour is to improve the quality of urban life by using alternate and low-cost methods and reduce accidents and other incidents.

Innovation (Tech Udan)

We partnered with IIT Madras to develop assistive technology solutions. This will help in providing access to education, communication, employment, daily living, recreation and rehabilitation for the differently abled people.

Board of Directors



A.M. NAIK

Chairman

Mr. A.M. Naik is the Chairman of L&T Technology Services. He was instrumental in carving out the company from what was earlier a part of the Embedded Services business of Larsen & Toubro.

Mr. Naik has been associated with Larsen & Toubro for over five decades, and at the helm of the Company for the last two. Appointed CEO in 1999, Mr. Naik became Chairman in 2003 – the first employee to be elevated to the high post. Mr. Naik served as the Group Executive Chairman of L&T from 2012 to 2017. Effective October 2017, he has stepped aside from executive responsibilities, and is focusing on business portfolio rationalisation, mentoring of next generation leadership and expanding the outreach of CSR. He continues to provide counsel to the CEO & MD, as and when needed.

Mr. Naik led the transformation of Larsen & Toubro into a technology-driven, sharply focused engineering & construction conglomerate. The company-wide revamping of processes, thrust on operational excellence, and global benchmarking has led to the significant value addition for stakeholders.

An active philanthropist, Mr. Naik has contributed significantly to social uplift, and has set up modern hospitals, schools and skill-building centres in Mumbai and south Gujarat.

Widely feted, Mr. Naik was conferred the Danish Knighthood by Her Majesty Queen

Margarethe - 2008 and a further honour, the Order of the Dannebrog - Knight First Class in 2015. He was Chairman of the Board of Governors of the Indian Institute of Ahmedabad from 2012 to 2016. He has won the 'Padma Bhushan' (one of India's high civilian honours), the 'Gujarat Garima' – Gujarat's highest honour, and was ranked 4th Best Performing CEO in the industrial sector globally in a study conducted by Harvard Business Review in 2013.

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



S.N. SUBRAHMANYAN

Vice Chairman

Mr. S.N. Subrahmanyam is Vice Chairman of L&T Technology Services. He is the Chief Executive Officer and Managing Director of Larsen & Toubro. In addition, he is Vice Chairman on the Board of Larsen & Toubro Infotech Limited (LTI) and Non-Executive Chairman of L&T Metro Rail (Hyderabad) Limited.

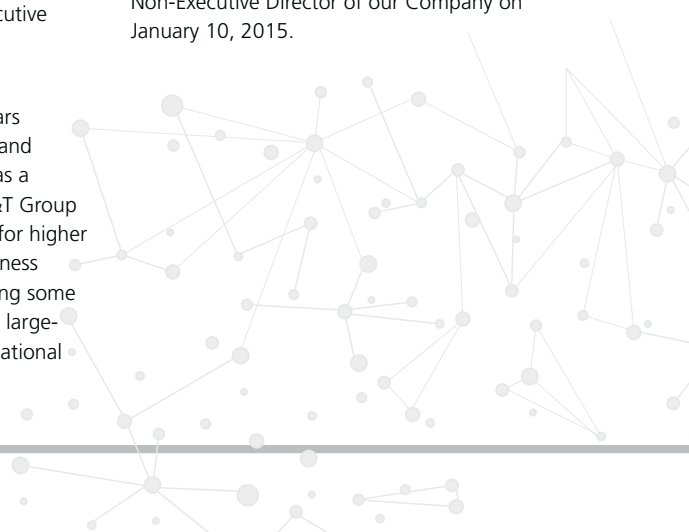
Mr. Subrahmanyam has over 30 years of experience in the infrastructure and construction industry. Starting off as a Project Planning Engineer in the L&T Group in 1984, he was soon handpicked for higher responsibilities. Moving to the business frontline, he is credited with securing some of the company's most prestigious, large-value orders including major international

airports in India and abroad, metro projects in several Indian cities and in Riyadh and Doha, and landmark bridges.

A strong proponent of digitalization in all segments of business operations, Mr. Subrahmanyam is championing the digital drive across the organization aimed at enhancing efficiencies and realizing greater value.

He is a member of the Governing Council of the Construction Skill Development Council of India, and a member of the Board of Governors of the National Institute of Construction Management and Research. Mr. Subrahmanyam is a Fellow of the Institution of Civil Engineers- United Kingdom. He was the chairman of the CII Gulf Committee for the Financial Year 2012 and was a member of the Working Committee, Projects Exports Promotion Council.

Mr. Subrahmanyam's professional expertise and leadership ability has been recognized at international forums. He was awarded the 'Leadership Award' by the Qatar Contractors Forum in 2014. He was accorded the Leading Engineering Personality award in the event 'Glimpses of Engineering Personalities' by the Institution of Engineers (India). He has also been voted the 'Construction World – Man of the Year 2015' by Construction World magazine. He was appointed as a Non-Executive Director of our Company on January 10, 2015.





DR. KESHAB PANDA

CEO & MD

Dr. Keshab Panda is the Chief Executive Officer and Managing Director of L&T Technology Services. Dr. Panda has over 31 years of global industry experience in research, conceptualizing, creating, operationalizing and turning around complex technology and engineering services businesses.

He has obtained a graduate degree 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 in Aero Servo Elasticity – (Control system fly by wire aircraft). 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 joined the L&T Group as Chief Executive of L&T IES in 2009.

After L&T IES was rechristened as L&T Technology Services in 2013, Dr. Panda was appointed as the Chief Executive Officer and Managing Director of L&T Technology Services on January 21, 2016. 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.

He has transformed L&T Technology Services into a company focused on innovation and new technology, leading the CII to recognise L&T Technology Services as one of the most innovative Indian companies in the Services category.

Dr. Panda was recognized as CEO of the Year by news channel ET NOW as a result of his distinguished contributions to the engineering and technology sectors over the past 3 decades. The Business Leader of the Year Awards Committee has also recognized Dr. Panda as CEO of the Year.

Dr. Panda is based out of New Jersey, USA. His past leadership roles include President – Americas, Mahindra Satyam & Head of Europe Operations, Satyam Computer Services Limited.



AMIT CHADHA

President Sales and Business Development & Whole-Time Director

Mr. Amit Chadha is President, Sales and Business Development and Whole-time Director, L&T Technology Services Limited.

Amit 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 is a core member of the executive team that 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.

Prior to joining L&T Technology Services, Amit headed the Manufacturing Sector across North America at Mahindra Satyam (earlier Satyam). He was also responsible for creating and building the Energy & Utilities business unit globally at Satyam. Additionally, he contributed significantly to the formation, ramp up and operations of a joint venture with Northrop Grumman.

Amit's career which spans over two decades is marked with significant achievements. He has managed P&L for multiple business units, led organization-wide strategic initiatives, business development and relationship management activities. His insightful experience has helped create business value in excess of a billion dollars spanning almost two decades in the Engineering and Information Technology outsourcing space.

He regularly addresses forums on outsourcing and business transformation. 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.



BHUPENDRA BHATE

Chief Operating Officer &
Whole-Time Director

Mr. Bhupendra Bhate is a technologist with a blend of business acumen with over 30 years of experience in the field of engineering, product development and software.

Bhupendra has been driving cutting edge technology projects and research & development for global clients and has been managing multi-million dollar businesses, leading distributed development teams of over 8000 engineers across the world.

With a panache for quality, time and cost management, Bhupendra never compromises to deliver the best to the clients globally. He is a creative thinker, problem solver and a decision maker with balance of interest for business and people in equal measure.

He has also lead large initiatives to set-up global delivery centers that caters clients world-wide providing near-shore and on-shore solutions & services to make them market ready and stay ahead of their competition.

Bhupendra joined Larsen & Toubro group in December 2003 and has had a steady growth in the organization moving up the ladder holding various positions, most recently being Chief Digital Officer, including responsibilities of the technology office and quality function, in addition to his global delivery responsibilities.

Prior to joining Larsen & Toubro group, Bhupendra worked with AtoS Origin and started his career with Godrej & Boyce. He also had a short entrepreneurial experience of starting a company of his own which he successfully divested.

He holds a Bachelor's degree in electrical engineering from Mumbai University, with executive business management program from Harvard Business School and senior executive program at London Business School.



SUDIP BANERJEE

Independent Director

Mr. Sudip Banerjee is an Independent Director of our Company. He 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 35 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 Larsen & Toubro Infotech Limited between 2008-2011. He is also on the board of directors of Kesoram Industries Limited and IFB Industries Limited and has been 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 was appointed as an Independent Director of our Company with effect from January 21, 2016.

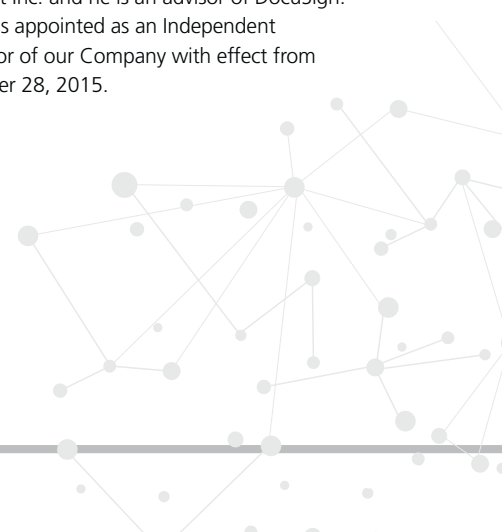


ARJUN GUPTA

Independent Director

Mr. Arjun Gupta is an Independent Director of L&T Technology Services. He 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 from Harvard University and a 2001 Henry Crown Fellow from the Aspen Institute. He is the managing partner of TeleSoft Partners, a special situations venture capital firm he founded in 1997 in U.S.A. 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; Nexant Inc. and he is an advisor of DocuSign. He was appointed as an Independent Director of our Company with effect from October 28, 2015.





SAMIR DESAI

Independent Director

Mr. Samir Desai is an Independent Director of L&T Technology Services. He 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. He was appointed as an Independent Director of our Company with effect from April 30, 2014.



NARAYANAN KUMAR

Independent Director

Mr. Narayanan Kumar, a graduate in Electronics and Communication Engineering from the University of Madras 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 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, Entertainment Network India 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 the Chairman 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.



RENUKA RAMNATH

Independent Director

Ms. Renuka Ramnath is an Independent Director of L&T Technology Services. 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 Chetna R.K. Institute of Management & Research, 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 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 is the managing director & chief executive officer of Multiples Alternate Asset Management Private Limited, an investment advisory firm she founded in 2009. She was appointed as an Independent Director of our Company with effect from April 10, 2015.

Corporate Information

Board Of Directors

Mr. A. M. Naik	Chairman
Mr. S. N. Subrahmanyam	Vice Chairman
Dr. Keshab Panda	Managing Director & Chief Executive Officer
Mr. Amit Chadha	President-Sales & Business Development & Whole-Time Director
Mr. Bhupendra Bhate	Chief Operating Officer & 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
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Company Secretary	Mr. Kapil Bhalla
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Registered office	L&T House, N.M. Marg, Ballard Estate, Mumbai - 400 001
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Corporate Office	5th Floor, West Block-II, L&T Knowledge City (IT/ITES) SEZ, N.H. No. 8, Ajwa Waghodia Crossing, Vadodara - 390 019
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CIN No.	L72900MH2012PLC232169
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Website	www.Inttechservices.com
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Auditors	Sharp & Tannan
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Registrar & Share Transfer Agent	Karvy Computershare Private Limited
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Notice

NOTICE IS HEREBY GIVEN THAT the SIXTH ANNUAL GENERAL MEETING of **L&T TECHNOLOGY SERVICES LIMITED** will be held at **Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai – 400021** on **Wednesday, August 22, 2018 at 11.00 A.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, 2018 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, 2018;
2. To declare a dividend on equity shares for the financial year 2017-18;
3. To appoint a Director in place of Mr. S. N. Subrahmanyam (DIN: 02255382) who retires by rotation and is eligible for re-appointment;
4. To appoint a Director in place of Dr. Keshab Panda (DIN: 05296942) 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) for appointment of Statutory Auditors, M/s. Sharp & Tannan, Chartered Accountants (ICAI Registration No.109982W), be and hereby re-appointed as the Statutory Auditors of the Company, to hold office from conclusion of 6th Annual General Meeting till conclusion of 10th Annual General Meeting.

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

SPECIAL BUSINESS:

6. **RE-APPOINTMENT AND REMUNERATION OF DR. KESHAB PANDA (DIN: 05296942) AS THE CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR.**

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 Sections 196,197 and 203 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the said Act 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 for the re-appointment of Dr. Keshab Panda (DIN: 05296942) as the Chief Executive Officer and Managing Director of the Company for a period of three years with effect from January 10, 2018 upto and including January 9, 2021.

RESOLVED FURTHER THAT Dr. Keshab Panda in his capacity as Chief Executive Officer and Managing Director, be paid remuneration as may be fixed by the Board, from time to time, as prescribed under the Companies Act, 2013 and within the limits approved by the members as per the details given in the explanatory statement.”

7. **RE-APPOINTMENT AND REMUNERATION OF MR. AMIT CHADHA (DIN: 07076149) AS THE PRESIDENT-SALES & BUSINESS DEVELOPMENT AND WHOLE-TIME DIRECTOR.**

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 Sections 196,197 and 203 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder (including any statutory modification(s)

or re-enactment(s) thereof for the time being in force) read with Schedule V of the said Act 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 for the re-appointment of Mr. Amit Chadha (DIN: 07076149) as President-Sales and Business Development & Whole-Time Director of the Company for a period of three years with effect from February 1, 2018 upto and including January 31, 2021.

RESOLVED FURTHER THAT Mr. Amit Chadha in his capacity as President-Sales and Business Development & Whole-Time Director, be paid remuneration as may be fixed by the Board, from time to time, as prescribed under the Companies Act, 2013 and within the limits approved by the members as per the details given in the explanatory statement."

8. **APPOINTMENT OF MR. BHUPENDRA BHATE (DIN: 07938959) AS A DIRECTOR OF THE COMPANY.**

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

"**RESOLVED THAT** Mr. Bhupendra Bhate (DIN: 07938959) who was appointed as an Additional Director with effect from November 7, 2017 and holds office up to the date of this Annual General Meeting (AGM) and is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as Director who shall be liable to retire by rotation."

9. **APPOINTMENT AND REMUNERATION OF MR. BHUPENDRA BHATE (DIN: 07938959) AS CHIEF OPERATING OFFICER & WHOLE-TIME DIRECTOR OF THE COMPANY.**

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 Sections 196, 197 and 203 and any other applicable provisions of

the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the said Act 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 for appointment of Mr. Bhupendra Bhate as Chief Operating Officer & Whole-Time Director of the Company for a period of three years w.e.f. November 7, 2017 upto and including November 6, 2020.

RESOLVED FURTHER THAT Mr. Bhupendra Bhate in his capacity as the Chief Operating officer & Whole-Time Director, be paid remuneration as may be fixed by the Board, from time to time, as prescribed under the Companies Act 2013 and within the limits approved by the shareholders as per the details given in the explanatory statement."

10. **APPOINTMENT OF MR. A.M. NAIK (DIN: 00001514), NON-EXECUTIVE DIRECTOR OF THE COMPANY WHO HAS ATTAINED THE AGE OF SEVENTY-FIVE YEARS.**

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

"**RESOLVED THAT** approval of the Company be and is hereby accorded for the appointment and continuation of Mr. A. M. Naik (DIN: 00001514) as a Non-Executive Director of the Company who has attained the age of seventy-five years."

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

KAPIL BHALLA
COMPANY SECRETARY
(M. No. F 3485)

Date: May 22, 2018
Place: Mumbai

NOTES:

a) The information required to be provided under section 102 of the Companies Act, 2013 ("the Act"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the LODR") and the Secretarial Standards (SS-2) on General Meetings, in respect of the Business under items 5 to 10 set out above are annexed hereto. Further disclosures as required under the LODR and SS-2 with respect to details of Directors who are proposed to be appointed/ re-appointed are provided in Annexure to this Notice.

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 AGM i.e. by 11 a.m. on Monday, August 20, 2018.

c) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 16, 2018 to Wednesday, August 22, 2018 (both days inclusive).

d) Members are requested to furnish bank details, e-mail address, change of address etc. to the Company's Registrar & Share Transfer Agents: Karvy Computershare Private Limited (Karvy), Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, so as to reach them latest by **Tuesday, August 14, 2018**, 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) All 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 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 dividend warrants pertaining to the year 2016-17 and 2017-18 may approach the Company/ Karvy, 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 LODR, 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 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 Tuesday, August 14, 2018 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 Saturday, August 18, 2018 at 9.00 a.m. and ends on Tuesday, August 21, 2018 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 Tuesday, August 14, 2018 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 Tuesday, August 14, 2018, 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. Tuesday, August 14, 2018 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 Mr. Alwyn D'souza, Practicing Company Secretary (Membership No. FCS 5559) or failing him Mr. 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 Services Limited) of Karvy, 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 Saturday, August 18, 2018 to 5:00 p.m. on Tuesday, August 21, 2018.

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

- a. Log on to <https://karisma.karvy.com> and click on "Web Check-in for General Meetings (AGM/EGM/CCM)".
- b. Select event / name of the Company: L&T Technology Services Limited.
- c. 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.
- d. The system will validate the credentials. Then click on "Generate my Attendance Slip" button.
- e. The Attendance Slip in PDF format will be generated.
- f. 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.
- 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, email 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 i.e. 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 6th AGM".

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

- i. User ID and Initial password, is provided at the bottom of the attendance slip:

EVEN (E-Voting Event Number)	User ID	Password

- ii. Please follow all steps from Sl. No. (i) to Sl. No. (xii) above in (A), 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 LODR.

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 at www.evoting.karvy.com 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. 5 to 10 of the accompanying Notice dated May 22, 2018.

ITEM NO. 5

Pursuant to section 139 of the Companies Act, 2013, M/s Sharp & Tannan, Chartered Accountants (M. No. 109982W) the Statutory Auditors of the Company are eligible for the re-appointment for a period of four years. The Board in its meeting held on May 22, 2018 had recommended the re-appointment of Sharp & Tannan, Chartered Accountants as Statutory Auditors of the Company for a period of four years. It is proposed to pay a remuneration of ₹ 20,17,200/- excluding the GST and out of pocket expenses for the FY 2018-19.

The total remuneration including Statutory Audit Fees proposed to be paid to Auditors for financial year 2018-19 is as follows: -

Particulars	Annual Fees (₹)
Fees for conducting Statutory Audit under Companies Act	9,60,000/-
Fees for conducting Tax Audit u/s 44AB of the Income Tax Act	2,88,000/-
Fees for conducting Quarterly Limited Reviews	4,68,000/-
Other service including certification work	2,77,200/-
Fees for XBRL filings of Annual Accounts	24,000/-
Re-imbursment of expenses	At actuals
Total	20,17,200/-

The Board and/ or the Audit Committee is further been authorized to approve any change in the terms and conditions of appointment, including the remuneration of the Statutory Auditors.

The Board recommends approval of the re-appointment and remuneration to the Statutory Auditors by the Members through Ordinary Resolution set forth in Item No. 5 of the Notice.

None of the Directors or Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the Resolution.

ITEM NO. 6

On recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors of the Company, it is proposed to re-appoint Dr. Keshab Panda (DIN: 05296942) as Chief Executive Officer & Managing Director of the Company for a period of three years w.e.f. January 10, 2018 upto and including January 9, 2021 as per the applicable provisions of the Companies Act, 2013 and Part 1 of Schedule V of the Companies Act, 2013 and subject to the approval of the members in the Annual General Meeting. The terms & conditions of his remuneration remained unchanged.

Further upon recommendation of Nomination & Remuneration Committee, the Board of Directors in its meeting held on May 22, 2018 had approved the revision in 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 provides that the appointment and remuneration of Managing Director 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 and remuneration of Dr. Keshab Panda, Chief Executive Officer & 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, 2018 are as under:

Particulars	Existing Remuneration (Upto March 31, 2018)	Revised Remuneration (w.e.f April 1, 2018)
Base Salary	USD 6,60,000/- p.a	USD 6,80,000/- p.a
Variable Remuneration	Upto USD 2,00,000/-p.a	Upto USD 2,00,000/-p.a
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:

Dr. Keshab Panda is the Chief Executive Officer and Managing Director of the Company. Dr. Panda has over 33 years of global industry experience in research, conceptualizing, creating, operationalizing 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 the Company 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 on September 23, 2016.

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

The Addendum Agreement entered into between the Company and Dr. Keshab Panda, in respect of his appointment as Chief Executive Officer & Managing Director containing the terms and

conditions of his appointment including remuneration will be open 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.

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.

The Board recommends approval of the re-appointment and remuneration of Dr. Keshab Panda as Chief Executive Officer & Managing Director, by the Members through Ordinary Resolution set forth in Item No. 6 of the Notice.

Except Dr. Keshab Panda, being the appointee, none of the Directors or Key Managerial Personnel of the Company including their relatives are in anyway concerned or interested in the Resolution set out in Item No. 6.

ITEM NO. 7

On recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, it is proposed to re-appoint Mr. Amit Chadha (DIN: 07076149) as President-Sales & Business Development and Whole-Time Director of the Company for a period of three years w.e.f.

February 1, 2018 upto and including January 31, 2021 as per the applicable provisions of the Companies Act, 2013 and Part 1 of Schedule V of the Companies Act, 2013 and subject to the approval of the members in the Annual General Meeting. The terms & conditions of his remuneration remained unchanged.

Further, upon recommendation of Nomination & Remuneration Committee, the Board of Directors at its meeting held on May 22, 2018 had approved the revision in the compensation structure of Mr. Amit Chadha, in line with the prevailing managerial compensation trends in the IT sector, subject to the approval of Shareholders. 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 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 and remuneration of Mr. Amit Chadha, President-Sales & Business Development and Whole-Time Director of the Company, are as specified in the Amendment Agreement entered into with him and the details of the remuneration payable to Mr. Amit Chadha with effect from July 1, 2018 are as under:

Particulars	Existing Remuneration (Upto June 30, 2018)	Revised Remuneration (w.e.f July 1, 2018)
Base Salary	USD 4,25,000/- p.a	USD 4,40,000/- p.a
Conveyance & Telephone Allowance	USD 10,000/- p.a	USD 10,000/- p.a
Variable Remuneration	Upto USD 2,70,000/-p.a	Upto USD 2,70,000/-p.a

Brief Profile:

Mr. Amit Chadha is a President-Sales & Business Development and Whole-time Director of L&T Technology Services Limited and is part of the management team providing business leadership, market direction & strategic vision to the Company. As the President-Sales & 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 Larsen & Toubro- IES Division in 2009, as an Area Vice-President. He was transferred to L&T Technology Services Limited w.e.f. April 1,

2014 and was designated as Business Head, North America and Asia. 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 organization-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.

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

The Agreement entered into between the Company and Mr. Amit Chadha in respect of his appointment as President-Sales & Business Development and Whole-Time Director of the Company containing the terms and conditions of his appointment including remuneration will be open 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.

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

The Board recommends approval of the re-appointment and remuneration of Mr. Amit Chadha as President-Sales & Business Development and Whole-Time Director by the Members through Ordinary Resolution set forth in Item No. 7 of the Notice.

Except Mr. Amit Chadha, being an appointee, none of the Directors or Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the Resolution set out in Item No. 7.

ITEM NO. 8

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company in their meeting held on November 7, 2017 appointed Mr. Bhupendra Bhate (DIN:07938959), as an Additional Director of the Company w.e.f November 7, 2017. In terms of Section 161(1) of the Act, Mr. Bhupendra Bhate holds office as an Additional Director up to the date of this Annual General Meeting. The Company has received a notice in writing from the member under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director.

Brief Profile:

Mr. Bhupendra Bhate is a technologist with a blend of business acumen with over 30 years of experience in the field of engineering, product development and software.

Mr. Bhate has been driving cutting edge technology projects and research & development for global clients and has been managing multi-million dollar businesses, leading distributed development teams of over 8000 engineers across the world. With a panache for quality, time and cost management, Mr. Bhate never compromises to deliver the best to the clients globally. He is a creative thinker, problem solver and a decision maker with balance of interest for business and people in equal measure.

He has also led large initiatives to set-up global delivery centers that caters clients world-wide providing near-shore and on-shore solutions & services to make them market ready and stay ahead of their competition.

Mr. Bhate joined Larsen & Toubro group in December 2003 and has had a steady growth in the organization moving up the ladder holding various positions, most recently being Chief Digital Officer, including responsibilities of the technology office and quality function, in addition to his global delivery responsibilities. Prior to joining Larsen & Toubro group, Mr. Bhate worked with AtoS Origin and started his career with Godrej & Boyce. He also had a short entrepreneurial experience of starting a company of his own which he successfully divested.

He holds a Bachelor's degree in electrical engineering, with executive business management program from Harvard Business School and senior executive program at London Business School.

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

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Bhupendra Bhate for the approval of the shareholders of the Company as set forth in Item No. 8 of the Notice.

Except Mr. Bhupendra Bhate, being an appointee, none of the Directors or Key Managerial Personnel of the Company including their relatives are in anyway concerned or interested in the Resolution set out in Item No. 8.

ITEM NO. 9

On recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at its

Meeting held on November 7, 2017 appointed Mr. Bhupendra Bhate as a Chief Operating Officer & Whole-Time Director of the Company with effect from November 7, 2017 upto and including November 6, 2020, subject to the approval of the shareholders in the Annual General Meeting. The terms & conditions of his appointment and remuneration remained unchanged.

The Board of Directors in its meeting held on May 22, 2018 had approved the revision in the compensation structure of Mr. Bhupendra Bhate 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 Whole-Time Directors in accordance with Schedule V shall be subject to approval of resolution of the shareholders in a General Meeting.

The revised terms of remuneration payable are as specified in the Agreement entered into with him and the details of the remuneration payable to Mr. Bhupendra Bhate with effect from July 1, 2018 are as under:

Particulars	Existing remuneration (upto June 30, 2018)	Revised remuneration (w.e.f July 1,2018)
Basic Salary	INR 19,88,481/-	INR 36,00,000/-
Flexible Compensation Plan	INR 60,60,653/-	INR 47,94,840/-
Deferred Benefits	INR 4,85,466/-	INR 6,05,160/-
Performance Linked Compensation	Upto INR 24,00,000/-	Upto INR 30,00,000/-

The addendum Agreement entered into between the Company and Mr. Bhupendra Bhate in respect of his appointment as Chief Operating Officer and Whole-Time Director contained the terms and conditions of his appointment including remuneration will be open 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.

This may be treated as an abstract of the terms and conditions governing the contract of service with Mr. Bhupendra Bhate pursuant to section 190 of the Companies Act, 2013 and other applicable provisions of the Act, if any.

The Brief profile of Mr. Bhupendra Bhate is mentioned in the said Notice at the item no.8.

The Board recommends approval of the appointment and revision in remuneration of Mr. Bhupendra Bhate as Chief Operating Officer & Whole-Time Director by the Members through Ordinary Resolution set forth in Item No. 9 of the Notice.

Except Mr. Bhupendra Bhate, being an appointee, none of the Directors or Key Managerial Personnel of the Company including their relatives are in anyway concerned or interested in the Resolution set out in Item No.9.

ITEM NO. 10

Mr. A. M. Naik has been associated with Larsen & Toubro Limited for over five decades. Mr. Naik has also played a key role in the formation and development of L&T Technology Services Limited to its current position of strength and as a Leading Pureplay Company and in establishing its position in Europe and US, apart from guiding the top management team and getting the Company listed on the Stock Exchanges. Mr. Naik has been awarded four doctorates and numerous awards from institutions and industry. He has also served as the Chairman of IIM Ahmedabad. Mr. A. M. Naik has been the Non-Executive Director of the Company since June 27, 2014 and acting as Non-Executive Chairman since October 17, 2014. Mr. Naik has attained the age of 75 years, as on October 1, 2017. After his superannuation as the Group Executive Chairman of Larsen & Toubro, Mr. Naik has continued as the Non-Executive Chairman of the Company.

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee and taking into account the need for providing advice, guidance

and mentorship to the Company's executive management, considering the complexity of the Company's business, approved the appointment of Mr. A. M. Naik as Non-Executive Director of the Company.

Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective from April 1, 2019, require a company to obtain the approval of shareholders by passing a special resolution for the appointment or continuation of any Non-Executive Director who has attained the age of seventy-five years.

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

The Board recommends approval of the appointment of Mr. A. M. Naik as the Non-Executive Director by the Members through Special Resolution set forth in Item No. 10 of the Notice.

Except Mr. A. M. Naik, none of the Directors or Key Managerial Personnel of the Company including their relatives are in anyway concerned or interested in the Resolution set out in Item No. 10.

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

KAPIL BHALLA
COMPANY SECRETARY
(M. No. F 3485)

Date: May 22,2018
Place: Mumbai

(ANNEXURE TO NOTICE DATED MAY 22, 2018)**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. S. N. Subrahmanyam	Dr. Keshab Panda	Mr. Amit Chadha	Mr. Bhupendra Bhat	Mr. A.M.Naik
Date of Birth	March 16, 1960	October 1, 1958	October 2, 1972	November 13, 1961	June 9, 1942
Date of first appointment on the Board	January 10, 2015	June 14, 2012	February 1, 2015	November 7, 2017	June 27, 2014
Qualifications	B.Sc. Engg. (Civil) & MBA Finance	B Tech, ME, PhD from IIT Bombay and Advanced Management Degree (Wharton Business School.)	B.E (Electrical and Electronics)	Bachelor's degree in Electrical Engineering, Executive Business Management program from Harvard Business School and Senior Executive Program at London Business School.	B.E. (Mech.)
Expertise	Vast Experience in Design and Build (D&B) contracts, PPP Projects, Engineering and Construction Industry	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.	Diversified and vast experience in in the field of engineering, product development and software.	Diverse and vast experience in general management, technology and engineering & construction.
Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign companies)	1. Larsen and Toubro Limited 2. Larsen & Toubro Infotech Limited 3. L&T Metro Rail (Hyderabad) Limited	Nil	Nil	1. L&T Thales Technology Services Private Limited	1. Larsen and Toubro Limited 2. L&T Realty Limited 3. Larsen & Toubro Infotech Limited 4. L & T Welfare Company Limited 5. L&T Employees Welfare Foundation Private Limited
Memberships/ Chairmanships of committees across all companies	Member Audit Committee: 1. Larsen & Toubro Infotech Limited 2. L&T Technology Services Limited	Member Corporate Social Responsibility Committee and Stakeholders Relationship Committee: 1. L&T Technology Services Limited	Nil	Member Corporate Social Responsibility Committee: 1. L&T Thales Technology Services Private Limited	Member Nomination & Remuneration Committee: 1. Larsen & Toubro Infotech Limited 2. L&T Technology Services Limited
Number of Meetings attended during the year	5 out of 5 meetings	5 out of 5 meetings	5 out of 5 meetings	2 out of 2 meetings	5 out of 5 meetings
Shareholding of Non-Executive Directors	40,000 equity shares	NA	NA	NA	2,60,000 equity shares
Relationships between directors inter-se	Nil	Nil	Nil	Nil	Nil

Route Map of the AGM



**Address: Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana, Nariman Point, Mumbai – 400021**

Date and Timing: Wednesday, August 22, 2018 at 11.00 A.M.

Board Report

Dear Members,

Your Directors have pleasure in presenting the 6th Annual Report along with the Audited Financial Statements of L&T Technology Services Limited for the year ended March 31, 2018.

Financial Results

	(` million)	
	2017-18	2016-17
Profit Before Depreciation, exceptional and extra ordinary items & tax	7,387	6,571
Less: Depreciation, amortization and obsolescence	576	575
Profit / (Loss) before exceptional items and tax	6,811	5,996
Add: Exceptional Items	-	-
Profit / (Loss) before tax	6,811	5,996
Less: Provision for tax	1,917	1,506
Profit for the period carried to the Balance Sheet	4,894	4,490
Add: Balance brought forward from previous year	3,554	270
Less: Dividend paid for the year (Including dividend distribution tax and deemed dividend)	1,208	1,206
Add: Gain / (Loss) on re-measurement of the net defined benefit plans	-	-
Balance available for disposal (which Directors appropriate as follows)	7,240	3,554
Debenture Redemption Reserve		-
Balance to be carried forward	7,240	3,554

Performance of the Company

State of Company Affairs

The gross sales and other income for the financial year under review were ` 36,947 million as against ` 31,671 million for the previous financial year registering an increase of 16.66%. The profit before tax from continuing operations including extraordinary and exceptional items was ` 6,811 million and the profit after tax from continuing operations including extraordinary and exceptional items of ` 4,894 million for the financial year under review as against ` 5,996 million and ` 4,490 million respectively for the previous financial year, registering an increase of 13.59% and 9.00% respectively.

Segmental Performance

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

	(` million)	
	Revenue for 2017-18	Revenue for 2016-17
Transportation	10,653	9,382
Process Industry	4,834	4,962
Industrial Products	8,531	8,524
Medical Devices	2,535	2,196
Telecom & Hi-Tech	8,513	6,061
Total	35,066	31,125

The detailed segmental performance is referred in Note No. 43 of the Notes forming part of the standalone financial statements.

Geographical Performance

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

(` million)			
Sr. No.	Geography	2017-18	2016-17
1.	North America	19,962	18,983
2.	Europe	6,291	6,057
3.	India	4,457	2,881
4.	Rest of the World	4,355	3,205
Total		35,066	31,125

Capital & Finance

During the year under review, the Company had allotted 7,65,655 Equity Shares of ` 2 each upon exercise of stock options by the eligible employees under the Employee Stock Option Scheme - 2016.

As on March 31, 2018 the total paid up equity share capital of the Company was ` 204,912,094/- consisting of 102,456,047 equity shares of ` 2 each, fully paid up. Pursuant to Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. to achieve minimum public shareholding requirement of 25%, our Promoter- Larsen & Toubro Limited (L&T) - sold 2,049,120 equity shares between February 28, 2018 till April 26, 2018; of this, 468,292 equity shares were sold during the financial year 2017-18. However, of these 468,292 equity shares, the sale of 169,000 equity shares was not reflected in the Benpos of March 31, 2018, due to holidays on the stock exchange. Therefore, as on March 31, 2018, the shareholding of L&T was shown as 88.81% comprising of 90,991,100 equity shares, instead of 88.64% comprising of 90,822,100 equity shares. The Promoter's stake thus reduced by 2% between February 28, 2018 till April 26, 2018 to 87.10%.

Capital Expenditure

As at March 31, 2018 the gross fixed and intangible assets including leased assets, stood at ` 7,310 million (previous year ` 6,928 million) and the net fixed and intangible assets, including leased assets, at ` 5,530 million (previous year ` 5,589 million). Capital Expenditure during the year amounted to ` 1 million (previous year ` 23 million).

Deposits

During the year ended March 31, 2018, the Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder. Hence the Company does not have any unclaimed deposits as on date.

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2018, 99.98% of the Company's total paid up capital representing 102,435,147 shares are in dematerialized form. SEBI vide its recent circular has proposed to prohibit transfer of shares in physical form. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.

Transfer to Investor Education And Protection Fund

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

The Company has sent communication to shareholder(s) holding shares in physical form for collecting details of their bank account such as Bank name, Bank Branch, MICR number, IFSC Code for payment of dividend to such shareholders, whose dividend remained unclaimed/unpaid. The Company hereafter will be crediting the dividend through electronic mode instead of revalidating and issuing fresh warrants/DDs to the shareholders.

Subsidiary/ Associate/ Joint Venture Companies

The Company has two subsidiaries namely L&T Technology Services LLC and L&T Thales Technology Services Private Limited. Further the Company also has two step down subsidiaries namely Esencia Technologies Inc. and Esencia Technologies India Private Limited.

During the year under review, the Company, through its subsidiary, L&T Technology Services LLC, had acquired Esencia Technologies Inc. and its Indian subsidiary Esencia Technologies India Private Limited.

Shares acquired during the year:

Name of the Company	Type of shares/units	No of shares/ units
L&T Technology Services LLC	Common Stock	1,500,000 ¹

Notes:

1. The Company acquired 1,500,000 units of \$ 10 each from L&T Technology Services LLC. Further, L&T Technology Services LLC acquired Esencia Technologies Inc. along with its Indian subsidiary.

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.inttechservices.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 and their contribution to the overall performance of the Company is annexed to this Report at page no. 229 of the Annual Report.

Particulars of Loans Given, Investments Made, Guarantees Given or Security Provided by the Company

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided as required under Section 186 of the Companies Act, 2013 and Regulation 34(3) and Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in Note 36 forming part of the financial statements.

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

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

Amount to be carried to Reserves

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

Dividend

The Board at its meeting held on November 7, 2017 declared an interim dividend of ₹ 4/- per equity share amounting to ₹ 408,995,668 (the total payout including Dividend Distribution Tax amounted to ₹ 492,259,006); the dividend was paid on November 21, 2017. Further, the Board, in its meeting held on May 22, 2018, has recommended a final dividend of ₹ 12 (600%) per equity share of ₹ 2 each for the financial year ended March 31, 2018. The proposal is subject to the approval of

shareholders at the ensuing Annual General Meeting to be held on August 22, 2018.

The total amount of dividend for the year is ₹ 408,995,668 (excluding Dividend Distribution Tax).

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

Material Changes and Commitments Affecting Financial Position of the Company, between the End of the Current 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 current financial year and the date of this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

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 98 and 99 of this Annual Report.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) Committee comprises of Mr. Arjun Gupta, Mr. Sudip Banerjee and Dr. Keshab Panda as its Members. 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 'C' 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 its website <http://www.lnttechservices.com/media/32150/csr-policy-ltts.pdf>.

Directors and Key Managerial Personnel Appointed/Resigned During the Year

A. Appointment/Re-appointment of Directors & Key Managerial Personnel:

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

- a. The Board has re-appointed Dr. Keshab Panda as the Chief Executive Officer & Managing Director of the Company for a period of three years with effect from January 10, 2018 upto and including January 9, 2021, subject to approval of the shareholders in general meeting.
- b. The Board has also re-appointed Mr. Amit Chadha as the President-Sales and Business Development & Whole-Time Director of the Company for a period of three years with effect from February 1, 2018 upto and including January 31, 2021, subject to approval of the shareholders in general meeting.
- c. The Board has appointed Mr. Bhupendra Bhatte as the Chief Operating Officer & Whole-Time Director of the Company for a period of three years with effect from November 07, 2017 upto and including November 6, 2020, subject to approval of the shareholders in general meeting.
- d. Mr. S. N. Subrahmanyam and Dr. Keshab Panda, Directors, retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.
- e. Special Resolution for the continuation of Mr. A. M. Naik as a Non-Executive Director, post attainment of the age of 75 years, forms part of the Notice being sent to the shareholders.

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

The terms and conditions of appointment of the Independent Directors are 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.

Number of Meetings of the Board Of Directors

This information is given in Annexure 'D' Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 57 of this Annual Report.

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 'D' Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 59 of this Annual Report.

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 'D' - Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 60 of this Annual Report.

NRC Committee has formulated a policy on Director's 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 and also disclosed the policy on the Company's website <http://www.lnttechservices.com/investors/>.

Inttechservices.com/ and is also enclosed to the Board report as Annexure 'I'.

NRC Committee has formulated a policy on Board diversity.

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 'D'- Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 63 of this Board Report.

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.Inttechservices.com/investors/investor-download/>. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

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, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material 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.

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.

Performance Evaluation of Board, Its Committees and Directors

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, 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's composition and its structure, its culture, Board's effectiveness, Board's functioning, information availability, etc. These questionnaires' also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated. All Directors responded through a structured questionnaire giving feedback about the performance of the Board, its Committee, Individual Directors and the Chairman.

The Performance evaluation inputs, including areas of improvement along with the implementation for improved corporate governance practices and effective participation in Board/Committee meetings, were discussed in the meeting of the Independent Directors held on May 22, 2018 in accordance with Schedule IV of the Companies Act, 2013 and in the subsequent Meeting of Nomination and Remuneration Committee and the Board.

Disclosure of Remuneration

The details of remuneration as required to be disclosed under the Companies Act, 2013 and the rules made thereunder are given in the Annexure 'E' 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 'F' 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. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary at the registered office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

Compliance with Secretarial Standards on the Board and General Meetings

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

Protection of Women at Workplace

The Company has constituted an Internal Complaints Committee ('ICC') - 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, 3 cases of sexual harassment were received by the ICC.

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.

Auditors Report

The Auditors report to the shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

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 four years.

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 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.

The Auditors attended the last Annual General Meeting of the Company.

Secretarial Audit Report

The Board had appointed Ms. 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 2017-18.

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

The Secretarial Auditor's Report to the shareholders does not contain any qualification or reservation which has any material adverse effect on the functioning of the Company.

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.

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 provided in Annexure 'H' to this Board Report.

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 'D' forming part of this Board Report.

2. Employee Stock Option Scheme

There has been no material change in the ESOP Scheme - 2016 of the Company 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.inttechservices.com/investors/>.

The Statutory 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 Scheme

1. We have examined Employees Stock Option Scheme ('the Scheme') of L&T Technology Services Limited ('the Company'), books of accounts and other relevant records to determine whether the Scheme is in accordance with the rules specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) ("the Regulations") and in accordance with the

resolutions passed in the general meeting held on 21 January 2016 ('the General Meeting') and as per postal ballot dated 15 December 2016.

Management's responsibility

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

Auditors' responsibility

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

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 Scheme by the Company in accordance with the Regulations and the resolutions passed at the General Meeting.

5. We have carried out an examination of the Scheme, books of accounts and other relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016) issued by the Institute of Chartered Accountants of India ('the ICAI'), which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

7. Based on our examination of the relevant records and according to the information and

explanation provided to us and representations provided by management, we certify that the Company has implemented the Schemes in accordance with the Regulations and the resolutions passed at the general meeting 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 22, 2018

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 it's 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 instances of fraud committed against the Company by its officers or employees as specified under section 143(12) of the Companies Act, 2013.

7. Business Responsibility Reporting:

As per Regulation 34 of the Regulations 2015, a separate section on Business Responsibility Reporting forms a part of the Annual Report (refer pages 108 to 117) describing initiatives taken by the Company from an environmental, social and governance perspective. The activities carried out by the Company as a part of its CSR initiatives during 2017-18 are covered in the same.

8. 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 the significant contributions made by the employees of the Company and its subsidiaries during the year under review 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. SUBRAHMANYAN
Vice Chairman
(DIN: 02255382)

Mumbai, May 22, 2018

Annexure-A

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 Dividends

The Companies Act provides for two forms of Dividend:

▶ Final Dividend

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

▶ Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, 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 Share

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.

Annexure-B

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 practice. 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 various events.

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.

HR Digitisation

As the world gets increasingly digital, connectivity combined with analytics have become integral in our constant endeavors to improve. The urgent need to bring 15 stand-alone modules was answered by an integrated HR stack that simplified and brought processes up to speed via automation. With new system in place, HR is now able to extract significant data and metrics to spearhead important strategies that will take the organization towards its goals.

L&T TS partnered with SAP Success Factors, in which we are integrating HRIMS and complete gamut of Talent Management. Kaleidoscope as it is called is a 36 months project with 9 HR Modules, to be executed in phases. The focus areas are:

- ▶ Migration from multiple stand-alone systems to one system
- ▶ Enhanced Talent Management Processes
- ▶ Enriching Employee Continuous Feedback and Development Experience
- ▶ Enhanced Employee Lifecycle Management Processes
- ▶ Workforce Analytics

Of the 9 Modules, Performance Management and Employee Central (HRIMS) have gone live. C&B, Career Development Plan and Succession Development Plan will go live by June end. The rest Onboarding, Recruitment, LMS and Workforce analytics will be available by June 2019.

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	30,608.17
Foreign exchange used	16,567.74

Annexure-C

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.

L&T Technology Services Limited (LTTS) constantly strives to be a model of excellence in all its endeavors be it business or in environmental or societal stewardship.

Societal development through business operation and CSR interventions always remains at the core of leadership team at LTTS.

The CSR policy of the Company is guided with the core values since FY16 under the Companies Act, 2013.

The Company is committed and has discharged its CSR projects in FY18 through partnering with credible NGOs and involving the community in the following focus 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.

a. Education and Skill building (Naya Savera)

Education:

LTTS believes in the following three-fold approach to reach out and improve the standard of basic Science education especially in government schools through CSR projects.

- ▶ 26,525 school children benefited from the education projects such as science lab, community library, learning camps and inter school science fair.

- ▶ 15 science laboratories were set-up in semi-aided schools in Vadodara & Mumbai to provide hands on experience and easy learning in alliance with the academic syllabus covering 60 modules.
- ▶ Provided training to 118 teachers from various government schools, in association with Indian Institute of Science (IISc), Bangalore to improve the teaching proficiency for imparting better education in subjects; Biology, Physics, Chemistry & Mathematics.
- ▶ 1800 rural children were exposed to general knowledge, mathematics & basic sciences through information education & communication material by experts from the NGOs in the form of workshops and learning through summer camps for students in Grade III to Grade V.

Skill Development: Naya Savera

To fill the burgeoning skill gap and aid employment of young men and women in the rural community, LTTS established the skill development centres for the following courses:

- ▶ Beauty and Hair care, Automotive Technician, Tailoring, Leather Stitching, Repair of electrical home appliances, Basic computing skills and Retails sales.

Our centres in Chennai, Bangalore, Vadodara, Kharel, Nagpur and Mumbai locations trained 1415 men & women and were certified through NSDC, (GOI) certificate and also 60 differently abled students were trained on basic computing skills at Vadodara with assistance for job placements to make them self-sufficient.

b. Innovation and Technology (Tech Udaan)

Five-year partnership program has been signed with Indian Institute of Technology, Madras in 2016-2017 to provide technological solutions to growing social problems in the community.

These projects are expected to resolve the needs of assistive devices for differently abled and smart city planning through traffic monitoring.

c. Health (SPARSH)

LTTTS understands that afflictions like blindness can be crippling for families of daily wage earners specially for the rural communities. In its 2nd consecutive year of partnership with Sankara Nethralaya, LTTTS is committed to provide high quality eye care which involves screening of vision-threatening diseases, referral services and cataract surgeries free of cost through Mobile Eye Surgical Units.

675 cataract surgeries were performed in FY18 vide 5 mobile eye camps and cataract surgery in remote villages in Andhra Pradesh and Tamil Nadu.

d. Water Conservation (ENWA)

Since 2016, LTTTS's watershed management project takes a holistic approach to improve socio-economic conditions of water starved communities in Pune district (Maharashtra) and Kancheepuram district (Tamil Nadu).

The project work towards conservation water and soil, improving soil health, improving the green and tree cover along with increasing the productivity of farms, livelihood of the farmers and household women through income generating program (IGP) and seasonal kitchen garden.

Physical structures such as Check Dams, Gabion Structures, Nalla Plugs, Farm Ponds, Contour Structures have been constructed through participatory watershed approach.

Increase in water table to the tune of 2 meters is estimated to benefit around 8500 families and 2476 hectares of land will be made cultivable through watershed project.

9 villages in Pune and Kancheepuram district will be water positive by 2020

e. Environment (ENWA)

LTTTS in partnership with Swami Vivekananda Youth Movement and technical solution provider Minwa Solar devised sustainable energy solution for remote tribal communities by harnessing solar power.

Cost effective solution like house hold solar power can bring about a holistic change in energy consumption and to families without electricity for many decades.

61 tribal families with population of 260+ people in remote tribal village of MG Halli Haadi in Mysore district were provided household solar electrification.

Solar Electrification was also provided to Anganwadi, Govt schools and community hall.

The project was undertaken with the support from village gram panchayats, local youths and village self-help group (SHG's). Swami Vivekananda Youth Movement has implemented the project and will monitor the project till 2020.

f. Corporate volunteering program (CVP)

Employee volunteers are named as Samaritans.

924 Samaritans from Mumbai, Vadodara, Mysore, Bangalore, Hyderabad and Chennai actively participated in CSR activities such as blood donation camps, tree plantation, imparting soft skills training in NGOs, distribution of education materials, spending time with students, awareness programs on health & hygiene, celebrating birthdays with fun games and other current issues.

JOY of giving week was celebrated at LTTTS office locations with active participation from senior leaders during the entire week by putting up NGO stalls & selling their products and procuring utility items to school children /orphanage & old age homes.

A total of 7483 volunteering hours were put-in by the Samaritans which touched 3400 lives of under privileged in the communities.

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/about-us/csr](http://www.lnttechservices.com/about-us/csr)

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:

₹ 4,192 Million

4. Prescribed CSR Expenditure for FY18 (two per cent of the amount as in item 3 above):

₹ 84 Million

5. Details of CSR spent during the financial year:

i. Total amount spent for FY 2017-18: ₹ 56 Million

ii. Amount unspent, if any: ₹ 28 Million

iii. Manner in which the amount spent during the FY18 is detailed below:

(₹ million)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or programs Local area or other Specify the state and district were program and projects was undertaken	Amount Outlay to project (Budget) project or program wise	Amount spent on projects or programs Sub Heads: 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 and Technology	Chennai	32	6	6	IIT Madras
2	Support Technology Incubation to traffic monitoring project at IIT Madras	Innovation and Technology	Chennai	13	4	4	IIT Madras
3	Establish mini science lab, community libraries and training to Government school teachers	Education	Mumbai, Baroda, Anand and Bangalore	20	11	11	Indian Institute of Science(IISC), Bangalore, ARCH Development Foundation, Aarambh, Pratham Education Foundation and STEM Learning
4	Skill Development in Beauty therapist, automotive technician leather stitching, home appliance repair, Tailoring computer courses and retail sales	Skill Development	Chennai, Mumbai, Nagpur, Baroda, Kharel and Bangalore	21	17	17	L&T Public Charitable Trust, LabourNet, Head Held High Foundation and ARCH Development Foundation
5	Mobile eye surgical camps	Health care	Chennai	4	4	4	Sankara Nethralaya
6	Integrated watershed Management project	Water Conservation	Pune and Kancheepuram	40	10	10	National Agro Foundation(NAF)
7	Renewable Energy project	Environment	Mysore	5	1	1	Swami Vivekananda Youth Movement (SVYM)
8	Corporate Volunteering Program (less than 1 million)	Corporate Volunteering Program	Mumbai, Baroda, Bangalore, Hyderabad and Bangalore	1	-	-	Spent directly and through credible NGO's
9	Management and overhead cost for running the company's CSR Program			3	3	3	
Total Spend				139	56	56	

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. Further section 135(5) encourages companies to give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. Since company is trying its level best to cover local area, it is sometimes duplication of activities in specific area wherein already parent or group companies are doing CSR activities for the betterment of societies in such areas. Hence company is continuously taking efforts to do CSR wherever for betterment of vulnerable and needy class of the society.

The Company acknowledge a responsibility towards stakeholders hence has made efforts to identify projects in line with its CSR focus areas as per schedule VII to Companies Act, 2013. In FY 2017-18, the Company has spent its CSR amount through credible implementing partners such as Indian Institute of Science (IISc), Bangalore, Indian Institute of Technology, Madras, Labour Net, Arch Development Foundation, Head Held High Foundation, STEM Learning, Pratham Education Foundation, National Agro Foundation, Swami Vivekananda Youth Movement, Sankara Nethralaya and L&T Public Charitable Trust.

Focus areas such as Innovation and Technology, Education, Skill Development, Health, Water and Environment were given priority as per the CSR Policy of the Company.

Lesser Amount spent during the reporting period

- ▶ ₹ 28 Million was unspent during the FY 2017-18 and will be spent during FY 2018-19.
- ▶ Skill development project at Nagpur and Mumbai location started late in Q2 of FY 2017-18 hence, amount remained unspent for the project.

- ▶ ₹ 1 Million in FY 2017- 18 was unspent for education project 'Mini Science Lab' in Mumbai as project started late.

Taking into consideration delays due to which CSR remained unspent this year, the committee and board decided to evaluate and implement CSR projects early in forthcoming year 2018-19 and have also decided to spend unspent amount of CSR to commendable areas in excess of actual requirement for the year.

Excess amount spent in FY 2017-18

- ▶ Excess amount of ₹ 74,000/- was spent in health project for the organ donation campaign.

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.

DR. KESHAB PANDA
Chief Executive Officer &
Managing Director

ARJUN GUPTA
Chairman – CSR Committee

Annexure-D

Corporate Governance Report

Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. 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 adopted a Code of Conduct for its Directors, Employees, Consultants, Vendors and Customers and has also adopted a Code of Conduct to regulate, monitor and report trading by insiders and also a fair disclosure code. Some of the important best practices of Corporate Governance framework are timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the Company. 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

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board") and of senior management and their relationships with others in the corporate structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders.

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

Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board") and of senior management and their relationships with others in the corporate structure. 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 FY18. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company also has adopted the Securities Dealing Code pursuant to SEBI (Prevention of Insider Trading) Regulations 2015.

Board of Directors

a. Composition of the Board:

The Board of Directors along with its committees provide the requisite leadership and guidance to the Company's senior management team and also direct, supervise and closely monitor 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, 2018, the Board comprises of 10 Directors, of which, 3 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 listed 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 May 3, 2017(Budget Meeting), May 3, 2017, July 25, 2017, November 7, 2017 and January 23, 2018.

The Independent Directors met on May 22, 2018 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 the 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. The Company also provides Video Conference facility, if required, for participation of the Directors at the Board/Committee Meetings. 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, 2018. The Directors strive to attend all the Board/Committee meetings. Their attendance at the Meetings held during the year and at the last Annual General Meeting was 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	YES
Mr. Bhupendra Bhate ¹	Chief Operating Officer and Whole-Time Director	2	2	NA
Mr. Samir T. Desai	Independent Director	5	5	YES
Mr. Narayanan Kumar	Independent Director	5	3	YES
Ms. Renuka Ramnath	Independent Director	5	4	YES
Mr. Arjun Gupta	Independent Director	5	4	NO
Mr. Sudip Banerjee	Independent Director	5	5	YES

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

Notes:

1. Mr. Bhupendra Bhate was appointed as a Director w.e.f November 7, 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 section 165 of the Companies Act, 2013 or Regulation 25 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

Name of Director	No of other company Directorships ¹	No. of Committee Membership ²	No. of Committee Chairmanship ²
Mr. A. M. Naik	4	0	0
Mr. S. N. Subrahmanyam	3	2	0
Dr. Keshab Panda	0	1	0
Mr. Amit Chadha	0	0	0
Mr. Bhupendra Bhate	0	0	0
Mr. Samir T. Desai	1	2	0
Ms. Renuka Ramnath	8	2	2
Mr. Arjun Gupta	1	0	0
Mr. Sudip Banerjee	3	2	0
Mr. Narayanan Kumar	9	2	4

Notes:

1. Other Company Directorship includes directorship 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.

2. The Committee Chairmanships/ Memberships are disclosed as per Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements), 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 seven Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Corporate Social Responsibility Committee, 4) Stakeholders' Relationship Committee, 5) ESOP Committee 6) Risk Management Committee and 7) Sub Committee of Board.

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 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 in terms of SS-1 (Secretarial Standard) issued by The Institute of Company Secretaries of India 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 Director's 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**

As on March 31, 2018 the Audit Committee was comprising of three Independent Directors and one Non- Executive Director as its members. 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, 2018, the Audit Committee met 4 (Four) times on May 3, 2017, July 25, 2017, November 7, 2017 and January 23, 2018.

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	Chairman	4	3
Mr. Samir T. Desai	Member	4	4
Ms. Renuka Ramnath	Member	4	3
Mr. S. N. Subrahmanyam	Member	4	3

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

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 permanent invitees for the meetings of the Committee. The Company Secretary is the Secretary to the Committee.

► **Internal Audit:**

During the year, the Board has appointed M/s. Aneja Associates as an Internal Auditor of the Company for a period of three years. The new internal auditor has obtained in-depth knowledge about the Company and have taken charge from the earlier Auditors. They have gained knowledge about the businesses of the Company, its systems & procedures. From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. are reviewed by internal auditors and presentations are made to the Audit Committee on quarterly basis covering the scope of their audit and their findings. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board and significant audit observations, comments and corrective actions thereon are presented to the Audit Committee in its meeting.

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, 2018 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

► **Meetings**

During the year ended March 31, 2018, the NRC committee met 5(five) times on May 3, 2017, July 25, 2017, August 23, 2017, November 7, 2017 and January 23, 2018.

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. T. Desai	Chairman	5	5
Mr. A.M. Naik	Member	5	5
Mr. Arjun Gupta	Member	5	4

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 our corporate website www.lnttechservices.com.

► **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 and Non-Executive Chairman are paid remuneration by way of commission & sitting fees. The Company is paying sitting fees of ` 50,000/- for

attending each meeting of the Board and ₹ 25,000/- for attending each Committee Meeting during the year 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 is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings, Chairmanship of Committees. The Non – Executive Chairman is paid a fixed commission which is recommended by the Nomination & Remuneration committee and is approved by the Board.

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

The evaluation is done by Chairman of the Nomination & Remuneration Committee and the same is discussed in the meeting of the NRC.

Thereafter, the Chairman of NRC apprises the Board on the performance evaluation results and also the suggestions made by the Board Members, if any.

Members are also requested to refer to page no.45 of the Board Report.

Details of Remuneration Paid/Payable to Directors for the year ended March 31, 2018

(a) Executive Directors:

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

(₹ million)

Name of the Director	Salary p.a.	Variable Pay	Profit sharing Commission
Dr. Keshab Panda ¹ , CEO and Managing Director	40.77	15.47	9.00
Mr. Amit Chadha ¹ , President Sales and Business Development and Whole-Time Director	30.08	10.87	-
Mr. Bhupendra Bhate ² , COO and Whole-Time Director	4.65	2.19	-

Notes:

1. Dr. Keshab Panda and Mr. Amit Chadha have been paid remuneration in USD. Accordingly, the figures mentioned in INR are equivalent to USD.

2. Mr. Bhupendra Bhate was appointed as a COO and Whole-Time Director with effect from November 07, 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 Schemes are provided on the website of the Company www.Inttechservices.com

(b) Independent Directors/Non-Executive Director:

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

(` million)

Name of Director	Category	Sitting fees for Board Meetings	Sitting fees for Committee Meetings	Commission	Total
Mr. A. M. Naik *	Non-Executive	0.10	0.05	7.50	7.65
Mr. S. N. Subrahmanyam	Non-Executive	0	0	-	0
Mr. Samir T. Desai**	Independent Director	0.25	0.22	5.48	5.95
Mr. Narayanan Kumar	Independent Director	0.15	0.08	1.13	1.36
Ms. Renuka Ramnath	Independent Director	0.20	0.12	1.40	1.72
Mr. Arjun Gupta**	Independent Director	0.18	0.11	3.13	3.42
Mr. Sudip Banerjee	Independent Director	0.25	0.15	1.73	2.13

*Mr. A. M. Naik was paid commission with effect from October 1, 2017 and sitting fees was paid with effect from November 7, 2017.

** The Commission paid to Mr. Samir T. Desai and Mr. Arjun Gupta was in USD, the figure mentioned above is INR Equivalent of USD.

Shares and convertible instruments held by the Independent Directors/Non-Executive Directors as on March 31, 2018 are as follows:

Names	No. of Shares held
Mr. A.M. Naik	2,60,000
Mr. S.N. Subrahmanyam	40,000
Mr. Sudip Banerjee	39

Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.

► **Composition**

The Stakeholders' Relationship Committee (SRC) as on March 31, 2018, 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, 2018, the committee met 4 (Four) times on May 3, 2017, July 25, 2017, November 7, 2017 and January 23, 2018.

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	4	2
Mr. Sudip Banerjee	Member	4	4
Dr. Keshab Panda	Member	4	4

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

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

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

▶ 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:	NIL	NIL	NIL	NIL
SEBI/ Stock Exchange	NIL	25	25	NIL
Shareholder Queries:	NIL	56	56	NIL
Dividend Related	NIL	NIL	NIL	NIL
Transmission/ Transfer	NIL	NIL	NIL	NIL
Demat/Remat	NIL	NIL	NIL	NIL

Corporate Social Responsibility Committee

▶ Terms of Reference

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

1. 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;
2. To recommend the amount of expenditure to be incurred on the CSR activities referred to in the above clause; and
3. 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

As on March 31, 2018 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 May 3, 2017 and November 7, 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	Member	2	2

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

The detailed disclosures of CSR spending during the year has been given in Annexure 'C' forming part of this Board Report. Please refer to Page 52.

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 Director or specified/ provided under the Companies Act, 2013 or by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or statutorily prescribed under any other law or by any other regulatory authority.

▶ Composition

The Risk Management Committee as on March 31, 2018 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 Program**

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

The internal newsletters of the Company, the press releases, etc. are updated on website of the Company so that our directors are updated about the operations of the Company.

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**

The Board of Directors has complete access to the information within the Company. 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 managers. 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.

Independent 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.

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

This information is also available on the website of the Company www.lnttechservices.com.

▶ **Risk Management Framework:**

Please refer page no. 43 of Board Report

▶ **Vigil Mechanism /Whistle Blower Policy**

Please refer page no. 48 of the Board Report.

▶ **Statutory Auditors**

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

The above process was followed by the Company while recommending to the shareholders the appointment of M/s Sharp & Tannan as the Statutory Auditors of the Company for a term of 4 years in the Annual General Meeting scheduled to be held on August 22, 2018.

▶ **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.

DR.KESHAB PANDA
CEO & Managing Director

Date: May 22, 2018

Place: Mumbai

▶ **General Body Meeting**

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

Financial Year	Date	Venue	Time
2016-17	August 23, 2017	St. Andrews Auditorium, St. Dominic Road, Bandra West, Mumbai-400050	3.00 PM
2015-16	July 15, 2016	L&T House, Ballard Estate, N.M.Marg, Mumbai-400001	1.00 PM
2014-15	September 22, 2015	L&T House, Ballard Estate, N.M.Marg, Mumbai-400001	10.00 AM

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

Annual General Meeting held on August 23, 2017:

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

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

▶ **Postal Ballot**

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

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 page 164 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 has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.
- E. The policy for determining material subsidiaries and related party transactions is available on our website www.Inttechservices.com.
- F. 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 98 of this 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.Inttechservices.com .
New releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.Inttechservices.com .
Website	The Company's website www.Inttechservices.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 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 is circulated to all the members and all others like auditors, , 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/ Investor call made to Institutional Investors and Analysts	The schedule of analyst/institutional investor meets and presentations if made to them are placed on the website of the Company. The quarterly Earning Conference call transcript is made available to the investors on the Company's 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 i.e. from Public issue of the Company, 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 request and on due diligence transferred the said shares to the rightful shareholders.

As on March 31, 2018, 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

Financial Year

The financial year of the Company is from 1st April to 31st March.

Annual General Meeting:

The Annual General Meeting of the Company to be convened on Wednesday, August 22, 2018 at 11.00 am at Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai-400021, Maharashtra.

Financial calendar:

Annual Results of 2017-18	May 22, 2018
Mailing of Annual Reports	Third week of July, 2018*
First Quarter Results	During the last week of July 2018 *
Annual General Meeting	August 22, 2018
Payment of Dividend	August 24, 2018
Second Quarter results	During first week of November 2018 *
Third Quarter results	During last week of January 2019 *

**Tentative dates*

Book Closure:

The dates of Book Closure are from Thursday, August 16, 2018 to Wednesday, August 22, 2018 (both days inclusive) to determine the members entitled to the dividend for 2017-2018.

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 2018-2019 to the above Stock Exchanges.

Custodial Fees to Depositories:

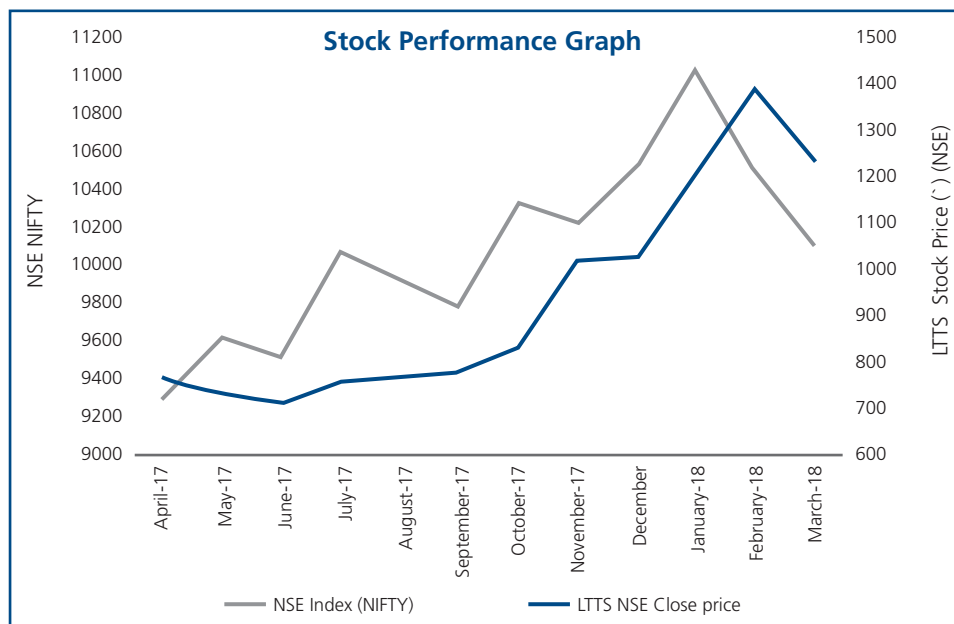
The Company has paid custodial fees for the year 2018-2019 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code/Symbol:

BSE Limited (BSE)	Scrip Code: 540115
National Stock Exchange of India Limited (NSE)	Scrip Code: LTTS
ISIN	INE010V01017
Corporate Identification Number	L72900MH2012PLC232169

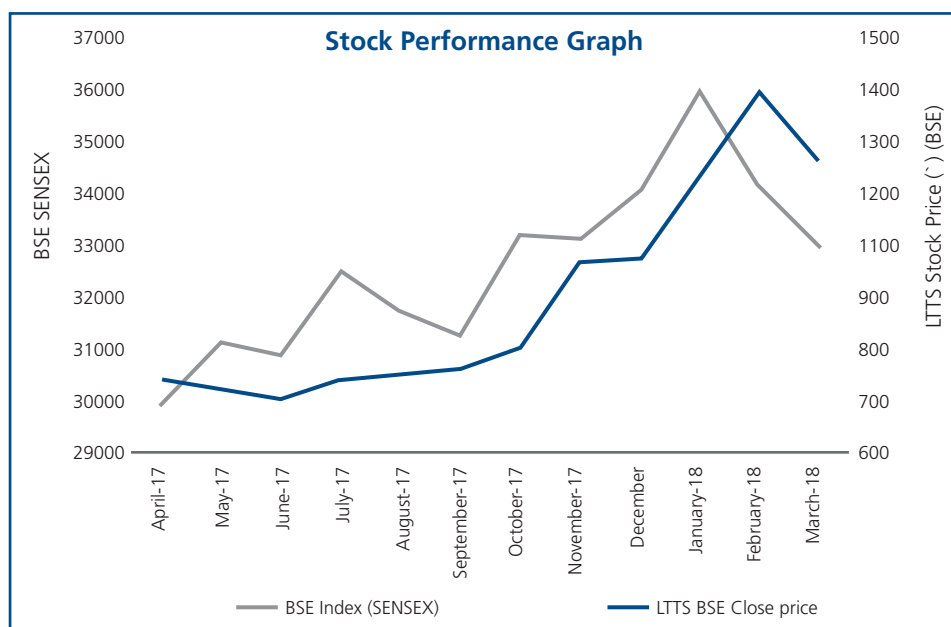
Stock market data for the year 2017-2018:

Month	LTTS NSE Price(Rs.)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
2017						
April	804.00	729.00	768.25	9367.15	9075.15	9304.05
May	795.70	731.05	736.10	9649.60	9269.90	9621.25
June	777.00	712.25	717.05	9709.30	9448.75	9520.90
July	781.20	716.05	761.15	10114.85	954.55	10077.10
August	773.90	725.05	768.95	10137.85	9685.55	9917.90
September	805.00	766.00	781.95	10178.95	9687.55	9788.60
October	847.00	765.55	833.00	10384.50	9831.05	10335.30
November	1036.20	812.20	1022.35	10490.45	10094.00	10226.55
December	1128.00	965.00	1028.25	10552.40	10033.35	10530.70
2018						
January	1425.80	976.00	1209.40	11171.55	10404.65	11027.70
February	1545.00	1203.25	1393.70	11117.35	10276.30	10492.85
March	1435.00	1151.70	1235.60	10525.50	9951.90	10113.70



Stock market data for the year 2017-2018:

Month	LTTS BSE Price(Rs.)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2017						
April	799.95	731.40	762.65	30184.22	29241.48	29918.40
May	794.25	732.00	736.65	31255.28	29804.12	31145.80
June	774.00	671.00	719.40	31522.87	30680.66	30921.61
July	782.55	712.00	758.25	32672.66	31017.11	32514.94
August	771.90	726.75	769.30	32686.48	31128.02	31730.49
September	802.00	762.00	782.80	32524.11	31081.83	31283.72
October	843.90	765.00	830.60	33340.17	31440.48	33213.13
November	1028.00	812.45	1014.70	33865.95	32683.59	33149.35
December	1124.40	967.15	1021.35	34137.97	32565.16	34056.83
2018						
January	1442.00	976.00	1207.10	36443.98	33703.37	35965.02
February	1547.00	1210.00	1387.65	36256.83	33482.81	34184.04
March	1437.95	1150.00	1239.60	34278.63	32483.84	32968.68


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. Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt.

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

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, 2018:

No. of shares	Shareholders		Shareholding	
	Number	Percentage	Number	Percentage
Upto 500	77,213	98.55	31,80,610	3.10
501- 1000	594	0.76	4,18,928	0.41
1001-2000	233	0.30	3,34,117	0.33
2001-3000	93	0.12	2,39,459	0.23
3001-4000	47	0.06	1,66,995	0.16
4001-5000	40	0.05	1,87,870	0.18
5001-10000	59	0.08	4,24,319	0.41
10001 & above	67	0.08	9,75,03,749	95.18
Total	78,346	100.00	10,24,56,047	100.00

Categories of Shareholders is as under:

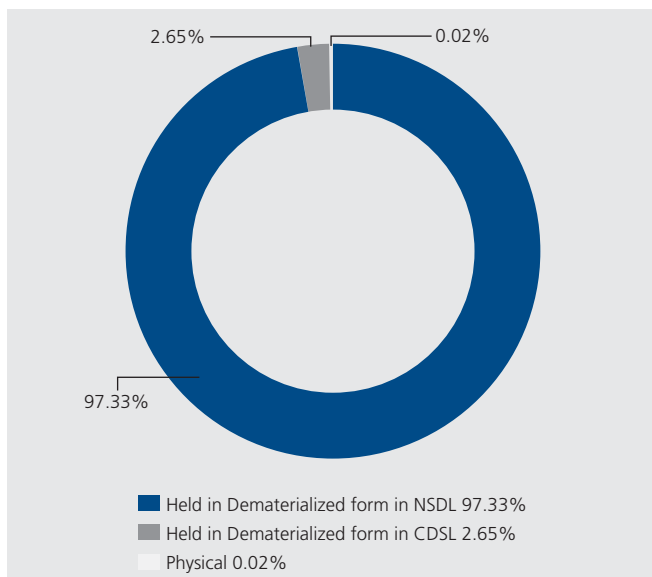
Category	March 31, 2018		March 31, 2017	
	Number	Percentage	Number	Percentage
Upto 500	77,213	98.55	31,80,610	3.10
501- 1000	594	0.76	4,18,928	0.41
1001-2000	233	0.30	3,34,117	0.33
2001-3000	93	0.12	2,39,459	0.23
3001-4000	47	0.06	1,66,995	0.16
4001-5000	40	0.05	1,87,870	0.18
5001-10000	59	0.08	4,24,319	0.41
10001 & above	67	0.08	9,75,03,749	95.18
Total	78,346	100.00	10,24,56,047	100.00

b) Dematerialization of Shares:

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

As on March 31, 2018, 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	9,97,16,363	97.33
Held in Dematerialized form in CDSL	27,18,784	2.65
Physical	20,900	0.02
Total	10,24,56,047	100.00



Members holding shares in physical format can convert the same into electronic holdings which will negate risks associated with physical certificates.

Members holding shares in dematerialized form can 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 can intimate such changes to the Company's Register and Share Transfer Agent (RTA). The Company is making efforts to collect PAN and bank account details of all securities holders whose dividend remain unpaid/unclaimed, hereinafter all payments of dividend will be made in electronic formats.

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 Toll free no.: 1800 419 8283 Email: einward.ris@karvy.com Website: www.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 its Securities Dealing Code ('Code') for prevention of insider trading. The objective of the Code is to prevent dealing in the shares of the Company by an Insider while in possession of information known only to them, and not yet made publicly available by the Company, which, when made publicly available, can materially impact the price of the Company's securities. 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 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.Inttechservices.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) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form. Appropriate actions are taken to continuously improve the quality of compliance.

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

Secretarial Audit as per Companies Act, 2013:

Pursuant to the provisions of section 204(1) of the Companies Act, 2013, Ms. 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 Requirements), 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, 2018 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
 - (iii) 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 22, 2018

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 2018, 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.

Auditor's responsibility

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

on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has complied with the conditions of corporate governance as specified in regulation 17 to 27, clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations, as applicable during the year ended 31 March 2018.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

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

SHARP & TANNAN

Chartered Accountants

Firm's Registration No.109982W

by the hand of

FIRDOSH D. BUCHIA

Partner

Membership No. 038332

Mumbai, May 22, 2018

Annexure-E

A) Ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2017-18, the percentage increase in remuneration of each Director & Key Managerial Personnel (KMP) during the financial year 2017-18

(` million)

Name of the Director/KMP	Designation	2017-2018		
		Total Remuneration	Ratio of Remuneration to the median remuneration ⁵	Percentage increase in Remuneration ¹
Mr. A. M. Naik	Non-Executive Chairman	7.65 #	18.48	NA
Mr. S. N. Subrahmanyam	Non-Executive Vice Chairman	NIL	NA	NA
Dr. Keshab Panda	CEO & Managing Director	116.47 @	139.51	59.68
Mr. Amit Chadha	President-Sales & Business Development and Whole-Time Director	75.10 @	89.96	73.29
Mr. Samir T Desai	Independent Director	5.95	7.12	29.81
Ms. Renuka Ramnath	Independent Director	1.72	2.05	24.28
Mr. Arjun Gupta	Independent Director	3.42	4.10	-3.39
Mr. Sudip Banerjee	Independent Director	2.13	2.55	20.74
Mr. Narayanan Kumar	Independent Director	1.36	1.63	-16.56
Mr. Bhupendra Bhate	Whole-Time Director and Chief Operating Officer	9.04	27.46	NA ^
Mr. P. Ramakrishnan	Chief Financial Officer	5.32 *	6.37	-33.43
Mr. Kapil Bhalla	Company Secretary	4.23 **	5.07	34.70

Notes:

\$ Ratio of remuneration of director to the median remuneration is calculated on pro-rata basis of those directors who were on the Board for only part of the financial year 2017-18.

Mr. A. M. Naik is entitled for a commission of ` 15 million p.a and sitting fees. However, during the financial year 2017-18, he was paid pro-rata with effect from October 1, 2017.

@ The remuneration of Dr. Keshab Panda and Mr. Amit Chadha was paid in US Dollars. However, the figure mentioned above is INR equivalent of US Dollar. Further, the remuneration paid to them were higher on account of perquisite value related to employee stock options exercised during the year.

^ Details not given as Mr. Bhupendra Bhate was appointed as COO & Whole-Time Director with effect from November 7, 2017.

* The reduction in pay of Mr. P. Ramakrishnan is due to discontinuation of retention pay with effect from April 1, 2017 on account of grant of employees' stock options. However, during the year, the vested options were not exercised.

** Mr. Kapil Bhalla was appointed as Company Secretary of the Company with effect from April 27, 2016. The remuneration above includes part of the remuneration of financial year 2016-17.

B) Percentage increase in the median remuneration of all employees in the financial year 2017-18:

The median remuneration of employees of the Company during the financial year was ` 8,34,843 In the financial year, there was an increase of **6.41%** in the median remuneration of employees;

C) Number of permanent employees on the rolls of Company as on March 31, 2018

There were 12,022 permanent employees on the rolls of Company as on March 31, 2018;

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

The Average Annual increase was around 7% in India and around 1.8% outside India. Increase in managerial remuneration for the financial year 2017-18 is not comparable due to changes in Directors being appointed/ resigned during the financial year 2016-17 and 2017-18 and the same has been explained above.

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-G

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2018

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

To,
The Members,
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 (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, 2018, 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, 2018 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 Indian (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.
 - ▶ **Equity Shares listed on BSE Limited and 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.-**NIL**.
- (ii) Redemption / buy-back of securities – **NIL**.
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 – **NIL**.
- (iv) Merger / amalgamation / reconstruction, etc. – **NIL**.
- (v) Foreign technical collaborations – **NIL**.
- (vi) Other Events :
 - ▶ **Acquisition of Esencia Technologies Inc., USA by L&T Technology Services, LLC, USA , the wholly-owned subsidiary of the Company, in May, 2017.**

Place: Mumbai
Date: April 19,2018

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

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 19,2018

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.1336

Annexure-H

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

[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	L72900MH2012PLC232169
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: www.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:-

Sr. 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	620	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. 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	88.81	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)
4	Esencia Technology INC. AT 2350 Mission College BLVD suite490, Santa Clara, CA 95054	Not Applicable	Subsidiary Company	100	2(87)
5	Esencia Technologies India Private Limited No. 26, 3rd Floor, 60 Feet Road, 5th Cross, 5th Block, Koramangala, Bangalore - 560095	U74140KA2011PTC061480	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	0.00
b) Central Govt		0	0	0	0	0	0	0	0.00
c) State Govt (s)		0	0	0	0	0	0	0	0.00
d) Bodies Corp.	9,12,90,392	0	9,12,90,392	89.77	9,09,91,100	0	9,09,91,100	88.81	0.96
e) Banks / FI		0	0	0	0	0	0	0	0.00
f) Any Other....		0	0	0	0	0	0	0	0.00
Sub-total (A) (1):-	9,12,90,392	0	9,12,90,392	89.77	9,09,91,100	0	9,09,91,100	88.81	0.96
(2) Foreign									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0.00
b) Other –Individuals	0	0	0	0	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
d) Banks / FI	0	0	0	0	0	0	0	0	0.00
e) Any Other....	0	0	0	0	0	0	0	0	0.00
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0.00
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	9,12,90,392	0	9,12,90,392	89.77	9,09,91,100	0	9,09,91,100	88.81	0.96

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	10,70,968	0	10,70,968	1.05	7,69,679	0	7,69,679	0.75	0.30
b) Banks / FI	26,507	0	26,507	0.03	21,659	0	21,659	0.02	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	1,65,867	0	1,65,867	0.16	41,831	0	41,831	0.04	0.12
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	12,63,342	0	12,63,342	1.24	8,33,169	0	8,33,169	0.81	0.43
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	15,64,145	0	15,64,145	1.54	22,24,158	0	22,24,158	2.17	-0.63
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	38,76,362	1,627	38,77,989	3.81	41,72,589	4,900	41,77,489	4.08	-0.26
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	260000	0	260000	0.25	-0.25
c) Others (specify)									
Foreign Portfolio Investors	34,31,017	0	34,31,017	3.37	29,83,347	0	29,83,347	2.91	0.46
Non Resident Indians	1,33,106	0	1,33,106	0.13	1,59,825	0	1,59,825	0.16	-0.03
Non Resident Indian Non Repatriable	70,532	-	70,532	0.07	1,00,305	-	1,00,305	0.10	-0.03
Clearing Members	54,141	-	54,141	0.05	1,02,004	-	1,02,004	0.10	-0.05
NBFC	4,026	-	4,026	0.00	635	-	635	0.00	0.00
Trust	1,702	-	1,702	0.00	3,530	-	3,530	0.00	0.00
Alternate Investment Fund	-	-	-	0.00	2,67,008	-	2,67,008	0.26	-0.26
Employees	-	-	-	0.00	3,37,477	16,000	3,53,477	0.35	-0.35
Sub-total (B)(2):-	91,35,031	1,627	91,36,658	8.98	1,06,10,878	20,900	1,06,31,778	10.38	-1.39
Total Public Shareholding (B)= (B)(1)+ (B)(2)	1,03,98,373	1,627	1,04,00,000	10.23	1,14,44,047	20,900	1,14,64,947	11.19	-0.96
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	10,16,88,765	1,627	10,16,90,392	100.00	10,24,35,147	20,900	10,24,56,047	100.00	0.00

ii) Shareholding of Promoters

Sr. 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	91,290,392	89.77	0	90,991,100	88.81	0	0.96
Total		91,290,392	89.77	0	90,991,100*	88.81	0	0.96

*The Promoter- Larsen & Toubro Limited had sold 1,69,000 equity shares as on March 28, 2018, thereby reducing its shareholding to 90,822,100; however since the Stock Exchange were closed on March 30, 2018 and March 31, 2018 on account of Good Friday and Saturday, the sale of 1,69,000 shares has not reflected in the Benpos. Due to the same, the shareholding of Promoters is appearing as 90,91,100 instead of 90,822,100.

iii) Changes in Promoters Shareholding:

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	91,290,392	89.77	
	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):	2,99,292*	0.96	90,991,100
	At the End of the year	90,991,100	88.81	90,991,100#

* The Promoter- Larsen & Toubro Limited had sold total 4,68,292 equity shares as on March 28, 2018. Due to the exchange holidays on March 30, 2018 and March 31, 2018, the sale of 1,69,000 shares has not reflected above. Due to the same, the actual sale by Promoters is 4,68,292 shares but the same is reflecting as 2,99,292 shares.

#The Promoter- Larsen & Toubro Limited had sold 1,69,000 equity shares as on March 28, 2018, thereby reducing its shareholding to 90,822,100; however since the Stock Exchange were closed on March 30, 2018 and March 31, 2018 on account of Good Friday and Saturday, the sale of 1,69,000 shares has not reflected in the Benpos. Due to the same, the shareholding of Promoters is appearing as 90,91,100 instead of 90,822,100.

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	31/03/2017	1103788	1.09			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg. Allotment/ transfer/bonus/sweat equity,etc.)	07/04/2017			13031	1116819	1.10
		14/04/2017			207	1117026	1.10
		21/04/2017			36	1117062	1.10
		28/04/2017			17	1117079	1.10
		12/05/2017			87	1117166	1.10
		19/05/2017			49	1117215	1.10
		26/05/2017			41	1117256	1.10

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
		02/06/2017			120	1117376	1.10
		09/06/2017			110	1117486	1.10
		16/06/2017			5708	1123194	1.10
		23/06/2017			4194	1127388	1.11
		30/06/2017			3710	1131098	1.11
		07/07/2017			5109	1136207	1.12
		14/07/2017			363	1136570	1.12
		21/07/2017			2382	1138952	1.12
		28/07/2017			1988	1140940	1.12
		04/08/2017			4997	1145937	1.13
		11/08/2017			1654	1147591	1.13
		18/08/2017			3625	1151216	1.13
		25/08/2017			2012	1153228	1.13
		01/09/2017			-27191	1126037	1.10
		08/09/2017			4827	1130864	1.11
		15/09/2017			5007	1135871	1.11
		22/09/2017			2617	1138488	1.12
		29/09/2017			3606	1142094	1.12
		06/10/2017			11823	1153917	1.13
		13/10/2017			3959	1157876	1.14
		20/10/2017			449	1158325	1.14
		27/10/2017			1973	1160298	1.14
		31/10/2017			1467	1161765	1.14
		03/11/2017			1097	1162862	1.14
		10/11/2017			16635	1179497	1.16
		17/11/2017			1629	1181126	1.16
		24/11/2017			961	1182087	1.16
		01/12/2017			2248	1184335	1.16
		08/12/2017			16031	1200366	1.17
		15/12/2017			2467	1202833	1.18
		22/12/2017			6831	1209664	1.18
		29/12/2017			2343	1212007	1.19
		05/01/2018			5427	1217434	1.19
		12/01/2018			846	1218280	1.19
		19/01/2018			29940	1248220	1.22
		26/01/2018			1511	1249731	1.22
		02/02/2018			24989	1274720	1.24
		09/02/2018			94226	1368946	1.34
		16/02/2018			-35215	1333731	1.30
		23/02/2018			22293	1356024	1.32

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
		09/03/2018			-18859	1337165	1.31
		16/03/2018			468	1337633	1.31
		23/03/2018			4067	1341700	1.31
		30/03/2018			-20937	1320763	1.29
		At the end of the year				1320763	1.29
2	J P Morgan Funds	31/03/2017	559702	0.55			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	07/04/2017			45720	605422	0.60
		14/04/2017			34103	639525	0.63
		21/04/2017			2947	642472	0.63
		12/05/2017			70260	712732	0.70
		26/05/2017			11790	724522	0.71
		16/06/2017			116960	841482	0.83
		24/11/2017			-17831	823651	0.81
		01/12/2017			-2396	821255	0.80
		08/12/2017			-5632	815623	0.80
		15/12/2017			-21502	794121	0.78
		22/12/2017			-22576	771545	0.75
		29/12/2017			-9730	761815	0.75
		16/03/2018			-3656	758159	0.74
		23/03/2018			-39549	718610	0.70
		30/03/2018			-67975	650635	0.64
		At the end of the year				650635	0.64
3	Sundaram Mutual Fund A/C Sundaram Select Midcap	31/03/2017	206824	0.20			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	07/04/2017			50000	256824	0.25
		28/04/2017			2980	259804	0.26
		05/05/2017			7317	267121	0.26
		12/05/2017			294284	561405	0.55
		19/05/2017			100827	662232	0.65
		26/05/2017			35481	697713	0.69
		07/07/2017			27590	725303	0.71
		28/07/2017			9515	734818	0.72
		01/09/2017			474	735292	0.72
		08/09/2017			23977	759269	0.74
		15/09/2017			32341	791610	0.78
		22/09/2017			14867	806477	0.79
		26/01/2018			-125000	681477	0.67
		02/02/2018			-50885	630592	0.62
		09/02/2018			-130592	500000	0.49
		At the end of the year				500000	0.49

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
4	India Acorn Fund Ltd	31/03/2017	0	0			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	10/11/2017			45960	45960	0.05
		17/11/2017			74011	119971	0.12
		24/11/2017			9714	129685	0.13
		01/12/2017			3928	133613	0.13
		08/12/2017			34497	168110	0.16
		22/12/2017			27363	195473	0.19
		29/12/2017			7194	202667	0.20
		02/02/2018			79786	282453	0.28
		09/02/2018			60429	342882	0.33
	At the end of the year					342882	0.33
5	Max Life Insurance Company Limited A/C - ULIF0012	31/03/2017	180000	0.18			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	28/04/2017			89000	269000	0.26
		12/05/2017			28000	297000	0.29
		21/07/2017			4721	301721	0.30
		25/08/2017			2500	304221	0.30
		05/01/2018			375	304596	0.30
		09/03/2018			-16600	287996	0.28
		16/03/2018			-603	287393	0.28
		23/03/2018			-6128	281265	0.27
		30/03/2018			56735	338000	0.33
	At the end of the year					338000	0.33
6	White Oak India Equity Fund	31/03/2017	0	0			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	08/12/2017			21750	21750	0.02
		15/12/2017			10500	32250	0.03
		22/12/2017			24860	57110	0.06
		29/12/2017			10990	68100	0.07
		02/02/2018			65963	134063	0.13
		09/02/2018			53188	187251	0.18
		09/03/2018			15000	202251	0.20
		30/03/2018			39613	241864	0.24
	At the end of the year					241864	0.24
7	Partner Reinsurance Europe SE	31/03/2017	0	0			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	17/11/2017			104280	104280	0.10
		24/11/2017			28537	132817	0.13
		01/12/2017			3890	136707	0.13
		02/02/2018			48493	185200	0.18
		09/02/2018			50760	235960	0.23
		16/02/2018			40	236000	0.23
	At the end of the year					236000	0.23

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
8	NTASIAN Emerging Leaders Master Fund	31/03/2017	0	0			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	07/07/2017			129794	129794	0.13
		14/07/2017			80011	209805	0.21
	At the end of the year					209805	0.20
9	Grandeur Peak Emerging Markets Opportunities Fund	31/03/2017	102500	0.10			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	14/04/2017			32000	134500	0.13
		05/05/2017			8489	142989	0.14
		12/05/2017			30511	173500	0.17
		08/09/2017			5864	179364	0.18
		29/09/2017			8600	187964	0.18
		12/01/2018			-3956	184008	0.18
		19/01/2018			-12468	171540	0.17
	At the end of the year					171540	0.17
10	Principal Trustee Co. Pvt Ltd. - Principal Mutual	31/03/2017	0	0			
	Date wise increase /decrease in shareholding during the year specifying the reasons for increase/decrease(eg.Allotment/transfer/bonus/sweat equity,etc.)	07/07/2017			124256	124256	0.12
		21/07/2017			21875	146131	0.14
		28/07/2017			1347	147478	0.14
		04/08/2017			2522	150000	0.15
		16/08/2017			6000	156000	0.15
		27/10/2017			3000	159000	0.16
		19/01/2018			3000	162000	0.16
		26/01/2018			3000	165000	0.16
		09/02/2018			232	165232	0.16
		23/02/2018			2768	168000	0.16
	At the end of the year					168000	0.16

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the Beginning of the year		Increase/ decrease in 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	Mr. A. M. Naik		0	0			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	07-08-2017 (ESOP Exercise)			260000	260000	0.25
	At the end of the year					260000	260000
2	Mr. S. N. Subrahmanyam		0	0			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	07-08-2017			40000	40000	0.04
	At the end of the year					40000	0.04
3	Dr. Keshab Panda		0	0			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	18-08-2017			50	50	0
		23-01-2018 (ESOP Exercise)			60,000	60,050	0.06
		01-03-2018			-4000	56050	0
	At the end of the year					56050	0.05
4	Mr. Amit Chadha		0	0			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	18-08-2017			50	50	0
		23-01-2018 (ESOP Exercise)			40000	40050	0.04
	At the end of the year					40050	0.04
5	Mr. Bhupendra Bhate		0	0			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	23-09-2016			4	4	0
		07-11-2017			15000	15004	0.01
	At the end of the year					15004	0.01

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the Beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
6	Mr. Sudip Banerjee		0	0			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	23-03-2018			39	39	0
	At the end of the year					39	0
7	Mr. P. Ramakrishnan		16	0			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	23-09-2016				16	0
	At the end of the year			0		16	0

V. Indebtedness**Indebtedness of the Company including interest outstanding/acrued 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	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Changes In Indebtness during the financial year				
Addition	321	-	-	321
Reduction	321	-	-	321
Net Change	-	-	-	-
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)

Sr. No.	Particulars of Remuneration	Dr. Keshab Panda	Mr. Amit Chadha	Mr. Bhupendra Bhate	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	56.24	40.95	4.51	101.71
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	0.03	0.03
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Stock Option	51.23	34.15	4.50	89.88
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	9.00	-	-	9.00
5	Others, please specify				
	Total (A)	116.47	75.10	9.04	200.62
	Ceiling as per the Act				693.07

B. Remuneration to other directors:

(` million)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Samir Desai	Ms. Renuka Ramnath	Mr. Arjun Gupta	Mr. Sudip Banerjee	Mr. Narayanan Kumar	Mr A M Naik Subrahmanyam	
1	Independent Directors							
	▶ Fee for attending board / committee meetings	0.47	0.32	0.29	0.40	0.23	-	1.71
	▶ Commission	5.48	1.40	3.13	1.73	1.13	-	12.87
	▶ Others, please specify	-	-	-	-	-	-	-
	Total (1)	5.95	1.72	3.42	2.13	1.36	-	14.58
2	Other Non-Executive Directors							
	▶ Fee for attending board / committee meetings	-	-	-	-	-	0.15	0.15
	▶ Commission	-	-	-	-	-	-	-
	▶ Others - Stock Option	-	-	-	-	-	7.50	7.50
	Total (2)	-	-	-	-	-	7.65	7.65
	Total (B)=(1+2)	5.95	1.72	3.42	2.13	1.36	7.65	22.23
	Total Managerial Remuneration (A+B)							222.85
	Overall Ceiling as per the Act							762.38

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(` million)

Sr. 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	4.07	4.96	9.03
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.16	0.36	0.52
	(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	4.23	5.32	9.55

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					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in default					
Penalty					
Punishment					
Compounding					

Annexure-I

Nomination and Remuneration Policy

The Board of Directors of L&T Technology Services Limited (“the Company”) had constituted the “Nomination and Remuneration Committee” which is in compliance with the requirements of the Companies Act, 2013.

1. Objective:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013. The Key Objectives of the Committee would be:

- ▶ To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance;
- ▶ To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- ▶ To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ▶ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- ▶ Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- ▶ Devising a policy on Board diversity;

2. Definitions:

2.1. Act means the Companies Act, 2013 or Companies Act, 1956 as may be applicable and Rules framed thereunder, as amended from time to time.

2.2. Board means Board of Directors of the Company.

2.3. Directors mean Directors of the Company.

2.4. Key Managerial Personnel means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

2.5. Senior Management Personnel means personnel of the company who are members of its core management team (excluding Board of Directors) comprising all members of management one level below the executive directors, including the functional heads.

3. Role of Committee:

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at

Senior Management level and recommend to the Board his / her appointment.

- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the retirement age fixed by the Board or as approved by the Shareholders pursuant to the requirement of the Act.

3.2.2. Term / Tenure

- a) Chairman/Managing Director/Whole-time Director:
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director for a term not exceeding five years at a time or as may be prescribed under the Act. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Independent Director:
 - ▶ An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - ▶ No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
 - ▶ At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven

listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of the Board/Committee and Individuals at regular interval (yearly).

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act or the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Chairman/ Managing Director/Whole-time Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Chairman/Managing Director/Whole-time Directors shall be in accordance with the percentage / limits / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Chairman/Managing Director/Whole-time Directors.

- d) Where any insurance is taken by the Company on behalf of its Chairman/Managing Director/ Whole-time Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- e) Remuneration of other KMP or Senior Management Personnel shall be as per the policy of the Company based on the grade structure in the Company.

3.3.2. Remuneration to Chairman /Managing Director / Whole-time director/ KMP and Senior Management Personnel:

- a) Fixed pay:
The Chairman/ Managing Director/Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee or policy of the Company. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- b) Minimum Remuneration:
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Chairman/Managing Director/ Whole-time Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- c) Provisions for excess remuneration:
If any Chairman/Managing Director/Whole-time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company

and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

- a) Remuneration / Commission:
The remuneration / commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company and the Act.
- b) Sitting Fees:
The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- c) Commission:
Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.
- d) Stock Options:
An Independent Director shall not be entitled to any stock option of the Company.

4. Membership

- 4.1 The Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.
- 4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 4.3 Membership of the Committee shall be disclosed in the Annual Report.
- 4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. Chairperson

- 5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. Frequency Of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

7. Committee Members' Interests

7.1 A member of the Committee is not entitled to be present/participate in discussion when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

9. Voting

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

10. Nomination Duties

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.2 Determining the appropriate size, diversity and composition of the Board;

10.3 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.4 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.5 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.6 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

10.7 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.8 Recommend any necessary changes to the Board; and

10.9 Considering any other matters, as may be requested by the Board.

11. Remuneration Duties

The duties of the Committee in relation to remuneration matters include:

11.1 To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 To ensure the remuneration maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 To delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 To consider any other matters as may be requested by the Board.

11.5 To review Professional indemnity and liability insurance for Directors and senior management.

12. Minutes of Committee Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Management Discussion and Analysis

I. Company Overview:

L&T Technology Services Limited (LTTs) is a leading global pure-play Engineering Research & Development (ER&D) services Company. LTTs offers design and development solutions throughout the product development chain and provides services and solutions in the areas of mechanical and manufacturing engineering, embedded systems, engineering analytics and plant engineering. Headquartered in India, LTTs employs over 12,307 personnel spread across 16 global delivery centres, 27 global sales offices and 39 innovation labs in India as of March 31, 2018.

The Company's customer base includes over 50 Fortune 500 Companies and 48 of the world's top ER&D companies, across industrial products, transportation, telecom & hi-tech, medical devices and the process industries. The key differentiators for LTTs are its domain expertise and multi-vertical presence in major industry segments. LTTs also provides service offerings in the domains of Embedded Systems, Application Engineering, Verification and Validation and Mechanical & Digital Manufacturing Services.

II. Industry Outlook

Technology has evolved over the past decade at such a rapid pace that the present times can be considered as the era of What You Perceive is What You Get (WYPIWYG). Devices have become smart, and customers expect them to become smarter by the day. Only the organizations that evolve with technology can succeed in this new world of unlimited possibilities. ER&D service providers need to identify opportunities and evolve technologies to "Build the New" and "Renew the Old" thus creating value proposition. Intelligent Products-Sensor enabled IoT platform with analytics coupled with Digital Engineering is the key to evolution from old to new.

Digital Engineering is driving ER&D growth globally which is visible from the high concentration of investment done by global corporates. As per Zinnov, in 2012 Digital Engineering spend was USD 121 Billion which was 13%

of the total ER&D spend. In 2017, it went up to USD 219 Billion having 20% share of total ER&D expenditure. It is anticipated to reach USD 489 Billion with 36% weight in total ER&D spend by 2022. Software will be the major factor driving the growth in digital engineering followed by Embedded and Mechanical.

There is increased wallet spending on Digital Engineering because of crucial factors like Technology Innovation, Business Model Innovation and growth of tech giants and Start-ups. The world will see increased R&D activity in Machine Learning, Human Machine Interface, Artificial Intelligence, Collaborative Robotics, etc.

In order to become 'the architect' of disruptive technologies that will help customers be ahead of the curve, LTTs has strategically decided to invest across futuristic technological areas namely - Digital Engineering, Smart Manufacturing, Perceptual Engineering and Pervasive Technologies.

- LTTs is focusing and investing in Digital Engineering areas like Industrial IoT, Augmented Reality, Smart Supply Chain & Logistics, Power Electronics, Connected Vehicles, Imaging Algorithms & Edge Detection and Video Surveillance.
- LTTs has taken big strides in smart manufacturing with cutting edge projects that make a plant connected and intelligent. One of LTTs' recent smart manufacturing projects involved integrating a new model into existing manufacturing lines using virtual simulation of robotic welding, PLC programming and HMI design.
- Perceptual Engineering is another key focus area where machines are made intelligent enough to interact with the five senses. LTTs has developed Machine Learning & Deep Learning technology for smarter solutions and deploying them into a variety of industries -- Security & Surveillance, Robotics, Natural Language Processing and Image and Video Analytics

- Pervasive technologies use sensor fusion which combine sensors to produce data and signal computing. This helps to analyse and connect systems enabling businesses to transform to digital service-led models. Recognizing the power of the embedded sensor, LTTS has made a head-start in this area by undertaking some interesting projects for customers.

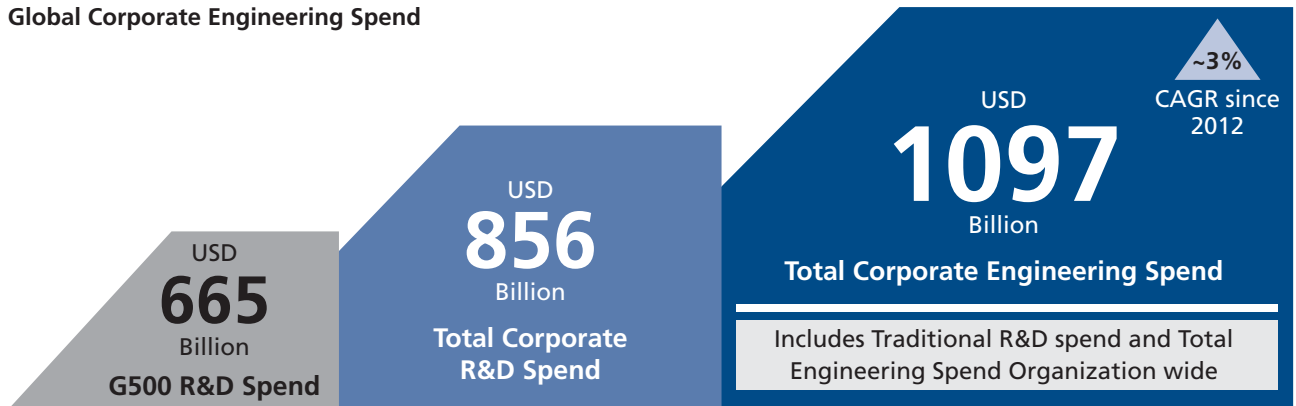
The above-mentioned areas are the 4 pillars of modern day Industrial Digital Evolution which will lead the way for the Company in pushing the frontiers of innovation. These four are not mutually exclusive, they are in fact interconnected

threads of technology with considerable overlaps. Through these technology pillars, LTTS will be relevant today, tomorrow and the day after to become the global leader in engineering services in the years to come.

Business Environment

According to Zinnov, in 2017 corporations spent more than USD 1 Trillion on ER&D activities such as product and process development, manufacturing engineering and other allied engineering. Of this, the 500 biggest corporate spenders in ER&D globally (G500 ER&D spend) contributed nearly 60% i.e. USD 665 Billion.

Global Corporate Engineering Spend



Source: Zinnov

It is expected that global ER&D spend will reach USD 1,341 Billion by 2022. This momentum is majorly affiliated to growth in sectors like Automotive, Pharmaceuticals, Software & Internet, Semiconductor and Consumer Electronics. Corporates are expanding in various areas to be competitive and relevant. Corporates are building onshore labs /centre of excellence, developing new IPs, engaging in M&A activities for expansion.

Significant Initiatives

LTTS aspires to continue being a global leader in the ER&D segment. The Company has undertaken several significant initiatives to achieve this objective. These initiatives include:

- **Talent & Delivery**
LTTS is leveraging hotspots across the globe to tap into the engineering talent having experience in Digital Engineering, Design & Application Engineering, etc for improving onshore presence in low cost geographies.

Towards this objective, LTTS has launched a Center of Excellence in Jerusalem, Israel which acts as a global hub for developing advanced solutions in Video, ASIC Design and Security. It also offers full scope of engineering services in the areas of Telecom, Semiconductors, Medical Devices, Automotive, IoT and Plant Engineering.

- **Specialised Infrastructure**
LTTS is focused on driving innovation and adopting solutions in line with technological trends. To promote its culture of innovation, LTTS is investing in infrastructure & co-innovation to build innovation hubs and to facilitate solutions and offerings across industry verticals.
- **IP & Solutioning**
LTTS is concentrating on building re-usable IP products & frameworks to enhance competitive differentiation.

Proprietary platforms like UBIQWeise 2.0™, i-BEMS, WAGESAPP and IPs like MIPI and USB help LTTs in retaining its competitive advantage across industry segments.

- **Technology Events**

Continuing its efforts to identify and nurture future innovators, LTTs commenced on the second year of TECHgium®, the pan India platform for budding engineers to showcase their innovation. The response was very encouraging with 220 institutes and over 17,000 engineering students signing up for the TECHgium® 2018, including marquee institutes like IITs, BITS Pilani, Delhi College of Engineering & NIT, among others.

LTTs invested over 100 working hours to mentor students shortlisted for the PoC round, with subject matter experts from respective industry domains mentoring the students. As a result, the winning teams in TECHgium® came up with remarkable solutions around IoT, Machine Learning, Advanced Image Processing and Smart Tools.

LTTs also held an innovative technology hackathon nicknamed “Just Code” across its global delivery centres to enable employees to convert their ideas into demonstrable products. The hackathon successfully ended with creation of hundreds of PoCs across technologies including Media Processing and Entertainment, Cloud Programming, Sensor Fusion, Automation, Machine Learning and Artificial Intelligence.

Patents

At the end of financial year 2018, the patents portfolio of LTTs stood at 328 patents out of which 245 were co-authored with its customers and 83 were filed by LTTs.

Awards & Recognition

LTTs has won a string of high profile industry accolades which are a testament to the Company’s culture of innovation and best practices in technology & people management. Key amongst them include:

L&T Technology Services has been awarded the **Golden Peacock Innovative Product/Service Award 2018 for its i-BEMS framework**. This is the second year in succession that we have won a Golden Peacock trophy.

In March 2017, LTTs was awarded the Golden Peacock National Quality Award for its best in class engineering services and solutions.

LTTs has been positioned in the ‘**Winner’s Circle**’ for excellence in innovation and execution by HfS Research, the Service Research Company™. In its ‘**Blueprint Report for Automotive Engineering Services for 2018**’, HfS rated LTTs among the top 5 innovative organizations in the world

The Company was also positioned in ‘**Winner’s Circle**’ of HfS ‘**Blueprint Report on - Embedded & Semiconductor Engineering services 2017**’. Not only was LTTs lauded for its excellent delivery capability, account management, partnership, hardware expertise, technology - in house tools and IP solutions but was also acknowledged by HfS for its recognizable investments in future capabilities and strong client feedback to drive new insights and models.

LTTs cemented its position as a leader in overall ER&D Services across 10 verticals and as overall leader in **Product Engineering Services in Zinnov Zones 2017 Ratings**.

It was rated as an **Expansive and Established player in the Zinnov Zones 2017** IoT Technology Services study and positioned in the Zinnov Leadership Zone across seven unique expertise areas.

The Company was awarded the prestigious **NASSCOM Digital Skills Award for 2017**. NASSCOM through this award gave a formal recognition to LTTs’ continued success in aligning its offerings with the rising customer demand for Digital Engineering.

LTTs’s culture of innovation and compelling portfolio of solutions led the **Confederation of Indian Industry** to recognize the Company as one of the **most innovative organizations** in India in the services category.

LTTs was positioned in the Leaders Category by independent global research firm, NelsonHall in its evaluation for Internet of Things (IoT) services providers. LTTs was the only global pure-play engineering service provider to be **positioned in the Leaders Category**.

LTTs won the Businessworld magazine’s 3rd HR Excellence Awards 2017 in **Excellence in Change Management & Excellence in Compensation and Benefits**.

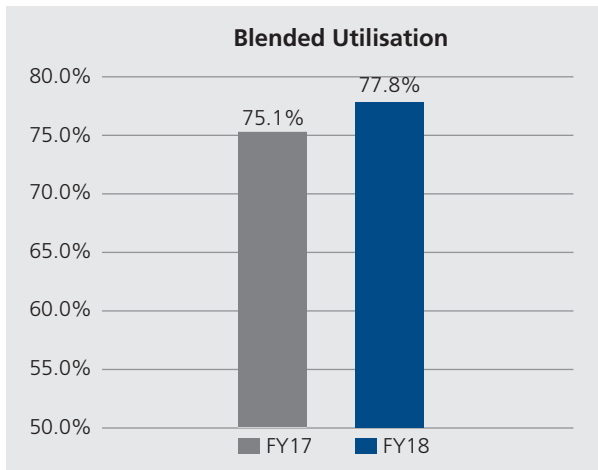
III. Significant Factors affecting Our Results of Operations

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:

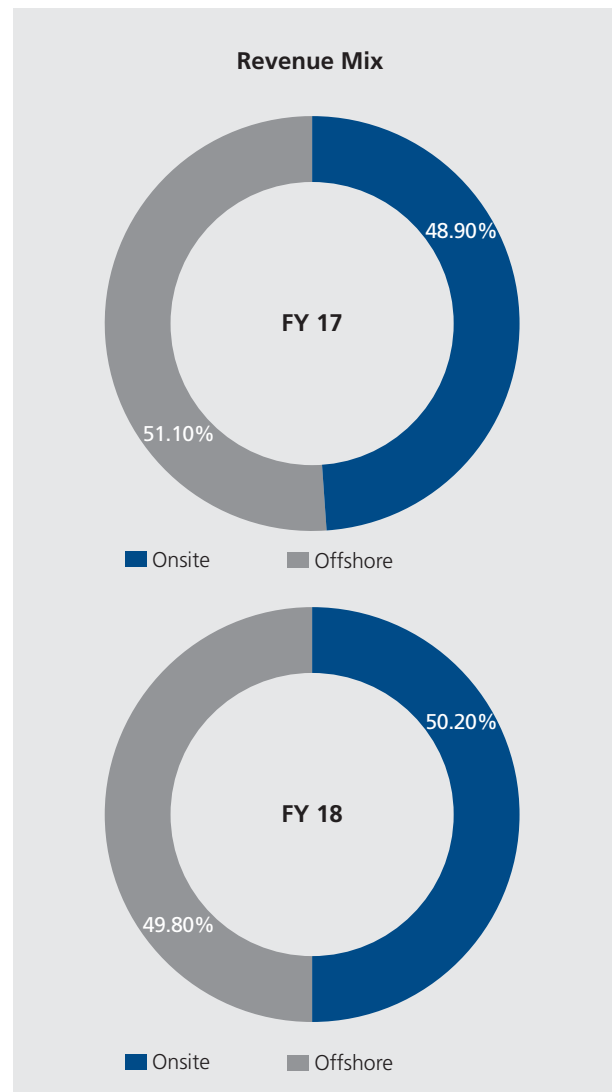
Exchange rate fluctuations: Though our reporting currency is in Rupees, we transact a significant portion of our business in several other currencies. Although we partly benefit from a natural hedge for our foreign currency revenues against our foreign currency expenses, we also have an exposure to foreign exchange rate risk in respect of revenues or expenses entered in a currency where corresponding expenses or revenues are denominated in different currencies. Such transactions are denominated in currencies such as US Dollar, Euro, 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.

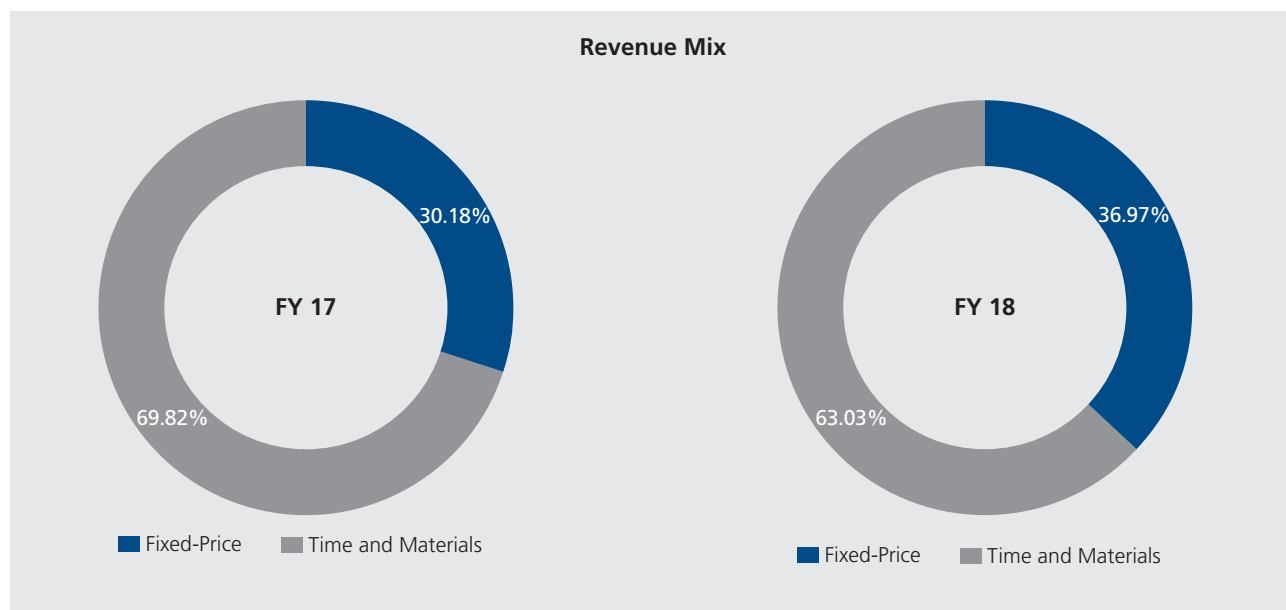
If we are not able to maintain high employee utilization, our profitability may suffer, arising out of loss or reduction of business from customers. Our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforces, our overall employee satisfaction and ability to manage attrition also affects our profitable growth.



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:



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 based on 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.



IV. Financial Conditions Consolidated

Sources of Funds

1. Equity Capital

	As at 31-3- 2018	As at 31-3- 2017
(₹ Million)		
Authorised :		
5,250,000,000 equity shares of ₹ 2 each (Previous year 5,250,000,000 of ₹ 2 each)	10,500	10,500
Issued, subscribed and fully paid up :		
102,456,047 equity shares of ₹ 2 each (Previous year 101,690,392 of ₹ 2 each)	205	203
EQUITY SHARE CAPITAL	205	203

Total 765,655 equity shares were issued during the year pursuant to exercise of ESOP option under ESOP Scheme, 2016.

The promoter, Larsen & Toubro Limited, had sold 169,000 shares on March 28, 2018, however, since the stock exchanges were closed on March 30, 2018 on account of Good Friday and March 31, 2018 (Saturday), the sale of these 169,000 shares by the promoter on March 28, 2018 got effected on April 02, 2018 and thus the same has not got reflected in the BENPOS statement of March 31, 2018 as provided by the registrar and transfer agent of the Company. Due to this, the shareholding of Larsen & Toubro Limited in the shareholding pattern as on March 31, 2018 is appearing higher by 169,000 shares as 90,991,100 shares instead of 90,822,100 shares.

2. Other equity (₹ Million)

	As at 31-3- 2018	As at 31-3- 2017
Retained earnings	6,951	3,084
Hedging reserve	1,164	962
Securities premium	10,502	10,297
Foreign currency translation reserve	4	-
Employee stock options outstanding (Net of deferred compensation)	538	310
Reserves & surplus	19,159	14,653

Other equity at the end of March 31, 2018 stood at ₹ 19,159 Million as against ₹ 14,653 Million at the end of at March 31, 2017.

3. Long Term and Short Term Borrowings (₹ Million)

	As at 31-3-2018			As at 31-3-2017		
	Non-current	Current	Total	Non-current	Current	Total
Long-Term Borrowings						
Secured loans	-	-	-	-	-	-
Term loans from bank	-	-	-	-	-	-
Short-Term Borrowings						
Secured loans	-	-	-	-	-	-
Unsecured loans from banks	-	702	702	-	1,019	1,019
TOTAL		702	702	-	1,019	1,019

The Company's short-term borrowings stood at ₹ 702 Million at March 31, 2018 from ₹ 1,019 Million as at March 31, 2017 on account of net repayment of loans.

4. Deferred tax asset (₹ Million)

	As at 31-3- 2018	As at 31-3- 2017
Deferred tax asset	243	323

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.

5. Current liabilities (₹ Million)

	As at 31-3- 2018	As at 31-3- 2017
Trade payables	1,807	1,489
Other financial liabilities	2,000	2,562
Other current liabilities	1,749	1,124
Short-term provisions	1,206	1,271
Current tax liabilities	173	-
Total Current Liabilities	6,935	6,446

Current liabilities consisting of trade payables, other financial liabilities, other current liabilities, short term provisions and current tax liabilities stood at ` 6,935 Million as of March 31, 2018 from ` 6,446 Million as of March 31, 2017.

6. Property, plant and equipment

(` Million)

	As at 31-3- 2018	As at 31-3- 2017
Property, plant and equipment	1,250	1,190
Capital work-in-progress	1	23
Goodwill	4,921	4,215
Other tangible assets	923	733
Net Fixed Assets	7,095	6,161

Additions:

Additions to the gross block in the year ended March 31, 2018 amounted to ` 1,859 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 ` 151 Million.

7. Trade Receivables

Trade receivables amounted to ` 9,623 Million (net of provision for doubtful debts amounting to ` 18 Million) as at March 31, 2018, compared to ` 7,106 Million (net of provision for doubtful debts amounting to ` 22 Million) as at March 31, 2017. The day's sales outstanding stood at 88 days as at March 31, 2018 as compared to 80 days as at March 31, 2017.

8. Cash & Bank balance

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 the form of deposits and collaterals kept against open ended bank guarantees issued to customers. The cash & bank balance stood at ` 1,542 Million as at March 31, 2018 from ` 672 Million as at March 31, 2017.

9. Non-current assets

(` Million)

	As at 31-3- 2018	As at 31-3- 2017
Other financial assets	590	1,054
Other non-current assets	487	380
	1,077	1,434

Other financial assets as at March 31, 2018 decreased by ` 464 Million primarily on account of decrease in forward contract receivable.

10. Current assets

(` Million)

	As at 31-3- 2018	As at 31-3- 2017
Investments	2,207	1,946
Loans	1	1
Other financial assets	1,429	1,275
Other current assets	3,805	3,399
	7,442	6,621

Investments comprises of investments in mutual funds.

Other financial assets consisting advance to employees, security deposits, forward contract receivable, etc. which increased from ` 1,275 Million as at March 31, 2017 to ` 1,429 Million as at March 31, 2018 primarily on account of forward contract receivable amounting to ` 1,044 Million as at March 31, 2018.

Other current asset increased primarily on account of receipt of exports license ` 342 Million and increase in taxes receivable by ` 75 Million.

V. 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 18		FY 17	
	(` million)	% of total income	(` million)	% of total income
Income				
Revenue from operations	37,471	95.1%	32,483	98.2%
Other income	1,934	4.9%	582	1.8%
Total Income	39,405	100.0%	33,065	100.0%
Expenses				
Employee benefit expenses	24,600	62.4%	20,958	63.4%
Other Operating expenses	7,060	17.9%	5,669	17.1%
Change in contingent consideration	55	0.1%	-	-
Total Expenses	31,715	80.5%	26,627	80.5%
Operating profit	7,690	19.5%	6,438	19.5%
Finance costs	24	0.0%	21	0.1%
Depreciation and amortisation expenses	888	2.3%	625	1.8%
	912	2.3%	646	1.9%
Profit before extraordinary items and tax	6,778	17.2%	5792	17.5%
Extraordinary items	-	-	-	-
Profit before tax	6,778	17.2%	5792	17.5%
Tax expenses				
- Current tax	1,894	4.8%	1,421	4.3%
- Deferred tax	(182)	(0.5%)	121	0.4%
	1,712	4.3%	1,542	4.7%
Profit after tax	5,066	12.9%	4,250	12.8%
Profit for the year before minority interest	5,066	12.9%	4,250	12.8%
Minority Interest	6	0.0%	1	0.0%
PROFIT FOR THE YEAR	5,060	12.8%	4,249	12.8%

VI. Financial Year 2018 compared to Financial Year 2017

1. Income

Our total income comprises of revenue from operations and other income.

Our total income increased by 19.2% to ` 39,405 Million for the year ended March 31, 2018 from ` 33,065 Million for the year ended March 31, 2017, primarily due to an increase in our revenue from operations and receipt of export license incentives during the year.

Revenue from operations

Our revenue from continuing operations increased by 15.4% to ` 37,471 Million for the year ended March 31, 2018 from ` 32,483 Million for the year ended March 31, 2017, primarily as a result of growth in our revenues in our Transportation and Industrial product vertical.

Our USD revenue from continuing operations comprise revenues denominated in USD, in addition to amounts in foreign currencies across our operations, that are converted into USD using the day-end exchange rates for the relevant period. Such revenues increased by 19.8% to USD 580.4 Million for the year ended March 31, 2018 from USD 484.4 Million for the year ended March 31, 2017.

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 increased to ` 1,934 Million for the year ended March 31, 2018 from ` 582 Million for the year ended March 31, 2017. This was primarily due to receipt of export license incentive of ` 646 Million (net of expenses) received and increase in foreign exchange gain by ` 729 Million in the year ended March 31, 2018.

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, change in contingent consideration, finance costs, depreciation and amortization and tax expenses. Our total expenses increased by 19.2% to ` 34,339 Million for the year ended March 31, 2018 from ` 28,815 Million for the year ended March 31, 2017, 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 17.4% to ` 24,600 Million for the year ended March 31, 2018 (which represented 62.4% of our total income for such year) from ` 20,958 Million for the year ended March 31, 2017 (which represented 63.4% of our total income for such year). This is primarily as a result of increase in salaries, including overseas staff expenses, to ` 23,809 Million from ` 20,305 Million on account of annual increments and increase in the headcount from 10,463 as at March 31, 2017 to 12,307 as at March 31, 2018.

Other Operating expenses

Other operating expenses primarily comprises of subcontracting and component, technical & consultancy charges, cost of computer software, rent and establishment expenses, travelling & conveyance, legal & professional charges, overheads charges & miscellaneous expenses.

Our other operating expenses increased by 24.5% to ` 7,060 Million for the year ended March 31, 2018 (which represented 17.9% of our total income for such year) from ` 5,669 Million for the year ended March 31, 2017 (which represented 17.1% of our total income for such year).

Change in contingent consideration – acquisition

The Group has recognised contingent consideration in accordance with terms of stock purchase agreement. The contingent consideration is payable to the sellers of Esencia Technologies, Inc. upon the achievement of financial targets by Esencia Technologies, Inc. over a period of four years starting from calendar year 2017. The maximum amount payable of contingent consideration is ` 391 Million. The fair value of contingent consideration ` 206 Million is determined by assigning probabilities of achievement of targets & discounting future cashflow @ 19.07%.

The stock purchase agreement has been amended in January, 2018 which resulted in a change in contingent consideration. Fair value of revised contingent consideration is estimated at ` 261 Million. Effects of these changes in consideration ` 55 Million is recognized in the statement of profit and loss.

Finance costs

Finance costs comprise bank interest paid. Exchange losses on borrowings are also accounted for as part of finance costs.

Our finance costs increased by 14.3 % to ` 24 Million for the year ended March 31, 2018 from ` 21 Million for the year ended March 31, 2017.

Depreciation and amortization

Tangible and intangible assets are amortised over periods corresponding to their estimated useful lives.

Our depreciation and amortisation on tangible & intangible assets increased by 6.5% to ` 888 Million for the year ended March 31, 2018 from ` 625 Million for the year ended March 31, 2017.

Profit before extraordinary items and tax

As a result of the above mentioned factors, our profit before extraordinary items and tax was ` 6,778 Million for the year ended March 31, 2018 (which represented 17.2% of our total income for such year) and ` 5,792 Million for the year ended March 31, 2017 (which represented 17.5% 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 33.29% to ` 1,894 Million for the year ended March 31, 2018 from ` 1,421 Million for the year ended March 31, 2017.

Our deferred tax credit for the year ended March 31, 2018 was ` 182 Million as against our deferred tax charge for the year ended March 31, 2017 of ` 121 Million.

Our total tax expense has increased by 11.02% to ` 1,712 Million for the year ended March 31, 2018 from ` 1,542 Million for the year ended March 31, 2017. The increase in current tax is mainly on account of higher profit before tax and higher effective tax

rate. This increase is partially offset by decrease in deferred tax charge recognised in subsidiary books. 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 ₹ 5,066 Million for the year ended March 31, 2018 and ₹ 4,250 Million for the year ended March 31, 2017.

Earnings per share (EPS)

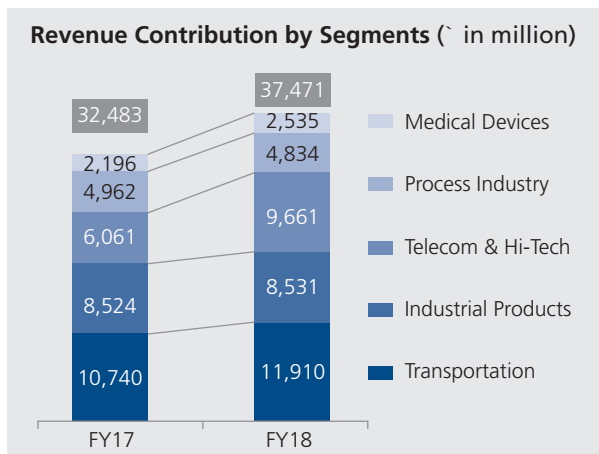
Our Basic EPS before extraordinary items has increased by 17.9% to ₹ 49.60 per share in the year ended March 31, 2018 from ₹ 42.08 per share in the year ended March 31, 2017. The diluted EPS has increased by 21.5% to ₹ 48.18 per share in the year ended March 31, 2018 from ₹ 39.64 per share in the year ended March 31, 2017. The increase is on account of higher profit attributable to equity shareholders. The weighted average number of potential equity shares on account of employee options are 30,02,471 for the year ended March 31, 2018.

VII. Segment reporting - Consolidated

Our segmental reporting comprises business and geographic segmentation.

Business segmentation

LTTs 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.



1. Transportation:

LTTs offers engineering services and solutions over the complete spectrum of the transportation industry, that includes OEM and Tier 1 suppliers in Automotive, Trucks & Off-Highway Vehicles, Aerospace and Rail industries. The segment delivers end-to-end services from concept to detailed design through manufacturing, testing, after-market and sourcing support helping OEMs and Tier1s develop products in a cost-effective manner. LTTs also helps its clients develop cutting-edge Transportation technologies such as Autonomous driving, Electric Vehicle and Drones. LTTs’ domain expertise, globalized and customer centric approach, proprietary solutions and a repository of over 150 co-authored patents drive innovation and sustained business growth. The adherence to safety protocols, design and processes and use of cross-disciplinary engineering facilitates superlative experience to LTTs’ customers.

Transportation segment is our largest segment by revenue and contributed 31.8% of the Company’s total revenue in FY’18 vs 33.1% of the total revenue in FY’17. The segment clocked a healthy topline growth of 15.2% Y-o-Y in USD terms. Since, more than 70% of the segment’s revenue is in USD dollars, the sharp appreciation of the Rupee from FY’17 to FY’18 has primarily affected the operating margin of this segment.

2. Industrial Products:

LTTs’ Industrial Products practice helps OEM customers across building automation, home and office products, energy, process control and machinery. The Company’s expertise in engineering industrial products helps customer drive innovation and efficiency, and retain a competitive edge. We help streamline the product development value chain, enabling customers spearhead business growth.

This Industrial Products 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 now the third largest segment and contributed 22.8% of the Company’s total revenue in FY’18 vs 26.2% of the total revenue in FY’17. The segment is showing a muted growth in Revenue by 4% Y-o-Y in USD terms. The operating margin of this segment has dropped from 24.4% in FY’17 to 21.7% in FY’18.

3. Telecom & Hi-tech:

LTTTS' expertise in digital engineering such as the Cloud, IoT, Artificial Intelligence, Data Analytics & other areas in telecom domain enables its partners to leverage the right telecommunications strategy. With expertise in product variant development, 5G capabilities, simulations & automation, and product & mid of life support, LTTTS is a one stop-solution for the clients. It also provides futuristic solutions and IP Cores that address some of the pressing needs of the semiconductor industry. LTTTS' Narrow Band IoT (nBloT) solution provides the complete IoT device management designed with low memory and low power footprint enabling easy integration to custom target platforms.

LTTTS' experience in Product Development, Digitalization, User Experience Engineering, and Testing & Certification enables the customers to expand to new markets, innovate newer and smarter products, and roll-out products faster and cheaper. The Company's designs for 3D cameras, speech recognition, smart glasses and connectivity programs involving wireless mesh networks are seeing increasing traction from the industry.

Telecom segment is now the second largest segment post acquisition of Esencia Technologies and winning of few large deals in this segment has helped the segment demonstrate an exceptional topline growth by 65.4% Y-o-Y in USD terms. The segment has contributed 25.8% of the Company's total revenue in FY'18 vs 18.7% of the total revenue in FY'17. The operating margin of this segment has dropped to 12.6% in FY'18 from 17.2% in FY'17.

The primary reasons for drop in margins are:

- 1) IP Led revenues – The segment had much higher IP Led revenues in FY'17 vis-à-vis in FY'18. The IP Led revenues add to the bottom-line directly and the FY'17 margins were higher due to this.
- 2) Initial transition related costs of the large deal won in FY18 affected the segment's overall operating profits.

There was an overall increase in onsite proportion of revenues on account of acquisition of Esencia Technologies along with increase in onsite opportunities, resulted in lower margins.

4. Process Industry:

The Process Industry practice provides end to end engineering services for leading plant operators across the globe. LTTTS provides services in E/EPCM, Engineering Reapplication and Global Rollouts, Plant Sustenance and Management, Regulatory Compliance Engineering along with chemical, consumer packaged goods (FMCG) and energy and utility sector clients. LTTTS specializes in traditional EPCM and operational maintenance projects, as well as contemporary digital engineering enterprises. The Company is advancing its engineering footprint to encompass the digital sphere and working with customers on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR).

The segment contributed 12.9% of the Company's total revenue in FY'18 vs 15.3% of the total revenue in FY'17. The segment showed a nominal increase by 1.1% Y-o-Y in USD terms. The operating margin of this segment has marginally increased from 19.4% in FY'17 to 19.5% in FY'18.

The segment was facing challenges in growth due to drop in oil prices and weak global demand amid concerns over slowing economic growth around the world affecting the capital expenditure spend of energy majors. The topline growth has rebound in second half of FY18 and along with this the steps taken to improve operations and to stabilize margins have been showing results.

5. Medical Devices:

LTTTS' domain expertise, supported by robust technological capabilities, helps medical device OEMs address industry challenges, accelerate time to market, and optimize costs. LTTTS focuses on delivering solutions in Diagnostics, Patient Mobility Services, Musculoskeletal Services, Life Sciences, Surgical Services, Cardiovascular, Home Healthcare and General Medical.

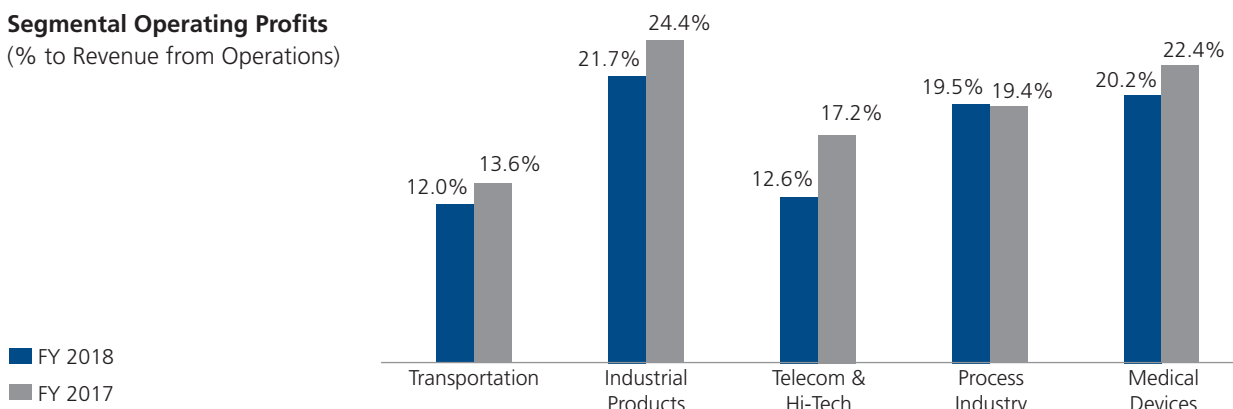
Medical Devices segment is the smallest segment and contributed 6.8% of the Company's total revenue in FY'18. The segment is showing a growth by 20.0% Y-o-Y in USD terms. The operating margin of this segment has dropped from 22.4% in FY'17 to 20.2% in FY'18.

The primary reasons for drop in margins was Rupee appreciation. More than 85% of the segment's revenue is in USD dollars and the sharp appreciation of the Rupee from FY'17 to FY'18 has primarily affected the operating margin of the segment.

The following table shows a breakdown of our revenue by our business segments for the periods indicated:

Segments	FY 18		FY 17	
	(` million)	% of total revenue	(` million)	% of total revenue
Transportation	11,910	31.8%	10,740	33.1%
Process Industry	4,834	12.9%	4,962	15.3%
Industrial Products	8,531	22.8%	8,524	26.2%
Medical Devices	2,535	6.8%	2,196	6.8%
Telecom & Hi-Tech	9,661	25.8%	6,061	18.7%
Total operating revenue	37,471	100.0%	32,483	100.0%

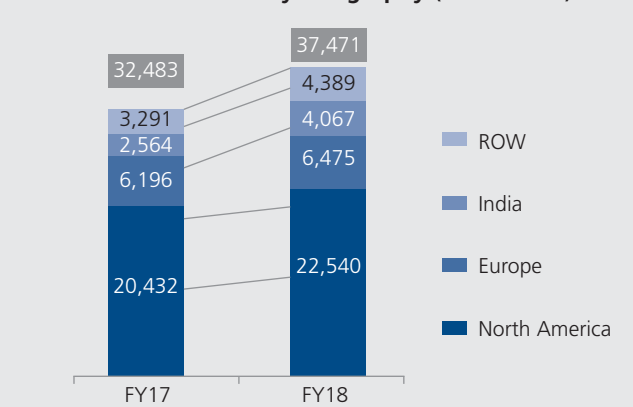
Segmental Operating Profits
(% to Revenue from Operations)



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 (` in million)



Annual Business Responsibility Report 2017-18

(As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Given the nature of business, at L&T Technology Services, people are considered as an asset and their well-being is paramount to the Company. Through our projects, CSR activities and several people friendly policies & people oriented initiatives we endeavour to build a better society.

The Directors present the Business Responsibility Report of the Company for the financial year ended as on March 31, 2018, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This report conforms to Business Responsibility Reporting (BRR) requirement of Securities & Exchange Board of India (SEBI) based on the National Voluntary Guidelines (NVG) released by the Ministry of Corporate Affairs, India.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: **L72900MH2012PLC232169**
- Name of the Company: **L&T TECHNOLOGY SERVICES LIMITED**
- Registered address: **L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001**
- Website: www.Inttechservices.com
- E-mail id: **investor@LntTechservices.com**
- Financial Year reported: **1st April 2017- 31st March 2018**
- Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub-Class	Description
620	6209	62099	Other information technology and computer services activities

- List three key products/services that the Company manufactures/provides (as in balance sheet):
Engineering Services, Industrial Products, Telecom & Hi-Tech, Process Industry and Medical Devices

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

I. Number of International Locations - 21

II. Number of National Locations - 8

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital: ` **205 million**
- Total Turnover: ` **35,066 million**
- Total profit after taxes: ` **4,894 million**
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax: **1.14%**
- List of activities in which expenditure in 4 above has been incurred:
 - Healthcare**
 - Environment**
 - Water Conservation**
 - Education and Skill Building**
 - Innovation & Technology**

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?
Yes.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):
No.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:
No.

SECTION D: BR INFORMATION

1. (a) **Details of Director/Directors responsible for BR**
Details of the Director/Director's responsible for implementation of the BR policy/policies
- DIN Number: **05296942**
 - Name: **Dr. Keshab Panda**
 - Designation: **CEO & Managing Director**

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	Not applicable
2	Name	Mr. Paneesh Rao
3	Designation	Chief Human Resources Officer & CSR Head
4	Telephone number	+91 22 6752 5656
5	e-mail id	investor@Inttechservices.com

2a. Principle-wise (as per NVGS) BR Policy/Policies (Reply in Y/N)

P1- Business should conduct and govern themselves with ethics, transparency and accountability

P2- Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3- Business should promote the well-being of all employees

P4- Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5- Business should respect and promote human rights

P6- Business should respect protect and make efforts to restore the environment

P7- Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8- Business should support inclusive growth and equitable development

P9- Business should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies are aligned with the International Standards.								
	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
4	If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? Signed By the _____									
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Available on Company's Intranet						www. Inttechservices.com	Available on Company's Intranet	
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note 1: As per the approval matrix of the Company.

2b. If answer to the question at serial number 1 against any principle, is 'no', please explain why: (tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles									Not Applicable
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									Not Applicable
3	The Company does not have financial or manpower resources available for the task									Not Applicable
4	It is planned to be done within next 6 months									Not Applicable
5	It is planned to be done within the next 1 year									Not Applicable
6	Any other reason (please specify)									Not Applicable

3. Governance related to BR

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

Annually

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

No

management. The said Code is also displayed on the website of the Company.

As LTTs expands its presence globally, adding suppliers, customers, consultants and employees from diverse geographical locations and cultures, it is important for the Company to consider the effects of local culture, policies and service ecosystem on the code of conduct. The Company expects its employees to uphold highest standards of business conduct across all sites where LTTs has presence, as customer, supplier or as consultant. The Company also has a Code of Conduct for its suppliers, customers and consultants and obliges them to follow the same to uphold the business standards.

LTTs strives continuously towards creating an ethical work environment where employees display principled behaviour, right practices & conduct and uphold the Company's policies & values. In line with the Vision and Values of the Company and as a part of the good corporate governance and pursuant to the requirements of the Companies Act 2013, the Whistle Blower Policy and a Whistle Blower Investigation Committee which includes the management team is in place. The Whistle Blower Policy is also displayed on the website of the Company.

One of our constant endeavours is to promote "ZERO TOLERANCE" for values violation & unethical conduct at the workplace. To promote this culture, we have implemented Ethics Line, an online platform designed to report violations of values or Code of Conduct either through phone or fax or email or an online web reporting, by disclosing the name or anonymously.

It helps build a culture of trust, transparency, honest communication and ethical conduct and provides employees with non-threatening and impartial way of communicating their concerns while allowing the organization to act on the tip-offs as per process.

SECTION E: PRINCIPLE-WISE PERFORMANCE

- PRINCIPLE :1**

BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY:

L&T Technology Services Limited (LTTs) has a well-defined & institutionalised code of conduct policy that details the Company's ethos, values and a fair and transparent governance system.

LTTs' philosophy of corporate governance is built on a rich legacy of fair & transparent governance & disclosure practices. This includes respect for values, equality, individual dignity, adherence to honest, ethical & professional conduct. Employees at LTTs are guided by the vision statement & values mentioned therein for the success & reputation of the organization. Each employee of the Company is required to confirm their acceptance to the 'Code of Conduct (COC)' every year. Non-compliance to the code of conduct is met with strict disciplinary action. Along with the employees, LTTs has a Code of Conduct for the Board of Directors and Senior Management of the Company. The Managing Director makes an Annual Declaration to the shareholders on compliance with the Company's COC by senior

Complaints raised under this are thereafter referred to the Whistle Blower Investigation Committee for investigation thereof.

During the year, the Company received total 9 complaints under ethics line. All the complaints were resolved & closed.

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

At LTTs, it is our constant endeavour to extend sustainable and eco-friendly processes, services and solutions that contribute to sustainability throughout their Life cycle. Facilities created within the Company premises have adequate green spaces and plantations.

Being a high-end technology company, creating green and eco-friendly infrastructure and campuses are a high priority. We achieved 8000 KWH per month saving in electrical energy because of change of CFL Light fixtures to LED lights. We have changed lights to LED lights in West Block office in Vadodara. We provide Doctor's facility in the campus for benefit of all.

We also have LEED Certified green buildings in our major campuses like Vadodara in Gujarat. We follow a Zero waste water discharge policy in many of our campuses and Rain harvesting is done to conserve water. Sewage treatment plant to recycle waste water are used.

LTTs constantly works on Health, Safety & providing a conducive environment. Our Chennai and Mysore locations are certified by Bureau Veritas. The other locations are about to follow.

LTTs has also achieved a reduction in food wastage by 3400 kg in April 2017 to March 2018 with respect to the previous year. A Company wide user awareness program was conducted in this regard.

Apart from these initiatives, the Company has procedures in place for sustainable sourcing.

As a process LTTs pools in resources for pickup & drop by providing Vans, Mini Buses and pool cars for the employees. We have also long-term rate contracts with suppliers to continual supply of material and services. Approximately 40 percent of the services and supplies have rate contracts. Moreover, in all locations our preference to employ small vendors so that they understand working culture with

corporates and also in turn improve their processes to meet statutory compliances. As a policy, 30 percent of the goods and services are sourced locally in an attempt to improve capacity & capability of small vendors.

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

At LTTs, people are our greatest asset. It is only with their determination and dedication that we can serve our clients, generate long-term value for our shareholders and contribute to the society. It is the continuous passion and commitment of our people that helps us to leverage our potential & move forward as an organisation. At LTTs, we nurture employees with training, motivation, leadership development and performance rewards.

The Company's Corporate Human Resource Policy sets a robust framework for people management. Apart from this, LTTs has in pace a Whistle Blower Policy, Protection of Women's Rights at Workplace Policy, and code of conduct for protection of human rights.

We believe in creating a conducive environment for all members of the organisation to give their best performance each day, with a firm commitment to our organisation's goals and values, and being motivated to contribute to organisational success, with an enhanced sense of their own well-being.

We in L&T Technology Services foster a healthy work culture, backed by state of the art infrastructure and a vibrant work environment. In order to provide for a safe working environment, LTTs constantly works on Health, Safety & providing a conducive environment. Our Chennai and Mysore locations are certified by Bureau Veritas. The Other locations are about to follow.

With a view to improve the work life balance of employees LTTs introduced various policies like Flexible work hours in place with a robust data security system in place, Leave during Special Circumstances covering: Paternity leave, Adoption leave & Bereavement leave, Part Time Working, Working in Shifts and on Holidays.

We promote various interventions like counselling sessions, Stress management workshops, Yoga, Music, health camps, workshops targeted to improve employee health and wellness at office. We also engage our employees on our CSR activities which are pro bono.

We see Training & Development as an arsenal to equip our employees to be ready for the challenges ahead & to elevate their career in terms of progression. A robust training framework enables us to provide adept & continuous trainings on Technical, functional and behavioural areas, which helps them to improve productivity and career progression. We offer employees with opportunities to pursue higher education through corporate tie-ups and sponsorships with reputed colleges in India & abroad.

We believe it's important to start investing in our future leaders today. A robust Leadership development framework based on career stages enables us to bring this to life and to create a Leadership pool that is ready to take on greater responsibilities & lead the organization to the next stage of growth, at the same time de-risking the organization's future.

Since many of our employees work at client locations in factories for deployment of projects, 137 employees have been trained on "Zero Harm" towards their safety and continuous improvement. 31 of them have been Certified.

There were 3 sexual harassment complaints lodged in the last financial year and closed.

1.	Total number of employees	12,307
2.	Total number of employees hired on temporary/contractual/casual basis	722
3	Number of permanent women employees.	2,439
4.	Number of permanent employees with disabilities	Nil
5.	Do you have an employee association that is recognized by management	No
6.	What percentage of your permanent employees is members of this recognized employee association?	None
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	None

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

LTTTS is an equal opportunity employer and gives an equal opportunity without bias to caste, creed, gender or nationality.

We comply with applicable professional standards, laws and regulations and seek to avoid actions that may bring LTTTS to any disrepute. We foster a culture of appropriate professional scepticism and personal accountability which supports clients and drives quality in the services we provide.

The company has a dedicated Corporate Brand Management & Communications department which facilitates an on-going dialogue between the organization and its stakeholders.

At LTTTS, we foster a culture of caring, trust and continuous learning while meeting the expectations of all stakeholders and society at large. As a responsible Corporate Citizen, the Company contributes towards inclusive growth by empowering communities and accelerating development programs under our "Corporate Social Responsibility (CSR)". It uses this platform to address the needs of disadvantaged, vulnerable and marginalized communities by taking sustainable initiatives in the areas of health, education, skill development, environment conservation and community development.

These include:

- **Water:** which includes programs to make clean drinking water available, conservation and purification of water. It also focuses on Environment through programs like renewable energy.
- **Education:** which supports differently-abled and other students by implementing specific programs. Employment, enhancing vocational trainings for women and the differently abled people and monetary contribution to academic institutions for providing technical and engineering trainings.
- **Health:** which includes community health centers, mobile medical vans, dialysis centers, general and specialized health camps and outreach programs, centers for elderly / disabled, support to HIV / AIDS program and providing medical equipment's/ technological gadgets to the physically challenged people.
- **Skill Development:** which comprises of vocational training such as skill building, computer training, women empowerment, and support to specially abled.

External Stakeholders	
Stakeholders	Engagement Models
Media	Press Releases, Quarterly Results, Annual Reports, AGM (Shareholders interaction)
Customers	Regular business interactions, Client satisfaction surveys
Shareholders and Investors	Investor meets, Dedicated email id for investor grievances, Press Release, AGM
Community	Through various CSR Activities
Government	Press Release, Quarterly results, Annual reports, CSR Report.

Internal Stakeholders	
Employees	Engagement modes
Media	Welfare initiatives for the employees
	Circulars to update about the organisational development/ changes in the organisation structure.
	Career development initiatives for all employees.
	In-house Magazines and involvement in the CS programs of the employees

- PRINCIPLE: 5**
BUSINESS SHOULD RESPECT AND PROMOTE HUMAN RIGHTS:

L&T Technology Services is a professionally managed multinational originating from India, committed to total customer satisfaction & enhancing stakeholders' value. The Company's philosophy of corporate governance is built on a rich legacy of fair & transparent governance & disclosure practices. This includes respect for human values, individual dignity & adherence to honest, ethical & professional conduct. LTTs employees are guided by the vision statement & values mentioned therein for the success & reputation of LTTs.

As LTTs expands its presence globally, partnering with leading technology companies, growing its clientele and supplier base and adding employees from diverse geographical locations and cultures, it becomes important for the Company's Code of Conduct to reflect the effects of local culture, policies and the ecosystem, and provide the information needed to act with integrity in the workplace and in compliance with laws, regulations and Company policies.

The Company expects its employees to uphold the highest standards of business conduct across all sites where LTTs has presence, as customer, supplier or as consultant

Human rights are an important part of the Code of Conduct and Corporate Human Resource Policy of the Company which includes Prohibition of Human trafficking, Slavery and Bonded labor. According to this policy, LTTs strictly prohibits all forms of human rights violation including slavery, bonded labour, forced labour, debt bonded labour, child labour and trafficking of labour from any of its establishments to other establishments for conducting business. LTTs strictly prohibits involvement of its suppliers, contractors, vendors and any third parties involved directly or indirectly with LTTs business for such practices, including the Policy on Protection of Women's Rights at workplace for addressing sexual harassment.

We ensure that employees are sensitized to human rights clauses by mandating trainings around it, creating awareness using other channels like interactive sessions, Intranet, policy manuals, posters. The new employees are made aware of these policies via an elaborate induction plan.

There were no reported complaints related to human rights violations during the year.

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

L&T Technology Services recognizes the need to preserve and nurture our environment.

LTTs along with its project partners have been reaching out to the village community who have no access to electricity since decades. Solar project undertaken by LTTs has enabled and empowered the communities to adopt sustainable renewable energy project. 61 tribal families from Below Poverty Line (BPL) were provided solar electricity in MG Halli Haadi village near Mysore, Karnataka. Solar power was also provided to Government Primary Schools & Community Centres along with street light in the entire village.

The Company has undertaken watershed projects to tackle the water crisis and migration in the rural communities,

One of the major challenges is harvesting and storage of water during rainfall and also to recharge the water table as a sustainable development in remote villages. This takes care of drinking and irrigation water needs of the 9 villages in Tamil Nadu as well as Pune district of Maharashtra. An overall area of 16,000 hectares will be covered under this watershed project.

More than 10000 people from watershed villages will have access to water by 2019.

- Increase in ground water to the tune of 25 feet by 2019
- Increase in area under cultivation by 20-25% and agriculture crop yield by 25-30%.
- More than 1250 Agro forestry and 5600 Agro horticulture plants have been planted in the watershed villages. In a holistic approach, 165 families adopted kitchen garden, 200 children benefitted from health camps and 200 farmers benefitted from veterinary camps. 60 Income generating programs (IGP) have been also started by women groups.
- Natural Resource Management (NRM) activities such as construction of Check dams, Farm ponds, Gabian structure, Nalla Plugs, Gully Plugs and renovation of existing wells are carried out in the watershed project.
- Four village watershed committee (VWC) and four Mahila Pani Samiti (MPS) are formed which plays a vital role in the sustainability of the project.

At LTTS we also understand the importance of biodiversity & sustainable farming. LTTS enthused the women in the village of Nigade village, Maharashtra into cultivating their own vegetables in kitchen gardens. They were provided with coconut peats, trays and seeds. They were given minimum training in raising saplings in trays and transplanting, as they hail from a community of cultivators.

- **PRINCIPLE: 7**
BUSINESS, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER:

L&T Technology Services is a Public Limited Company registered under and governed by the Companies Act, 2013, the Registrar of Companies (ROC), Mumbai, is the jurisdictional authority under the Ministry of Corporate

Affairs (MCA), and all the statutory returns and documents are required to be filed with the ROC Mumbai office through the MCA portal.

Further since company is a Listed Entity with its Equity Shares Listed on the National Stock Exchange of India (NSE) and BSE Limited (BSE) on September 23, 2016, it is also required to comply with the Listing regulations under the Securities & Exchange Board of India (SEBI) Act 1992 and more specifically under the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (LODR Regulations) which came into force from September 2, 2015 and the SEBI (Prohibition of Insider Trading) Regulations (PIT) and the Secretarial Standards issued by The Institute of Company Secretaries of India with regard to Secretarial Practices.

Regulatory compliance in passenger safety, autonomous drive and electrification through ISO 26262, which classifies safety integrity levels based on severity of the fault. Additionally, we assist automotive manufacturers to reduce the cost and time required for ISO 26262 compliance. We have aligned our processes in compliance with ISO 26262 and have assisted OEMs and Tier 1 suppliers to achieve functional/process safety compliance while assisting in the development and improvement of their software-intensive products.

LTTS actively participates in industrial forums and professional bodies to engage in proactive dialogue and have an understanding of policies and expectations of stakeholders. The senior leadership team offers their expertise and insights during public policy formulation. The major industry body where LTTS participates are:

- 1) LTTS is a member of the India Electronics & Semiconductor Association (IESA) Executive Council and collectively work with the industry body to deliver on-ground activation for enabling innovation, investment and industry.
- 2) The company is also a member of the NASSCOM ER&D Council that seeks to create an eco-system of collaboration and innovation that will propel India's burgeoning ER&D sector into the next phase of growth.
- 3) LTTS is a member organization of the Confederation of Indian Industry (CII) and actively works with the

premiere industry body to promote innovation & engineering excellence in the industry and scientific communities.

- 4) LTTS participates in events organized by the IEEE (The Institute of Electrical and Electronics Engineers) and hosted the IEEE Bangalore Section Standards Interest Group's 9th Meeting at LTTS Manyata. LTTS' engineers have also published whitepapers on IoT & Digitalisation trends in enterprises.
- 5) We have ongoing relationship with FICCI for various measures to promote trade & commerce.

- **PRINCIPLE: 8**
BUSINESS SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT:

LTTS has the following corporate policies that support inclusive growth and equitable development:

- Corporate Social Responsibility (CSR) Policy
- Corporate Human Resources Policy
- Code of Conduct
- Anti-Corruption Policy
- Prohibition of Bribery, Prohibition of Human trafficking, Slavery and Bonded labor
- Whistle Blower Policy

The Company's CSR Programs focus on contributing to the society and making a meaningful, sustainable and positive impact. These include:

Skill Development (Naya savera)

The Indian employment market is unassuming paradox. On one hand, the country has an enormous number of unemployed or under-employed people waiting for decent opportunities. On the other hand, many industries face a dearth of candidates with requisite skills.

LTTS works towards filling the burgeoning skills gap and empower young men and women with job-earning skills.

LTTS being in the knowledge industry domain, considers this as a key focus area for its CSR initiatives. We aim to create a skilled workforce of 5000 people over the next three years.

Innovation & technology (Tech Udaan)

- harnessing innovation and Technology driven solutions to address the social needs of Water, energy, Education, Health and Skill Development
- Provide funding support for Technology incubation project in leading institutes like IIT, and other leading institutes in the above areas

Environment (Enwa)

- Support Renewable energy project
- Provide Soar electrification to rural community

Education (Naya savera)

- Providing technical & engineering knowledge and enhance the technical know-how among the students
- Support differently abled students by providing IT Skill for specific programs
- Employment enhancing vocational trainings to women and the differently abled people,
- Monetary contribution to academic institutions for providing technical and engineering trainings

Healthcare (Sparsh)

- Support setting up community health centres, mobile medical vans, general and specialized health camps and outreach programs, centres for elderly/disabled, support to HIV/AIDS program
- Providing medical equipments/ technological gadgets to the physically challenged people

Water (EnWa)

- Support programs making clean drinking water available
- Conservation and purification of water
- Support new technology in water conservation

Since 2015, LTTS CSR projects have focused on community development project. In FY 17-18 total CSR spend was ₹ 56 millions.

- **PRINCIPLE: 9**
BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER:

LTTS offers design and development solutions throughout the product development chain and provide solutions in the areas of mechanical and manufacturing engineering, embedded systems, software engineering and process engineering.

We believe that our size and scale, multi-domain presence, specialization, practice maturity, and focus on innovation and IP, combined with our ability to handle innovative and complex projects, provides us with a competitive advantage.

In overall essence, we are the innovation enablers and partners to our clients.

Ever since our establishment, we have made consistent investments in innovation labs currently we have 39 labs. The R&D labs include design tear down labs, digital and communication labs, electrical and power labs, optical labs

and environmental and testing facilities. The setting up of labs in association with clients instils a differentiating collaborative model culture and helps us retain our clients for multiple years to come.

We engage with customers through regular customer meets, customer satisfaction surveys, training programs for customer representatives and market based research. Customer complaints, comments and suggestions are systematically addressed. Consumer satisfaction trends are measured by capturing CSAT Scores & Net promoter scores. Our CSAT scores have consistently ranged over 85%. We are on a progressing trend in terms of customer satisfaction and key attributes like Quality and Delivery. Our Customers are satisfied with our Product Development Efforts and over 97% of our customers rated us as Satisfied or Delighted.

The high percentage of our repeat orders (90% repeat business) is a reliable indication of customer satisfaction and confidence in our products, projects and services.

There is no case against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the members of L&T Technology Services Limited

Report on the standalone 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 31 March 2018, 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 accounting standards 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.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards

and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 31 March 2018, 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 (including other comprehensive income), 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 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 31 March 2018 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2018 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. Our report expresses an unmodified opinion on the operating adequacy

and operating effectiveness of the Company's internal financial over financial reporting; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements (refer note 33 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; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company (refer note 46 to the standalone Ind AS financial statements).

For **SHARP & TANNAN**

Chartered Accountants

Firm's registration No.109982W

FIRDOSH D. BUCHIA

Partner

Membership no. 038332

Mumbai, 22 May 2018

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)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, certain fixed assets were physically verified by management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (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.
- (iv) According to information and explanations given to us, in respect of loans, investments, guarantees and securities granted by the Company, provisions of sections 185 and 186 of the Act have been complied with.
- (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.
- (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.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, goods and service tax, employees's state insurance, 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 and value added tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, goods and service tax, employees's state insurance, cess and other material statutory dues applicable to it were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to bank. The Company has not borrowed any funds from the public financial institutions, government and debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation given to us, 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.
- (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.
- (xiii) According to the information and explanation given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, for all and details of such transactions with related parties have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us, 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, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration No.109982W

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Mumbai, 22 May 2018

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 31 March 2018 in conjunction with our audit of the standalone Ind AS 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 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 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 31 March 2018, 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
Membership no. 038332

Mumbai, 22 May 2018

Balance Sheet

as at March 31, 2018

	Note No.	As at 31-3-2018	As at 31-3-2017
(` million)			
ASSETS:			
I. Non-current assets			
(a) Property, plant and equipment	4	1,230	1,177
(b) Capital work-in-progress		1	23
(c) Goodwill	5	3,891	3,891
(d) Other intangible assets	5	409	521
(e) Financial assets			
(i) Investments	6	1,031	61
(ii) Other financial assets	8	571	1,031
(f) Deferred tax assets (net)	9	256	328
(g) Other non current assets	10	430	371
Total non-current assets		7,819	7,403
II. Current assets			
(a) Financial assets			
(i) Investments	11	2,194	1,927
(ii) Trade receivables	12	9,513	7,110
(iii) Cash and cash equivalents	13	1,437	622
(iv) Other bank balances	14	-	-
(v) Loans	15	61	1
(vi) Other financial assets	16	1,490	1,306
(b) Other current assets	17	3,415	3,136
Total current assets		18,110	14,102
TOTAL ASSETS		25,929	21,505
EQUITY AND LIABILITIES:			
I. Equity			
(a) Equity share capital	18	205	203
(b) Other equity	19	19,448	15,112
Total equity		19,653	15,315
II. Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	20	18	-
Total non-current liabilities		18	-
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	21	1,553	1,330
(ii) Other financial liabilities	22	1,683	2,536
(b) Other current liabilities	23	1,700	1,099
(c) Provisions	24	1,179	1,225
(d) Current tax liabilities (net)		143	-
Total current liabilities		6,258	6,190
Total liabilities		6,276	6,190
TOTAL EQUITY AND LIABILITIES		25,929	21,505
Notes forming part of the financial statements	1-47		

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
 Membership No. F3485

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 22, 2018

Place: Mumbai
 Date: May 22, 2018

For and on behalf of the Board of Directors of
L&T Technology Services Limited

Statement of Profit and Loss

for the year ended March 31, 2018

(` million except as stated otherwise)

	Note No.	Year ended 2017-18	Year ended 2016-17
I. Revenue from operations	25	35,066	31,125
II. Other income (net)	26	1,881	546
III. Total income		36,947	31,671
IV. Expenses:			
(a) Employee benefit expenses	27	22,838	19,738
(b) Depreciation and amortisation expenses		576	575
(c) Other expenses	28	6,718	5,354
(d) Finance costs	29	4	8
Total expenses		30,136	25,675
V. Profit before tax (III - IV)		6,811	5,996
VI. Tax expense:			
(a) Current tax		1,876	1,421
(b) Deferred tax		41	85
Total tax expense	30	1,917	1,506
VII. Profit for the year (V - VI)		4,894	4,490
VIII. Other comprehensive income			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurement of the defined benefit plans		19	(20)
(ii) Income tax on items that will not be reclassified to the statement of profit and loss		(4)	4
(B) (i) Items that will be reclassified subsequently to the statement of profit or loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		85	1,379
(ii) Income tax relating to items that will be reclassified subsequently to the statement of profit or loss		117	(535)
Total other comprehensive income (net of tax)		217	828
IX. Total comprehensive income for the year		5,111	5,318
X. Earnings per equity share	31		
Equity share of face value of ` 2 each			
- Basic (`)		47.97	44.52
- Diluted (`)		46.59	41.94
XI. Notes forming part of the financial statements	1-47		

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
 Membership No. F3485

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 22, 2018

Place: Mumbai
 Date: May 22, 2018

Statement of Cash Flows

for the year ended March 31, 2018

(` million)

	Year ended 2017-18	Year ended 2016-17
A. Cash flow from operating activities		
Profit before tax	6,811	5,996
Adjustments for:		
Depreciation and amortisation	576	575
Interest received	(1)	-
Interest paid	4	8
(Profit)/ loss on sale of fixed assets	1	9
Employee stock option forming part of staff expenses	209	193
Dividends received from current investments	(75)	(56)
Unrealised foreign exchange loss/(gain)	(280)	225
Operating profit before working capital changes	7,245	6,950
Changes in working capital		
(Increase)/decrease in trade and other receivables	(2,289)	(1,302)
Increase/(decrease) in trade and other payables	174	(53)
(Increase)/decrease in working capital	(2,115)	(1,355)
Cash generated from operations	5,130	5,595
Direct taxes paid	(1,734)	(1,579)
Net cash (used in)/from operating activities	3,396	4,016
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangibles	(510)	(471)
Sale of property, plant and equipment and intangibles	15	20
(Purchase)/ sales of current investments (net)	(267)	(1,372)
(Purchase)/ sales of non-current investments	(970)	-
Dividends received from current investments	75	56
Interest received	1	-
Net cash (used in)/from investing activities	(1,656)	(1,767)
C. Cash flow from financing activities		
Equity share capital issued including share premium	2	7,500
Preference share capital redeemed	-	(7,500)
Proceeds from/(repayment of) borrowings	-	(1,127)
Interest paid	(4)	(8)
Dividend paid	(817)	(905)
Dividend tax	(166)	(359)
Net cash (used in) / from financing activities	(985)	(2,399)
Net (decrease) / increase in cash and cash equivalents	755	(150)
Cash and cash equivalents at beginning of year	660	810
Cash and cash equivalents at end of year	1,415	660

Amendment to Ind AS 7

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require's the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

Notes:

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of cash flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets adjusted for movement of capital work-in-progress of (a) capital work-in-progress for property, plant and equipment and (b) intangible assets under development during the year.
- Cash and cash equivalents included in the Statement of cash flows comprise the following:

	Year ended 2017-18	Year ended 2016-17
	(` million)	
a) Cash and cash equivalents disclosed under current assets [Note 13]	1,437	622
b) Other bank balances disclosed under current assets [Note 14]	-	-
c) Cash and cash equivalents disclosed under non-current assets [Note 8]	7	7
Total cash and cash equivalents as per balance sheet	1,444	629
Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents	(22)	38
Less: (ii) Other bank balances disclosed under current assets [Note 14]	-	-
Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 8]	7	7
Total cash and cash equivalents as per cash flow statement	1,415	660

- Previous year's figures have been regrouped/reclassified wherever applicable.

Notes forming part of the financial statements

1-47

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
 Membership No. F3485

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 22, 2018

Place: Mumbai
 Date: May 22, 2018

For and on behalf of the Board of Directors of
L&T Technology Services Limited

Statement of Changes in Equity

for the year ended March 31, 2018

A. Equity share capital

(` million except as stated otherwise)

	2017-18		2016-17	
	Number of shares	Rupees	Number of shares	Rupees
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	101,690,392	203	75,000,000	3,000
Add/(Less): Shares issued on exercise of employee stock options during the year	765,655	2	-	-
Add/(Less): Reorganization of share capital, reduction of face value	-	-	-	(2,850)
Add/(Less): Fresh issue of equity shares	-	-	26,690,392	53
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	102,456,047	205	101,690,392	203

B. Other equity

(` million)

	Equity component of preference share capital	Other Equity					Total other equity
		<-----Reserves and Surplus ----->			Items of other comprehensive income		
		Securities premium reserve	Share options outstanding account	Retained earnings	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as at 1-4-2016	7,500	-	-	270	118	5	7,893
Profit for the year (a)	-	-	-	4,490	-	-	4,490
Other comprehensive income (net of taxes) (b)	-	-	-	-	844	(16)	828
Total comprehensive income for the year (a+b)	-	-	-	4,490	844	(16)	5,318
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 year	(7,500)	10,297	-	-	-	-	2,797
Balance as at 31-3-2017	-	10,297	310	3,554	962	(11)	15,112
Balance as at 1-4-2017	-	10,297	310	3,554	962	(11)	15,112
Profit for the year (c)	-	-	-	4,894	-	-	4,894
Other comprehensive income (net of taxes) (d)	-	-	-	-	202	15	217
Total comprehensive income for the year (c+d)	-	-	-	4,894	202	15	5,111
Deemed dividend - ESOP	-	-	-	(225)	-	-	(225)
Dividends	-	-	-	(817)	-	-	(817)
Dividend tax	-	-	-	(166)	-	-	(166)
Employees shares options outstanding	-	-	(117)	-	-	-	(117)
Deferred employee compensation expense (net)	-	-	345	-	-	-	345
Addition/(deduction) during the year	-	205	-	-	-	-	205
Balance as at 31-3-2018	-	10,502	538	7,240	1,164	4	19,448
Notes forming part of the financial statements	1-47						

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
 Membership No. F3485

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 22, 2018

Place: Mumbai
 Date: May 22, 2018

Notes forming part of the Financial Statements

1. Corporate information

L&T Technology Services Limited ("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, 2018, Larsen & Toubro Limited, the holding company owns 88.64% of the Company's equity share capital.

2. Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in respect of sections 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financials statements have been approved for issue by the Board of Directors at their meeting held on May 22, 2018.

b) Basis of accounting

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.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially

adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

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 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

(i) Revenue from operations

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.

Notes forming part of the Financial Statements

The Company presents revenue net of discounts, indirect and value-added taxes in its statement of profit and loss.

(ii) Other income

- a) Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- b) Dividend income is accounted in the period in which the right to receive the same is established.
- c) Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.
- d) Government grants related to income are presented as part of statement of profit and loss under a general heading of "other income". Grants are disclosed after netting of all expenses which might not have been incurred by the Company if grant had not been available.

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. 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 contribution to state governed provident fund scheme, employee state insurance scheme and employee pension 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 recognized 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.

Notes forming part of the Financial Statements

(iii) Long term employee benefits:

The obligation for long term employee benefits like long term compensated absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

(iv) Social security plans

Employer' contribution payable for overseas employees with respect to social security plans, which are defined contribution plans, is charged to the statement of profit and loss in the period in which employee renders the services.

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 and other deposits 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) Company's stock option 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 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, using straight-line method. 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.

(i) The estimated useful lives are as mentioned below:

Sr. No.	Asset class	Useful life (in years)
1	Plant and equipment *	12
2	Air-condition and refrigeration*	12
3	Canteen equipment *	8
4	Laboratory equipment *	8
5	Electrical installations	10
6	Computers *	3 – 5
7	Office equipment *	>1 - 4
8	Furniture and fixtures	10
9	Owned vehicles *	7
10	Leasehold improvements	Lease period

* Based on technical evaluation, the management believes that the useful lives as given above best represents the period over which the management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of schedule II of the Act.

(ii) Estimated useful life of following assets is different than useful life as prescribed under Part C of schedule II of the Act.

Sr. No.	Category of Asset class	Useful life as per schedule II (in years)	Useful life adopted (in years)
1	Plant and equipment	15	12
2	Air-condition and refrigeration	15	12
3	Canteen equipment	15	8
4	Laboratory equipment	10	8
5	Computers	3 – 6	3 - 5
6	Office equipment	5	>1 - 4
7	Owned vehicles	6	7

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

Notes forming part of the Financial Statements

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 on straight line basis over the useful life as given below:

Asset class	Useful life (in 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, it is tested for impairment on an annual basis. Refer note O (ii) 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.

(i) Non-derivative financial assets:

a) 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.

b) 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.

c) 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.

(ii) 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.

(iii) 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

Notes forming part of the Financial Statements

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 it 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

i) 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.

ii) 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

Notes forming part of the Financial Statements

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.

p) Foreign currencies

The functional currency of the Company is the 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 recognized 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 recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized 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 recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized 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 is recognized 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 utilized.

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 utilized.

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.

Notes forming part of the Financial Statements

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize 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 recognized 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 realized.

The Company recognizes 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

- i) The Company has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- i) 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
- ii) 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) Commitments

Commitments are future liability for contractual expenditure. Commitment are classified and disclosed as follows:

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for,
- ii) 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 the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. The average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

v) Securities premium account

- (i) Securities premium includes:
 - a) Any share issued for consideration over and above face value.

Notes forming part of the Financial Statements

b) The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

(ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

w) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

x) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

y) Borrowing costs

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

3. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 – Revenue from contracts with customers

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised

goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective approach - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the modified retrospective approach and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B to Ind AS 21 – Foreign currency transactions and advance consideration

Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018.

The Company has evaluated the effect of this on the financial statements and the impact is not material.

Notes forming part of the Financial Statements

4 Property, plant and equipment

	(€ million)										
	Leasehold improvements	Plant and equipment general	Computers	Furniture and fixtures	Vehicles	Office equipments	Electrical installations	Aircondition and refrigeration	Laboratory equipments	Canteen equipments	Total
Gross carrying value as on 1-4-2017	282	74	612	195	114	163	128	85	81	1	1,735
Additions	19	-	214	14	75	25	7	11	32	-	397
Disposals	-	2	105	13	29	1	1	-	-	1	152
Gross carrying values as on 31-3-2018	301	72	721	196	160	187	134	96	113	-	1,980
Accumulated depreciation as on 1-4-2017	37	20	318	43	16	78	20	10	16	-	558
Depreciation for the year	35	10	157	25	24	40	15	9	12	-	327
On disposals	-	2	105	8	19	1	-	-	-	-	135
Accumulated depreciation as on 31-3-2018	72	28	370	60	21	117	35	19	28	-	750
Net Carrying value as on 31-3-2018	229	44	351	136	139	70	99	77	85	-	1,230
Net Carrying value as on 31-3-2017	245	54	294	152	98	85	108	75	65	1	1,177
Gross carrying value as on 1-4-2016	168	72	452	191	103	137	91	60	68	1	1,343
Additions	114	2	179	39	29	42	42	31	13	-	491
Disposals	-	-	19	35	18	16	5	6	-	-	99
Gross carrying values as on 31-3-2017	282	74	612	195	114	163	128	85	81	1	1,735
Accumulated depreciation as on 1-4-2016	11	10	159	29	4	53	8	4	7	-	285
Depreciation for the year	26	10	177	35	22	40	14	8	9	-	341
On disposals	-	-	18	21	10	15	2	2	-	-	68
Accumulated depreciation as on 31-3-2017	37	20	318	43	16	78	20	10	16	-	558
Net Carrying value as on 31-3-2017	245	54	294	152	98	85	108	75	65	1	1,177
Net Carrying value as on 31-3-2016	157	62	295	162	99	82	83	56	61	1	1,058
Capital Work-in-progress											
Net Carrying value as on 31-3-2018											1
Net Carrying value as on 31-3-2017											23

Notes forming part of the Financial Statements

5 Goodwill and other intangible assets

(` million)

OTHER INTANGIBLE ASSETS				Goodwill*
	Specialised softwares	Technical knowhow	Total	
Gross carrying value as on 1-4-2017	1,159	143	1,302	3,891
Additions	137		137	-
Disposals			-	-
Gross carrying values as on 31-3-2018	1,296	143	1,439	3,891
Accumulated amortization as on 1-4-2017	673	108	781	-
Amortization for the year	214	35	249	-
On disposals			-	-
Accumulated amortization as on 31-3-2018	887	143	1,030	-
Net Carrying value as on 31-3-2018	409	-	409	3,891
Net Carrying value as on 31-3-2017	486	35	521	3,891
Gross carrying value as on 1-4-2016	1,058	143	1,201	3,891
Additions	101	-	101	-
Disposals	-	-	-	-
Gross carrying values as on 31-3-2017	1,159	143	1,302	3,891
Accumulated amortization as on 1-4-2016	474	73	547	-
Amortization for the year	199	35	234	-
On disposals	-	-	-	-
Accumulated amortization as on 31-3-2017	673	108	781	-
Net Carrying value as on 31-3-2017	486	35	521	3,891
Net Carrying value as on 31-3-2016	584	70	654	3,891

* Goodwill has been tested for impairment. For value-in-use calculations the Company has assumed a pre-tax discount rate of 13.5% (previous year:13.0%) and sales growth based on past periods.

6 Investments - non-current

(` million)

	As at 31-3-2018	As at 31-3-2017
Unquoted		
Investment in equity instruments of subsidiaries (at cost):		
1,520,692 (Previous year: 1,520,692) equity shares of nominal value of ` 10 each, fully paid in L&T Thales Technology Services Private Limited		
- Company's holding* - 74% (Previous year 74%)		
- Principal place of business: India	60	60
1,501,000 (Previous year: 1,000) common stock of nominal value of USD 10 each, fully paid in L&T Technology Services LLC		
- Company's holding* - 100% (Previous year 100%)		
- Principal place of business: USA	971	1
	1,031	61
Aggregate amount of quoted investment		
At book value	-	-
At market value	-	-
Aggregate amount of unquoted investment		
At book value	1,031	61

* Voting power is same as the Company's holding % in respective subsidiaries

Notes forming part of the Financial Statements

7 Trade receivables - non current

	As at 31-3-2018	As at 31-3-2017
Non current		
Considered doubtful	80	144
	80	144
Less: Allowance for bad and doubtful debt	(80)	(144)
	-	-

8 Other financial assets

	As at 31-3-2018	As at 31-3-2017
Security deposits	229	199
Fixed deposits *	7	7
Forward contract receivable	335	825
	571	1,031

* Fixed deposits are margin money deposits against bank guarantees

Notes forming part of the Financial Statements

9 Deferred tax assets (net)

	(` million)						
	DTL/(DTA) As at 1-4-2016	Charge/ (credit) to P&L	Charge/ (credit) to OCI	DTL/(DTA) As at 31-3-2017	Charge/ (credit) to P&L	Charge/ (credit) to OCI	DTL/(DTA) As at 31-3-2018
Property, plant and equipment, goodwill and other intangible assets	32	522	-	554	55	-	609
Branch profit tax	220	59	-	279	67	-	346
Net gain/(loss) on fair valuation of investments	-	-	-	-	-	-	-
Provision for employee benefits	(381)	199	-	(182)	(2)	-	(184)
Allowances for doubtful debts	(120)	88	-	(32)	11	-	(21)
Cash flow hedges	(328)	-	618	290	-	31	321
Other items giving rise to timing differences	(7)	5	-	(2)	2	-	-
MAT credit entitlement	(447)	(788)	-	(1,235)	(21)	-	(1,256)
Deferred tax	-	-	-	-	(71)	-	(71)
Total	(1,031)	85	618	(328)	41	31	(256)

Note - Due to change in tax rate applicable for FY 18-19, current year's deferred tax amount is higher by ` 2 million (previous year ` Nil).

Notes forming part of the Financial Statements

10 Other non-current assets

	As at 31-3-2018	As at 31-3-2017
Prepaid expenses	91	94
Income tax receivable (net)	339	277
	430	371

(` million)

11 Investments

Current investment	As at 31-3-2018		As at 31-3-2017	
	Number of units	Amount	Number of units	Amount
Quoted				
Investment carried at fair value through profit and loss				
Investment in mutual funds				
Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment	2,600,668	261	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	4,482,411	52	3,007,885	35
HDFC Liquid Fund - - Direct Plan - Daily Dividend Reinvestment	15,025	15	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
HDFC FMP 92 D FEB 2018	10,000,000	101	-	-
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	1,623,737	163	1,096,612	110
L&T Liquid Fund - Daily Dividend Reinvestment	1,000,917	1,013	948,104	959
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment	183,373	280	137,764	211
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment	302,729	309	200,730	205
		2,194		1,927
Aggregate amount of quoted investment at cost		2,193		1,925
Aggregate amount of quoted investment at market value		2,194		1,927

(` million)

Notes forming part of the Financial Statements

12 Trade receivables

	As at 31-3-2018	As at 31-3-2017
Current		
Unsecured, considered good	9,513	7,110
Considered doubtful	18	11
	9,531	7,121
Less: Allowance for bad and doubtful debt	(18)	(11)
	9,513	7,110

(` million)

13 Cash and cash equivalents

	As at 31-3-2018	As at 31-3-2017
Balances with banks	1,328	424
Cheques on hand	19	35
Cash on hand	-	-
Remittance in transit	47	163
Fixed deposits with banks (maturity less than 3 months)	43	-
	1,437	622

(` million)

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

14 Other bank balances

	As at 31-3-2018	As at 31-3-2017
Fixed deposits with banks *		
Maturity more than 3 months but less than 12 months	-	-
Earmarked balances with banks - unclaimed dividend	-	-
	-	-

(` million)

* Fixed deposits are margin money deposits against bank guarantees.

15 Loans

Current	As at 31-3-2018	As at 31-3-2017
Unsecured, considered good		
Intercompany deposits with related parties	60	-
Others	1	1
	61	1

(` million)

Notes forming part of the Financial Statements

16 Other financial assets

	As at 31-3-2018	As at 31-3-2017
		(` million)
Advances to employees	345	314
Security deposits	6	34
Forward contract receivable	1,044	911
Loans and advances to related parties	70	36
Other receivables	20	-
Premium receivable on financial guarantee contracts	5	11
	1,490	1,306

17 Other current assets

	As at 31-3-2018	As at 31-3-2017
		(` million)
Unbilled revenue	2,002	2,132
Retention money not due	13	10
	2,015	2,142
Advance to suppliers	144	93
Prepaid expenses	512	560
Service tax recoverable	56	317
GST recoverable	311	-
Other receivables	377	24
	1,400	994
	3,415	3,136

18 Equity share capital

	As at 31-3-2018	As at 31-3-2017
		(` million)
18.1 Authorised :		
5,250,000,000 (previous year: 5,250,000,000) equity shares of ` 2 each	10,500	10,500
	10,500	10,500

Notes forming part of the Financial Statements

	As at 31-3-2018	As at 31-3-2017
18.2 Issued, subscribed and fully paid up:		
Issued, subscribed and fully paid up equity shares outstanding at the end of the year [102,456,047 (previous year: 101,690,392) equity shares of ₹ 2 each]	205	203

(₹ million)

18.3 In the period of five years immediately preceding March 31, 2018

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil (previous year: Nil)

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil (previous year: Nil)

Aggregate number and class of shares bought back - Nil (previous year: Nil)

18.4 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.

18.5 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 18.10

18.6 Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity shares	2017-18		2016-17	
	No. of shares	₹ million	No. of shares	₹ million
At the beginning of the period [₹ 2 per share (Previous year: ₹ 40 per share)]	101,690,392	203	75,000,000	3,000
Reduction in value of shares consequent to decrease in face value	-	-	-	2,850
Issued during the period	765,655	2	26,690,392	53
Outstanding at the end of the period [₹ 2 per share (Previous year: ₹ 2 per share)]	102,456,047	205	101,690,392	203

Preference shares	2017-18		2016-17	
	No. of shares	₹ million	No. of shares	₹ million
At the beginning of the period	-	-	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	-	-	-	-

Notes forming part of the Financial Statements

18.7 Shares of the Company held by holding/ultimate holding company

Equity shares	As at 31-3-2018		As at 31-3-2017	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	90,822,100	88.64%	91,290,392	89.77%
	90,822,100		91,290,392	

Note - The promoter, Larsen & Toubro Limited, had sold 169,000 shares on March 28, 2018, however since the stock exchanges were closed on March 30, 2018 on account of Good Friday and March 31, 2018 (Saturday), the sale of these 169,000 shares by the promoter on March 28, 2018 got effected on April 2, 2018 and thus the same has not got reflected in the BENPOS statement of March 31, 2018 as provided by the registrar and transfer agent of the Company. Due to this, the shareholding of Larsen & Toubro Limited as on March 31, 2018 in the shareholding pattern is appearing higher by 169,000 as 90,991,100 shares, instead of 90,822,100 shares in BENPOS.

18.8 Shareholders holding more than 5% of equity shares as at the end of the period

Equity shares	As at 31-3-2018		As at 31-3-2017	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	90,822,100	88.64%	91,290,392	89.77%
	90,822,100		91,290,392	

18.9 Capital management

The Company continues its policy of a conservative capital structure which has ensured that it retains the credit rating. Low gearing levels also equip the Company with the ability to navigate business stresses on one hand and raise growth capital on the other. This policy also provides flexibility of fund raising options for future, which is especially important in times of global economic volatility. The gross debt equity ratio is 0:1 (as at 31-3-2017: 0:1)

18.10 Share based payments

- i) 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 options are vested equally over a period of 5 years subject to the discretion of the management and fulfillment of certain conditions.
- ii) 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 (Share Based Employee Benefits) Regulations, 2014 and shall be subject to compliance with accounting policies under the said regulation. 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.

Notes forming part of the Financial Statements

- iii) Details of grant under ESOP Scheme, 2016 is summarised (Numbers except as stated otherwise)

Series Reference	ESOP scheme, 2016	
	2017-18	2016-17
Grant price (`)	2	2
Grant dates	28-7-2016 onwards	
Vesting commences on	28-7-2017 onwards	
Options granted and outstanding at the beginning of the year	3,980,000	-
Options lapsed during the year	183,300	165,000
Options granted during the year	193,900	4,145,000
Options exercised during the year	765,655	-
Options granted and outstanding at the end of the year-(a)	3,224,945	3,980,000
of (a) above - vested outstanding options	1,082,345	-
of (a) above - unvested outstanding options	2,142,600	3,980,000
Weighted average remaining contractual life of options (in years)	5.41	6.36

- iv) Options granted on July 28, 2016 includes 1,500,000 and 500,000 options granted to non-executive directors and key managerial personnel respectively. Options granted on August 27, 2016 includes 50,000 options granted to key managerial personnel. No options were granted to key managerial personnel during the current year.
- v) The number and weighted average exercise price of stock options are as follows

Particulars	2017-18		2016-17	
	No. of stock options	Weighted average exercise price (`)	No. of stock options	Weighted average exercise price (`)
Options granted and outstanding at the beginning of the year	3,980,000	2	-	-
Options granted during the year	193,900	2	4,145,000	2
Options exercised during the year	765,655	2	-	-
Options lapsed during the year	183,300	2	165,000	2
Options granted and outstanding at the end of the year	3,224,945	2	3,980,000	2
Options exercisable at the end of the year	1,082,345	2	-	-

- vi) Weighted average share price at the date of exercise for stock options exercised during the year is ` 849.70 per share.
- vii) No options expired during the periods covered in the above table.
- viii) In respect of stock options granted pursuant to the Company's stock options schemes, the fair value of the options is treated as discount and accounted as employee compensation over the vesting period. Unamortised balance is accumulated in balance sheet in share options outstanding account.
- ix) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2017-18 is ` 209 million (previous year: ` 193 million).

Notes forming part of the Financial Statements

- x) The fair value at grant date of options granted during the year ended 31-3-2018 was ` 737.10 (previous year: ` 281). 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 yeild and the risk free interest rate for the term of the option. The model inputs for options granted during the year included:

	2017-18	2016-17
Weighted average exercise price (`)	2	2
Grant date	23-Aug-17	28-Jul-16 and 27-Aug-16
Expiry date	22-Aug-24	27-Jul-23 and 26-Aug-23
Weighted average share price at grant date	` 737.1 per option	` 281.0 per option
Weighted average expected price volatility of company's share	42.54%	25.17%
Weighted average expected dividend yield over life of option	8.05%	18.53%
Weighted average risk-free interest	6.44%	6.95%

Method used to determine expected volatility

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

18.11 Dividends

Dividend paid during the year ended March 31, 2018 include an amount of ` 4 per equity share towards final dividend for the year ended March 31, 2017 and ` 4 per equity share towards interim dividend for the year ended March 31, 2018 . Dividend 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.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. On 22 May, 2018, the Board of Directors of the Company have proposed a final dividend of ` 12 per share in respect of the year ended 31 March, 2018 subject to the approval of shareholders at the sixth annual general meeting.

19 Other equity

	As at 31-3-2018	As at 31-3-2017
Securities premium account [note 2(v)]	10,502	10,297
Share options outstanding account [note 2(h)]		
Employee share options outstanding	835	952
Deferred employee compensation expense	(297)	(642)
	538	310
Retained earnings	7,240	3,554
Cash flow hedge reserve [note 2(l)(iii)]	1,164	962
Other items of other comprehensive income	4	(11)
	19,448	15,112

Notes forming part of the Financial Statements

20 Other financial liabilities

	As at 31-3-2018	As at 31-3-2017
Forward contract payable	18	-
	18	-

(` million)

21 Trade payable

	As at 31-3-2018	As at 31-3-2017
Due to related parties*	624	565
Micro and small enterprises	4	1
Due to others	925	764
	1,553	1,330

(` million)

* includes dues to subsidiaries and fellow subsidiaries (refer note 42)

22 Other financial liabilities

	As at 31-3-2018	As at 31-3-2017
Unclaimed dividend	-	-
Due to others		
Liability towards employee compensation	1,567	1,707
Other payables	26	15
Forward cover payable	85	803
Financial guarantee contract	5	11
Suppliers ledger - capital goods/services	-	-
	1,683	2,536

(` million)

23 Other current liabilities

	As at 31-3-2018	As at 31-3-2017
Advances from customer	5	1
Other payables	1,613	1,033
Liability - employee car/computer schemes	82	65
	1,700	1,099

(` million)

Notes forming part of the Financial Statements

24 Provisions

	As at 31-3-2018	As at 31-3-2017
(` million)		
Provisions for employee benefits		
Leave encashment	1,130	1,151
Post retirement medical benefits	49	74
	1,179	1,225

25 Revenue from operations

	Year ended 31-3-2018	Year ended 31-3-2017
(` million)		
Engineering and technology services	35,066	31,125
	35,066	31,125

26 Other income

	Year ended 31-3-2018	Year ended 31-3-2017
(` million)		
Foreign exchange gain/ (loss) *	1,160	416
Profit/(loss) on sales of fixed asset (Net of gain of ` 8 million, previous year: ` 12 million)	(1)	(9)
Dividend income and gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	75	55
Bank interest received	1	-
Miscellaneous income**	646	84
Net gain/(loss) on sale of investment	-	-
	1,881	546

* The foreign exchange gain reported above includes ` 997 million (previous year: ` 672 million) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

** includes income of ` 645.59 million (net) (previous year: ` Nil) towards export licenses received

EXPENSE

27 Employee benefit expenses

	Year ended 31-3-2018	Year ended 31-3-2017
(` million)		
Salaries including overseas staff expenses	22,057	19,094
Contribution to and provision for:		
Contribution to provident and pension fund	262	181
Contribution to gratuity fund	100	64
Share based payments to employees	209	193
Staff welfare expenses	210	206
	22,838	19,738

Notes forming part of the Financial Statements

28 Other expenses

	Year ended 31-3-2018	Year ended 31-3-2017
		(` million)
Subcontracting and component charges	1,491	952
Engineering, professional, technical and consultancy fees	1,553	1,084
Cost of computer software	504	476
Travelling and conveyance	613	504
Rent and establishment expenses	647	630
Telephone, postage and other communication charges	199	167
Legal and professional charges	349	279
Advertisement and sales promotion expenses	167	114
Recruitment expenses	132	104
Repairs to buildings and machineries	264	214
General repairs and maintenance	77	78
Power and fuel	120	111
Equipment hire charges	7	13
Insurance charges	50	56
Rates and taxes	28	23
Bad debts written off	24	256
Less : Allowance for doubtful debts written back	(126)	(203)
Allowances for doubtful debts	69	10
Overheads charged by group companies	265	229
Trademark fees	56	37
CSR expenditure	56	36
Miscellaneous expenses	173	184
	6,718	5,354

29 Finance costs

	Year ended 31-3-2018	Year ended 31-3-2017
		(` million)
Interest expenses	4	8
	4	8

Notes forming part of the Financial Statements

30 Provision for taxation

	Year ended 31-3-2018	Year ended 31-3-2017
		(` million)
Current tax		
Current tax on profits for the year	1,899	1,458
Tax expenses for prior periods	(23)	(37)
Deferred tax	41	85
	1,917	1,506

31 Basic and diluted earning per equity share

	Year ended 31-3-2018	Year ended 31-3-2017
		(` million)
Basic		
Profit after tax	4,894	4,490
Less: Dividend on preference shares	-	97
Less: Tax on dividend	-	20
Profit attributable to equity shareholders	4,894	4,373
Weighted average no. of equity shares outstanding	102,026,477	98,253,547
Basic EPS	47.97	44.52
Diluted		
Profit after tax	4,894	4,490
Less: Dividend on preference shares	-	97
Less: Tax on dividend	-	20
Profit attributable to equity shareholders	4,894	4,373
Weighted average no. of equity shares outstanding	102,026,477	98,253,547
Add - No. of potential equity shares	3,002,471	6,046,283
Weighted average no. of equity shares outstanding	105,028,948	104,299,830
Diluted EPS	46.59	41.94

32 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ` 99 million (previous year: ` 65 million).

33 Contingent liability

	Year ended 31-3-2018	Year ended 31-3-2017
		(` million)
Corporate guarantee	1,128	1,070
	1,128	1,070

(Corporate Bank Gurantee of USD 16.5 million (previous year: USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC., USA and USD 0.8 million (previous year: N.A.) issued to Bank of America for securing borrowings of Esencia Technologies Inc., USA.)

Notes forming part of the Financial Statements

34 Details of payment to auditors

	(` million)	
	Year ended 31-3-2018	Year ended 31-3-2017
Payment to auditors (excluding taxes)		
As auditor:		
Audit fee	0.80	0.73
Taxation matters	0.24	0.22
Company law matters	0.02	0.02
Other services :		
- Limited review	0.39	0.46
- Other services including certification work	0.23	1.36
Re-imburement of expenses	0.30	0.11
	1.98	2.90

35 Corporate social responsibility expenditure

As per Section 135 of the Act ,a company meeting the applicability threshold , needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility ("CSR") activities. Our CSR ambit covers skill development, innovation and technology, water, health and 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. A CSR committee has been formed by the Company as per the Act.

Amount required to be spent by the Company on CSR related activities during the year is ` 83.85 Mn. (previous year: ` 50.87 Mn.).

Amount spent during the year:

Particulars	(` million)					
	Year ended 31-3-2018			Year ended 31-3-2017		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Revenue expenses (disclosed under note 28 - other expenses)	56	-	56	31	5	36
	56	-	56	31	5	36

36 Particulars in respect of loans and advances in nature of loans to related parties as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of the company	(` million)			
	Balance as at		Maximum outstanding during	
	Year ended 31-3-2018	Year ended 31-3-2017	2017-18	2016-17
L&T Thales Technology Services Private Limited	60	-	200	205

Notes forming part of the Financial Statements

37 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

i) Outstanding currency exchange rate hedge instruments:

Forward covers taken to hedge exchange rate risk and accounted as cash flow hedge:

(` million)

	As at March 31, 2018				As at March 31, 2017			
	Nominal amount	Average rate (%)	Within twelve months	After twelve months	Nominal amount	Average rate (%)	Within twelve months	After twelve months
Receivable hedges								
US Dollar	29,562	70.68	15,813	13,748	24,154	73.37	10,945	13,209
EURO	1,607	84.56	1,164	443	2,112	84.50	1,232	880

ii) Carrying amounts of hedge instruments for which hedge accounting is followed:

(` million)

	Currency exposure	
	As at March 31, 2018	As at March 31, 2017
Cash flow hedge		
Forward contracts		
Current:		
Asset - other financial assets	1,044	911
Liability - other financial liabilities	68	803
Non- current:		
Asset - other financial assets	335	825
Liability - other financial liabilities	18	-

iii) Break up of hedging reserve

(` million)

	As at March 31, 2018	As at March 31, 2017
Cash flow hedging reserve		
Balance towards continuing hedge	966	1,136
Balance for which hedge accounting discontinued	198	(174)
Total	1,164	962

iv) Movement of hedging reserve

(` million)

Hedging reserve	2017-18	2016-17
Opening Balance	962	118
Changes in fair value of forward contracts designated as hedging instruments	1,151	2,108
Amount reclassified to statement of profit and loss	(832)	(729)
Tax impact on above	(117)	(535)
Closing Balance	1,164	962

Notes forming part of the Financial Statements

38 Fair value measurements

Financial instrument by category

(` million)

	As at March 31, 2018			As at March 31, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
Mutual funds	2,194			1,927		
Bank fixed deposits			7			5
Loans			61			1
Trade receivables			9,513			7,110
Cash and cash equivalents			1,437			622
Other bank balances			-			2
Forward contract receivable	-	1,379		77	1,659	
Security deposits			235			233
Premium receivable on financial guarantee contracts			5			11
Loans - related parties			70			36
Advances - to employees			345			314
Other receivables			20			-
Total financial assets	2,194	1,379	11,693	2,004	1,659	8,334
Financial liabilities						
Borrowings			-			-
Trade payables			1,553			1,689
Forward contract payable	16	85			803	
Supplier ledger - capital goods/services			-			-
Liability towards employee compensation			1,567			1,704
Financial guarantee contract			5			11
Unclaimed dividend			-			-
Other payables			26			15
Total financial liabilities	16	85	3,151	-	803	3,419

Notes forming part of the Financial Statements

(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 the table.

(` million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2018				As at March 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial investment at FVPL								
Mutual funds	2,194			2,194	1,927			1,927
Financial investment at FVOCI				-				
Forward contract receivable		1,379		1,379		1,736		856
Total financial assets	2,194	1,379	-	3,573	1,927	1,736	-	2,783
Financial liabilities								
Forward contract payable		103		103		803		803
Total financial liabilities	-	103	-	103	-	803	-	803

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 and principal swap is determined using forward exchange rates at the balance sheet date.

(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 (net asset value) considered for the fair valuation of the current investment i.e Mutual fund. Gain/(loss) on fair valuation is recognised in statement of 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 Financial Statements

- 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.
- The fair value of security deposit is calculated by discounting future cash inflows.

(iv) Fair value of financial assets and financial liabilities measured at amortised cost:

The carrying amounts of all financial assets and financial liabilities are considered to be the same as their fair values due to their short term nature.

39 Financial risk management

i) 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.

ii) Price risk management

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 +/- ₹ 4 million as of March 31, 2018, and +/- ₹ 3 million as of March 31, 2017. 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.

iii) Foreign currency risk management

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.

Notes forming part of the Financial Statements

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-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 ` 143.0 million as of March 31, 2018 and ` 140.9 million as of March 31, 2017.

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, 2018 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.

iv) Credit/counter-party risk management

The principal credit risk that the Company is exposed 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 ` 98 million as at March 31, 2018 and ` 155 million as at March 31, 2017. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

	(` million)	
	2017-18	2016-17
Opening balance of allowances for doubtful accounts	155	348
Allowances recognized (reversed)	(57)	(193)
Closing balance of allowances for doubtful accounts	98	155

The percentage of revenue from its top five customers is 27.1% for 2017-18 (previous year: 24.2%).

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.

Notes forming part of the Financial Statements

v) 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 31-Mar-18 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:

(` million)			
Financial assets	Less than 1 year	More than 1 year	Total
Investments	2,194		2,194
Trade receivables	9,513		9,513
Loans	61		61
Other financial assets	446		446
Total	12,214	-	12,214

(` million)			
Financial liabilities	Less than 1 year	More than 1 year	Total
Trade receivables	1,553		1,553
Other financial assets	1,598		1,598
Total	3,151	-	3,151

40 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)				
Sr. no.	Particulars		Year ended 31 March,	
			2018	2017
(a)	Profit before tax		6,811	5,996
(b)	Corporate tax rate as per Income tax Act, 1961		34.61%	34.61%
(c)	Tax on accounting profit	(c)=(a)*(b)	2,357	2,075
(d)	(i) Tax effect of exempt non-operating income		-26	-19
	(ii) Tax effect due to non-taxable income for Indian tax purposes		-711	-788
	(iii) Effect of non-deductible expenses		-129	20
	(iv) Overseas taxes		333	221
	(v) Tax effect on various other items		93	-3
	Total effect of tax adjustments [(i) to (v)]		-440	-569
(e)	Tax expense recognised during the year	(e)=(c)-(d)	1,917	1,506
(f)	Effective tax rate	(f)=(e)/(a)	28.15%	25.12%

Notes forming part of the Financial Statements

The applicable Indian statutory tax rate for fiscal 2018 and fiscal 2017 is 34.61%.

Overseas taxes are on account of 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 commenced operations 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% 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.

41 Employee benefits

a) The amounts recognised in balance sheet are as follows:

(` million)

	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
A. Present value of defined benefit obligation						
Wholly funded	576	388	-	-	3,292	2,445
Wholly unfunded		-	49	74	-	29
Total (a)	576	388	49	74	3,292	2,474
Less: Fair value of plan assets (b)	453	318	-	-	3,320	2,460
Amount to be recognised as liability or (asset) (a-b)	123	70	49	74	(28)	(14)
B. Amounts reflected in the balance sheet						
Liabilities	123	70	49	74	-	-
Assets	-	-	-	-	28	14
Net liability / (asset)	123	70	49	74	(28)	(14)

b) Profit and loss account expense:

(` million)

	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
1 Current service cost	78	62	21	12	147	120
2 Interest cost	5	2	5	4	222	187
3 Expected return on plan assets	-	-	-	-	(222)	(187)
4 Actuarial losses / (gains)	-	-	-	-	(430)	(14)
5 Past service cost	17	-	-	-	-	-
6 Actuarial (gain)/loss not recognized in books	-	-	-	-	430	14
Total expense for the year included in staff cost	100	64	26	16	147	120

Notes forming part of the Financial Statements

c) Amount recorded in other comprehensive income:

(` million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening amount recognized in OCI profit and loss account	11	-	2	(6)
Remeasurement during the period due to				
a Changes in financial assumptions	(25)	27	(8)	17
b Changes in demographic assumptions	7	-	(54)	-
c Experience adjustments	50	(20)	11	(9)
d Actual return on plan assets less interest on plan assets	-	4	-	-
e Adjustment to recognize the effect of asset ceiling	-	-	-	-
Closing amount recognized in OCI outside profit and loss account	43	11	(49)	2

d) Reconciliation of net liability/asset:

(` million)

	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening net defined benefit	70	48	74	51	(15)	(5)
Expense charged to profit and loss account	100	63	26	15	127	109
Amount recognized outside profit and loss account	32	12	(51)	8	-	-
Employer contributions	(142)	(53)	-	-	(140)	(119)
Impact of Liability assumed or (settled)*	63	-	-	-		
Closing balance of the present value of defined benefit obligation	123	70	49	74	(28)	(15)

Notes forming part of the Financial Statements

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 :

(` million)

	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening of defined benefit obligation	388	319	74	51	2,445	1,997
Transfer in/(out)	-	-	-	-	400	57
Current service cost	78	62	21	11	147	120
Past service cost	16	-	-	-	-	-
Interest on defined benefit obligation	27	23	5	4	222	187
Remeasurements due to :	-	-	-	-	-	-
Actuarial loss/(gain) arising from change in financial assumptions	(25)	27	(8)	17	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	7	-	(54)	-	-	-
Actuarial loss/(gain) arising on account of experience changes	50	(20)	11	(9)	-	-
Contribution by plan participants	-	-	-	-	341	279
Benefits paid	(28)	(23)	-	-	(263)	(195)
Liabilities assumed / (settled)	63	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-
Closing of defined benefit obligation	576	388	49	74	3,292	2,445

The Company expects to contribute ` 60 million towards its gratuity plan in FY 2018-19.

Movement in plan assets :

(` million)

	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening fair value of plan assets	318	271	-	-	2,460	2,002
Expected return on plan assets	-	-	-	-	222	187
Add / (less) : transfer in/(out)	-	-	-	-	7	58
Add/(less) : actuarial gains/(losses)	-	-	-	-	430	15
Employer contributions	142	53	-	-	140	119
Contributions by plan participants	-	-	-	-	324	274
Interest on plan assets	21	22	-	-	-	-
Administration expenses	-	-	-	-	-	-
Assets acquired on acquisition / (distributed on divestiture)	-	-	-	-	-	-
Remeasurements due to :	-	-	-	-	-	-
Actual return on plan assets less interest on plan assets	-	(5)	-	-	-	-
Benefits paid	(28)	(23)	-	-	(263)	(195)
Liabilities assumed / (settled)	-	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-
Closing balance of the plan assets	453	318	-	-	3,320	2,460

Notes forming part of the Financial Statements

Sensitivity analysis :

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Impact of increase in 100 bps on defined benefit obligation				
Discount rate	-5.27%	-5.92%		
Salary escalation rate	5.80%	6.49%		
Impact of decrease in 100 bps on defined benefit obligation				
Discount rate	5.84%	6.66%		
Salary escalation rate	-5.35%	-5.93%		
Discount rate				
Impact of increase in 100 bps on defined benefit obligation			-16.94%	-21.19%
Impact of decrease in 100 bps on defined benefit obligation			22.26%	24.52%
Healthcare costs rate				
Impact of increase in 100 bps on defined benefit obligation			18.72%	20.40%
Impact of decrease in 100 bps on defined benefit obligation			-14.79%	-15.93%
Life expectancy				
Impact of increase in 1 year on defined benefit obligation			0.30%	0.54%
Impact of decrease by 1 year on defined benefit obligation			-0.31%	-0.57%

- i. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.
- ii. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

f) The major categories of plan assets as a percentage of total plan assets are as follows:

	Gratuity plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Government of India securities			23.04%	20.45%
State government securities			20.03%	21.19%
Corporate bonds			17.27%	14.50%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds			8.20%	8.38%
Public sector bonds			28.45%	32.84%
Mutual Funds			3.01%	2.64%

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	As at 31-3-2018	As at 31-3-2017
1 Discount rate		
a) Gratuity plan	7.50%	6.75%
b) Post retirement medical benefit plan	7.50%	6.75%
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

Notes forming part of the Financial Statements

Risk exposure

i. Gratuity

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

ii. Post retirement medical benefits plan

The Post-retirement medical care plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

iii. The weighted average duration of the gratuity plan is 5.54 years (previous year: 6.27 years) and post retirement medical benefits plan is 19.31 years (previous year: 22.75 years).

h) The amounts pertaining to defined benefit plans for the current year are as follows:

	As at 31-3-2018	As at 31-3-2017
		(` million)
Gratuity plan (wholly funded)		
1 Defined benefit obligation	576	388
2 Plan assets	453	318
3 (Surplus) / deficit	123	70
4 Experience Adjustments plan liabilities	-	-
5 Experience Adjustments plan assets	-	-
Post retirement medical benefit plan (wholly unfunded)		
1 Defined benefit obligation	49	74
2 Experience Adjustments plan liabilities	-	-
3 Experience Adjustments plan assets	-	-
Self - managed provident fund plan (wholly funded)		
1 Defined benefit obligation	3,292	2,445
2 Plan assets	3,320	2,460
3 (Surplus) / deficit	(28)	(15)

General description 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.

Notes forming part of the Financial Statements

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.

Employee benefit plan

In January 2018, the Company established a 401(k) retirement plan (the "Plan") for the benefit of its employees in USA. As allowed under section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions for eligible employees. The Plan allows employees to contribute a percentage of their annual compensation to the Plan on a pre-tax and after-tax basis. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Code. At its discretion, the Company may match pre-tax and after-tax employee contributions up to 100% of the first 3% and 50% of next 2% of eligible earnings that are contributed by employees. Both, the employee contributions and the Company's matching contributions vest 100%, immediately. During the year ended March 31, 2018, the Company contributed Rs. 5 million towards the Plan.

42 Related party disclosure

42 (1) (i) List of related parties over which control exists/exercised

Name	Relationship
L&T Technology Services LLC	Wholly owned subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Esencia Technologies INC	Wholly owned subsidiary of L&T Technology Services LLC
Esencia Technologies India Private Limited	Wholly owned subsidiary of Esencia Technologies Inc.

42 (1) (ii) List of related parties which can exercise control

Name	Relationship
Larsen & Toubro Limited	Holding company

42 (1) (iii) Key management personnel

Name	Relationship
Dr. Keshab Panda	Chief Executive Officer & Managing Director
Mr. Amit Chadha	Whole Time Director
Mr. Bhupendra Bhate *	Chief Operating Officer & Whole Time Director
Mr. P. Ramakrishnan	Chief Financial Officer
Mr Kapil Bhalla	Company Secretary

* Appointed as Chief Operating Officer and Whole Time Director w.e.f November 7, 2017

42 (1) (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

Notes forming part of the Financial Statements

Name	Relationship
Larsen & Toubro Infotech GmbH	Fellow subsidiary
Larsen & Toubro Infotech South Africa (PTY) Limited	Fellow subsidiary
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Tecnologias 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
L&T Infrastructure Engineering Limited	Fellow subsidiary
PT. Tamco Indonesia	Fellow subsidiary
Ewac Alloys Limited (upto October 12, 2017)	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
Spectrum InfoTech Private Limited	Fellow subsidiary
L&T-Sargent & Lundy Limited	Fellow subsidiary
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Esencia Technologies INC	Subsidiary

42 (1) (v) Disclosure of related party transactions

Transaction	31-3-2018	31-3-2017
(` million)		
Sale of services		
Holding Company	322	227
- Larsen & Toubro Limited	322	227
Fellow subsidiaries	677	634
- L&T Hydrocarbon Engineering Limited	25	11
- Larsen & Toubro Infotech Limited	641	598
- Larsed & Toubro (East Asia) SDN.BHD	-	9
- L&T Construction Equipment Limited	-	-
- L&T Valves Limited	2	-
- L&T Power Limited	-	1
- Larsen & Toubro Infotech South Africa (PTY) Limited	8	15
- Spectrum InfoTech Private Limited	1	-
Subsidiaries	797	665
- L&T Thales Technology Services Private Limited	403	319
- L&T Technology Services LLC	354	346
- Esencia Technologies Inc	40	-

Notes forming part of the Financial Statements

	(` million)	
Transaction	31-3-2018	31-3-2017
Purchase of services		
Holding Company	6	48
- Larsen & Toubro Limited	6	48
Fellow subsidiaries	223	242
- L&T Hydrocarbon Engineering Limited	105	126
- Larsen & Toubro Infotech Limited	46	104
- Larsen & Toubro Infotech GMBH	63	9
- L&T Metro Rail (Hyderabad) Limited	-	1
- PT. Tamco Indonesia	-	2
- L&T-Sargent & Lundy Limited	1	-
- Esencia Technologies Inc	8	-
Subsidiaries	237	166
- L&T Thales Technology Services Private Limited	22	19
- L&T Technology Services LLC	215	147
Sale of assets		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Rent paid		
Holding Company	138	165
- Larsen & Toubro Limited	138	165
Fellow subsidiaries	37	36
- Larsen & Toubro Infotech Limited	29	26
- L&T-MHPS Boilers Private Limited	-	-
- Larsen & Toubro Infotech GMBH	7	7
- PT. Tamco Indonesia	-	1
- L&T Infotech Financial Services Technologies INC	-	1
Subsidiaries		
- L&T Thales Technology Services Private Limited	-	-
- L&T Technology Services LLC	-	-
Commission paid		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Fellow subsidiaries	3	3
- Larsen & Toubro Infotech Limited	3	3
Interest paid		
Holding Company		
- Larsen & Toubro Limited	-	-
Interest receivable		
Holding Company	15	13
- Larsen & Toubro Limited	15	13
Subsidiaries	6	1
- L&T Thales Technology Services Private Limited	6	1
Services availed by company		
Holding Company	463	316
- Larsen & Toubro Limited	463	316

Notes forming part of the Financial Statements

Transaction	31-3-2018	31-3-2017
	(` million)	
Fellow subsidiaries	180	107
- Larsen & Toubro Infotech Limited	158	101
- L&T Hydrocarbon Engineering Limited	-	-
- Larsen & Toubro Infotech Canada Limited	-	-
- Larsen & Toubro Saudi Arabia LLC	17	-
Subsidiaries	66	38
- L&T Thales Technology Services Private Limited	14	14
- L&T Technology Services LLC	52	24
Services rendered by the company		
Holding Company	8	1
- Larsen & Toubro Limited	8	1
Fellow subsidiaries	34	3
- Larsen & Toubro Infotech GmbH	1	-
- Larsen & Toubro Infotech Limited	3	3
- L&T Hydrocarbon Engineering Limited	22	-
- Servowatch Systems Limited	8	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
Subsidiaries	211	72
- L&T Thales Technology Services Private Limited	77	28
- L&T Technology Services LLC	132	44
- Esencia Technologies Inc	2	-
Trademark fees		
Holding Company	56	37
- Larsen & Toubro Limited	56	37
Reimbursement of expense incurred on the Company's behalf		
Holding Company	3	6
- Larsen & Toubro Limited	3	6
Fellow subsidiaries	-	9
- L&T Hydrocarbon Engineering Limited	-	2
- Larsen & Toubro Infotech Limited	-	7
- Larsen Toubro Arabia LLC	-	-
Subsidiaries	-	4
- L&T Thales Technology Services Private Limited	-	1
- L&T Technology Services LLC	-	3
Inter corporate deposit to		
Subsidiaries	60	-
- L&T Thales Technology Services Private Limited	60	-
Trade receivable		
Holding Company	195	71
- Larsen & Toubro Limited	195	71
Fellow subsidiaries	158	269
- Larsen & Toubro Infotech Limited	150	229
- L&T Construction Equipment Limited	-	-
- Larsed & Toubro (East Asia) SDN. BHD	8	23
- L&T Information Technology Services (Shanghai) Co. Ltd	-	2

Notes forming part of the Financial Statements

	(` million)	
Transaction	31-3-2018	31-3-2017
- Larsen & Toubro Infotech South Africa (PTY) Limited	-	15
- L&T Valves Limited	-	-
Subsidiaries	514	341
- L&T Thales Technology Services Private Limited	291	243
- L&T Technology Services LLC	183	98
- Esencia Technologies INC	40	-
Trade payable		
Holding Company	423	455
- Larsen & Toubro Limited	423	455
Fellow subsidiaries	192	110
- Larsen & Toubro Infotech Limited	95	77
- Larsen & Toubro Infotech Canada Limited	-	-
- L&T Infotech Financial Services Technologies INC	-	1
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
- L&T Hydrocarbon Engineering Limited	59	15
- Larsed & Toubro (East Asia) SDN.BHD	-	5
- Larsen & Toubro Electromech LLC	-	-
- L&T-Sargent & Lundy Limited	-	-
- Larsen & Toubro Infotech GmbH	28	10
- Larsen & Toubro Saudi Arabia LLC	10	2
- Larsen Toubro Arabia LLC	-	-
- L&T Seawoods Limited	-	-
Subsidiaries	13	-
- L&T Thales Technology Services Private Limited	-	-
- L&T Technology Services LLC	8	-
- Esencia Technologies INC	5	-
Loans & advances recoverable		
Holding Company	4	5
- Larsen & Toubro Limited	4	5
Fellow subsidiaries	5	2
- Kesun Iron & Steel Company Private Limited	2	1
- L&T Overseas Projects Nigeria Limited	-	-
- L&T Seawoods Limited	-	-
- Servowatch Systems Limited	3	1
Subsidiaries	65	26
- L&T Thales Technology Services Private Limited	65	24
- L&T Technology Services LLC	-	2
Corporate guarantee outstanding as on respective balance sheet date		
Subsidiaries	1,128	1,070
- L&T Technology Services LLC	1,076	1,070
- Esencia Technologies INC	52	-
(Corporate bank guarantee of USD 16.5 million (previous year USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA and USD 0.8 million (previous year - N.A.) issued to Bank of America for securing borrowings of Esencia Technologies INC, USA)		

Notes forming part of the Financial Statements

Transaction	31-3-2018	31-3-2017
(` million)		
Equity share capital issued		
Holding Company	-	54
- Larsen & Toubro Limited	-	54
Preference share capital issued		
Holding Co.	-	7,500
- Larsen & Toubro Limited	-	7,500
Shares acquired during the year		
Subsidiary Company	970	-
- L&T Technology Services LLC	970	-
Interim/final dividend paid - equity		
Holding Co.	730	777
- Larsen & Toubro Limited	730	777
Interim dividend paid - preference		
Holding Co.	-	97
- Larsen & Toubro Limited	-	97

Compensation to key managerial personnel

	2017-18	2016-17
(` million)		
Short-term employee benefits	120	146
Post-employment benefits	-	1
Long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment *	-	132
Total compensation	120	279

* During the year ended March 31, 2018 Nil (previous year: 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 18.10 for detailed terms of the ESOP Scheme 2016.

Compensation to non-executive directors

	2017-18	2016-17
(` million)		
Sitting fees	2	2
Commission	20	15
Share-based payment*	-	359
Total compensation	22	376

* During the year ended March 31, 2018 - Nil (previous year 15,00,000 nos.) 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 18.10 for detailed terms of the ESOP Scheme 2016.

Transactions with trust managed employees provident fund

	2017-18	2016-17
(` million)		
Towards employer's contribution	137	81

Notes forming part of the Financial Statements

Transactions with approved gratuity Fund

	(` million)	
	2017-18	2016-17
Towards employer's contribution	76	52

42 (2) Disclosure pursuant to section 186 of the Companies Act, 2013

		(` million)		
Sr. no.	Nature of the transaction (loans given/ investment made/guarantee given/ security provided)	Purpose for which the loan/ guarantee/security is proposed to be utilised by the recipient	2017-18	2016-17
(A)	Inter corporate deposit to Subsidiary company:			
	L&T Thales Technology Services Limited	Working capital	60	-
(B)	Guarantees: Subsidiaries			
	- L&T Technology Services LLC	Corporate guarantee given for subsidiary's debt	1,076	1,070
	- Esencia Technologies INC	Corporate guarantee given for subsidiary's debt	52	-
(C)	Investments in fully paid equity instruments and current investments		[Note 6]	
	Loans to related parties		2017-18	2016-17
	Loans to parent			
	Beginning of the year		-	-
	Loans advanced		3,450	3,350
	Loan repayments received		3,450	3,350
	End of the year		-	-
	Loans to subsidiary			
	Beginning of the year		-	30
	Loans advanced		300	-
	Loan repayments received		240	30
	End of the year		60	-

42 (3) All outstanding balances are unsecured and are repayable in cash.

43 Segment reporting

(a) Description of segments and principal activities

The Company's management examines the Company's performance both from industry and geographic perspective and has identified five reportable segments of its business:

1: Transportation: The Company offers engineering services and solutions over the complete spectrum of the transportation industry, that includes OEM and Tier 1 suppliers in automotive, trucks and off-highway vehicles, aerospace and rail industries. The segment delivers end-to-end services from concept to detailed design through manufacturing, testing, after-market and sourcing support helping OEMs and Tier 1s develop products in a cost-effective manner. The Company also helps its clients develop cutting-edge transportation technologies such as autonomous driving, electric vehicle and drones.

Notes forming part of the Financial Statements

The Company's domain expertise, globalized and customer centric approach, proprietary solutions and a repository of over 150 co-authored patents drive innovation and sustained business growth. The adherence to safety protocols, design and processes and use of cross-disciplinary engineering facilitates superlative experience to the Company's customers.

2: Process engineering: The plant engineering practice provides end to end engineering services for leading plant operators across the globe. The Company provides services in E/EPCM, engineering reapplication and global rollouts, plant sustenance and management, regulatory compliance engineering along with chemical, consumer packaged goods (FMCG) and energy and utility sector clients. The Company specializes in traditional engineering procurement construction management (EPCM) and operational maintenance projects, as well as contemporary digital engineering enterprises. The Company is advancing its engineering footprint to encompass the digital sphere and working with customers on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR).

3: Industrial products: Industrial products practice helps original equipment manufacturer (OEM) customers across building automation, home and office products, energy, process control and machinery. The Company's expertise in engineering industrial products helps customer drive innovation and efficiency, and retain a competitive edge. The Company helps streamline the product development value chain, enabling customers spearhead business growth.

This Industrial Products 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: The Company's domain expertise, supported by robust technological capabilities, helps medical device OEMs address industry challenges, accelerate time to market, and optimize costs. The Company focuses on delivering solutions in diagnostics, patient mobility services, musculoskeletal services, life sciences, surgical services, cardiovascular, home healthcare and general medical.

5: Telecom: The Company's expertise in digital engineering such as the cloud, internet of things (IoT), artificial intelligence, data analytics and other areas in telecom domain enables its partners to leverage the right telecommunications strategy. With expertise in product variant development, 5G capabilities, simulations and automation, and product and mid of life support, the Company is a one stop-solution for the clients. It also provides futuristic solutions and IP Cores that address some of the pressing needs of the semiconductor industry. The Company's narrow band IoT (nBLoT) solution provides the complete IoT device management designed with low memory and low power footprint enabling easy integration to custom target platforms.

The Company's experience in product development, digitalization, user experience engineering, and testing and certification enables the customers to expand to new markets, innovate newer and smarter products, and roll-out products faster and cheaper. The Company's designs for 3D cameras, speech recognition, smart glasses and connectivity programs involving wireless mesh networks are seeing increasing traction from the industry.

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.

Notes forming part of the Financial Statements

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

(` million)

	Transportation	Process Engineering	Industrial Products	Medical Devices	Telecom	Total
Revenue	10,653	4,834	8,531	2,535	8,513	35,066
<i>% to Total</i>	<i>30.4%</i>	<i>13.8%</i>	<i>24.3%</i>	<i>7.2%</i>	<i>24.3%</i>	<i>100.0%</i>
	9,383	4,962	8,524	2,195	6,061	31,125
<i>% to Total</i>	<i>30.1%</i>	<i>15.9%</i>	<i>27.4%</i>	<i>7.1%</i>	<i>19.5%</i>	<i>100.0%</i>
Segment Operating Profits	1,426	941	1,848	512	976	5,703
<i>% to Revenue</i>	<i>13.4%</i>	<i>19.5%</i>	<i>21.7%</i>	<i>20.2%</i>	<i>11.5%</i>	<i>16.3%</i>
	1,632	961	2,078	493	1,043	6,206
<i>% to Total</i>	<i>17.4%</i>	<i>19.4%</i>	<i>24.4%</i>	<i>22.4%</i>	<i>17.2%</i>	<i>19.9%</i>
Un-allocable expenses (net)						193
						174
Other Income						1,881
						546
Operating Profit						7,391
						6,579
Finance cost						4
						8
Depreciation and amortisation expenses						576
						575
Profit before extraordinary items and tax						6,811
						5,996

- (ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

(` million)

	North America	Europe	India	ROW	Total
External revenue by location of customers	19,962	6,291	4,457	4,355	35,066
	<i>18,983</i>	<i>6,057</i>	<i>2,881</i>	<i>3,205</i>	<i>31,125</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.

44 Leases

The lease rentals charged during the period is as under:

(` million)

	As at 31-3-2018	As at 31-3-2017
Lease rentals recognized during the period	705	684

Notes forming part of the Financial Statements

The Company avails office space under non-cancelable operating leases. The Company recognizes 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:

	As at 31-3-2018	As at 31-3-2017
Future minimum lease payable		
Not later than 1 year	642	529
Later than 1 year and not later than 5 years	2,073	1,944
Later than 5 years	811	1,487

(` million)

The operating lease arrangements, are renewable on a periodic basis and for 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.

45 Micro and small enterprises

	As at 31-3-2018	As at 31-3-2017
Principal amount due to suppliers under MSMED Act, 2006	4	1
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
Amount of further interest remaining due and payable even in the succeeding years	-	-
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.		

(` million)

46 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2018 (previous year: ` Nil).

47 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

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary
 Membership No. F3485

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 22, 2018

Place: Mumbai
 Date: May 22, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of L&T Technology Services Limited

Report on the consolidated 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 31 March 2018, the consolidated statement of profit and loss (including 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 preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows statement and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards 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 Group 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 has been used for the purpose of preparation of the consolidated Ind AS 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.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the 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 Holding 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 Holding Company's directors, as well as evaluating the overall presentation of the consolidated 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 consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of subsidiaries referred to below in other matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31 March 2018, its consolidated financial performance including consolidated other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Other matters

We did not audit financial statements of three subsidiaries included in the consolidated financial statements, whose financial

statements reflect total revenues of Rs. 2,848.11 million, total profit after tax of Rs. 241.13 million and total comprehensive income of Rs. 245.08 million for the year ended 31 March 2018, as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose audit 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 of these subsidiaries, is based solely on audit reports of another auditor.

Two of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in that country ('local GAAP') and which have been audited by another auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of these subsidiaries from local GAAP to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the amounts and disclosures of these subsidiaries are based on the audit reports of another auditor and the conversion adjustments prepared by management of the Holding Company and audited by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on other legal and regulatory requirements

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 these consolidated Ind AS financial statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
- c) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), 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 maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the 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 31 March 2018 taken on record by the board of directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 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, which is based on the auditor's report of the Holding Company and its subsidiary companies incorporated in India and in respect of which reporting under clause (i) of sub-section 3 of section 143 of the Act is applicable. Our report expresses an unmodified opinion on the operating adequacy and operating effectiveness of the Company's internal financial over financial reporting; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated position of the Group (refer note 33 the consolidated Ind AS financial statements);
 - ii. The Group did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India (refer note 49 to the consolidated Ind AS financial statements).

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner

Mumbai, 22 May 2018

Membership no. 038332

ANNEXURE 'A' 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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, 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'), which includes internal financial controls over financial reporting which are companies incorporated in India and in respect of which reporting under clause (i) of sub-section 3 of section 143 of the Act ('the clause') is applicable, as of that date.

Management's responsibility for internal financial controls

The respective Boards of Directors of the Holding Company and its subsidiary company, which is incorporated in India and in respect of which reporting under the clause is applicable, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is incorporated in India and in respect of which reporting under the clause is applicable, based on our audit. We conducted our audit in accordance with the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company, which is incorporated in India and in respect of which reporting under the clause is applicable.

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 Holding Company and its subsidiary company, which is incorporated in India and in respect of which reporting under the clause is applicable, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, 22 May 2018

Consolidated Balance Sheet

as at March 31, 2018

	Note No.	As at 31-3-2018	(` million) As at 31-3-2017
ASSETS:			
I. Non-current assets			
(a) Property, plant and equipment	4	1,250	1,190
(b) Capital work-in-progress	4	1	23
(c) Goodwill	5	4,921	4,215
(d) Other intangible assets	5	923	733
(e) Financial assets			
(i) Other financial assets	7	590	1,054
(f) Deferred tax assets (net)	8	272	335
(g) Other non current assets	9	487	380
Total non-current assets		8,444	7,930
II. Current assets			
(a) Financial assets			
(i) Investments	10	2,207	1,946
(ii) Trade receivables	11	9,623	7,106
(iii) Cash and cash equivalents	12	1,541	672
(iv) Other bank balances	13	1	-
(v) Loans	14	1	1
(vi) Other financial assets	15	1,429	1,275
(b) Other current assets	16	3,805	3,399
Total current assets		18,607	14,399
TOTAL ASSETS		27,051	22,329
EQUITY AND LIABILITIES:			
I. Equity			
(a) Equity share capital	17	205	203
(b) Other equity	18	19,159	14,653
Equity attributable to equity holders of the Company		19,364	14,856
Non-controlling interest		3	(4)
Total equity		19,367	14,852
II. Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	19	18	-
(b) Deferred tax liabilities (Net)	8	29	12
Total non-current liabilities		47	12
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	702	1,019
(ii) Trade payables	21	1,807	1,489
(iii) Other financial liabilities	22	2,000	2,562
(b) Other current liabilities	23	1,749	1,124
(c) Provisions	24	1,206	1,271
(d) Current tax liabilities (net)		173	-
Total current liabilities		7,637	7,465
Total liabilities		7,684	7,477
TOTAL EQUITY AND LIABILITIES		27,051	22,329
Notes forming part of the financial statements	1-49		

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
 Membership No. F3485

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 22, 2018

Place: Mumbai
 Date: May 22, 2018

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(₹ million except as stated otherwise)

	Note No.	Year ended 2017-18	Year ended 2016-17
I. Revenue from operations	25	37,471	32,483
II. Other income (net)	26	1,934	582
III. Total income		39,405	33,065
IV. Expenses:			
(a) Employee benefit expenses	27	24,600	20,958
(b) Depreciation and amortisation expenses		888	625
(c) Other expenses	28	7,060	5,669
(d) Change in contingent consideration - acquisition	42 (vii)	55	-
(e) Finance costs	29	24	21
Total expenses		32,627	27,273
V. Profit before tax (III - IV)		6,778	5,792
VI. Tax expense :			
(a) Current tax		1,894	1,421
(b) Deferred tax		(182)	121
Total tax expense	30	1,712	1,542
VII. Profit for the year (V - VI)		5,066	4,250
VIII. Other comprehensive income			
A (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurement of the defined benefit plans		21	(20)
(ii) Income tax on items that will not be reclassified to the statement of profit and loss		(4)	4
B (i) Items that will be reclassified subsequently to the statement of profit or loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		84	1,379
(b) Exchange differences on the translation of foreign operation		4	15
(ii) Income tax relating to items that will be reclassified subsequently to the statement of profit or loss		117	(535)
Total other comprehensive income (net of tax)		222	843
IX. Total comprehensive income for the year		5,288	5,093
Profit for the year attributable to:			
- Owners of the Company		5,060	4,249
- Non-controlling interest		6	1
Other comprehensive income for the year attributable to :			
- Owners of the Company		221	843
- Non-controlling interest		1	-
Total comprehensive income for the year attributable to :			
- Owners of the Company		5,281	5,092
- Non-controlling interest		7	1
X. Earnings per equity share	31		
Equity share of face value of ₹ 2 each			
- Basic (₹)		49.60	42.08
- Diluted (₹)		48.18	39.64
XI. Notes forming part of the financial statements	1-49		

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
 Membership No. F3485

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 22, 2018

Place: Mumbai
 Date: May 22, 2018

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

	Year ended 2017-18	Year ended 2016-17
		(` million)
A. Cash flow from operating activities		
Profit/(loss) before tax (excluding exceptional and extraordinary items)	6,778	5,792
Adjustments for:		
Depreciation and amortisation	888	625
Interest income	(1)	(1)
Interest paid	24	21
(Profit)/Loss on sale of fixed assets	1	9
Employee stock option forming part of staff expenses	209	193
Dividends received from current investments	(77)	(56)
Unrealised foreign exchange loss/(gain)	(264)	219
Operating profit before working capital changes	7,558	6,802
Changes in working capital		
(Increase)/decrease in trade and other receivables	(2,244)	(1,233)
Increase/(decrease) in trade and other payables	543	(109)
(Increase)/decrease in working capital	(1,701)	(1,342)
Cash generated from operations	5,857	5,460
Direct taxes paid	(1,721)	(1,581)
Net cash (used in)/from operating activities	4,136	3,879
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangibles	(866)	(465)
Sale of property, plant and equipment and intangibles	15	18
(Purchase)/ sales of current investments (net)	(261)	(1,391)
(Purchase)/ sales of non-current investments	(970)	-
Dividends received from current investments	77	56
Interest received	1	1
Net cash (used in)/from investing activities	(2,004)	(1,781)
C. Cash flow from financing activities		
Equity share capital issued including share premium	2	7,500
Preference share capital redeemed	-	(7,500)
Proceeds from/(repayment of) borrowings	(317)	(937)
Interest paid	(25)	(21)
Dividend paid	(817)	(905)
Dividend tax	(166)	(359)
Net cash (used in) / from financing activities	(1,323)	(2,222)
Net (decrease) / increase in cash and cash equivalents	809	(124)
Cash and cash equivalents at beginning of year	710	834
Cash and cash equivalents at end of year	1,519	710

Amendment to Ind AS 7

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

Notes:

- Statement of cash flows has been prepared under the indirect method as set out in the IndAS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets adjusted for movement of capital work-in-progress of (a) capital work-in-progress for property, plant and equipment and (b) intangible assets under development during the year.
- Cash and cash equivalents included in Cash Flow Statement comprise the following :

(` million)

	Year ended 31-3-2018	Year ended on 31-3-2017
a) Cash and cash equivalents disclosed under current assets [Note 12]	1,541	672
b) Other bank balances disclosed under current assets [Note 13]	1	-
c) Cash and cash equivalents disclosed under non-current assets [Note 7]	6	7
Total cash and cash equivalents as per balance sheet	1,548	679
Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents [Note 12]	(22)	38
Less: (ii) Other bank balances disclosed under current assets [Note 13]	1	-
Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 7]	6	7
Total cash and cash equivalents as per cash flow statement	1,519	710

- Previous year's figures have been regrouped/reclassified wherever applicable.

Notes forming part of the financial statements

1-49

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
 Membership No. F3485

A.M. NAIK
 Director
 (DIN 00001514)

KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN 05296942)

Place: Mumbai
 Date: May 22, 2018

Place: Mumbai
 Date: May 22, 2018

Statement of Changes in Equity

for the year ended March 31, 2018

A. Equity share capital

(` million except as stated otherwise)

	2017-18		2016-17	
	Number of shares	Rupees	Number of shares	Rupees
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	101,690,392	203	75,000,000	3,000
Add/(Less): Shares issued on exercise of employee stock options during the year	765,655	2	-	-
Add/(Less): Reorganization of share capital, reduction of face value	-	-	-	(2,850)
Add/(Less): Fresh issue of equity shares	-	-	26,690,392	53
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	102,456,047	205	101,690,392	203

B. Other equity

(` million)

Particulars	Equity component of preference share capital	Reserves and Surplus			Items of other comprehensive income			Total other equity	Non-controlling interest	Total
		Securities premium account	Share options outstanding account	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Other items of other comprehensive income			
Balance as at 01-04-2016	7,500	-	-	52	(15)	118	5	7,660	(5)	7,655
Profit for the year	-	-	-	4,249	-	-	-	4,249	1	4,250
Other comprehensive income (net of taxes)	-	-	-	-	15	844	(16)	843	-	843
Total comprehensive income for the year (c+d)	-	-	-	4,249	15	844	(16)	5,092	1	5,093
Deemed dividend - ESOP	-	-	-	(117)	-	-	-	(117)	-	(117)
Dividend	-	-	-	(905)	-	-	-	(905)	-	(905)
Dividend tax	-	-	-	(184)	-	-	-	(184)	-	(184)
Employees shares options outstanding	-	-	952	-	-	-	-	952	-	952
Deferred employee compensation expense	-	-	(642)	-	-	-	-	(642)	-	(642)
Addition/(deduction) during the year	(7,500)	10,297	-	-	-	-	-	2,797	-	2,797
Balance as at 31-3-2017	-	10,297	310	3,095	-	962	(11)	14,653	(4)	14,649
Balance as at 01-04-2017	-	10,297	310	3,095	-	962	(11)	14,653	(4)	14,649
Profit for the year (c)	-	-	-	5,060	-	-	-	5,060	6	5,066
Other comprehensive income (net of taxes) (d)	-	-	-	-	4	202	15	221	1	222
Total comprehensive income for the year (c+d)	-	-	-	5,060	4	202	15	5,281	7	5,288
Deemed dividend - ESOP	-	-	-	(225)	-	-	-	(225)	-	(225)
Dividend	-	-	-	(817)	-	-	-	(817)	-	(817)
Dividend tax	-	-	-	(166)	-	-	-	(166)	-	(166)
Employees shares options outstanding	-	-	(117)	-	-	-	-	(117)	-	(117)
Deferred employee compensation expense (net)	-	-	345	-	-	-	-	345	-	345
Addition/(deduction) during the year	-	205	-	-	-	-	-	205	-	205
Balance as at 31-3-2018	-	10,502	538	6,947	4	1,164	4	19,159	3	19,162
Notes forming part of the financial statements	1-49									

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
Membership No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer &
Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 22, 2018

Place: Mumbai
Date: May 22, 2018

For and on behalf of the Board of Directors of
L&T Technology Services Limited

Notes forming part of the Consolidated Financial Statements

1. Corporate information

L&T Technology Services Limited (the “Company”) along with its subsidiaries (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, 2018, Larsen & Toubro Limited, the holding company, owns 88.64% of the Company’s equity share capital.

2. Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in respect of sections 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financial statements have been approved for issue by the Board of Directors at their meeting held on May 22, 2018.

b) Basis of accounting

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.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

c) Principles of consolidation

i) The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company’s standalone financial statements.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.

ii) Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group’s share in the net worth of a subsidiary. For this purpose, the Group’s share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. 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 total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Notes forming part of the Consolidated Financial Statements

d) Use of estimates and judgements

The preparation of these financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment and intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

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 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

(i) Revenue from operations

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.

The Group presents revenue net of discounts, indirect taxes and value-added taxes in its statement of profit and loss.

(ii) Other income

- a) Interest income is accrued on a time proportion basis by reference to the principal outstanding and the effective interest rate.
- b) Dividend income is accounted in the period in which the right to receive the same is established.
- c) Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.
- d) The Group recognizes government grants only when there is reasonable assurance that conditions attached to them shall be complied with and grants will be received. Grants related to income are presented as part of profit or loss under a general heading of "other income". Grants are disclosed after netting of all expenses which might not have been incurred by the Group if grant had not been available.

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 Group'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.

Notes forming part of the Consolidated Financial Statements

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 Group'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 Group 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.

(iv) Social security plans

Employer's contribution payable for overseas employees with respect to social security plans, which are defined contribution plans, is charged to the statement of profit and loss in the period in which employee renders the services.

h) 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.

i) Company's stock option 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 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, using straight-line method. 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.

Notes forming part of the Consolidated Financial Statements

- i) The estimated useful lives are as mentioned below:

Sr. No.	Asset class	Useful life (in years)
1	Plant and equipment *	12
2	Air-condition and refrigeration*	12
3	Canteen equipment *	8
4	Laboratory equipment *	8
5	Electrical installations *	10
6	Computers *	3 - 5
7	Office equipment *	1 - 4
8	Furniture and fixtures *	7 - 10
9	Owned vehicles *	7
10	Leasehold improvements	Lease period

* Based on technical evaluation, management believes that the useful lives as given above best represent the period over which the assets are expected to be used. Hence the useful lives for these assets is different from the useful lives as prescribed under part C of schedule II of the Companies Act, 2013.

- ii) Estimated useful life of following assets is different than useful life as prescribed in schedule II of The Companies Act, 2013.

Sr. No.	Asset class	Useful life as per schedule II (in years)	Useful life adopted (in years)
1	Plant and equipment	15	12
2	Air-condition and refrigeration	15	12
3	Canteen equipment	15	8
4	Laboratory equipment	10	8
5	Electrical installations	10	10
6	Computers	3 - 6	3 - 5
7	Office equipment	5	1 - 4
8	Furniture and fixtures	10	7 - 10
9	Owned vehicles	6	7

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, on a straight-line basis, as given below:

Asset class	Useful life (in years)
Specialised software	3 - 6
Technical knowhow	4
Customer contracts and relationships *	4
Tradename	1

* refer note 46

l) Goodwill

Goodwill represents the excess of consideration paid over the net value of assets acquired. Goodwill is not amortised but it is tested for impairment at regular intervals. Refer note p (ii) for accounting policy on impairment of assets.

m) Financial instruments

Financial assets and liabilities are recognised when the Group 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.

(i) Non-derivative financial assets:

a) 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

Notes forming part of the Consolidated Financial Statements

by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

b) 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.

c) 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.

(ii) 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.

(iii) Derivative financial instrument

Cash flow hedge

The Group designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Group uses hedging instruments that are governed by the policies of the Group 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 Group.

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.

Notes forming part of the Consolidated Financial Statements

(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

i) Trade receivables

The Group 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 Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the Group 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.

ii) 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

i) The functional currency and presentation currency of the Group is Indian Rupee (₹). Functional currency of the Group and foreign operations has been determined based on the primary economic environment in which the Group and its foreign operations operate considering the currency in which funds are generated, spent and retained.

ii) Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

- a) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- b) income and expenses for each income statement are translated at average exchange rates; and
- c) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve

Notes forming part of the Consolidated Financial Statements

(FCTR) for subsequent reclassification to profit or loss on disposal of such foreign operations. The portion of foreign currency translation reserve attributed to non-controlling interest is reflected as part of non-controlling interest.

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 Group and its branches in India and overseas. The current tax payable by the Group 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 Group 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 Group'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 utilized.

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 utilized.

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 Group has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realize 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 Group recognizes 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

Notes forming part of the Consolidated Financial Statements

- i) The Group has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- i) 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
- ii) 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) Commitments

Commitments are future liability for contractual expenditure. Commitment are classified and disclosed as follows:

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for,
- ii) 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 Group 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. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. The average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

w) Securities premium account

- (i) Securities premium includes:
 - a) Any share issued for consideration over and above face value.
 - b) The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.
- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

x) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

y) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is

Notes forming part of the Consolidated Financial Statements

treated as an exceptional item and the same is disclosed in the notes to accounts.

z) Borrowing costs

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

aa) The list of subsidiaries and step down subsidiaries included in the consolidated financial statements is as under: -

Sr. No.	Name of the subsidiary company	Country of incorporation	Proportion of ownership as at March 31 (%)	
			2018	2017
1	L&T Technology Services LLC	USA	100	100
2	L&T Thales Technology Services Private Limited	India	74	74
3	Esencia Technologies, Inc.*	USA	100	Not applicable
4	Esencia Technology India Private Limited**	India	100	Not applicable

* On June 01, 2017 L&T Technology Services LLC, subsidiary of the Parent Company, acquired Esencia Technologies, Inc. ("Esencia") a corporation, incorporated in Nevada in 2006.

** Esencia Technology India Private Limited is a wholly owned subsidiary of Esencia Technologies, Inc.

3. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 – Revenue from Contracts with Customers

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective approach - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on April 1, 2018 by using the modified retrospective approach and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B to Ind AS 21 – Foreign currency transactions and advance consideration

Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018.

The Group has evaluated the effect of this on the financial statements and the impact is not material.

Notes forming part of the Consolidated Financial Statements

4 Property, plant and equipment

	Gross block			Depreciation/ amortisation			Net block as at	
	As at 1-4-2017	Additions	Disposals	As at 1-4-2017	For the year	On disposals	As at 31-3-2018	As at 31-3-2017
Leasehold improvements	282	19	-	37	35	-	72	229
Plant and equipment	74	-	2	20	10	1	29	43
Computers	630	228	104	327	164	105	387	367
Furniture and fixtures	196	14	13	197	42	8	58	139
Vehicles	114	76	29	161	24	19	21	140
Office equipments	166	26	1	191	79	42	120	71
Electrical installations	128	7	1	134	20	15	35	99
Aircondition and refrigeration	85	11	-	96	10	9	19	77
Laboratory equipments	81	32	-	113	13	-	29	84
Canteen equipments	1	1	-	1	-	-	-	1
Total	1,757	414	151	2,020	336	134	770	1,250
Previous year figures	1,359	497	99	1,757	288	68	567	1,190
Capital Work-in-progress							1	1

5 Goodwill and other intangible assets

	Gross block			Depreciation/ amortisation			Net block as at	
	As at 1-4-2017	Additions	Disposals	As at 1-4-2017	For the year	On disposals	As at 31-3-2018	As at 31-3-2017
Goodwill	4,144	-	(3)	4,141	5	(5)	4,141	4,139
Goodwill on consolidation - Esencia Technologies, Inc.	-	704	-	704	-	-	704	-
Goodwill on consolidation - L&T Thales Pvt.Ltd.	76	-	-	76	-	-	76	76
Goodwill subtotal (a)	4,220	704	(3)	4,921	5	(5)	4,921	4,215
Specialised softwares	1,191	136	-	1,327	216	-	916	491
Technical knowhow	143	-	-	143	35	-	143	35
Customer contracts and relationships	311	542	(2)	851	238	(3)	339	512
Tradename	-	63	-	63	63	-	63	-
Other intangibles subtotal (b)	1,645	741	(2)	2,384	552	(3)	1,461	923
Total (a+b)	5,865	1,445	(5)	7,305	552	(8)	1,461	5,844
Previous year figures	5,763	102	-	5,865	278	13	917	4,948

(million)

Particulars

Customer relationship	542
Tradename	63
Goodwill	704
Total additions to intangible due to acquisition	1,309

Note :

1. Additions to intangibles includes certain assets taken over on acquisition of Esencia Technologies Inc., a Nevada, USA based company.
2. Goodwill has been tested for impairment. For value-in-use calculations the Group has assumed a pre-tax discount rate of 13.5% (previous year:13.0%) and sales growth based on past periods.

Notes forming part of the Consolidated Financial Statements

6 Trade receivables - non current

	As at 31-3-2018	As at 31-3-2017
		(` million)
Non current		
Considered doubtful	80	144
	80	144
Less: Allowance for bad and doubtful debts	(80)	(144)
	-	-

7 Other financial assets - non-current

	As at 31-3-2018	As at 31-3-2017
		(` million)
Security deposits	249	222
Fixed deposits *	6	7
Forward contract receivable	335	825
	590	1,054

* Fixed deposits are margin money deposits against bank guarantees

Notes forming part of the Consolidated Financial Statements

8 Deferred tax assets (net)

(` million)

Description	DTL/(DTA) As at 1-4-2016	Charge/ (credit) to P&L	Charge/ (credit) to OCI	DTL/(DTA) As at 31-3-2017	Charge/ (credit) to P&L	Charge/ (credit) to OCI	Foreign currency translation reserve	Esencia acquisition impact	DTL/(DTA) As at 31-3-2018
Deferred tax assets:									
Property, plant and equipment, goodwill and other intangible assets	32	521	-	553	55	-	-	-	608
Branch profit tax	220	59	-	279	67	-	-	-	346
Net gain/(loss) on fair valuation of investments	-	-	-	-	-	-	-	-	-
Provision for employee benefits	(381)	199	-	(182)	(2)	-	-	-	(184)
Allowances for doubtful debts	(121)	88	-	(33)	11	-	-	-	(22)
Cash flow hedges	(327)	-	618	291	-	32	-	-	323
Other items giving rise to timing differences	(7)	5	-	(2)	(69)	-	-	-	(71)
MAT credit entitlement	(453)	(788)	-	(1,241)	(31)	-	-	-	(1,272)
Net deferred tax assets	(1,037)	84	618	(335)	31	32	-	-	(272)
Deferred tax liabilities:									
Property, plant and equipment, goodwill and other intangible assets	(4)	(5)	-	(9)	(149)	-	-	245	87
Branch profit tax	-	-	-	-	-	-	-	-	-
Net gain/(loss) on fair valuation of investments	-	-	-	-	-	-	-	-	-
Provision for employee benefits	(24)	8	-	(16)	6	-	(1)	-	(11)
Allowances for doubtful debts	(1)	(3)	-	(4)	4	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-
Other items giving rise to timing differences	5	37	(1)	41	(70)	-	1	(15)	(43)
MAT credit entitlement	-	-	-	-	(4)	-	-	-	(4)
Net deferred tax liabilities	(24)	37	(1)	12	(213)	-	-	230	29
Net deferred tax liabilities/(assets)	(1,061)	121	617	(323)	(182)	32	-	230	(243)

Note - Due to change in tax rate applicable for FY 18-19, current year's deferred tax amount is higher by ` 2 million.

Notes forming part of the Consolidated Financial Statements

9 Other non-current assets

(` million)

	As at 31-3-2018	As at 31-3-2017
Prepaid expenses	140	96
Income tax receivable (net)	347	284
	487	380

10 Financial assets: investments - current

(` million except as stated otherwise)

	As at 31-3-2018		As at 31-3-2017	
	Units	Amount	Units	Amount
Quoted				
Investment carried at fair value through profit and loss				
Investment in mutual funds				
Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment	2,600,668	261	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	4,482,411	52	3,007,885	35
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	15,025	15	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
HDFC FMP 92 D FEB 2018	10,000,000	101	-	-
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	1,623,737	163	1,096,612	110
L&T Liquid Fund - Daily Dividend Reinvestment	1,014,059	1,026	967,294	979
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment	183,373	280	137,764	210
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment	302,729	309	200,730	205
		2,207		1,946

Notes forming part of the Consolidated Financial Statements

11 Financial assets: trade receivables - current

	As at 31-3-2018	As at 31-3-2017
		(` million)
Current		
Unsecured, considered good	9,623	7,106
Considered doubtful	18	22
	9,641	7,128
Less: Allowance for bad and doubtful debt	(18)	(22)
	9,623	7,106

12 Financial assets: cash and cash equivalents - current

	As at 31-3-2018	As at 31-3-2017
		(` million)
Balances with banks	1,393	473
Cheque on hand	19	35
Remittance in transit	86	164
Fixed deposits with banks (maturity less than 3 months)	43	-
	1,541	672

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

13 Financial assets: other bank balances - current

	As at 31-3-2018	As at 31-3-2017
		(` million)
Fixed deposits with banks *		
Maturity more than 3 months but less than 12 months	-	-
Maturity more than 12 months	1	-
Earmarked balances with banks - unclaimed dividend	-	-
	1	-

* Fixed deposits are margin money deposits against bank guarantees.

14 Loans

	As at 31-3-2018	As at 31-3-2017
		(` million)
Unsecured, considered good		
Others	1	1
	1	1

Notes forming part of the Consolidated Financial Statements

15 Financial assets: others - current

	As at 31-3-2018	As at 31-3-2017
Advances to employees	347	315
Security deposits	12	39
Loans and advances to related parties	5	10
Forward contract receivable	1,044	911
Other receivables	21	-
	1,429	1,275

(` million)

16 Other current assets

	As at 31-3-2018	As at 31-3-2017
Unbilled revenue	2,154	2,295
Retention money not due	13	10
	2,167	2,305
Advance to suppliers	144	93
Prepaid expenses	545	579
Service tax recoverable	145	380
GST recoverable	310	-
Other receivables	494	42
	1,638	1,094
	3,805	3,399

(` million)

17 Equity share capital

	As at 31-3-2018	As at 31-3-2017
17.1 Authorised :		
5,250,000,000 (previous year: 5,250,000,000) equity shares of `2 each	10,500	10,500
	10,500	10,500

(` million)

	As at 31-3-2018	As at 31-3-2017
17.2 Issued, subscribed and fully paid up		
Issued, subscribed and fully paid up equity shares outstanding at the end of the year [102,456,047 (previous year: 101,690,392) equity shares of `2 each]	205	203
Total issued, subscribed and paid up capital	205	203

(` million)

Notes forming part of the Consolidated Financial Statements

17.3 In the period of five years immediately preceding March 31, 2018:

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil (previous year: Nil)

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil (previous year: Nil)

Aggregate number and class of shares bought back - Nil (previous year: Nil)

17.4 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.

17.5 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 17.10

17.6 Reconciliation of the shares outstanding at the beginning and at the end of the year.

Equity shares	2017-18		2016-17	
	No. of shares	₹ million	No. of shares	₹ million
At the beginning of the period [₹ 2 per share (Previous year: ₹ 40 per share)]	101,690,392	203	75,000,000	3,000
Reduction in value of shares consequent to decrease in face value	-	-	-	2,850
Issued during the period	765,655	2	26,690,392	53
Outstanding at the end of the period [₹ 2 per share (Previous year: ₹ 2 per share)]	102,456,047	205	101,690,392	203

Preference shares	2017-18		2016-17	
	No. of shares	₹ million	No. of shares	₹ million
At the beginning of the period	-	-	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	-	-	-	-

17.7 Shares of the Company held by holding/ultimate holding company

Equity shares	As at 31-3-2018		As at 31-3-2017	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	90,822,100	88.64%	91,290,392	89.77%
	90,822,100		91,290,392	

Note - The promoter, Larsen & Toubro Limited, had sold 169,000 shares on March 28, 2018, however since the stock exchanges were closed on March 30, 2018 on account of Good Friday and March 31, 2018 (Saturday), the sale of these 169,000 shares by the promoter on March 28, 2018 got effected on April 2, 2018 and thus the same has not got reflected in the BENPOS statement of March 31, 2018 as provided by the registrar and transfer agent of the Company. Due to this, the shareholding of Larsen & Toubro Limited as on March 31, 2018 in the shareholding pattern is appearing higher by 169,000 shares as 90,991,100 shares instead of 90,822,100 shares in BENPOS.

Notes forming part of the Consolidated Financial Statements

17.8 Shareholders holding more than 5% of equity shares as at the end of the period

Equity shares	As at 31-3-2018		As at 31-3-2017	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	90,822,100	88.64%	91,290,392	89.77%
	90,822,100		91,290,392	

17.9 Capital management

The Company continues its policy of a conservative capital structure which has ensured that it retains the credit rating. Low gearing levels also equip the Company with the ability to navigate business stresses on one hand and raise growth capital on the other. This policy also provides flexibility of fund raising options for future, which is especially important in times of global economic volatility. The gross debt equity ratio is 0:1 (as at 31-3-2017: 0:1)

17.10 Share based payments

- i) 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 options are vested equally over a period of 5 years subject to the discretion of the management and fulfillment of certain conditions.
- ii) 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 (Share Based Employee Benefits) Regulations, 2014 and shall be subject to compliance with accounting policies under the said regulation. 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.
- iii) Details of grant under ESOP Scheme, 2016 is summarised below:

(Number except as stated otherwise)

Equity shares	ESOP scheme, 2016	
	2017-18	2016-17
Grant price (₹)	2	2
Grant dates	28-07-2016 onwards	
Vesting commences on	28-07-2017 onwards	
Options granted and outstanding at the beginning of the year	3,980,000	-
Options lapsed during the year	183,300	165,000
Options granted during the year	193,900	4,145,000
Options exercised during the year	765,655	-
Options granted and outstanding at the end of the year-(a)	3,224,945	3,980,000
of (a) above - vested outstanding options	1,082,345	-
of (a) above - unvested outstanding options	2,142,600	3,980,000
Weighted average remaining contractual life of options (in years)	5.41	6.36

Notes forming part of the Consolidated Financial Statements

- iv) Options granted on July 28, 2016 includes 1,500,000 and 500,000 options granted to non-executive directors and key managerial personnel respectively. Options granted on August 27, 2016 includes 50,000 options granted to key managerial personnel. No options were granted to key managerial personnel during the current year.

- v) The number and weighted average exercise price of stock options are as follows:

Particulars	2017-18		2016-17	
	No. of stock options	Weighted average exercise price (`)	No. of stock options	Weighted average exercise price (`)
Options granted and outstanding at the beginning of the year	3,980,000	2	-	-
Options granted during the year	193,900	2	4,145,000	2
Options exercised during the year	765,655	2	-	-
Options lapsed during the year	183,300	2	165,000	2
Options granted and outstanding at the end of the year	3,224,945	2	3,980,000	2
Options exercisable at the end of the year	1,082,345	2	-	-

- vi) Weighted average share price at the date of exercise for stock options exercised during the year is ` 849.70 per share.
- vii) No options expired during the periods covered in the above table.
- viii) In respect of stock options granted pursuant to the Company's stock options schemes, the fair value of the options is treated as discount and accounted as employee compensation over the vesting period. Unamortised balance is accumulated in balance sheet in share options outstanding account.
- ix) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2017-18 is ` 209 million (previous year: ` 193 million).
- x) The fair value at grant date of options granted during the year ended 31-3-2018 was ` 737.10 (previous year: ` 281). 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 included:

	2017-18	2016-17
Weighted average exercise price	2	2
Grant date	23-Aug-17	28-Jul-16 and 27-Aug-16
Expiry date	22-Aug-24	27-Jul-23 and 26-Aug-23
Weighted average share price at grant date	` 737.1 per option	` 281.0 per option
Weighted average expected price volatility of company's share	42.54%	25.17%
Weighted average expected dividend yield over life of option	8.05%	18.53%
Weighted average risk-free interest	6.44%	6.95%

Method used to determine expected volatility

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Notes forming part of the Consolidated Financial Statements

17.11 Dividends

Dividend paid during the year ended March 31, 2018 include an amount of ₹ 4 per equity share towards final dividend for the year ended March 31, 2017 and ₹ 4 per equity share towards interim dividend for the year ended March 31, 2018. Dividend 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.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. On 22 May, 2018, the Board of Directors of the Company have proposed a final dividend of ₹ 12 per share in respect of the year ended 31 March, 2018 subject to the approval of shareholders at the sixth annual general meeting.

18 Other equity

	As at 31-3-2018	As at 31-3-2017
Securities premium account [note 2(v)]	10,502	10,297
Share options outstanding account [note 2(h)]		
Employee share options outstanding	835	952
Deferred employee compensation expense	(297)	(642)
	538	310
Retained earnings	6,947	3,095
Cash flow hedge reserve [note 2(l)(iii)]	1,164	962
Foreign currency translation reserve	4	-
Other items of other comprehensive income	4	(11)
	19,159	14,653

19 Financial liabilities: others - non-current

	As at 31-3-2018	As at 31-3-2017
Forward contract payable	18	-
	18	-

20 Financial liabilities: borrowings - current

	As at 31-3-2018	As at 31-3-2017
Unsecured:		
Short term loans from banks	702	1,019
	702	1,019

Notes forming part of the Consolidated Financial Statements

21 Financial liabilities: trade payable - current

	As at 31-3-2018	As at 31-3-2017
Due to related parties *	685	565
Micro and small enterprises	4	1
Due to others	1,118	923
	1,807	1,489

* includes dues to subsidiaries and fellow subsidiaries (refer note 40)

22 Financial liabilities: others - current

	As at 31-3-2018	As at 31-3-2017
Unclaimed dividend	1	-
Due to others		
Liability towards employee compensation	1,626	1,738
Other payables	288	21
Forward cover payable	85	803
	2,000	2,562

23 Current liabilities - other

	As at 31-3-2018	As at 31-3-2017
Advances from customer	5	1
Other payables	1,662	1,058
Liability - employee car/computer schemes	82	65
	1,749	1,124

24 Current liabilities : provisions

	As at 31-3-2018	As at 31-3-2017
Provisions for employee benefits		
Leave encashment	1,157	1,197
Post retirement medical benefits	49	74
	1,206	1,271

Notes forming part of the Consolidated Financial Statements

25 Revenue from operations

	Year ended 31-3-2018	Year ended 31-3-2017
Engineering and technology services	37,471	32,483
	37,471	32,483

(` million)

26 Other income

	Year ended 31-3-2018	Year ended 31-3-2017
Foreign exchange gain*	1,147	418
Profit/(loss) on sales of fixed asset (net of gain of ` 8 million, previous year: ` 12 million)	(1)	(9)
Dividend income and gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	77	56
Bank interest received	1	1
Miscellaneous income **	710	116
Net gain/(loss) on fair valuation of investment	-	-
	1,934	582

(` million)

* The foreign exchange gain reported above includes ` 997 million (previous year: ` 672 million) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

** includes income of ` 645.59 million (net) (previous year: ` Nil) towards export licenses received

27 Employee benefit expenses

	Year ended 31-3-2018	Year ended 31-3-2017
Salaries including overseas staff expenses	23,809	20,305
Contribution to and provision for:		
Contribution to provident and pension fund	266	185
Contribution to gratuity fund	103	66
Share based payments to employees	209	193
Staff welfare expenses	213	209
	24,600	20,958

(` million)

Notes forming part of the Consolidated Financial Statements

28 Operating expenses

	Year ended 31-3-2018	Year ended 31-3-2017
		(` million)
Subcontracting and component charges	1,207	920
Engineering, professional, technical and consultancy fees	1,933	1,220
Cost of computer software	537	496
Travelling and conveyance	627	517
Rent and establishment expenses	696	676
Telephone, postage and other communication charges	210	178
Legal and professional charges	391	288
Advertisement and sales promotion expenses	170	114
Recruitment expenses	148	105
Repairs to buildings and machineries	271	221
General repairs and maintenance	77	78
Power and fuel	123	116
Equipment hire charges	7	13
Insurance charges	52	57
Rates and taxes	29	26
Bad debts written off	24	256
Less : Allowance for doubtful debts written back	(126)	(203)
Allowances for doubtful debts	69	20
Overheads charged by group companies	302	282
Trademark fees	56	37
CSR expenditure	56	36
Miscellaneous expenses	201	216
	7,060	5,669

29 Finance costs

	Year ended 31-3-2018	Year ended 31-3-2017
		(` million)
Interest paid		
Interest expenses	24	21
	24	21

Notes forming part of the Consolidated Financial Statements

30 Provision for taxation

(` million)

	Year ended 31-3-2018	Year ended 31-3-2017
Current tax		
Current tax on profits for the year	1,917	1,458
Tax expenses for prior periods	(23)	(37)
Deferred tax		
Decrease/ (increase) in deferred tax assets	31	84
Decrease/ (increase) in deferred tax liabilities	(213)	37
	1,712	1,542

31 Basic and diluted earning per equity share

(` million)

	Year ended 31-3-2018	Year ended 31-3-2017
Basic		
Profit after tax	5,060	4,250
Less: Dividend on preference shares	-	97
Less: Tax on dividend	-	20
Profit attributable to equity shareholders	5,060	4,133
Weighted average no. of equity shares outstanding	102,026,477	98,253,547
Basic EPS	49.60	42.08
Diluted		
Profit after tax	5,060	4,250
Less: Dividend on preference shares	-	97
Less: Tax on dividend	-	20
Profit attributable to equity shareholders	5,060	4,133
Weighted average no. of equity shares outstanding	102,026,477	98,253,547
Add - No. of potential equity shares	3,002,471	6,046,283
Weighted average no. of equity shares outstanding	105,028,948	104,299,830
Diluted EPS	48.18	39.64

32 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ` 99 million (previous year: ` 65 million).

33 Contingent liability

(` million)

	Year ended 31-3-2018	Year ended 31-3-2017
Corporate guarantee	1,128	1,070
	1,128	1,070

(Corporate Bank Gurantee of USD 16.5 million (previous year: USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA and USD 0.8 million (previous year: N.A.) issued to Bank of America for securing borrowings of Esencia Technologies Inc., USA.)

Notes forming part of the Consolidated Financial Statements

34 Details of payment to auditors

	(` million)	
	Year ended 31-3-2018	Year ended 31-3-2017
Payment to auditors (net of taxes)		
As auditor:		
Audit fee	3.22	1.13
Taxation matters	1.76	0.32
Company law matters	-	0.02
Other services :		
- Limited review	3.48	0.51
- Other services including certification work	0.56	1.57
Re-imburement of expenses	0.12	0.12
	9.14	3.66

35 Corporate social responsibility expenditure

As per section 135 of the Act, the Company meeting the applicability threshold needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility ("CSR") activities. Our CSR ambit covers skill development, innovation and technology, water, health and 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. A CSR committee has been formed by the Company as per the Act.

Amount required to be spent by the Company on CSR related activities during the year is ` 83.85 million (previous year: ` 50.87 million).

Amount spent during the year:

Particulars	(` million)					
	Year ended 31-3-2018			Year ended 31-3-2017		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Revenue expenses (disclosed under note 28 - other expenses)	56	-	56	31	5	36
	56	-	56	31	5	36

Notes forming part of the Consolidated Financial Statements

36 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

i) Outstanding currency exchange rate hedge instruments:

Forward covers taken to hedge exchange rate risk and accounted as cash flow hedge:

(` million)

	As at March 31, 2018				As at March 31, 2017			
	Nominal amount	Average rate (`)	Within twelve months	After twelve months	Nominal amount	Average rate (`)	Within twelve months	After twelve months
Receivable hedges								
US Dollar	29,562	70.68	15,813	13,748	24,154	73.37	10,945	13,209
EURO	1,607	84.56	1,164	443	2,112	84.50	1,232	880

ii) Carrying amounts of hedge instruments for which hedge accounting is followed:

(` million)

	Currency exposure	
	As at March 31, 2018	As at March 31, 2017
Cash flow hedge		
Forward contracts		
Current:		
Asset - other financial assets	1,044	911
Liability - other financial liabilities	68	803
Non- current:		
Asset - other financial assets	335	825
Liability - other financial liabilities	18	-

iii) Break up of hedging reserve

(` million)

	As at March 31, 2018	As at March 31, 2017
Cash flow hedging reserve		
Balance towards continuing hedge	966	1,136
Balance for which hedge accounting discontinued	198	(174)
Total	1,164	962

iv) Movement of hedging reserve

(` million)

Hedging reserve	2017-18	2016-17
Opening Balance	962	118
Changes in fair value of forward contracts designated as hedging instruments	1,151	2,108
Amount reclassified to statement of profit and loss	(832)	(729)
Tax impact on above	(117)	(535)
Closing balance	1,164	962

Notes forming part of the Consolidated Financial Statements

37 Fair value measurements

Financial instrument by category

(` million)

	As at March 31, 2018			As at March 31, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
Mutual funds	2,207			1,946		
Bank fixed deposits			6			7
Loans			1			1
Trade receivables			9,623			7,106
Cash and cash equivalents			1,541			672
Other bank balances			1			-
Forward contract receivable	-	1,379		-	1,736	
Security deposits			261			261
Loans - related parties			5			10
Advances - to employees			347			315
Other receivables			21			-
Total financial assets	2,207	1,379	11,806	1,946	1,736	8,372
Financial liabilities						
Short-term borrowings			702			1,019
Trade payables			1,807			1,489
Forward contract payable	16	85	-		803	-
Supplier ledger - capital goods/services			-			-
Liability towards employee compensation			1,626			1,738
Unclaimed dividend			1			-
Other payables			288			21
Total financial liabilities	16	85	4,424	-	803	4,267

Notes forming part of the Consolidated Financial Statements

(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 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, 2018				As at March 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial investment at FVPL								
Mutual funds	2,207			2,207	1,946			1,946
Financial investment at FVOCI				-				
Forward contract receivable		1,379		1,379		1,736		1,736
Total financial assets	2,207	1,379	-	3,586	1,946	1,736	-	3,682
Financial liabilities								
Forward contract payable		103		103		803		803
Total financial liabilities	-	103	-	103	-	803	-	803

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 and principal swap is determined using forward exchange rates at the balance sheet date.

(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 (net asset value) considered for the fair valuation of the current investment i.e. Mutual fund. Gain/(loss) on fair valuation is recognised in statement of profit and loss.

Notes forming part of the Consolidated Financial Statements

- 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.
- The fair value of security deposit is calculated by discounting future cash inflows.

(iv) Fair value of financial assets and financial liabilities measured at amortised cost:

The carrying amounts of all financial assets and financial liabilities are considered to be the same as their fair values due to their short term nature.

38 Financial risk management

i) 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 Group 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 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 un-hedged exposures.

ii) Price risk management

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 +/- ₹ 4 million as of March 31, 2018, and +/- ₹ 3 million as of March 31, 2017. 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.

iii) Foreign currency risk management

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

Notes forming part of the Consolidated Financial Statements

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 ` 153.8 million as of March 31, 2018 and ` 145.4 million as of March 31, 2017.

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, 2018 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Group's actual exposures and position.

iv) Credit/counter-party risk management

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.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ` 99 million as at March 31, 2018 and ` 166 million as at March 31, 2017. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

	(` million)	
	2017-18	2016-17
Opening balance of allowances for doubtful accounts	22	349
Allowances recognized (reversed)	(4)	(183)
Closing balance of allowances for doubtful accounts	18	22

The percentage of revenue from its top five customers is 27.1% for 2017-18 (23.2% for 2016-17).

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.

Notes forming part of the Consolidated Financial Statements

v) 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:

(` million)			
Financial assets	Less than 1 year	More than 1 year	Total
Investments	2,207		2,207
Trade receivables	9,623		9,623
Loans	1		1
Other financial assets	385		385
Total	12,216	-	12,216

(` million)			
Financial liabilities	Less than 1 year	More than 1 year	Total
Borrowings	702		702
Trade payables	1,807		1,807
Other financial liabilities	1,915		1,915
Total	4,424	-	4,424

39 Employee benefits

a) The amounts recognised in balance sheet are as follows:

(` million)						
Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
A. Present Value of defined benefit obligation						
Wholly funded	576	388	-	-	3,292	2,445
Wholly unfunded	8	9	49	74	-	29
	584	397	49	74	3,292	2,474
Less: Fair Value of Plan assets	453	318	-	-	3,320	2,459
Amount to be recognised as liability or (asset) (a-b)	131	79	49	74	(28)	15
B. Amounts reflected in the Balance Sheet						
Liabilities	131	79	49	74	-	15
Assets			-	-	(28)	-
Net liability / (asset)	131	79	49	74	28	15

Notes forming part of the Consolidated Financial Statements

b) Profit and loss account expense:

(` million)

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
1 Current service cost	80	63	21	12	147	120
2 Interest cost	6	3	5	4	222	187
3 Expected return on plan assets	-	-	-	-	(222)	(187)
4 Actuarial losses / (gains)	-	-	-	-	(430)	(15)
5 Past service cost	17	-	-	-	-	-
6 Actuarial Gain/loss not recognized in books	-	-	-	-	430	15
Total expense for the year included in staff cost	103	66	26	16	147	120

c) Amount recorded in other comprehensive income:

(` million)

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening amount recognized in OCI profit and loss account	12	-	2	(6)
Remeasurement during the period due to				
a Changes in financial assumptions	(25)	28	(8)	17
b Changes in demographic assumptions	6	-	(54)	-
c Experience adjustments	48	(20)	11	(9)
d Actual return on plan assets less interest on plan assets	-	4	-	-
e Adjustment to recognize the effect of asset ceiling	-	-	-	-
Closing amount recognized in OCI outside profit and loss account	41	12	(49)	2

d) Reconciliation of net liability/asset:

(` million)

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening net defined benefit	79	56	74	51	(15)	(5)
Expense charged to profit and loss account	102	66	26	15	127	109
Amount recognized outside profit and loss account	30	12	(51)	8	-	-
Employer Contributions	(143)	(55)	-	-	(140)	(119)
Impact of Liability assumed or (settled)*	63	-	-	-	-	-
Closing balance of the present value of defined benefit obligation	131	79	49	74	(28)	(15)

Notes forming part of the Consolidated Financial Statements

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 :

(` million)

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening of Defined Benefit Obligation	397	327	74	51	2,445	1,997
Transfer in/(out)					400	57
Current service cost	80	63	21	11	147	120
Past service cost	17	-	-	-	-	-
Interest on defined benefit obligation	27	24	5	4	222	187
Remeasurements due to :						
Actuarial loss/(gain) arising from change in financial assumptions	(25)	28	(8)	17	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	6	-	(54)	-	-	-
Actuarial loss/(gain) arising on account of experience changes	48	(20)	11	(9)	-	-
Contribution by plan participants **					324	279
Benefits paid	(29)	(25)	-	-	(263)	(195)
Liabilities assumed / (settled)*	63	-	-	-	-	-
Liabilities extinguished on settlements						
Closing of Defined Benefit Obligation	584	397	49	74	3,275	2,445

The Company expects to contribute ` 60 million towards its gratuity plan in FY 2018-19.

Movement in plan assets :

(` million)

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Opening fair value of plan assets	318	271	-	-	2,460	2,002
Expected Return on Plan Assets	-	-	-	-	222	188
Add / (Less) : transfer in/(out)	-	-	-	-	7	57
Add/(Less) : actuarial gains/(losses)	-	-	-	-	430	15
Employer contributions	143	55	-	-	140	119
Contributions by plan participants	-	-	-	-	324	274
Interest on plan assets	22	21	-	-	-	-
Administration expenses	-	-	-	-	-	-
Assets acquired on acquisition / (distributed on divestiture)	-	-	-	-	-	-
Remeasurements due to :						
Actual return on plan assets less interest on plan assets	-	(4)	-	-	-	-
Benefits paid	(29)	(25)	-	-	(263)	(195)
Liabilities assumed / (settled)*	-	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-

Notes forming part of the Consolidated Financial Statements

(` million)

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Closing balance of the plan assets	454	318	-	-	3,320	2,460

Sensitivity analysis :

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Impact of increase in 100 bps on defined benefit obligation				
Discount rate	-5.27% to -7.71%	-5.92%		
Salary escalation rate	5.8% to 9.07%	6.49%		
Impact of decrease in 100 bps on defined benefit obligation				
Discount rate	5.84% to 9.02%	6.66%		
Salary escalation rate	-5.35% to -7.89%	-5.93%		
Discount rate				
Impact of increase in 100 bps on defined benefit obligation			-16.94%	-21.19%
Impact of decrease in 100 bps on defined benefit obligation			22.26%	24.52%
Healthcare costs rate				
Impact of increase in 100 bps on defined benefit obligation			18.72%	20.40%
Impact of decrease in 100 bps on defined benefit obligation			-14.79%	-15.93%
Life expectancy				
Impact of increase By 1 year on DBO			0.30%	0.54%
Impact of increase By 1 year on DBO			0.31%	-0.57%

- i. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.
- ii. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes forming part of the Consolidated Financial Statements

f) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Self-managed provident fund plan	
	As at 31-3-2018	As at 31-3-2017	As at 31-3-2018	As at 31-3-2017
Government of India securities			23.04%	20.45%
State government securities			20.03%	21.19%
Corporate bonds			17.27%	14.50%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds	Scheme with LIC	Scheme with LIC	8.20%	8.38%
Public sector bonds			28.45%	32.84%
Mutual Funds			3.01%	2.64%

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars	As at 31-3-2018	As at 31-3-2017
1 Discount rate		
a) Gratuity plan	7.50% to 7.65%	6.75% to 6.90%
b) Post retirement medical benefit plan	7.50%	6.75%
2 Annual increase in healthcare costs	5.00%	5.00%
3 Salary growth rate	5% to 7%	5% to 7%
4 Attrition rate	2% to 18% for various age groups	2% to 18% for various age groups

Risk exposure

i. Gratuity

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

ii. Post retirement medical benefits plan

The Post-retirement medical care plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

iii. The weighted average duration of the gratuity plan is 5.54 years (previous year: 6.27 years) and post retirement medical benefits plan is 19.31 years (previous year: 22.75 years).

Notes forming part of the Consolidated Financial Statements

h) The amounts pertaining to defined benefit plans for the current year are as follows:

Particulars	(` million)	
	As at 31-3-2018	As at 31-3-2017
Gratuity plan (wholly funded)		
1 Defined benefit obligation	49	74
2 Experience Adjustments plan liabilities	-	-
3 Experience Adjustments plan assets	-	-
Post retirement medical benefit plan (wholly unfunded)		
1 Defined benefit obligation	584	397
2 Plan assets	454	318
3 (Surplus) / deficit	130	79
4 Experience Adjustments plan liabilities	-	-
5 Experience Adjustments plan assets	-	-
Self - managed provident fund plan (wholly funded)		
1 Defined benefit obligation	3,275	2,445
2 Plan assets	3,320	2,460
3 (Surplus) / deficit	(45)	(15)

General descriptions of defined benefit plans:

a Gratuity plan

The Group 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.

c Self-managed provident fund plan

The Group'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.

Employee benefit plan

In January 2018, the Group established a 401(k) retirement plan (the "Plan") for the benefit of its employees in USA. As allowed under section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions for eligible employees. The Plan allows employees to contribute a percentage of their annual compensation to the Plan on a pre-tax and after-tax basis. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Code. At its discretion, the Company may match pre-tax and after-tax employee contributions up to 100% of the first 3% and 50% of next 2% of eligible earnings that are contributed by employees. Both, the employee contributions and the Company's matching contributions vest 100%, immediately. During the year ended March 31, 2018, the Group contributed ` 10 million towards the Plan.

Notes forming part of the Consolidated Financial Statements

40 Related party disclosure

40 (1) (i) List of related parties over which control exists/exercised

Name	Relationship
L&T Technology Services LLC	Wholly owned subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Esencia Technologies INC	Wholly owned subsidiary of L&T Technology Services LLC
Esencia Technologies India Private Limited	Wholly owned subsidiary of Esencia Technologies Inc.

40 (1) (ii) List of related parties which can exercise control

Name	Relationship
Larsen and Toubro Limited	Holding company

40 (1) (iii) Key management personnel

Name	Relationship
Dr. Keshab Panda	Chief Executive Officer & Managing Director
Mr. Amit Chadha	Whole Time Director
Mr. Bhupendra Bhate *	Chief Operating Officer & Whole Time Director *
Mr. P. Ramakrishnan	Chief Financial Officer
Mr Kapil Bhalla	Company Secretary

* Appointed as Chief Operating Officer & Whole Time Director w.e.f November 7, 2017

40 (1) (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
L&T Construction Equipment Limited	Fellow subsidiary
L&T-Valdel Engineering Limited	Fellow subsidiary
L&T Infrastructure Engineering Limited	Fellow subsidiary
PT. Tamco Indonesia	Fellow subsidiary
Ewac Alloys Limited (upto October 12, 2017)	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

Notes forming part of the Consolidated Financial Statements

Name	Relationship
Spectrum InfoTech Private Limited	Fellow subsidiary
L&T-Sargent & Lundy Limited	Fellow subsidiary

40 (1) (v) Disclosure of related party transactions

Transaction	3/31/18	3/31/17
(` million)		
Sale of services :		
Holding Company	322	227
- Larsen & Toubro Limited	322	227
Fellow Subsidiaries	680	634
- L&T Hydrocarbon Engineering Limited	25	11
- Larsen & Toubro Infotech Limited	644	599
- Larsed &Toubro (East Asia) SDN.BHD	-	8
- L&T Valves Limited	2	-
- L&T Power Limited	-	1
- L&T Infotech South Africa	8	15
- Spectrum InfoTech Private Limited	1	-
Purchase of services :		
Holding Company	-	48
- Larsen & Toubro Limited	-	48
Fellow Subsidiaries	287	343
- L&T Hydrocarbon Engineering Limited	106	11
- Larsen & Toubro Infotech Limited	117	206
- Larsen & Toubro Infotech GMBH	63	8
- L&T Metro Rail (Hyderabad) Limited	-	1
- L&T-Valdel Engineering Limited	-	115
- PT. Tamco Indonesia	-	2
- L&T-Sargent & Lundy Limited	1	-
Rent paid :		
Holding Company	138	165
- Larsen & Toubro Limited	138	165
Fellow Subsidiaries	37	36
- Larsen & Toubro Infotech Limited	29	26
- L&T-MHPS Boilers Private Limited	-	-
- Larsen & Toubro Infotech GMBH	7	7
- PT. Tamco Indonesia	-	1
- L&T Infotech Financial Services Technologies Inc.	-	1
Commission paid :		
Fellow Subsidiaries	3	3
- Larsen & Toubro Infotech Limited	3	3
Interest receivable :		
Holding Company	15	13
- Larsen & Toubro Limited	15	13
Services availed by company :		
Holding Company	469	318
- Larsen & Toubro Limited	469	318
Fellow Subsidiaries	180	107
- Larsen & Toubro Infotech Limited	158	101

Notes forming part of the Consolidated Financial Statements

(` million)

Transaction	3/31/18	3/31/17
- Larsen & Toubro Saudi Arabia LLC	17	-
Services rendered by company :		
Holding Company	8	1
- Larsen & Toubro Limited	8	1
Fellow Subsidiaries	35	3
- L&T-Valdel Engineering Limited	-	-
- Larsen & Toubro Infotech GmbH	1	-
- Larsen & Toubro Infotech Limited	5	3
- L&T Hydrocarbon Engineering Limited	22	-
- Servowatch Systems Limited	7	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
Trademark fees :		
Holding Company	56	37
- Larsen & Toubro Limited	56	37
Reimbursement of expense incurred on the Company's behalf :		
Holding Company	-	6
- Larsen & Toubro Limited	-	6
Fellow Subsidiaries	-	9
- L&T Hydrocarbon Engineering Limited	-	2
- Larsen & Toubro Infotech Limited	-	7
- Larsen Toubro Arabia LLC	-	-
Trade receivable :		
Holding Company	195	71
- Larsen & Toubro Limited	195	71
Fellow Subsidiaries	158	269
- Larsen & Toubro Infotech Limited	150	229
- L&T Construction Equipment Limited	-	-
- Larsed & Toubro (East Asia) SDN. BHD	8	23
- L&T Information Technology Services (Shanghai) Co. Ltd	-	2
- Larsen & Toubro Infotech South Africa (PTY) Limited	-	15
- L&T Valves Limited	-	-
Trade payable :		
Holding Company	421	455
- Larsen & Toubro Limited	421	455
Fellow Subsidiaries	216	110
- Larsen & Toubro Infotech Limited	119	77
- Larsen & Toubro Infotech Canada Limited	-	-
- L&T Infotech Financial Services Technologies INC	-	1
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
- L&T Hydrocarbon Engineering Limited	59	15
- Larsed & Toubro (East Asia) SDN.BHD	-	5
- Larsen & Toubro Electromech LLC	-	-
- L&T-Sargent & Lundy Limited	-	-
- Larsen & Toubro Infotech GmbH	28	10
- Larsen & Toubro Saudi Arabia LLC	10	2
- Larsen Toubro Arabia LLC	-	-
- L&T Seawoods Limited	-	-

Notes forming part of the Consolidated Financial Statements

Transaction	3/31/18	3/31/17
(` million)		
Loans and advances recoverable :		
Holding Company	-	6
- Larsen & Toubro Limited	-	6
Fellow Subsidiaries	5	4
- Kesun Iron & Steel Company Private Limited	2	2
- Larsen & Toubro Infotech Limited	-	-
- L&T Overseas Projects Nigeria Limited	-	-
- L&T Seawoods Limited	-	-
- Servowatch Systems Limited	3	2
Equity Share Capital issued :		
Holding Company	-	54
- Larsen & Toubro Limited **	-	54
Preference Share Capital issued :		
Holding Co.	-	7,500
- Larsen & Toubro Limited	-	7,500
Interim dividend paid - Equity :		
Holding Co.	730	777
- Larsen & Toubro Limited	730	777
Interim dividend paid - Preference :		
Holding Co.	-	97
- Larsen & Toubro Limited	-	97

** Equity shares were issued at premium of ` 279 per share

Compensation to key managerial personnel

Particulars	2017-18	2016-17
(` million)		
Short-term employee benefits	120	146
Post-employment benefits	-	1
Long-term employee benefits	-	-
Termination benefits	-	-
Employee share-based payment	-	132
Total compensation	120	279

* During the year ended March 31, 2018 - Nil (previous year: 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 17.10 for detailed terms of the ESOP Scheme 2016.

Compensation to non-executive directors

Particulars	2017-18	2016-17
(` million)		
Sitting fees	2	2
Commission	20	15
Share-based payment*	-	359
Total Compensation	22	376

* During the year ended March 31, 2018 - Nil (previous year: 15,00,000) 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 17.10 for detailed terms of the ESOP Scheme 2016.

Notes forming part of the Consolidated Financial Statements

Transactions with trust managed employees provident fund

Particulars	(` million)	
	2017-18	2016-17
Towards employer's contribution	137	81

Transactions with approved gratuity Fund

Particulars	(` million)	
	2017-18	2016-17
Towards employer's contribution	76	52

40 (2) Disclosure pursuant to section 186 of the Companies Act, 2013

Loans to related parties

Particulars	(` million)	
	2017-18	2016-17
Loans to parent		
Beginning of the year	-	-
Loans advanced	3,450	3,350
Loan repayments received	3,450	3,350
End of the year	-	-

40 (3) All outstanding balances are unsecured and are repayable in cash.

41 Segment reporting

(a) Description of segments and principal activities

The Group's management examines the Group's performance both from industry and geographic perspective and has identified five reportable segments of its business:

1: Transportation: The Group offers engineering services and solutions over the complete spectrum of the transportation industry, that includes OEM and Tier 1 suppliers in automotive, trucks and off-highway vehicles, aerospace and rail industries. The segment delivers end-to-end services from concept to detailed design through manufacturing, testing, after-market and sourcing support helping OEMs and Tier 1s develop products in a cost-effective manner. The Group also helps its clients develop cutting-edge transportation technologies such as autonomous driving, electric vehicle and drones. The Group's domain expertise, globalized and customer centric approach, proprietary solutions and a repository of over 150 co-authored patents drive innovation and sustained business growth. The adherence to safety protocols, design and processes and use of cross-disciplinary engineering facilitates superlative experience to the Group's customers.

2: Process engineering: The plant engineering practice provides end to end engineering services for leading plant operators across the globe. The Group provides services in E/EPCM, engineering reapplication and global rollouts, plant sustenance and management, regulatory compliance engineering along with chemical, consumer packaged goods (FMCG) and energy and utility sector clients. The Company specializes in traditional engineering procurement construction management (EPCM) and operational maintenance projects, as well as contemporary digital engineering enterprises. The Group is advancing its engineering footprint to encompass the digital sphere and working with customers on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR).

3: Industrial products: Industrial products practice helps original equipment manufacturer (OEM) customers across building automation, home and office products, energy, process control and machinery. The Group's expertise in engineering industrial products helps customer drive innovation and efficiency, and retain a competitive edge. The Group helps streamline the product development value chain, enabling customers spearhead business growth.

Notes forming part of the Consolidated Financial Statements

This Industrial Products 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: The Group's domain expertise, supported by robust technological capabilities, helps medical device OEMs address industry challenges, accelerate time to market, and optimize costs. The Group focuses on delivering solutions in diagnostics, patient mobility services, musculoskeletal services, life sciences, surgical services, cardiovascular, home healthcare and general medical.

5: Telecom: The Group's expertise in digital engineering such as the cloud, internet of things (IoT), artificial intelligence, data analytics and other areas in telecom domain enables its partners to leverage the right telecommunications strategy. With expertise in product variant development, 5G capabilities, simulations and automation, and product and mid of life support, the Group is a one stop-solution for the clients. It also provides futuristic solutions and IP Cores that address some of the pressing needs of the semiconductor industry. The Group's narrow band IoT (nBloT) solution provides the complete IoT device management designed with low memory and low power footprint enabling easy integration to custom target platforms.

The Group's experience in product development, digitalization, user experience engineering, and testing and certification enables the customers to expand to new markets, innovate newer and smarter products, and roll-out products faster and cheaper. The Group's designs for 3D cameras, speech recognition, smart glasses and connectivity programs involving wireless mesh networks are seeing increasing traction from the industry.

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: (` million)

Particulars	Transportation	Process Engineering	Industrial Products	Medical Devices	Telecom	Total
Revenue	11,910	4,834	8,531	2,535	9,661	37,471
<i>% to Total</i>	<i>31.8%</i>	<i>12.9%</i>	<i>22.8%</i>	<i>6.8%</i>	<i>25.8%</i>	<i>100.0%</i>
	10,740	4,962	8,524	2,196	6,061	32,483
<i>% to Total</i>	<i>33.1%</i>	<i>15.3%</i>	<i>26.2%</i>	<i>6.8%</i>	<i>18.7%</i>	<i>100.0%</i>
Segment Operating Profits	1,428	941	1,848	512	1,220	5,949
<i>% to Revenue</i>	<i>12.0%</i>	<i>19.5%</i>	<i>21.7%</i>	<i>20.2%</i>	<i>12.6%</i>	<i>15.9%</i>
	1,455	961	2,078	493	1,043	6,030
<i>% to Total</i>	<i>13.5%</i>	<i>19.4%</i>	<i>24.4%</i>	<i>22.4%</i>	<i>17.2%</i>	<i>18.6%</i>
Un-allocable expenses (net)						193
						174
Other Income						1,934
						582
Operating Profit						7,690
						6,439
Finance cost						24
						21
Depreciation and amortisation expenses						888
						625
Profit before extraordinary items and tax						6,778
						5,792

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(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	22,540	6,475	4,067	4,389	37,471
	<i>20,432</i>	<i>6,196</i>	<i>2,564</i>	<i>3,291</i>	<i>32,483</i>

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.

42 Disclosures pursuant to Indian accounting standard (Ind AS) 103 on business combinations

On June 1, 2017 the Group acquired 100% stake in Esencia Technologies Inc., a Nevada, USA based company (having subsidiary in India), a provider of design services from specification to final product in Digital Signal Processing for communications, video, security and networking. The acquisition is in line with Group's long-term strategy to strengthen footprint in Application Specific Integration Circuit (ASIC), Very Large Scale Integration (VLSI) and embedded design services. The acquisition deepens the Group's offerings to global customers, particularly in the realm of perceptual computing, internet of things, advanced silicon products and wireless networking technologies with fast, powerful and smart design tools and signal processing libraries.

i) Details of purchase consideration:

Particulars	(` million)	
	Esencia Technologies, Inc.	
Cash paid		942
Contingent consideration		204
Total purchase consideration		1,146

ii) Assets acquired and liabilities recognised on date of acquisition:

Particulars	(` million)	
	Esencia Technologies, Inc.	
Non-current assets		3
Current assets		
Trade receivables	130	
Cash and cash equivalents	43	
Other Current Assets	67	240
Current liabilities		
Trade payables	(28)	
Other current liabilities	(147)	
Deferred tax liabilities on intangibles	(228)	(403)
Identified Intangibles		
Customer relationship	537	
Tradename	62	
Intellectual property	11	
Net unfavourable lease	(1)	609
Net assets		449

Notes forming part of the Consolidated Financial Statements

iii) Calculation of goodwill:

Particulars	Esencia Technologies, Inc.
Purchase consideration paid	1,146
Less: fair value of net assets acquired	449
Goodwill	697
Goodwill (Group's share) - as of date of acquisition	697

(` million)

iv) Details of purchase consideration - cash outflow

Particulars	Esencia Technologies, Inc.
Cash consideration	942
Less: Cash and cash equivalents balances acquired	43
Net cash outflow	899

(` million)

- v) The goodwill is attributable to assembled workforce and future growth of business out of synergies from this acquisition. It will not be deductible for tax purpose.
- vi) The gross amount of trade receivable acquired and its fair value is ` 130 Mn and the same are collected during the year.
- vii) The Group has recognised contingent consideration in accordance with terms of stock purchase agreement. The contingent consideration is payable to the sellers of Esencia Technologies, Inc. upon the achievement of financial targets by Esencia Technologies, Inc. over a period of four years starting from calendar year 2017. The maximum amount payable of contingent consideration is ` 387 million. The fair value of contingent consideration ` 204 million is determined by assigning probabilities of achievement of targets and discounting future cashflow @ 19.07%.
- The stock purchase agreement has been amended in January, 2018 which resulted in a change in contingent consideration. Fair value of revised contingent consideration is estimated at ` 259 million. Effects of these changes in consideration ` 55 million is recognized in the statement of profit and loss.
- viii) The group have received indemnification of ` 58 million from sellers of Esencia Technologies, Inc. with respect to any liability which may arise in future as a result of uncertain tax position provision which was created during pre-acquisition period. The balance of indemnity asset as on March 31, 2018 is ` 40 million.
- ix) The acquired business of Esencia Technologies Inc. contributed revenues of ` 1,191 million and profits of ` 197 million to the group from acquisition date to March 31, 2018. Had the entities been acquired from April 1, 2017, they would have reported revenue of ` 1428 million and profit after tax of ` 243 million during 2017-18.
- x) The Company treated the acquisition transaction of its shares, vide share purchase agreement dated May 03, 2017 as a corporate event as defined under the 2014 Equity Incentive Plan for employees and consultants of the Company and, therefore, by the express provisions of the Plan, all options granted pursuant to the Plan were terminated. In lieu of exercising any options granted to the option holders under the Plan the option holders and the Company terminated all options granted pursuant to the Plan in exchange for a cash payment of ` 18 million. As part of the transaction, the Company offered employees a one-time cash bonus payment totaling ` 59 million in exchange for the employees providing a general release of claims. The total liability of ` 77 million was paid during the month of June 2017.

Notes forming part of the Consolidated Financial Statements

43 Leases

The lease rentals charged during the period is as under:

Particulars	(` million)	
	As at 31-3-2018	As at 31-3-2017
Lease rentals recognized during the period	750	727

The Group avails office space under non-cancelable operating leases. The Group recognizes 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:

Particulars	(` million)	
	As at 31-3-2018	As at 31-3-2017
Future minimum lease payable		
Not later than 1 year	650	567
Later than 1 year and not later than 5 years	2,192	2,045
Later than 5 years	811	1,487

The operating lease arrangements, are renewable on a periodic basis and for 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.

Notes forming part of the Consolidated Financial Statements

44 Additional information required by schedule III

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at 31-3-2018

Particulars	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 (Rupees)	Amount consolidated (Rupees)	As % of consolidated net assets (Rupees)	Amount consolidated (Rupees)	As % of consolidated net assets (Rupees)	Amount consolidated (Rupees)	As % of consolidated net assets (Rupees)	Amount consolidated (Rupees)
A – Parent	96.70%	19,653	96.60%	4,894	97.75%	217	96.65%	5,111
L&T Technology Services Limited								
B - Subsidiaries								
(i) Indian subsidiary								
L&T Thales Technology Services Private Limited	-0.01%	(3)	0.45%	23	0.90%	2	0.47%	25
(ii) Foreign subsidiary								
L&T Technology Services LLC (Consolidated)	3.31%	673	2.94%	149	1.35%	3	2.87%	152
Subtotal (A+B)	100.00%	20,323	100.00%	5,066	100.00%	222	100.00%	5,288
a. Adjustments arising out of consolidation		(959)		-		-		-
b. Non-controlling interests in all subsidiaries		3		6		1		7
Total owners's share		19,367		5,060		221		5,281

(` million)

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at 31-3-2017

Particulars	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 (Rupees)	Amount consolidated (Rupees)	As % of consolidated net assets (Rupees)	Amount consolidated (Rupees)	As % of consolidated net assets (Rupees)	Amount consolidated (Rupees)	As % of consolidated net assets (Rupees)	Amount consolidated (Rupees)
A – Parent	103.22%	15,315	105.65%	4,490	98.22%	828	104.42%	5,318
L&T Technology Services Limited								
B - Subsidiaries								
(i) Indian subsidiary								
L&T Thales Technology Services Private Limited	-0.19%	(28)	0.12%	5	0.00%	-	0.10%	5
(ii) Foreign subsidiary								
L&T Technology Services LLC (Consolidated)	-3.03%	(450)	-5.76%	(245)	1.78%	15	-4.52%	(230)
Subtotal (A+B)	100.00%	14,837	100.00%	4,250	100.00%	843	100.00%	5,093
a. Adjustments arising out of consolidation		19		-		-		1
b. Non-controlling interests in all subsidiaries		(4)		1		-		1
Total owners's share		14,852		4,249		843		5,092

(` million)

Notes forming part of the Consolidated Financial Statements

45 Release, waiver and intellectual property assignment and license agreement

On January 16, 2018, Esencia Technologies Inc. (Esencia), 100% subsidiary of the Group, entered into a Release, Waiver and Intellectual Property Assignment and License Agreement (“the Agreement”) with one of its existing customer. Under the terms of the Agreement, Esencia has agreed to release certain employees along with assignment and license of certain intellectual property for a total consideration of US\$ 17 Mn. On fulfilment of certain conditions, Esencia has received an initial consideration of US\$ 3.50 Mn in exchange of intellectual property assignment and release and waiver of employees. Amount attributable towards assignment of intellectual property, based on its fair value, as determined by an independent appraisal, is recorded as revenue from sale / licensing of intellectual property rights. The balance amount has been recorded as other income in the consolidated statement of profit and loss. Of the consideration receivable in subsequent years, on fulfilment of certain conditions, US\$ 12 million has been received in April 2018. This, alongwith the balance receivable will be accounted for when the said conditions are fulfilled.

46 Change in useful life

Effective from April 01, 2017, L&T Technology Services LLC (subsidiary) changed estimated useful life of customer contracts and relationship from 7 years to 4 years. This change was implemented to better match revenues and expenses, taking into account the nature of the assets and business. Effect of such change in current period recognized in statement of profit and loss is ` 83 million. Expected impact in subsequent period is ` 40 million.

47 Micro and small enterprises

	As at 31-3-2018	As at 31-3-2017
Principal amount due to suppliers under MSMED Act, 2006	4	1
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
Amount of further interest remaining due and payable even in the succeeding years	-	-

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.

48 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2018 (previous year: ` Nil).

49 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

FIRDOSH D. BUCHIA
 Partner
 Membership No. 038332

P. RAMAKRISHNAN
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary
 Membership No. F3485

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 22, 2018

Place: Mumbai
 Date: May 22, 2018

Statement Containing Salient Features of the Financial Statements of Subsidiaries/ Associate Companies/ Joint Ventures

(` million)

Sr no	Particulars	L&T Thales Technology Services Private Limited	L&T Technology Services LLC	Esencia Technologies Inc.	Esencia Technologies India Private Limited
	The date since when subsidiary was acquired	February 15, 2014	June 26, 2014	May 31, 2017	May 31, 2017
	Financial year ending on	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
	Relationship	Subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services LLC	Wholly owned subsidiary of Esencia Technologies Inc.
	Currency	-	US\$	US\$	-
	Exchange rate on the last day of financial year	-	65.175	65.175	-
1	Share capital	21	970	280	0
2	Reserves	(23)	(404)	(151)	6
3	Non-current liabilities	-	13	-	-
4	Current liabilities	566	1,402	169	3
5	Total equity and liabilities (1+2+3+4)	564	1,981	298	9
6	Non-current assets	97	1,528	3	1
7	Current assets	467	453	295	8
8	Total assets (5+6)	564	1,981	298	9
9	Investments included in current assets (6 above)	13	-	-	-
10	Revenue from operations	736	1,627	1,191	38
11	Profit before taxation	17	46	283	7
12	Provision for taxation	-6	2	87	2
13	Profit after taxation	23	44	196	5
14	Interim dividend - equity	-	-	196	-
15	Interim dividend - preference	-	-	-	-
16	Proposed dividend - equity	-	-	-	-
17	Proposed dividend - preference	-	-	-	-
18	% of share holding	74%	100%	100%	100%

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
Membership No. F3485

A.M. NAIK
Director
(DIN 00001514)

DR. KESHAB PANDA
Chief Executive Officer &
Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 22, 2018



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: L72900MH2012PLC232169

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

Name of the Member(s)	
Registered Address	
Email ID	
Folio No. /DPID	

I/We, being the member(s) of _____ of **L&T TECHNOLOGY SERVICES LIMITED**, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____ or 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 **Sixth Annual General Meeting** of the Company, to be held at Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai – 400021 on Wednesday, August 22, 2018 at 11.00 a.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, 2018 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, 2018.		
2.	Dividend on equity shares for the financial year 2017-18.		
3.	Appoint Mr. S. N. Subrahmanyam (DIN: 02255382) as a Director liable to retire by rotation.		
4.	Appoint Dr. Keshab Panda (DIN: 05296942) as a Director liable to retire by rotation.		
5.	Re-appointment of Sharp & Tannan as Statutory Auditors of the Company for a period of four years.		
6.	Re-appointment and remuneration of Dr. Keshab Panda (DIN: 05296942) as the Chief Executive Officer & Managing Director of the Company.		
7.	Re-appointment and remuneration of Mr. Amit Chadha (DIN: 07076149) as the President–Sales & Business Development and Whole-Time Director of the Company.		
8.	Appoint Mr. Bhupendra Bhate (DIN: 07938959) as a Director of the Company.		
9.	Appointment and remuneration of Mr. Bhupendra Bhate (DIN: 07938959) as a Chief Operating Officer & Whole-Time Director of the Company.		
10.	Appointment and continuation of Mr. A. M. Naik as Non-Executive Director of the Company who has attained the age of seventy-five years.		

Signed thisday of2018

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.



L&T Technology Services

L&T Technology Services Limited

Registered Office:

L&T House, N. M. Marg, Ballard Estate,
Mumbai-400 001, Maharashtra, India.

For Additional Information About L&T Technology Services Log on to
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