



L&T Technology Services

L&T Technology Services Limited

L&T Business Park, TC-2, Tower B,
2nd Floor, North-East Wing,
Gate No.5, Saki Vihar Road,
Powai, Mumbai-400072.

June 17, 2019

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**

The 7th Annual General Meeting (AGM) of the Company is scheduled to be held on Saturday, July 20, 2019 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of the AGM for FY 2018-19 which is being dispatched/sent to the shareholders by the permitted mode.

The Annual Report along with the Notice of the AGM has been uploaded on the Company's Website at https://www.ltts.com/sites/default/files/investors/financial-info/annual-report/Annual_Report_1.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)



BEING #1

2018 - 19
ANNUAL REPORT

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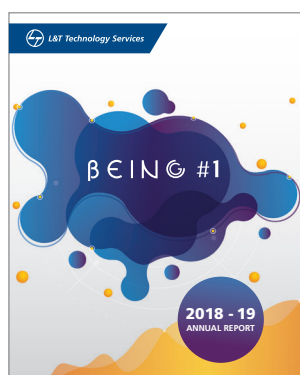
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Disclaimer

This report may contain forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', '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 the information independently.



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



Scan the above QR code to reach to our Investor Communications

Engineering the Change

Establishing excellence is a journey that never ends. While we have grown and scaled up our global operations in the span of a decade, it is now our endeavour to become the world's leading technology services company, and an engineering partner of choice for brands across the world.

We at LTTS believe Being #1 requires the willingness and determination to stay ahead of the times, and develop the skills and offerings that help our customers in their business transformation.

With its rich engineering heritage and a brand synonymous with trust and quality, LTTS is helping its global customers develop the smart products, services and solutions of tomorrow.

LTTS has participated in a number of innovative and path-breaking projects with global enterprises and startups



THE WORLD'S FIRST
HYBRID AIRCRAFT
ENGINE



THE SMARTEST
CAMPUS IN THE
WORLD



THE WORLD'S FIRST
AUTONOMOUS
WELDING ROBOT



INDIA'S FIRST
AFFORDABLE
INDIGENOUS BLOOD
CELL COUNTER



A UNIQUE
SOLAR CONNECTIVITY
DRONE

This is the essence of
BEING #1
at L&T Technology Services

LTTS - India's leading pure-play engineering services company

Our service offerings extend across a wide gamut of industries, highlighting our end-to-end engineering capabilities

Transportation



- Automotive
- Aerospace
- Rail
- Trucks & Off-Highway

Industrial Products



- Industrial Machinery
- Power Electronics
- Building Solutions
- Lighting Engineering
- Renewable Energy

Telecom & Hi-Tech



- Semiconductors
- Media & Entertainment
- Consumer Electronics
- Telecom

Medical Devices



- Surgical & Diagnostic
- Patient Mobility
- Therapeutic & Life Science
- Musculoskeletal

Process Industry



- Consumer Packaged Goods
- Speciality Chemicals
- Energy & Utilities

L&T Technology Services Limited (LTTS) is a leading global ER&D services company with a client base comprising 69 Fortune 500 companies and 51 of the world's top R&D spenders. The Company offers design and development solutions to clients across the entire value chain of product development and caters to all major industries including transportation, industrial products, telecom & hi-tech, medical devices and process industries. LTTS specializes in an array of advanced technologies including but not limited to 5G, artificial intelligence, collaborative robots, digital factories and autonomous vehicles.

With its engineering design expertise, innovative solutions portfolio, smart manufacturing and digital capabilities, the Company is intimately involved with its global customers in improving their product and solution development and accelerating their digital roadmaps.

Pillars of our success

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

Vision

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

Values

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

Our Best-in-Class offerings

Our ER&D competencies power our status as a premiere engineering services company, enabling us to offer a wide spectrum of services covering multiple sectors, design and development solutions and providing customers with holistic engineering support across their business framework.

Our services span the product development chain and facilitate solutions in the areas of:

- Digital Advisory, Smart Products & Services and DMS
- Embedded Systems
- Software Engineering
- Process Engineering



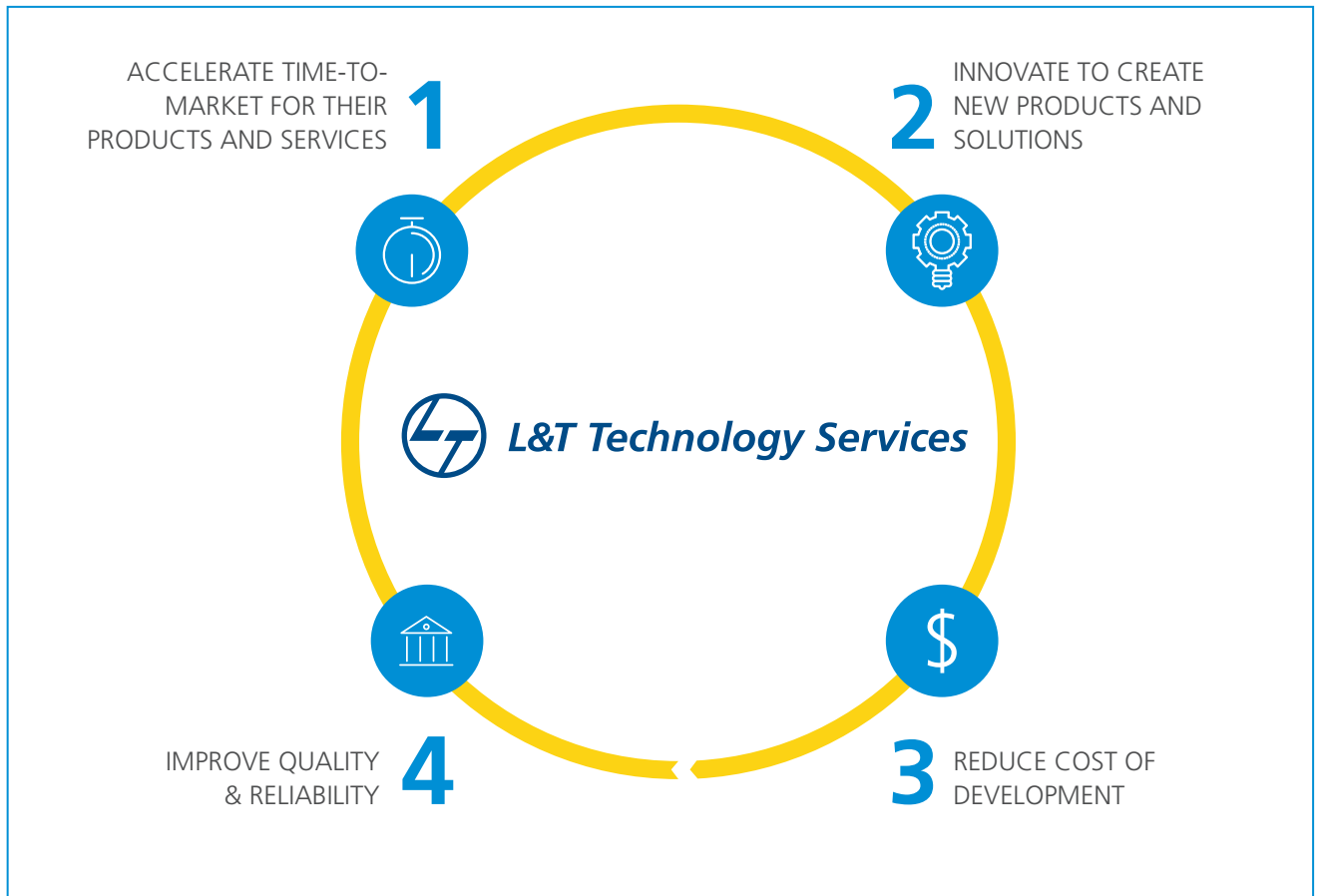
LTTS is a publicly-listed subsidiary of Larsen & Toubro Limited, the USD 20 billion Indian conglomerate operating in over 30 countries



We are the engineering services partner to most of the top ER&D spenders across industries:

- 8 of Top 10 in Transportation
- 8 of Top 10 in Hi-Tech
- 7 of Top 10 in Industrial Products
- 7 of Top 10 in Process Industry
- 3 of Top 5 in Medical and Healthcare

LTTs enables our global customers to:



State-of-the-art infrastructure

Lending a strong foundation to the Company's ER&D framework are its 49 state-of-the-art R&D labs which support 30+ digital frameworks.

LTTs' innovation practice

At LTTs, we foster a culture of CrossPoll!nnovation® that allows us to leverage leading technologies across segments to bring innovation to our customer's products and solutions.

LTTs has created a strong portfolio of 399 patents many of them in collaboration with our customers.

Delivering with speed

Our investments in emerging technologies and repertoire of ready-to-deploy digital solutions help customers accelerate their digital transformations.

Being #1

Growth



35.5%

Industry leading
INR revenue growth
in FY19



58%

YoY growth in revenues
from Digital & Leading-Edge
Technologies

Customers



51

Customers across
top R&D Houses



69

Fortune 500 companies
as customers



90%

Repeat Business

Assets



14,000+

Engineers led by seasoned
leaders from the industry;
1500+ SMEs & Technical
Architects



49

Innovation Labs



399

Patents filed (288
patents co-authored
with global customers
and 111 by LTTS)

Founder Chairman's Message



Dear Shareholders,

I am happy to present your company's Annual Report for fiscal 2019. In its third year as a listed company, L&T Technology Services (LTTS) has surpassed industry growth rates and continued its strong run as India's leading pure play engineering services provider.

LTTS' leadership position is built around the inherent advantages it derives from its parent company – Larsen & Toubro, India's leading technology, engineering, construction and manufacturing conglomerate. Leveraging this technology lineage, LTTS has augmented its repertoire with cutting edge innovation. New techniques and solutions have enhanced the value of its offerings and deepened its relationships with a global client base which includes 69 Fortune 500 companies and 51 of the world's top R&D spenders.

Technology as the driving force for change has re-configured the way businesses operate across multiple sectors. A growing demand for end-to-end product design is creating opportunities in sectors such as healthcare, automobile engineering and transportation, electronics and data processing. LTTS has successfully positioned itself as a partner equipped to meet the expectations of clients who in turn want to enhance their end-customer experience.

Digital Engineering - A Strong Upside

We believe that digital engineering is largely impervious to the volatility of the global economy and geo-political crosscurrents. Forecasts indicate that demand is set for steady growth well into the future. Organizations are continuing to increase their digital spends, proving that engineering solutions are translating into enhanced efficiencies. New age technologies such as 5G, Artificial Intelligence, Machine to Machine communication, Internet of Things, and Advanced Robotics among others are enabling organizations to tap new revenue streams even as some of them shed traditional business models.

L&T Technology Services expects to continue harvesting the significant benefits of digitalization in the years ahead.

Consistent Growth & Profitability

Since its inception, LTTS has had a track record of fast paced growth and high

profitability. In the fiscal year ended March 31, 2019, revenues touched ₹ 50,783 million at 35.5% growth rate, equivalent to USD 723 million, while net profit rose 51.3% to ₹ 7,656 million for the year. I am confident that LTTS is well on track to achieve its targeted revenue of \$1 Billion by FY21.

You will be happy to learn that LTTS has been among the top-rated companies in the analyst community, winning recognition from some of the world's most reputed consultancies. LTTS has also won several accolades including Best Company of the Year by Indo-American Chamber of Commerce (IACC) and NASSCOM Artificial Intelligence Game Changer Awards 2018.

I look forward to seeing the vibrant team of LTTS under the leadership of Dr. Keshab Panda steadfastly continuing its quest to become the number one ER&D services company in the world.

A. M. Naik
Founder Chairman

CEO and Managing Director's Message



Dear Shareholders,

FY 19 was a special year for L&T Technology Services Limited (LTTS) as the Company consolidated its position as India's leading pure play engineering services provider with an industry leading growth.

In a short span of time, amidst the competitive business landscape driven by rapid digitalization, LTTS has positioned itself as an innovation-led engineering and technology solutions provider to the world's top ER&D spenders. From its early days as L&T IES in 2009, the Company's continuous strategic investments in new technology areas coupled with its multi-industry expertise has enabled the Company to facilitate superior innovations for customers who are spread across multiple geographies from North America, to Europe, Middle East and Asia. Besides these, a culture of CrossPoll!nnovation®, and best-in-class engineering infrastructure including 49 R&D labs in India and design centres in the U.S. and Europe, have helped in the transformation of LTTS into a trustworthy partner of choice for global enterprises. Our strategy of focusing on the Top 30 customer accounts has continued to pay rich dividends, winning us some landmark projects and strengthening our relationship with existing and new clients. As a fast-growing technology services

company, we realize that we have to be ahead of the market expectations and in tune with the customers' future requirements.

Enterprises today seek partners who not only innovate but also bring agility and deep domain expertise to drive their transformational requirements. Based on our conversations with stakeholders across the world, customers primarily have five asks –

- Using adjacent technologies or technologies borrowed from one industry to another, to garner new business
- Deploying AI, Machine Learning and other emerging technologies in the customer's day-to-day product cycle
- Enhancing end-customer experience by leveraging smart technologies
- Identifying and building products, core to the future while supporting legacy systems

- Faster product development cycles and helping grow market share through an agile iterative model

With a focus on addressing all of the above, LTTS is conceiving and executing digital blueprints for customers which is finding good acceptance in the market.

Leading the way with Cutting-Edge Technology

Last year, we created the CTO's Office to strengthen our portfolio of ready to deploy digital solutions and trigger new sources of revenues. This year, we have created the position of the Chief Innovation Officer (CIO) to institutionalize and mature our innovation program. The Chief Innovation Officer will build PoC's and carve out new type of futuristic offerings to help our customers stay ahead of their competition.

The offices of the CTO and CIO will closely collaborate to churn out new and interesting digital frameworks especially in the areas of Design Thinking and Deep

Learning and strengthen our 399 - strong patent portfolio.

LTTs rolled out some key offerings, in the past fiscal year, centred around the latest advancements in digital engineering including **AiKno™** a cognitive intelligence framework which combines contextual intelligence and AI, **nBon**, the Narrow Band IoT (NBloT) solution that provides Wide Area Network connectivity at low power, **Factory D.0**, that addresses smart factory requirements such as wireless material tracking, quality inspection and digital twins, and **Iron Home**, a next-gen multi-layered smart home security platform that facilitates fool-proof safety for the routers, networks and IoT devices.

Our team of engineers recently developed a robust, secure and customizable IoT and connectivity framework known as **EnP (Engineering Platform)**. EnP allows holistic end-to-end integration of the best products and solutions from the LTTs stable across myriad application areas covering asset management, telematics, energy management, connected products, smart homes and connected healthcare. Our customers have already shown a significant amount of interest in the futuristic engineering capabilities that EnP provides and this platform is expected to become an integral part of our digital portfolio contributing to our pipeline of large deals.

Now let me share a few highlights from the fiscal 2019.

Continuing Growth Narrative

LTTs ended the financial year with ₹ 50,783 million in revenue which represents an industry leading growth of 35.5% YoY. In USD terms, our revenue rose 24.6% to USD 723 million. Our

EBITDA margin expanded to 18% in FY19 reflecting our strong operational performance and PAT increased over 51% to ₹ 7,656 million. In line with the Company's dividend distribution policy, the Board has recommended **a final dividend of ₹ 13.5 per share** for FY 2019, besides an interim dividend of ₹ 7.5 per share declared during the year.

Our technology portfolio comprising digital frameworks, solutions and patents continued to expand resulting in best-of-the-breed offerings, catering to all our industry verticals. During the year, LTTs was also able to achieve its dual objectives of broad-based and double-digit growth. Notably, digital & leading-edge technologies grew 58% YoY and contributed to 33% of revenues in FY 2019, once again proving to be LTTs' principal growth driver. This demonstrates our strength as a new-age technology company transforming enterprises worldwide.

Strong Momentum Across Sectors & Geographies

LTTs continues to see a healthy pipeline across various geographies in all of its industry segments. I am also pleased to share that LTTs is the preferred engineering services partner to 51 of the world's Top 100 R&D spenders and garners 90% repeat business from our customers. As a preferred technology partner to global customers, LTTs is helping them leverage disruptive technologies and launch new products and services.

LTTs is also witnessing continued business traction in the U.S. across product design and support to verification and validation opportunities, plant expansion and digitalization. In Europe and Japan, we are seeing growth in traditional and digital

investments viz. transportation, industrial products, oil & gas and petrochemical.

Now coming to our industry verticals, in the **Transportation** space, our digital cockpit solution designed for vehicles provides an enriched passenger experience with an advanced infotainment and instrument cluster. In the **Telecom & Hi-tech** segment, we opened a state-of-the-art 5G lab in Bengaluru where we are developing several accelerators and automation frameworks that will find applications in robotics, autonomous driving and smart city frameworks. LTTs furthered its **Process Industry** service portfolio to include the digital sphere and is working with its global customers on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR). We are also assisting our customers in taking their cyber security implementations to the next level.

In the **Industrial Products** segment, there are opportunities aplenty in asset management, manufacturing operations and digital content management. We are also seeing several projects moving from POC to full implementation, which augurs well for our future pipeline. In **Medical Devices & Healthcare**, LTTs partnered with a leading medical equipment manufacturer to rectify multiple critical issues with their slide maker strainer equipment to increase its efficiency and decrease service cost. LTTs also had the opportunity to contribute to the Government's 'Make in India' initiative by partnering with Agappe, a leading In-vitro diagnostics company, to launch a first-of-its-kind automated blood cell counter in the Indian subcontinent which would result in lower diagnostic costs.



Empowering People with Engineering

LTTS is a multinational ER&D growing at a rapid pace and therefore we look for best engineering talent across all our global locations. In the U.S., we hired graduates from various universities and institutions and trained them in emerging technologies which will prepare them for working overseas with clients. These young recruits are also getting hands-on technology training for upcoming projects in our design centres in Peoria, Illinois and California. Similarly, we are also expanding our offices in Israel dedicated to advanced technology projects in Security & Hi-Tech.

At LTTS, our biggest assets are our people. To augment our workforce and make them future-ready, we are providing specialised training to prepare our engineers for the complex technological challenges that lie ahead. For this, we have set up an internal platform called **WIZneers**, to create a community of technology architects within LTTS. We also believe that motivating the youth is the best approach to truly engineering the change. Through **TECHgium®**, which is a one of its kind pan India industry academia initiative, we enabled engineering students to work on real-time customer challenges and come up with intriguing solutions. In its third season, **TECHgium®** secured 200% increase in participants from its inception year 2016 taking the participant count to 19,000.

BEING #1

Our unique engineering DNA stems from our parent, Larsen & Toubro Limited (L&T) and will always be a differentiating

factor for our Company. I would like to thank our **Group Chairman Mr. A.M. Naik** and **Group CEO & MD Mr. S.N. Subrahmanyam** for their continued guidance and mentorship which has led to LTTS' stellar growth over the years.

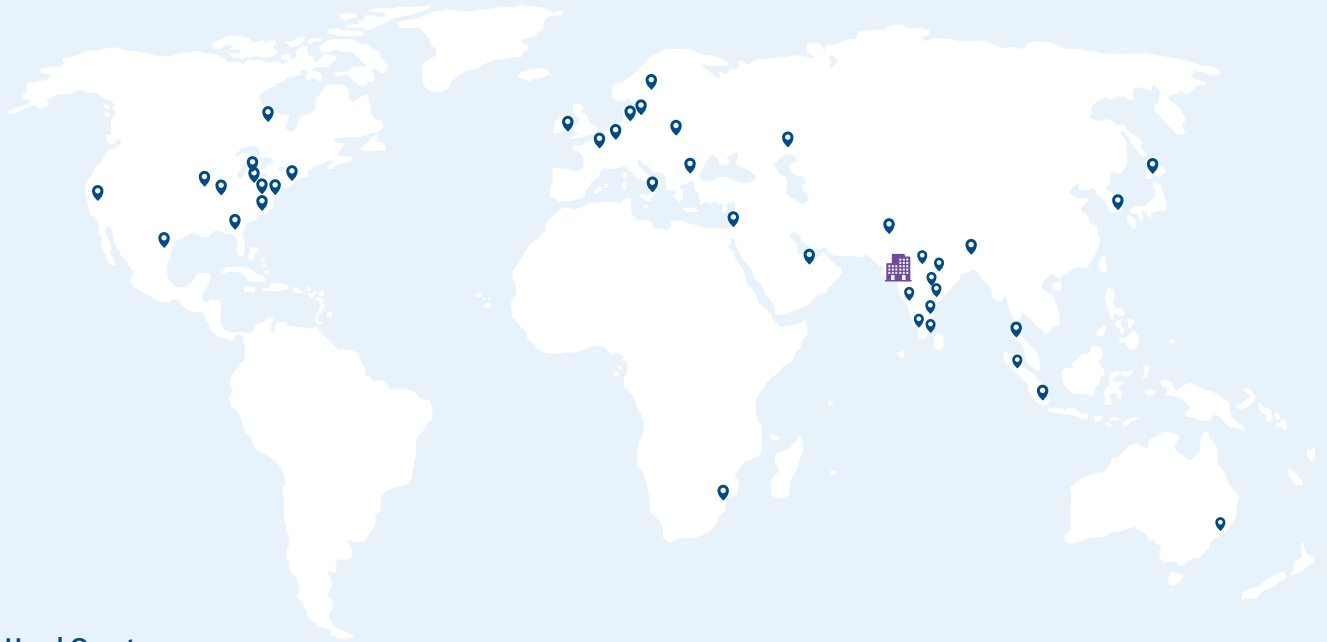
While we have achieved the remarkable feat of becoming India's leading pure-play engineering services firm, it is important that we don't rest on our laurels but continue to set standards for the industry. We see huge potential for growth, with global ER&D spending likely to touch USD 2 trillion per annum by FY22 according to NASSCOM. LTTS is well positioned to tap this opportunity by supersizing our engagements with our marquee customers - the top 80 of whom collectively spend around USD 227 billion per annum on ER&D. I am confident that our approach of innovation led profitable growth will open new avenues and unlock the next level of growth.

I am also proud to inform you that our **Group Chairman Shri A.M. Naik** was recently bestowed with the prestigious **Padma Vibhushan** by the Hon'ble President of India. Our 15,100+ strong team extend their heartiest congratulations to Mr. Naik.

On behalf of the entire Board of Directors, the management team and all our employees, I would like to thank you for your continued support and encouragement and look forward to another exciting year for Team LTTS.

Dr. Keshab Panda
CEO & MD

Global Presence



Head Quarters

Vadodara, India

India

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

USA

- California
 - San Jose
 - Santa Clara
- Connecticut
- Georgia

- Illinois
 - Peoria
 - Rockford
 - Schaumburg
- Iowa
 - Bettendorf
- Michigan
 - Southfield
- New Jersey
 - Edison
- Ohio
 - Dublin
- Pennsylvania
 - New Holland
- Texas
 - Plano
 - Houston

Europe

Belgium

- Brussels

Denmark

- Copenhagen

Finland

- Espoo

France

- Paris

Germany

- Leipzig
- Munich
- Frankfurt
- Hamburg

Italy

- Milan

Netherlands

- Amsterdam

Norway

- Oslo

Poland

- Warsaw

Sweden

- Stockholm
- Gothenburg

United Kingdom

- London
- Manchester

Rest of the World (RoW)

Australia

- Victoria (Melbourne)

Canada

- Ontario

Israel

- Jerusalem

Japan

- Tokyo

Malaysia

- Kuala Lumpur

Singapore

South Africa

- Johannesburg

South Korea

- Suwon

Taiwan

- Taipei

UAE

- Abu Dhabi



Head Quarter



Branch Offices

Map is not to scale



Our Portfolio of Digital Solutions

We understand the importance of emerging technologies to our customers and remain focused on strengthening our digital interventions.

The cumulative power of our core strengths has enabled us to create an exciting gamut of high-end innovative solutions. Our products and solutions help customers grow in the competitive global markets of today, preparing them for the next level of their business roadmap.



i-BEMS Intelligent Building Experience Management System

Reduces building energy usage by up to 15% and ensures return on investment within three years of deployment. The smart campus framework also facilitates management of energy consumption, heating, ventilation and air conditioning, elevators and escalators, building safety and lighting



EnP (Engineering Platform)

LTTS' proprietary cloud IoT platform, built to help our customers rapidly customise and seamlessly deploy IoT products and generate business insights in real time



Integrated Mcare

IoT powered Condition Based Monitoring (CBM) Solution that facilitates predictive maintenance of machines. The solution incorporates integrated machine learning algorithms to analyze critical data from industrial machinery used in a variety of sectors



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 automation

Investing in Next-Gen Innovations

To assist our global customers innovate and stay ahead of the curve, we are strategically investing in advanced technological areas.



Autonomous Vehicles

- Expertise in LiDAR technology (Light Detection and Ranging)



5G

- State-of-the-art 5G lab for designing and building future-ready solutions



nBon

Designed with low memory and low power footprint, enabling seamless integration with custom target platforms



Nouvis

It is a Unified Logging Framework that supports Serialization, Centralized Storage of Logs, and Analytics with Visualization



WAGES

(Water, Air, Gas, Electricity, Steam)
Comprehensive, data-driven utility conservation programs to reduce OPEX



Factory D.0

A broad portfolio of proprietary technologies and platforms, to help customers accelerate implementations and realise the benefits of Industry 4.0



Iron Home

A next-gen multi-layered smart home security platform that facilitates fool-proof safety for the routers, network and IoT devices



Compute Vision

- Involves automatic extraction, thorough analysis and interpretation of useful digital information



Cyber Security

- Dedicated COEs in Israel and India for digital security solutions

Awards & Recognitions

Over the year, LTTs has been conferred with a number of prestigious recognitions from the industry



Organizational Awards

- Recognized as the 'Best Company of the Year' and also conferred with the prestigious 'Excellence in Corporate Social Responsibility' award by the **Indo-American Chamber of Commerce (IACC)**
- Honoured among the top 5 global organizations for social media marketing by the **US-based CFX Faxies**
- Awarded the HR Department of the Year distinction at the **Delaware Valley Awards by the Rosen Group**
- Honoured by **UBS Forum** with the Best CSR Practice Award 2018 for creating significant and positive impact on people, communities and the environment through education initiatives



Customer Recognitions

- Acknowledged by **John Deere** as **Partner Level Supplier** for outstanding quality of product and services as well its commitment to continuous improvement
- Conferred with the '**Supplier of the Year Award**' by **Continental**, a leading German technology company



Technology Awards

- AiKno™ framework was selected as one of the Top 50 use cases in the **NASSCOM Artificial Intelligence Game Changer Awards 2018**
- Honoured with the **2018 IoT Platforms Leadership Award by IoT Evolution Magazine**, a U.S. based technology publication, for our IoT powered Condition Based Monitoring Solution 'Integrated MCare'



Research and Analyst Recognitions

- Rated as a Leader in 6 market categories across 3 industries in the U.S. market in the inaugural edition of **ISG Provider Lens™**
- Recognized as a 'Leader' for Embedded System Engineering Services and positioned among the top 3 companies by **Everest Group**
- Acknowledged as a **Leader** across 12 unique expertise areas in **IoT Technology & Services by Zinnov Zones 2018**
- Recognized among the Top 3 Global Leaders in **Medical Devices Engineering Services by Everest Group**
- Positioned in the "Leadership Zone" in Broadcasting vertical of the **Zinnov Zones 2018 Media & Entertainment Services Report**

Our Alliances

Our collaborations and alliances with government bodies and leading organizations/institutions across the world are helping establish a global ecosystem of innovation and excellence.

Microsoft

PTC

India Electronics & Semiconductor
Association (IESA)

NASSCOM ER&D Council

Confederation of
Indian Industry (CII)

The Institute of Electrical and
Electronics Engineers (IEEE)

FICCI (The Federation of
Indian Chambers of Commerce
and Industry)

Japan External Trade
Organization (JETRO)

Government of Israel

Our Quality Certifications



ISO 9001:2015

Engineering solutions in the CAD and CAM domains, for embedded software and hardware design services



AS 9100 D

Aerospace
Engineering



ISO 14001:2015

For the organization's environmental management system



BS OHSAS 18001: 2007

Identifying, controlling and decreasing the health and safety risks within the workplace



ISO 13485: 2016

Medical Devices
Engineering



CMMi DEV 1.3 Maturity Level 5

Improving processes across projects, divisions and the organization



ISO/IEC 27001:2013

Establishing, maintaining and improving the information security management system



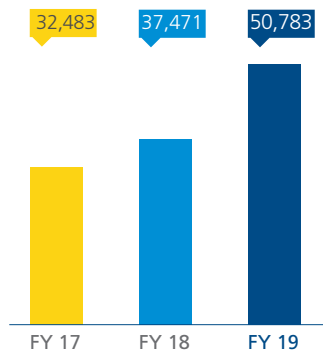
SA 8000:2014

Accountability Management
System Standard

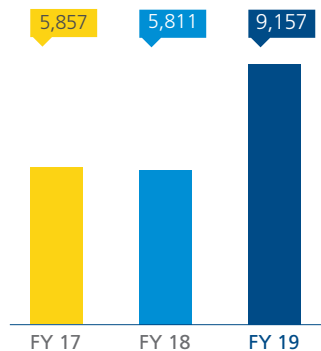
LTTS Facts & Figures

Consolidated

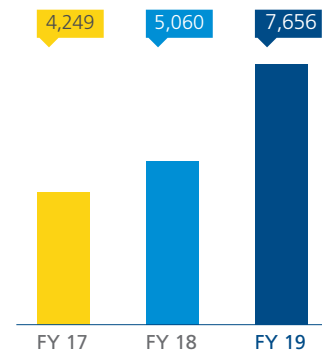
Operational Revenue (INR in Mn)



EBITDA (INR in Mn)

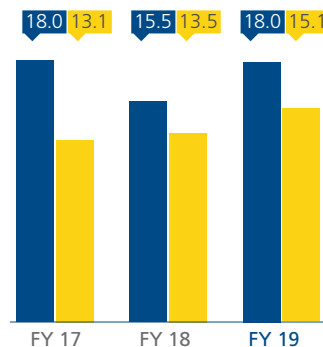


PAT* (INR in Mn)



* PAT numbers are post Minority Interest

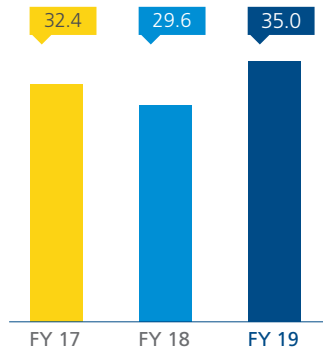
EBITDA and PAT Margin (%)



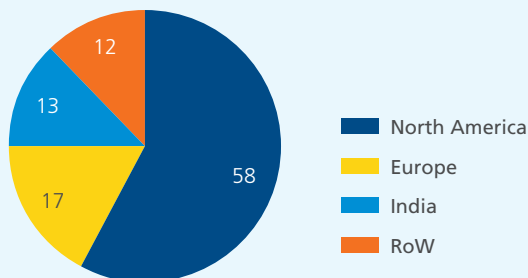
■ EBITDA to Operational Revenue

■ PAT to Operational Revenue

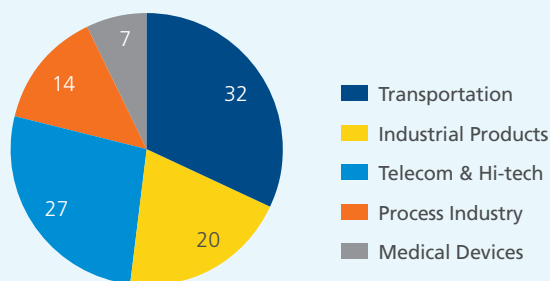
Return on Net Worth (%)



Geography-wise revenue break-up in 2019 (%)



Business-wise revenue break-up in 2019 (%)



Taking our People to the Next Level

As India's leading engineering services provider, we believe that our employees are the driving force behind our success. Our 14,000+ engineers are equipped with advanced technology skills to not merely support but lead the transformations for our customers. Talent retention and management, learning, training and skill development, leadership evolution, and career progression are some of the ways in which LTTs empowers its employees, and creates an attractive workplace.

Leaders League

Leaders League identifies and develops high potential talent to create a pool of leaders who are prepared to take up leadership roles in the organization. We undertake various career development initiatives under this program.

- **Illuminate** – A mentoring initiative that focuses on identifying talented individuals and giving them an opportunity to get mentored by CXOs

- **CEO Club** – Members of the CEO Club comprise high-potential performers from various functions within the Company who will work with CEO & MD Dr. Keshab Panda on strategic projects
- **Accelerated Leadership Potential** – This year-long initiative includes a series of interventions, action

learning projects & group coaching and focus on empowering the middle management

- **Young Managers Program** – This is a 10-month long program to groom project managers for larger roles through competency-based workshops



Col. Arvind Varma, Postmaster General, Bengaluru HQ region, and Dr. Keshab Panda, CEO and MD, LTTs launched the TECHgium® stamp to mark the successful conclusion of its 3rd season

TECHgium®

A one-of-its-kind industry-academia open innovation challenge aimed at encouraging young engineering students towards conceptualizing solutions for real time challenges faced by global enterprises.

Highlights of FY19

270

Colleges & universities across India

Over 19,000

Applications from students across top colleges in India

200%

Jump in applications over FY17 – the year of inception

Just Code Hackathon

Held across delivery centres in India and Israel to enable employees convert their ideas into actionable products and solutions.

Highlights of FY19

7

Locations in India & Israel

120

Teams

500

Participants

29

Winning teams

Corporate Social Responsibility

Our CSR framework aims at making a meaningful difference in the lives of the people we touch. LTTs has identified the areas of Healthcare, Education & Skill Development, Sports, Environment & Water Conservation among others, for our targeted CSR interventions.

Drivers of our CSR journey

Implement CSR programs with the aim of building 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 high quality of life devoid of inequality

Empower individuals in socially, educationally and economically backward communities

THE JOURNEY DURING FY19:

Education (Naya Savera)

We conducted various skilling programs for more than 75,000 people during the year, across all LTTs locations, through programmes in partnership with Larsen & Toubro Public Charitable Trust, Samarthanam Trust for Disabled, ARCH Development Foundation, Agastya International Foundation and IISc Bangalore.

Healthcare (Sparsh)

We collaborated with Sankara Nethralaya, Laxmi Eye Institute, Indian Cancer Society and CareNx in the areas of eye care solutions, cancer diagnosis and screening of pregnant women.

Environment & Water (ENWA)

We have partnered with National Agro Foundation to run watershed projects in Maharashtra and Tamil Nadu to provide water restoration for year-long agriculture and domestic use in villages.

Climate Action (ENWA)

In collaboration with Swami Vivekanand Youth Movement Mysore, we provided solar power to 33 houses in the district.

Protection and Restoration of Public Places

Mumbai

- Completed enhancement of 6.5 kms median road project in Navi Mumbai

Bengaluru

- Developed and maintained 30,000 sq. ft green cover in North Bengaluru

Mysuru

- Facilitated 3,15,000 sq. ft. of green cover at Dr. Jagajivan Ram Circle in Bengaluru and Dr. Rajkumar Park in Mysuru

Enabling through Sports

LTTs collaborated with Samarthanam Trust for the Disabled to organize the Tri-Nation Blind Cricket Tournament between India, England and Sri Lanka, giving a platform to the visually

challenged cricketers across the globe to realize their true potential and shine on the field. The Indian team took home the L&T Technology Services Blind Cricket Cup



Board of Directors



A.M. Naik

Founder Chairman

Awarded Padma Vibhushan, 2019

Mr. A.M. Naik is the Founder Chairman of L&T Technology Services Limited. 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 of Larsen & Toubro 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 mentoring of the next generation leadership and expanding the outreach of CSR for nation building. 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 is one of the very few professionals in the field of industry to receive the Padma Vibhushan in 2019, one of the highest national honours. He has been conferred with 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 also won the 'Padma Bhushan', 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. Subrahmanyan is Vice Chairman, L&T Technology Services Limited. He is the Chief Executive Officer and Managing Director of Larsen & Toubro. In addition, he is Vice Chairman on the Board of L&T Infotech Limited (LTI) Services and Non-Executive Chairman of L&T Metro Rail (Hyderabad) Limited.

Mr. Subrahmanyan, or SNS as he is popularly known in industry circles, took over the reins in July 2017 having previously, in his capacity as Deputy Managing Director and President, L&T, headed the construction business of the group which, is presently, among the top 25 contractors globally and India's largest construction organization having clocked an annual revenue of USD 9.5 billion in FY18.

Currently, at the helm, SNS seeks to lead the varied businesses of L&T to chart a new growth trajectory riding on the enormous benefits of digitalization, big data and predictive analytics that he drives internally with an almost missionary like zeal. He places a premium on forging and building enduring relationships with customers that according to him is one of the key determinants of success in the modern world of enterprises. SNS is also passionate about innovation, project management and talent, particularly in leadership roles.

With a degree in civil engineering and post-graduation in business management, SNS commenced his professional journey with L&T in 1984 as a project planning engineer. Apart from successfully setting up the Ready Mix Concrete business in India for the first time, his gamut of responsibilities increased as he rose up the ranks. He was largely responsible for establishing L&T as a significant EPC player in the Middle East, Africa and ASEAN. SNS brought to the fore the organization's expertise for 'Design and Build' construction solutions on an EPC basis and has been one of the early exponents of aluminium formwork systems and precast technology for housing projects that has enabled the organization to build a wide range of infrastructure projects to speed and scale.

SNS holds positions of pre-eminence on various industry bodies, construction institutions and councils.

Recognized as the 'Contractor CEO of the Year' at the Qatar Contractors Forum & Awards function in 2014 in Doha, SNS was ranked 36th in the '2014 Construction Week Power 100' and accorded the Leading Engineering Personality award in the event 'Glimpses of Engineering Personalities' by the Institution of Engineers (India). The Construction Week magazine recognized him as the 'Infrastructure Person of the Year – 2012'.



Dr. Keshab Panda

CEO & MD

Dr. Keshab Panda is the Chief Executive Officer and Managing Director of L&T Technology Services Limited. Dr. Panda has 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 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 Limited in 2012, Dr. Panda was appointed as the Chief Executive Officer and Managing Director of L&T Technology Services Limited on January 21, 2016.

Dr. Panda led L&T Technology Services Limited 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 Limited into a company focused on innovation and new technology, leading the CII to recognise L&T Technology Services Limited 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 and Whole-time Director

Amit Chadha is President, Sales and Business Development & 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 Limited's digital engineering offerings for their strategic differentiation and product development.

Amit joined L&T Technology Services Limited 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 Limited 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 Limited, Amit headed the Manufacturing Sector across North America at Mahindra Satyam (earlier Satyam Computer Services Limited). 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 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 Birla Institute of Technology, Mesra. Amit has also done an Advanced Management Program in Business Leadership from INSEAD, France. He is currently based out of Washington DC.



Arjun Gupta
Independent Director

Mr. Arjun Gupta is an Independent Director of L&T Technology Services Limited. 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 has over 27 years of experience working with technology companies in engineering, consulting and venture capital roles. He was ranked by Forbes Magazine in the Top-100 technology venture capital investors on the 2006, 2007, 2008 and 2009 Midas Lists. He serves on the boards of various companies in U.S.A. such as Calient Technologies Inc., Jumpstart Games Inc.; Nexant Inc. and he is an adviser of DocuSign. He was appointed as an Independent Director of our Company with effect from October 28, 2015.



Narayanan Kumar
Independent Director

Mr. Narayanan Kumar is an Independent Director of L&T Technology Services Limited. He obtained his graduate degree in electronics and communications engineering from the University of Madras and is a fellow member of the Indian National Academy of 133 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, Times Innovative Media Limited, MRF Limited and L&T, among others and has experience in various sectors. He is also involved in areas of social welfare and education. He is 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.



Renuka Ramnath
Independent Director

Ms. Renuka Ramnath is an Independent Director of L&T Technology Services Limited. She has obtained a graduate degree in textiles from V.J. Technological Institute, University of Mumbai and a post graduate degree in management studies from 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 and 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.



Samir Desai
Independent Director

Mr. Samir Desai is an Independent Director of L&T Technology Services Limited. 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.



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 worked with Wipro Limited (WIPRO) from 1983 to 2008 and was the President, Enterprises Solutions Division. He was also member of the Corporate Executive Council of Wipro between 2002 and 2008. He was also a member of the Executive Council of Nasscom during 2000-2002 and again from 2009-2011. He also served as a member on the Board of Governors of Indian Institute of Information Technology, Allahabad. He was appointed as an Independent Director of our Company with effect from January 21, 2016. He was appointed as an Independent Director of our Company with effect from January 21, 2016.



Corporate Information

Board of Directors

| | |
|------------------------|--|
| Mr. A. M. Naik | Chairman |
| Mr. S. N. Subrahmanyam | Vice Chairman |
| Dr. Keshab Panda | Chief Executive Officer & Managing Director |
| Mr. Amit Chadha | President-Sales & Business Development & Whole-Time Director |
| Mr. Arjun Gupta | Independent Director |
| Mr. Narayanan Kumar | Independent Director |
| Ms. Renuka Ramnath | Independent Director |
| Mr. Samir Desai | Independent Director |
| Mr. Sudip Banerjee | Independent Director |

Chief Financial Officer Mr. P. Ramakrishnan

Company Secretary Mr. Kapil Bhalla

Registered Office L&T House, N.M. Marg, Ballard Estate, Mumbai - 400 001

Corporate Office 5th Floor, West Block-II, L&T Knowledge City (IT/ITES) SEZ, N.H. No. 8, Ajwa Waghodia Crossing, Vadodara - 390 019

CIN No. L72900MH2012PLC232169

Website www.ltts.com

Auditors Sharp & Tannan

Registrar & Share Transfer Agent Kary Fintech Private Limited

AGM Venue:
Birla Matushri Sabhagar,
19, Marine Lines,
Mumbai - 400 020

L&T TECHNOLOGY SERVICES LIMITED

Regd. Office: L&T House, N.M.Marg, Ballard Estate, Mumbai 400 001.

CIN: L72900MH2012PLC232169

Email: investor@lts.com • Website: www.lts.com

Tel No.: 022-67525656 • Fax No.: 022-67525893

NOTICE

NOTICE is hereby given that the SEVENTH ANNUAL GENERAL MEETING of **L&T TECHNOLOGY SERVICES LIMITED** will be held at **Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020** on **Saturday, July 20, 2019** at **3.30 p.m.** to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the year ended March 31, 2019 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, 2019;
2. To declare a dividend on equity shares for the financial year 2018-19;
3. To appoint a Director in place of Mr. Amit Chadha (DIN: 07076149) who retires by rotation and is eligible for re-appointment;
4. To appoint a Director in place of Mr. A. M. Naik (DIN: 00001514) who retires by rotation and is eligible for re-appointment;

SPECIAL BUSINESS:

5. **RE-APPOINTMENT AND CONTINUATION OF SAMIR DESAI (DIN:01182256) AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable

provisions of the Act and the rules made thereunder read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17(1A) and other applicable provisions of the LODR and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Samir Desai (DIN: 01182256), who was appointed as an Independent Director for consecutive term of five years upto April 29, 2019 by the shareholders and in respect of whom the Company has received a notice in writing from the Director under Section 160 of the Act, proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director of the Company for a term of five years with effect from April 30, 2019 to April 29, 2024 and also continue as an Independent Director of the Company after he attains the age of 75 years. He shall not be liable to retire by rotation."

6. **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 Section 197 and any other applicable provisions of 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 Act, and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of

appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof), the consent of the Company be and is hereby accorded to revise the terms of appointment/remuneration of Dr. Keshab Panda, Chief Executive Officer & Managing Director of the Company as explained in the Statement annexed to the Notice of the Meeting.

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

7. **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 Section 197 and any other applicable provisions of 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 Act, and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof), the consent of the Company be and is hereby accorded to revise, the terms of appointment/remuneration of Mr. Amit Chadha, President- Sales & Business Development and Whole-Time Director of the Company, as explained in the Statement annexed to the Notice of the Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary

or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

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

KAPIL BHALLA
Company Secretary
(Membership no. F 3485)

Date: May 3, 2019

Place: Mumbai

NOTES:

a) The information required to be provided under Section 102 of the Act, the LODR and the Secretarial Standards on General Meetings (SS-2), with respect to details of Directors who are proposed to be appointed/re-appointed and the relative explanatory statement in respect of the business under Item Nos. 5 to 7 set out above are annexed hereto.

b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THAT PROXY NEED NOT BE A MEMBER.

Pursuant to Section 105 of the Act 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 400 001 not less than forty-eight hours before the commencement of the AGM i.e. by 3.30 p.m. on Thursday, July 18, 2019.

c) The requirement to place the matter relating to appointment of Auditors for ratification by Members at every Annual General Meeting has been done away with vide notification dated May 7, 2018, issued by the MCA. Accordingly no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on August 22, 2018.

- d) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 13, 2019 to Saturday, July 20, 2019 (both days inclusive).
- e) Members are requested to furnish bank details, e-mail address, change of address etc. to the Company's Registrar & Share Transfer Agents: Karvy Fintech Private Limited (Karvy), Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, so as to reach them latest by **Friday, July 12, 2019**, 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.
- f) 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 in investor@lts.com
- g) All documents referred to in the accompanying notice and explanatory statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM.
- h) Members/Proxies should bring their attendance slips duly completed for attending the Meeting.
- i) 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, 2017-18 and 2018-19 may approach the Company / Karvy, for obtaining payments thereof.

- j) Investor Grievance Redressal:
The Company has designated an exclusive e-mail id viz. investor@lts.com to enable Investors to register their complaints, if any.
- k) SEBI has mandated securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialize the shares that are held by them in physical form.

l) 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, SS-2 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 Friday, July 12, 2019 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.lts.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 Wednesday, July 17, 2019 at 9:00 am and ends on Friday, July 19, 2019 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 Friday, July 12, 2019 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 of Friday, July

12, 2019, 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 Friday, July 12, 2019 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 (Membership No. FCS 7301) 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 2222 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 AGM. This facility offers online pre-registration of members for attending the AGM and generates pre-printed Attendance Slips for presentation at the venue of the AGM.

Members may avail the said Web Check-in facility from 9:00 a.m. on Wednesday, July 17, 2019 to 5:00 p.m. on Friday, July 19, 2019.

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 7th 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 AGM. 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 AGM 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.ltts.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 Act, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 5 to 7 of the accompanying Notice dated May 3, 2019.

ITEM NO.5

Mr. Samir Desai (DIN:01182256) was appointed as Independent Director of the Company w.e.f. April 30, 2014 till April 29, 2019, by the shareholders under the provisions of the Act at the AGM held on August 18, 2014. Pursuant to the provision of Act and the LODR, an Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a Special Resolution by the Company. Based on the recommendation of the Nomination and Remuneration Committee and based on skills, experience, knowledge and report of performance evaluation, the Board of Directors of the Company in their meeting held on January 17, 2019, appointed Mr. Samir Desai as an Independent Director for a second term of 5 years with effect from April 30, 2019 to April 29, 2024.

Additionally, Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective 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. Mr. Samir Desai aged 73 years, will complete 75 years during his current proposed term.

Brief Profile of Mr. Samir Desai

Mr. Desai has obtained a post-graduate degree in electrical engineering from the Illinois Institute of Technology. He also holds a post-graduate degree in business administration from Loyola University, Chicago. Mr. Desai has over 30 years of experience in management. Prior to joining, he worked at Motorola for over 30 years and has also served as a chief information officer at Motorola. He has also served as general manager of iDEN® Networks & Devices. Mr. Samir Desai is an Independent Director of the Company.

He joined the Board of Directors as Independent Director of the Company on April 30, 2014. Further, in terms of Section 149 and other applicable provisions of the Act, Mr. Samir Desai was appointed as an Independent Director for a fixed term of 5 years w.e.f. April 30, 2014 i.e. till April 29, 2019, not liable to retire by rotation.

The Board is of the opinion that Mr. Samir Desai fulfill the conditions specified in the Act and rules made there under

and provisions of the LODR to be eligible to be re-appointed as Independent Director of the Company. The Company has received a notice in writing from Mr. Samir Desai under Section 160 of the Act, proposing his candidature for the office of Independent Director of the Company. The Board is also of the opinion that Mr. Samir Desai is independent of the management of the Company and his association would be of immense benefit to the Company as in the past and hence, it is recommended to continue to avail the services of Mr. Samir Desai as the Independent Director of the Company. A copy of the draft letter of re-appointment of Mr. Samir Desai as an Independent Director setting out the terms and conditions will be available for inspection without any fees at the registered office of the Company on all the working days, except Saturdays, between 11:00 a.m. and 1:00 p.m. upto the date of the AGM.

Disclosure as required under SS-2 is provided as an Annexure to the Notice.

The Board recommends approval of the re-appointment of Mr. Samir Desai as an Independent Director by the Members through Special Resolution set forth in Item No. 5 of the Notice.

Except Mr. Samir Desai, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 5.

ITEM NO. 6

The shareholders of the Company at the AGM of the Company held on August 22, 2018 had approved the re-appointment and remuneration of Dr. Keshab Panda (DIN:05296942) as the Chief Executive Officer and Managing Director of the Company.

The Board of Directors in its meeting held on May 3, 2019 had approved the revised compensation structure of Dr. Keshab Panda in line with the prevailing managerial compensation trends in the IT sector, subject to the approval of the Shareholders. Part III, of Schedule V of the Act read with SS-2 provide that the appointment and remuneration of Managing Directors and Whole – time Directors in accordance with Part I and Part II of the Schedule V shall be subject to approval of resolution of the shareholders in a General Meeting.

The revised terms and conditions of 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, 2019 are as under:

| Particulars | Existing Remuneration (Upto March 31, 2019) | Revised Remuneration (w.e.f April 1, 2019) |
|--------------------------|---|---|
| Base Salary | USD 6,80,000/- p.a | USD 7,00,400/- 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 Act and the employee shall have no role in determining the PAT. All Profit sharing incentive payments, and the timing for such payments, will be at the Company's sole discretion. | |

Brief Profile of Dr. Keshab Panda

Dr. Keshab Panda is the Chief Executive Officer and Managing Director of 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 of India and the BSE Limited on September 23, 2016.

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

The Addendum Agreement entered into between the Company and Dr. Keshab Panda, Chief Executive Officer & Managing Director containing the terms and conditions of his remuneration will be open for inspection by the Members at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m., up to the date of the AGM.

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

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

The shareholders of the Company at the AGM of the Company held on August 22, 2018 had approved the re-appointment and remuneration of Mr. Amit Chadha (DIN: 07076149) as President-Sales & Business Development and Whole-Time Director of the Company.

The Board of Directors in its meeting held on May 3, 2019 had approved the revised compensation structure of Mr. Amit Chadha in line with the prevailing managerial compensation trends in the IT sector, subject to the approval of the Shareholders. Part III of Schedule V of the Act read with SS-2 provides that the appointment and remuneration of Managing Directors and Whole – time Directors in accordance with Part I and Part II of the Schedule V shall be subject to approval of resolution of the shareholders in a General Meeting.

The revised terms and conditions of 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, 2019 are as under:

| Particulars | Existing Remuneration (Upto June 30, 2019) | Revised Remuneration (w.e.f July 1, 2019) |
|----------------------------------|---|--|
| Base Salary | USD 4,40,000/- p.a | USD 4,55,000/- 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 3,00,000/-p.a |

Brief Profile of Mr. Amit Chadha

Mr. Amit Chadha is a President-Sales & Business Development and Whole-time Director of the Company 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 are provided as an Annexure to this Notice.

The Addendum Agreement entered into between the Company and Mr. Amit Chadha, President-Sales & Business Development and Whole-Time Director of the Company containing the terms and conditions of his remuneration will be open for inspection by the Members at the

Registered Office of the Company on all working days except Saturdays, between 11.00 a.m. and 1.00 p.m., up to the date of the AGM.

The Board recommends approval of the 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.

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

KAPIL BHALLA
Company Secretary
(Membership no. F 3485)

Date: May 3, 2019

Place: Mumbai

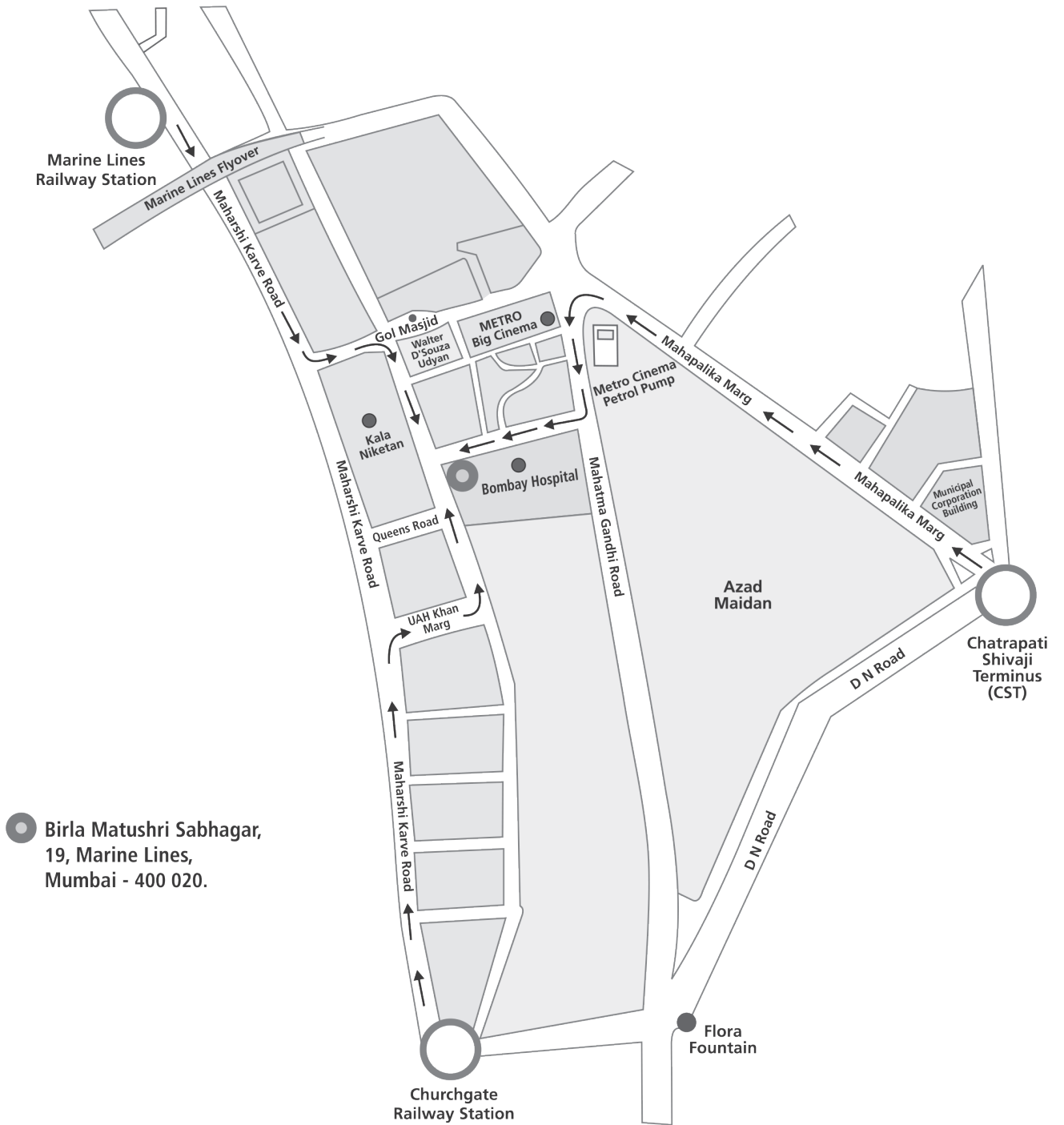
(ANNEXURE TO NOTICE DATED MAY 3, 2019)

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT
AT THE FORTHCOMING ANNUAL GENERAL MEETING**

[Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings (SS-2)]

| Name of the Director | Mr. Amit Chadha | Mr. A. M. Naik | Mr. Samir Desai | Dr. Keshab Panda |
|--|---|--|---|--|
| Date of Birth | October 2, 1972 | June 9, 1942 | August 26, 1946 | October 1, 1958 |
| Date of first appointment on the Board | February 1, 2015 | June 27, 2014 | April 30, 2014 | June 14, 2012 |
| Qualifications | B.E (Electrical and Electronics) | B.E (Mech.) | Post-graduate in electrical engineering and also a post-graduate in business administration | B Tech, ME, PhD from IIT Bombay and Advanced Management Degree (Wharton Business School) |
| Expertise | Diversified and vast experience in business development and relationship management activities. | Diversified and vast experience in general management, Technology and Engineering & Construction. | Over 30 years of experience in management. | Diversified and global business experience in research, conceptualizing, creating, operationalizing and turning around complex technology and engineering services businesses. |
| Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign companies) | 1. Graphene Semiconductor Services Private Limited | 1. Larsen & Toubro Limited 2. Larsen & Toubro Infotech Limited 3. L&T Realty Limited 4. L&T Welfare Company Limited 5. L&T Employees Welfare Foundation Private Limited 6. National Skill Development Council | 1. Larsen & Toubro Infotech Limited | Nil |
| Memberships/ Chairmanships of committees across all companies | Nil | Membership in Nomination & Remuneration Committee: 1. Larsen & Toubro Limited 2. Larsen & Toubro Infotech Limited | Membership in Audit Committee: 1. Larsen & Toubro Infotech Limited | Member in Corporate Social Responsibility Committee and Stakeholders Relationship Committee |
| Number of Meetings attended during the year | 3 out of 4 meetings | 4 out of 4 meetings | 4 out of 4 meetings | 4 out of 4 meetings |
| Shareholding of Non-Executive Directors | NA | 13,00,000 | Nil | NA |
| Relationships between directors inter-se | Nil | Nil | Nil | Nil |

Route Map to the AGM Venue



Board Report (Section 134)

Dear Members,

Your Directors have pleasure in presenting the 7th Annual Report along with the Audited Financial Statements of L&T Technology Services Limited for the year ended March 31, 2019.

Financial Results

(₹ million)

| Particulars | Standalone | |
|--|---------------|--------------|
| | 2018-19 | 2017-18 |
| Profit Before Depreciation, exceptional and extra ordinary items & tax | 10,145 | 7,387 |
| Less: Depreciation, amortization and obsolescence | 731 | 576 |
| Profit / (Loss) before exceptional items and tax | 9,414 | 6,811 |
| Add: Exceptional Items | - | - |
| Profit / (Loss) before tax | 9,414 | 6,811 |
| Less: Provision for tax | 2,413 | 1,917 |
| Profit for the period carried to the Balance Sheet | 7,001 | 4,894 |
| Add: Balance brought forward from previous year | 7,240 | 3,554 |
| Less: Dividend paid for the year (Including dividend distribution tax and deemed dividend) | 2,449 | 1,208 |
| Add: Gain / (Loss) on re-measurement of the net defined benefit plans | - | - |
| Less: Impact of Ind AS 115 and ECL on contract asset in opening reserve | 22 | - |
| Balance available for disposal (which directors appropriate as follows) | 11,770 | 7,240 |
| Debenture Redemption Reserve | | - |
| Balance to be carried forward | 11,770 | 7,240 |

Performance of the Company

State of Company Affairs

The gross sales and other income for the financial year under review were ₹ 48,632 million as against ₹ 36,947 million for the previous financial year registering an increase of 31.63%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 9,414 million and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 7,001 million for the financial year under review as against ₹ 6,811 million and ₹ 4,894 million respectively for the previous financial year, registering an increase of 38.22% and 43.06% 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 2018-19 | Revenue for 2017-18 |
|---------------------|---------------------|---------------------|
| Transportation | 14,067 | 10,653 |
| Process Industry | 7,220 | 4,834 |
| Industrial Products | 10,182 | 8,531 |
| Medical Devices | 3,378 | 2,535 |
| Telecom & Hi-Tech | 12,273 | 8,513 |
| Total | 47,120 | 35,066 |

The detailed segmental performance is referred in Note No. 39 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 | 2018-19 | 2017-18 |
| 1. | North America | 25,729 | 19,962 |
| 2. | Europe | 8,334 | 6,291 |
| 3. | India | 7,012 | 4,457 |
| 4. | Rest of the World | 6,045 | 4,355 |
| Total | | 47,120 | 35,066 |

Capital & Finance

During the year under review, the Company had allotted 15,57,278 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, 2019 the total paid up equity share capital of the Company was ₹ 20,80,26,650/- consisting of 10,40,13,325 equity shares of ₹ 2 each, fully paid up. Pursuant to Regulation 38 of the LODR to achieve minimum public shareholding requirement of 25%, our Promoter-Larsen & Toubro Limited (L&T) - sold 87,71,569 equity shares between April 1, 2018 till March 31, 2019. The Promoter's stake thus reduced by 9.93% between April 1, 2018 till March 31, 2019 to 78.88%.

Capital Expenditure

As at March 31, 2019 the gross fixed and intangible assets including leased assets, stood at ₹ 8,087 million (previous year ₹ 7,310 million) and the net fixed and intangible assets, including leased assets, at ₹ 5,654 million (previous year ₹ 5,530 million). Capital Expenditure during the year is NIL (previous year ₹ 1 million).

Deposits

During the year ended March 31, 2019, the Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act and the Rules framed thereunder. Hence the Company does not have any unclaimed deposits as on date.

The MCA vide its notification dated January 22, 2019 has amended the Companies (Acceptance of Deposits) Rules, 2014 and as per this notification, the Company is required to file with Registrar of Companies a one-time return in Form DPT-3 for outstanding receipt of money/loan by the Company, which are not considered as deposits outstanding as on March 31, 2019 and for a period from April 1, 2014 to March 31, 2019.

The Company would be complying with this requirement once the form is deployed on MCA portal.

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2019, 99.99% of the Company's total paid up capital representing 10,40,02,473 shares are in dematerialized form. Pursuant to the provisions of the LODR w.e.f. April 1, 2019 all transfer of shares except transmission and transposition shall be carried out only in dematerialised 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. The Company has sent intimation to Shareholders who are holding shares in physical form, advising them to get the shares dematerialized.

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 adequate communication to members whose dividends are unclaimed requesting them to provide/update bank details with the RTA Company, so that dividends paid by the Company are credited to the investors' account on timely basis.

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

During the year under review, the Company acquired Graphene Semiconductor Services Private Limited along with its three overseas subsidiaries and one Indian subsidiary Company. Graphene Semiconductor Services Private Limited provides end-to-end solutions— right from chip design, embedded software, all the way through providing support to mass manufacturing, thereby being a one-stop service and solution provider. The details of investments in the said Company during the year are as under:

A. Shares acquired during the year: -

| Name of the Company | Type of shares/units | No of shares/ units |
|---|----------------------|---------------------|
| Graphene Semiconductor Services Private Limited | Equity shares | 13,64,601 |

Note:-

- The Company acquired 1364601 shares of ₹ 10 each from Graphene Semiconductor Services Private Limited along with its subsidiaries Graphene Solutions PTE Ltd (Singapore), Graphene Solution SDN. BHD (Malaysia), Graphene Solutions Taiwan Limited (Taiwan) and Seastar Labs Private Limited (India)

Post the said acquisition, the Company has three subsidiaries namely L&T Technology Services LLC, L&T Thales Technology Services Private Limited and Graphene Semiconductor Services Private Limited. Further the Company also has following step down subsidiaries namely Esencia Technologies Inc., Esencia Technologies India Private Limited, Graphene Solutions PTE Ltd (Singapore), Graphene Solution SDN. BHD (Malaysia), Graphene Solutions Taiwan Limited (Taiwan) and Seastar Labs Private Limited.

B. 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. 240 of the Annual Report.

The Company has formulated a policy on identification of material subsidiaries in line with Regulation 16 (c) of the LODR and the same is placed on the website at <http://www.lts.com/investors/>. The Company does not have any material subsidiaries.

Particulars of loans given, Investments made, Guarantees given or Security Provided by the Company

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided as required under Section 186 of the Act and Regulation 34(3) read with Schedule V of the LODR in Note 37 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 along with threshold limits and the same has been uploaded on the Company's website <http://www.lts.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 2018-19 and estimated transactions for FY 2019-20 as required under the provisions of Section 177 of the Act.

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 October 25, 2018 declared an interim dividend of ₹ 7.5 per equity share amounting to ₹ 780 million /- (the total payout including Dividend Distribution Tax amounted to ₹ 940 million). The dividend was paid on November 12, 2018. Further, the Board, in its meeting held on May 3, 2019, has recommended a final dividend of ₹ 13.50 per equity share of ₹ 2 each for the financial year ended March 31, 2019. The proposal is subject to the approval of shareholders at the ensuing AGM to be held on July 20, 2019.

The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹ 1,404 million (the total payout including Dividend Distribution Tax is expected to be ₹ 1,694 million.)

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 LODR. 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.lts.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

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

Conservation of energy, Technology absorption, Foreign Exchange earnings and outgo

Information as required to be given under Section 134(3)(m) of the Act 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, including cyber security and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The details of the same are given in Annexure 'D' forming part of this Report.

A detailed note on risk management and the internal controls with reference to the financial statement is given under the financial review section of the Management Discussion and Analysis on page no. 101 of the 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 Act read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided in Annexure 'C' to Board report.

The CSR Policy framework is available on its website <http://www.lts.com/media/32150/csr-policy-lts.pdf>.

Directors and Key Managerial Personnel Appointed/Resigned during the Year

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Act and

are placed on the website of the Company <https://www.lts.com/investors/corporategovernance>.

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

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

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

- a. Mr. Samir Desai was appointed as Independent Directors of the Company with effect from April 30, 2014 to April 29, 2019. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on January 17, 2019 has approved the re-appointment of Mr. Samir Desai as an Independent Director of the Company for further term of five years with effect from April 30, 2019 upto and including April 29, 2024, subject to approval of the shareholders through special resolution.

Special Resolution for the continuation of Mr. Samir Desai as an Independent Director, who would attain the age of 75 years during his current tenure forms part of the Notice being sent to the shareholders.

Based on his skills, experience, knowledge and report of their performance evaluation, the Board was of the opinion that his association would be of immense benefit to the Company and it would be desirable to avail his services as Independent Director.

- b. Mr. Amit Chadha and Mr. A.M.Naik, Directors, retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

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

B. Resignation of Directors & Key Managerial Personnel:

- a. Mr. Bhupendra Bhate resigned as Chief Operating Officer & Whole-time Director of the Company on May 3, 2019. Mr. Bhate has taken up a role as Chief Innovation Officer in the Company.

The Board places on record its appreciation of the contribution by Mr. Bhate as Director of the

Company and conveyed its good wishes for his new role in the Company.

The Company has also disclosed on its website <http://www.lts.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. 52 of this Annual Report.

Audit Committee

The Company has in place an Audit Committee in terms of the requirements of Section 177 of the Act read with rules made thereunder and Regulation 18 of the LODR.

The Committee comprises of 1 Non-Executive Director and 3 Independent Directors.

The current members of the Audit Committee are Mr. N. Kumar-Chairman, Mr. Samir Desai, Ms. Renuka Ramnath and Mr. S.N. Subrahmanyam. During the year under review 4 meetings were held on May 22, 2018, July 25, 2018, October 25, 2018 and January 17, 2019.

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. 55 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 Act read with rules made thereunder and Regulation 19 of the LODR.

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. 57 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.lts.com/> and is also enclosed to the Board report as Annexure 'I'

The 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 Act read with the rules made thereunder and Regulation 20 of the LODR.

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 Board Report.

Declaration of Independence

The Company has received Declarations of Independence from Independent Directors as stipulated under Section 149(7) of the Act 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.lts.com/investors/investor-download/>. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

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 Act. For the year ended March 31, 2019, 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 Act 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 composition and its structure, its culture, Board effectiveness, Board functioning, information availability, adequate discussions 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 Chairperson of NRC analyses the reports on the questionnaires to arrive at an unbiased conclusion.

The inputs given by all the directors including areas of improvement, for the Directors, Board processes etc. were discussed in the meeting of the Independent Directors held in accordance with Schedule IV of the Act on May 3, 2019 and in the subsequent meetings of Nomination and Remuneration Committee and Board.

Suggestions from the Board Evaluation exercise of FY 2017-18 has been suitably implemented such as improving board

processes, more time for strategy discussion, Directors familiarization program etc.

Disclosure of Remuneration

The details of remuneration as required to be disclosed under the Act and the rules made thereunder are given in the Annexure 'E' forming part of this Board Report.

The information in respect of employees of the Company required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is provided in Annexure '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. 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, 5 cases of sexual harassment were received by the ICC. The same were resolved and wherever necessary appropriate action was taken by the Company.

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

Consolidated Financial Statements

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Act and

Regulation 34 of the LODR 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 adverse remark(s).

Statutory Auditors

In view of the mandatory rotation of auditors' requirement and in accordance with the provisions of Act Sharp & Tannan, (firm registration number 109982W) Chartered Accountants, were appointed as Statutory Auditors for a period of 4 continuous years from the conclusion of 6th Annual General Meeting (AGM) till the conclusion of 10th Annual General Meeting of the Company, in the AGM held on August 22, 2018.

The requirement to place the matter relating to appointment of Auditor for ratification by members at every AGM is done away with vide notification dated May 7, 2018 issued by MCA. Accordingly, no resolution is proposed for ratification of appointment of Auditors in the notice of 7th AGM.

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

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

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

The Auditors attend the AGM of the Company. Also see page no. 62 forming part of Annexure D of this Board Report.

Secretarial Audit Report

The Board had appointed Mrs. Naina Desai, (M. No.1351), Practicing Company Secretary, to carry out Secretarial Audit under the provisions of Section 204 of the Act for the financial year 2018-19.

The Secretarial Audit Report issued by Mrs. 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 or adverse remark.

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 Act an extract of the Annual Return in Form MGT -9 is provided in Annexure 'H' to this Board Report. The Annual Return is also available on the website of the Company <http://www.ltts.com/investors/>.

Other Disclosures

1. Corporate Governance Report

Pursuant to Regulation 34 read with Schedule V of the LODR, 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 Employee Stock Option Scheme – 2016 (ESOP Scheme – 2016) during the current financial year. The ESOP Scheme -2016 is in compliance with the SBEB Regulations.

The disclosure relating to the ESOP Scheme - 2016 required to be made under the Act 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.ltts.com/investors/>.

The Statutory Auditors' certificate confirming compliance with the Act and the SBEB Regulations is reproduced below:

Independent Auditors' certificate on Employee Stock Option Scheme

- 1 This certificate is issued in accordance with the terms of our engagement letter dated 30 August 2018
- 2 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 January 21, 2016 ('the General Meeting') and as per postal ballot dated 15 December 2016.

Management's responsibility

3. 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.
4. Management is also responsible for design, implementation and maintenance of internal control relevant to the implementation of Scheme in accordance with the Regulations and the resolutions passed at the General Meeting and for providing all information in this regard.

Auditors' responsibility

5. 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. It is neither audit nor expression of opinion on the financial statements of the Company.
6. 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.
7. 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.

8. 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.

Criteria and Scope

9. The criteria against which the information is evaluated are the following:
 - a. the Regulations;
 - b. the Scheme;
 - c. special resolution passed by the shareholder for the Scheme; and
 - d. written representation from management.

Opinion

10. 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 January 21, 2016 and as per postal ballot dated 15 December 2016.

Restriction on use

11. The certificate is addressed to and provided to the members of the Company solely for the purpose of compliance with clause 13 of the Regulations. This certificate should be used solely for the purpose of complying with the Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

SHARP & TANNAN

Chartered Accountants
Firm's registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA

Partner
Membership no. 038332

Mumbai, May 3, 2019

3. No disclosure is required under Section 67(3)(c) of the Act 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+/Positive rating and CRISIL A1+ rating for its the long term and short term financial instruments of the Company respectively.

5. Vigil Mechanism

As per the provisions of Section 177(9) of the 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 Policy also establishes adequate safeguards to enable employees report instances of leak of unpublished price sensitive information.

The Company has disclosed information about the establishment of the Whistle-Blower Policy on its website <http://www.lts.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 Act.

7. Business Responsibility Reporting

As per Regulation 34 of the LODR a separate section on Business Responsibility Reporting forms a part of the Annual Report (refer pages 110 to 118) 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 2018-19 are covered in the same.

8. Statutory Compliance

The Company complies with all applicable laws, rules and regulations and ensure taking care of all its stakeholders.

9. MSME

The Ministry of Micro, Small and Medium Enterprises vide their Notification dated 2nd November 2018 has instructed all the Companies registered under the Companies Act, 2013, with a turnover of more than Rupees Five Hundred crore to get themselves onboarded on the Trade Receivables Discounting system platform (TReDS), set up by the Reserve Bank of India. In compliance with this requirement, the Company would be registering itself on TReDS soon through one of the service providers.

The Company would be complying with the requirement of submitting a half yearly return to the MCA within the specified timelines.

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 LTTTS family globally.

For and on behalf of the Board

DR. KESHAB PANDA

CEO & Managing Director
(DIN: 05296942)

S. N. SUBRAHMANYAN

Vice Chairman
(DIN: 02255382)

Place: Mumbai

Date : May 3, 2019

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. The Company in its offices has Energy management technology installed which re-estimate the maximum demand and changes accordingly thereby saving electricity consumption. Some of the conservation measures incorporated are as follows:

- Double glazing façade, thereby having less transfer of heat. Advantage is less usage of HVAC
- Increased chilled water temperature by 1 deg to have energy savings
- Occupancy sensors in work areas, to switch off lights when there are no employees
- Water cooled Chillers which consume lesser power as compared to Air cooled chillers
- Installed VRF units for 24x7 operation which will consume much less power as compared to conventional Split A/c
- Utilizing free cooling during winter (Making use of Ambient temperature to cool office areas)

| Comparison | 2018-19 (LED) | 2017-18 (CFL) | 2016-17 (CFL) |
|---|---------------|---------------|---------------|
| Unit Consumed per Annum (in KWH) | 276074.4 | 378539 | 388925.3 |
| Saving in terms of power consumption (KWH) | | 102464.6 | 112850.9 |
| AVG per unit Rate per Annum in INR | 6.76 | 6.76 | 6.76 |
| Savings in terms of INR | | 692661 | 762872 |

Water Conservation:

- Using treated water for flushing, Road wash and for gardening and having rain water sump and using rain water for raw water usages like hand wash etc
- Rain water percolation pits to recharge ground water and to have minimum runaways
- Installed pressmatic taps which will close automatically after usages
- Installed aerators in all taps to reduce usage of water
- Terrace runaway water is collected in UG sumps and reusing

b. Technology absorption:

The Company being a Technology driven and has always adopted the latest technology trends and best practice. To Drive open innovation in solving industry challenge working with Academia, an unique cloud based platform TECHgium has been developed and rolled. This platform helps to share customer challenge in a structured manner and process, covering all domain

areas, latest technology, functional areas, complying with protecting Intellectual Property materials reaching out to more than 270+ leading engineering Institutions covering more than 19000 + students participating and coming out Proof of Concepts, which is evaluated through a rigorous review by industry experts, academic experts etc., and demonstrating to the customer to take it to next level adoption. This has received overwhelming response and also positive impact on the engineering students to make them industry ready, through a structured online mentoring process as part of the overall initiative.

HR DIGITISATION

At LTTS, our HR digital transformation impetus revolves around alignment and drive across people, processes and product with integrated stack as foundational element.

We continue to disrupt and reformulate digitization. With the decision taken to have an integrated HR stack, In a short span 20 months today we operate on one single system, dismantling the 15 stand-one modules that we previously worked on. We

have the following modules in place and work in progress to complete the rest in Qtr1 FY20.

- Migration from multiple stand-alone systems to one system
- Enhanced Employee Lifecycle Management Processes
- Enhanced Career Development and Succession Planning Automation
- Enriching Employee Continuous Feedback and Development Experience

We believe Automation and Artificial Intelligence / Machine Learning is backbone for our operational efficiency. With introduction of ASK GENIE, employees can use the bot to complete all transactional activities as Leave Application, Attendance Regularisation, Updating Personal Information, Knowing Policies etc. anywhere, anytime on their mobile while on the move. Work is in progress on introducing Voice Bot, Robotic Process Automation (RPA) and adding Artificial Intelligence to Talent Acquisition module.

These digital technology developments are taking place with two objectives in mind

1. Provide a stellar employee experience &
2. Increased productivity

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 | 40,260 |
| Foreign exchange used | 21,491 |

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 Ltd. is committed to promoting a culture of caring, trust, and continuous learning, while meeting the expectations of its stakeholders and the world at large. As a responsible corporate citizen, we undertake several transformational initiatives that contribute towards community empowerment and all-round societal development. With strategic social investments in several key areas like healthcare, water restoration, skill development and education; we foster long-term sustainable community development and drive initiatives that aim to make a meaningful impact.

The CSR policy of the company is guided with the core values since FY 2015 – 2016 under the Companies Act 2013. The Company is committed and has discharged its CSR projects in FY 2018 – 2019 through partnering with credible NGOs and involving the community in the following focus areas;

- a. Health
- b. Education & Skill Development
- c. Sports
- d. Water conservation
- e. Environment
- f. Protection & Restoration of Public Places
- g. Corporate Volunteering Program

Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as much as the recipients.

A. Health

Healthcare remains a glaring gap in rural India. Most patients from rural areas are unaware of their health conditions and are unable to reach primary healthcare centers which is located many kilometers away – making it difficult to afford the treatment or the travel, leaving them ignorant, in a state of suffering.

To meet the country's increasing need for quality & affordable healthcare, LTTs expanded the sphere of its health – related interventions this year. While LTTs has been concentrating on eradication of avoidable blindness in rural areas in the past, in FY 2018 – 2019, LTTs spearheaded CSR programs to improve the health of women and children with pre-natal care in tribal areas along with cancer screening & awareness camps.

LTTs' health programs venture deeper into rural areas through following health projects;

- Pre-natal care in tribal areas
 - Rural eye care centers
 - Mobile eye surgical camps
 - Cancer screening & awareness camps
- 519 mothers were covered with 911 ANC tests and 411 high-risk mothers were identified. The follow-up success rate of the program is at 92.5%. Because of this effort, the total count of live births has increased to 93%. 95% of the newly born were with a birth weight higher than 2 ½ Kgs. in Nandurbar, Maharashtra
 - 10,146 rural patients were screened for eye-related ailments, 1000 cataract operations were performed and 1,500 spectacles were provided at Uran and Murbad in Maharashtra through Laxmi Charitable Trust.
 - 7,554 patients were screened and 1,149 cataract surgeries were performed in the states of Andhra, Tamil Nadu & Karnataka through 8 mobile eye surgical camps in partnership with Sankara Nethralaya
 - 5,181 people were screened, and around 277 probable cases of oral, breast, cervical and other cancers have been identified in Bangalore and Dakshin Karnataka through cancer screening camps.

As many as 23,400 people in rural areas benefitted from pre-natal care, eyecare and cancer screening programs.

B. Education and Skill Development

Education: LTTs firmly believes that education empowers people to fight social ills like poverty and ignorance. LTTs education programmes are designed to achieve and provide a steady stream of scientists and innovators of the future.

LTTs strives towards improve education standards via;

- Mini science labs
 - Mobile science labs
 - Teacher training programs
 - Digital classrooms
 - Career counselling
 - Quizzes, Science fairs and Vedic math workshops
- 37,952 students and 150 teachers from 23 government schools in Vadodara benefitted from the mini science labs project
 - 11,789 students and 155 teachers between Grades 5 – 10 from 49 government schools in Bangalore, Mysuru, Kancheepuram, Navi Mumbai and Hyderabad benefitted from mobile science labs project
 - 120 teachers from various government schools across India, in association with Indian Institute of Science (IISc), Bangalore were trained and 40 teaching kits were given to government schools in Karnataka benefiting 13,000 students in all
 - 12,000 students across 360 Government schools in Mumbai were covered through career counselling project implemented by social body of IIT Bombay (Abyuday)
 - 1,235 rural school students from 8 states are educated by volunteer teachers through digital class rooms e-Vidyaloka project

Overall 75,976 students benefitted from our education programmes and 425 school teachers gained knowledge from training programmes

Skill Development: Despite the rapid strides made in technology, majority of country's population lacks digital literacy. The digital revolution in India can be holistic only if the rural populace is motivated to take part in it. The government has been trying to bring the enthusiastic youth and working population who is eager to be a part of the modernization process, to join the digital fold.

LTTs undertook the skill development project to train the rural youth from Gujarat and Karnataka and create employment opportunities;

- Skills training was provided across industries like hospitality, retail, BFSI and IT/ITES to 200 differently abled youth in Karnataka
- 530 rural youth from Kharel, Gujarat were trained in basic computing skill in line with Skill India and National Digital Literacy Mission imparting use of technology, assistive aids and soft skills

Overall 730 rural youth benefitted from skill development projects

C. Sports

As many as 70 million people with various disabilities live in the country, and only 0.1 million of them could secure employment although 3% of all government jobs are reserved for them.

LTTs initiated inclusivity by providing a platform for the differently-abled, to showcase their talent through Sports in partnership with ASTHA and Samarthanam Trust to train differently-abled youth to motivate them to take sports as a career and help them fetch employment.

Two sports tournaments and several camps were supported by LTTs;

Cricket for Blind

LTTs empowered blind cricketers and supported tournaments by identifying 200 talented candidates by providing training and coaching. The Company believes that these tournaments and coaching camps act as rehabilitation drives, which also motivate them towards self-independence and take sports as a career. The candidates from across India participated in the camps.

Triangular Blind cricket series was organised as part of the project between India, Sri Lanka and England in which India beat Sri Lanka in the LTTS Tri Series finals by 9 wickets

Wheel Chair Tennis

LTTS supported a wheelchair tennis tournament in Chennai, which saw participation from 36 players (both male and female). The players came from 5 states viz. Karnataka, Tamil Nadu, New Delhi, Madhya Pradesh and Maharashtra.

D. Water Conservation

Excessive farming, lack of water retention processes and structures; coupled with lack of awareness; has led to water crisis in rural India.

LTTS has been working since 2016 to alter the socio-economic dynamic of parched communities; by undertaking holistic developmental programmes starting with building water conservation and harvesting infrastructure.

Watershed Project

The integrated watershed management projects in partnership with National Agro Foundation drive a broad range of impactful activities. Apart from building water infrastructure, de-silting wells and creating farm bunds, the projects also guide beneficiaries on activities that improve soil health, farm productivity and increasing green and tree cover;

- 63 farm ponds ,17 check ponds and 2 village ponds were built during the year across five village in Pune district (Maharashtra) and 4 villages in Kancheepuram district (Tamil Nadu)
- 3 drinking water community wells renovated
- 300 acres of fallow land converted into cultivable land
- 60 farmers benefitted from Vermicomposting training organized for village watershed committee (VWC) members
- 5000 horticulture & 1250 agroforestry samplings distributed benefitting 600 farmers
- 4 units of toilets constructed in 4 government schools, 180 children and 16 school teachers benefitted
- 5 veterinary camps organized benefitting 1,220 animals treated

Increase in water table to the tune of 2 meters is estimated to benefit around 10,000 people and 2,476 hectares of land is made cultivable through watershed project.

Watershed+

Watershed+, project activities address the community's needs by providing adequate and safe drinking water through proper pipeline network, restructuring the improper sewage drainage line, providing sanitation facilities, renewable energy solution, promoting income generation activities and improvising the agricultural production system in five villages; Kolwadi, Kathwadi, Mangdari, Ketkavane and Nigde villages of Pune District, Maharashtra.

Key achievement of the project

- Constructed new drinking water well
- Installed solar powered pump for water supply
- Installed water purification plant for hygienic & healthy drinking water
- Constructed rice & flour mill for value addition

E. Environment

Solar household electrification

Despite being referred to as a utility, electricity remains a luxury for many underprivileged communities across the country. The worst affected are tribal community who live in clearings near villages, literally far off from civilization. Due to the distance, it is not possible for them to easily connect to the grid.

LTTS has devised a unique method to bring light to these tribal community since 2017 using energy efficient solar energy to individual household. The project was implemented in partnership with Swamy Vivekananda Youth Movement (SVYM).

Since 2017, LTTS has provided solar electrification to 94 homes and 400 people have benefitted. Two community centres, one government primary school, 1 anganwadi, and 29 street lights have been installed in three tribal villages of Manchegowdana Halli, Vaderahalli Hadi and Chikkabaragi Hadi tribal villages in Mysore District, Karnataka who, now enjoy the benefits of pollution-free and sustainable energy source.

Solar electrification was provided to 33 houses in FY 2018 – 2019 in the second phase of the project.

Key achievements of the project

- Reduction in usage of kerosene oil up to 4 liters / month / family
- Assured safety among tribal community from wild animals and snake bites
- School going children spend more time on their studies during night hours

F. Protection & Restoration of Public Places

LTTs has been following the group's green ethos, and has been taking up green and clean initiatives across the country. These initiatives include highway beautification projects and restoration of public places in the interest of local communities and pride of the nation. The objective is to transform them into culturally significant areas, while planting and maintaining trees and provide a green cover for visual aesthetics.

Under this LTTs in FY 2018 – 2019 had undertaken four projects for the maintenance and development;

- Road divider median development & maintenance project, Navi Mumbai

LTTs in collaboration with Meta Design undertook to maintain and develop a road median project between Koperkhairne and Rabale of around 6.5 Kms. length on the Thane Belapur Road, Navi Mumbai

- Under flyover development & maintenance, Bengaluru

As a part of Bangalore Municipal Commissioner's Adopt a flyover initiative, LTTs in partnership with India Rising Trust, undertook a project to build and beautify the walk path / foot path under Veeranapalya flyover near Manyata Tech Park, Hebbal. The total area is 30,000 sq. ft. which is divided into four sections. The project turned this vacant space into a utility area for the locals with barricades, U-turns and public seating with shelter.

This project improved the aesthetics with overall cleanliness of the area. This is a part of the city's endeavor to transform vacant and dirt-gathering areas under flyovers into beautiful gardens, which Bangalore is known for.

- Roundabout development & maintenance and a park maintenance, Mysore

The maintenance and development of Dr Jagjivan Ram roundabout near the Mysore railway station and the maintenance of Dr. Rajkumar park was undertaken in the FY 2018 – 2019

The total area of the park is 7.2 acres and the circle is 1,000 Sq. Ft. LTTs was conferred with the 1st prize by the Commissioner of Mysore to make Mysore greener, visually appealing & beautiful.

LTTs maintains & develops a total 4,45,000 lakh sq. ft. under the initiative "green coverage".

G. Corporate volunteering program (CVP)

Employee volunteers are named as "Samaritans"

The employees of LTTs play a significant role in the success of every endeavour, and the LTTs volunteering program is no exception. Our employees were involved in various corporate volunteering activities like school wall painting, traffic monitoring, hands on science activities, on-line teaching to children in rural schools, cleaning the public places, sports activities with school children and distribution of materials as part of the 'joy of giving activities', blood donation, orphanage visits etc. with zeal, enthusiasm, commitment and dedication.

'Samaritans' across locations participated and supported relief and rehabilitation work for the Kerala Flood and Cyclone "Gaja" in Tamil Nadu by collecting and distributing immediate relief items like; food, water, first aid kits

1,437 Samaritans dedicated 3,597 hours to volunteering work for 40 volunteering activity across LTTs locations during the year

CSR Policy of the Company is available on the Company's website: <https://www.ltt.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:

₹ 5,133 Million

4. Prescribed CSR Expenditure for FY 2019 (two per cent of the amount as in item 3 above):

₹ 102.7 Million

5. Details of CSR spent during the financial year FY 2019:

- i. Total amount spent: ₹ 101.3 Million
- ii. Amount unspent, if any: ₹ 1.4 Million
- iii. Manner in which the amount spent during the FY 19 is detailed below as per table enclosed

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

The objective of our CSR Policy is to create a visible impact in the focus areas for the beneficiaries and not just spending the requisite amount.

The Company has made efforts to identify projects in line with its CSR focus areas. In FY2019, the Company has spent its CSR amount through credible implementing partners such as Indian Institute of Science, Arch Development Foundation, Agastya International foundation, eVidyaloka, National Agro Foundation, Swami Vivekananda Youth Movement, Meta Design, India Rising Trust, Sankara Nethralaya, Laxmi Charitable Trust,

Indian Cancer Society, CareNx, ASTHA, Samarthanam Trust for the disabled and L&T Public Charitable Trust.

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

₹ 1.4 million worth of projects have got delayed in implementation, for which activities will be planned in FY 2019-2020, in addition to prescribed CSR Expenditure of FY 2019-20.

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 follow its CSR objectives, policies & its framework.

KESHAB PANDA
CEO & Managing Director

ARJUN GUPTA
Chairman – CSR Committee

(₹ in Millions)

| 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 + taxes | Cumulative expenditure up to the reporting period | Amount Spent: Direct or through implementing agency |
|--------------------|--|--|---|---|--|---|---|
| 1. | Eye care camps, cataract surgeries, mother care and cancer screening & awareness camps | Healthcare | Andhra Pradesh Maharashtra Tamil Nadu | 26.25 | 27.95 | 27.95 | Sankara Nethralaya Laxmi Charitable Trust Indian Cancer Society CareNx |
| 2. | Establish mini science lab, government school teachers & sports for the differently abled. | Education & Skill Development | Andhra Pradesh Gujarat Jharkhand Karnataka Maharashtra Tamil Nadu Telangana West Bengal | 28.60 | 39.76 | 39.76 | Indian Institute of Science, ARCH Foundation Samarthanam Trust ASTHA Agastya Foundation |
| 3. | Integrated watershed management, watershed+ & solar lighting project | Water conservation & environment | Maharashtra Karnataka Tamil Nadu | 25.30 | 14.90 | 14.90 | National Agro Foundation Swami Vivekananda Youth Movement |
| 4. | Protection & restoration of public places | Protection & Restoration | Karnataka Maharashtra | 15.00 | 14.90 | 14.90 | Meta Design India Rising Trust |
| 5. | Corporate volunteering program | Corporate volunteering program | Gujarat Karnataka Maharashtra Tamil Nadu | 3.60 | 3.20 | 3.20 | e vidyalok Other Partners |
| 6. | Others | others | | 3.95 | 0.61 | 0.61 | |
| TOTAL SPEND | | | | 102.70 | 101.32 | 101.32 | |

Annexure D

Corporate Governance Report

Corporate Governance

The Company believes that sound Corporate Governance is crucial for enhancing and retaining investor trust and your Company always seeks to ensure that its performance goals are met accordingly. Corporate Governance is a set of principles, processes and systems which govern a company. The elements of Corporate Governance are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders' value. The Company has adopted many ethical and transparent governance practices even before they were mandated by law. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

Company's Corporate Governance Philosophy

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. The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Act.

Corporate Governance Guidelines

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

Further, in order to strengthen the corporate governance culture within the Company, an online mandatory training and awareness program on Corporate Governance and related policies for employees was initiated in FY 2018 - 19. The Company has a strong legacy of fair, transparent and ethical governance practices.

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, 2019, 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 Act and Regulation 17 of the LODR.

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 Public Limited companies including listed entities 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, 4 board meetings were held on May 22, 2018, July 23, 2018, October 25, 2018 and January 17, 2019.

The Independent Directors met on May 3, 2019 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 & 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, 2019. The Directors strive to attend all the Board / Committee meetings. Their attendance at the Meetings held during the year and at the last AGM 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 | 4 | 4 | YES |
| Mr. S. N. Subrahmanyam | Non-Executive Vice-Chairman | 4 | 3 | YES |
| Dr. Keshab Panda | Chief Executive Officer & Managing Director | 4 | 4 | YES |
| Mr. Amit Chadha | President – Sales & Business Development and Whole-Time Director | 4 | 3 | YES |
| Mr. Bhupendra Bhate* | Chief Operating Officer and Whole-Time Director | 4 | 4 | YES |
| Mr. Samir T. Desai [§] | Independent Director | 4 | 4 | YES |
| Mr. Narayanan Kumar | Independent Director | 4 | 4 | YES |
| Ms. Renuka Ramnath | Independent Director | 4 | 3 | YES |
| Mr. Arjun Gupta | Independent Director | 4 | 4 | YES |
| Mr. Sudip Banerjee | Independent Director | 4 | 4 | YES |

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

* resigned as a Director and COO w.e.f. May 3, 2019

§ re-appointed as Independent Director for a second term of five years

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 Act or Regulation 17A of the LODR.

The names of the listed entities (whose equity and debt securities are listed) wherein the Director holds directorships as on March 31, 2019 are as follows:

| Name of Director | Names of Listed entities where he holds Directorship | Category of Directorship | |
|------------------------|--|--|----------------------|
| Mr. A. M. Naik | Larsen & Toubro Limited | Non-Executive Chairman | |
| | Larsen & Toubro Infotech Limited | Non-Executive Chairman | |
| | L&T Technology Services Limited | Non-Executive Chairman | |
| Mr. S. N. Subrahmanyam | Larsen & Toubro Limited | CEO & MD | |
| | Larsen & Toubro Infotech Limited | Non-Executive Vice-Chairman | |
| | L&T Metro Rail (Hyderabad) Limited | Chairman | |
| | L&T Technology Services Limited | Non-Executive Vice-Chairman | |
| Dr. Keshab Panda | L&T Technology Services Limited | CEO & MD | |
| Mr. Amit Chadha | L&T Technology Services Limited | President Sales and Business Development & Whole Time Director | |
| | | COO & Whole Time Director | |
| Mr. Bhupendra Bhate* | L&T Technology Services Limited | Independent Director | |
| Mr. Samir T. Desai | Larsen & Toubro Infotech Limited | Independent Director | |
| | L&T Technology Services Limited | Independent Director | |
| Ms. Renuka Ramnath | Tata Communications Limited | Independent Director | |
| | Arvind Limited | Independent Director | |
| | Ultratech Cement Limited | Independent Director | |
| | PVR Limited | Non-Executive Director | |
| | Indian Energy Exchange Limited | Non-Executive Director | |
| | L&T Technology Services Limited | Independent Director | |
| | Network 18 Media & Investments Limited | Independent Director | |
| | Vastu Housing Finance Corporation | Nominee Director | |
| | Mr. Arjun Gupta | Larsen & Toubro Infotech Limited | Independent Director |
| | | L&T Technology Services Limited | Independent Director |
| Mr. Sudip Banerjee | IFB Industries Limited | Non-Executive Director | |
| | Kesoram Industries Limited | Independent Director | |
| | Larsen & Toubro Infotech Limited | Independent Director | |
| Mr. Narayanan Kumar | L&T Technology Services Limited | Independent Director | |
| | Larsen and Toubro limited | Independent Director | |
| | MRF limited | Independent Director | |
| | Mphasis limited | Independent Director | |
| | Take Solutions limited | Independent Director | |
| | Entertainment Network (India) limited | Independent Director | |
| | Bharti Infratel Limited | Independent Director | |
| | L&T Technology Services Limited | Independent Director | |

* resigned as Director and COO w.e.f May 3, 2019

As on March 31, 2019, the number of other Directorships & Memberships / Chairmanships of Committees of the Board of Directors are as follows:

| Name of Director | No of other company Directorships | No. of Committee Membership | No. of Committee Chairmanship |
|------------------------|-----------------------------------|-----------------------------|-------------------------------|
| Mr. A. M. Naik | 4 | 0 | 0 |
| Mr. S. N. Subrahmanyam | 3 | 2 | 0 |
| Dr. Keshab Panda | 0 | 0 | 0 |
| Mr. Amit Chadha | 0 | 0 | 0 |
| Mr. Bhupendra Bhate* | 0 | 0 | 0 |
| Mr. Samir T. Desai | 1 | 1 | 0 |
| Ms. Renuka Ramnath | 7 | 2 | 1 |
| Mr. Arjun Gupta | 1 | 0 | 0 |
| Mr. Sudip Banerjee | 3 | 1 | 0 |
| Mr. Narayanan Kumar | 9 | 3 | 4 |

* resigned as a Director and COO w.e.f. May 3, 2019

Notes: -

- Other Company Directorship includes directorship in all entities whose securities are listed, public related Companies (whether listed or not) and excludes private limited Companies, foreign Companies and Section 8 Companies.
- The Committee Chairmanships/ Memberships are disclosed as per Regulation 26 of the LODR.

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
- The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| Skill Area | Description |
|--|---|
| Leadership | Ability to envision the future and prescribe a strategic goal for the Company, help the Company to identify possible road maps, inspire and motivate the strategy, approach, processes and other such key deliverables and mentor the leadership team to channelize its energy/efforts in appropriate direction. |
| Strategy and planning | Ability to think strategically; identify and critically assess strategic opportunities and threats. |
| Global Experience / International Exposure | Ability to have access and understand business models of global corporations, relate to the developments with respect to leading global corporations and assist the Company to adapt to the local environment, understand the geo political dynamics and its relations to the Company's strategies and business prospects and have a network of contacts in global corporations and industry worldwide. |
| Governance, Risk Management and Compliance | Commitment, belief and experience in the application of corporate governance principles and setting up corporate governance practices to support the Company's robust legal, risk and compliance systems and governance policies/practices. |
| Engineering Research & Development | Domain knowledge in businesses and closely follow the technology trends in the ER&D industry and focus on key technology areas that impact the various verticals we operate viz. digital engineering, mobility and augmented reality, IOT, automation of Knowledge, robotics, autonomous & near-autonomous vehicles, imaging and video. |
| Finance, Accounts & Audit | Qualifications and/or experience in accounting and/or finance or the ability to understand financial policies, disclosure practices, financial statements and critically assess financial viability and performance. |
| Relationship with Clients/ Customers | Experience in engaging with management of businesses and organizations and other customers to assess business needs and ability to maintain positive relationships with clients / customers over time. |
| Stakeholder Engagement & Industry advocacy | Ability to engage with key stakeholders including relevant industry investor and business customers to effectively engage/network and communicate with them. |
| Contributor and collaborator | The ability to critically analyze complex and detailed information, deal appropriately with key issues and suggest solutions to problems. |

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.

The terms of reference of the Board Committees are in compliance with the provisions of the Act the LODR and are also decided by the Board from time to time. The Board is responsible for constituting, assigning and appointing the members of the Committees. Draft minutes of the committee meetings are circulated to the members of those committees for their comments and thereafter, confirmed in its next meeting, in terms of Secretarial Standard on Meeting of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India.

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 utilization 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.
21. Review of Management's discussion and analysis of financial condition and results of operations
22. Review of Statement of significant related party transactions, submitted by the management;
23. Review of Management letters / letters of internal control weaknesses issued by the statutory auditors;

24. Review Internal audit reports relating to internal control weaknesses;
25. Review the appointment, removal and terms of remuneration of the chief internal auditor;
26. Review of Statement of deviations if any;
27. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

- **Composition**

The Audit Committee has been in place since 2014. As on March 31, 2019 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.

- **Meetings**

During the year ended March 31, 2019, Audit Committee met 4 (Four) times on May 22, 2018, July 23, 2018, October 25, 2018 and January 17, 2019.

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 | 4 |
| 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:**

M/s. Aneja Associates are the Internal Auditors of the Company. Over a period of one year, auditors have gained knowledge about the businesses of the Company, its systems & procedures. They are reviewing from time to time, Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. and presentations were 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 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.
8. Recommend to the board, all remuneration, in whatever form, payable to senior management.

- **Composition**

The Nomination and Remuneration Committee ('NRC') has been in place since February 15, 2014. As on March 31, 2019 the NRC comprised of three Members including two Independent Directors and a Non-Executive Chairman of the Board. The Chairman of the Committee is an Independent Director.

- **Meetings**

During the year ended March 31, 2019, the NRC committee met 4 (Four) times May 22, 2018, July 23, 2018, October 25, 2018 and January 17, 2019.

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 | 4 | 4 |
| Mr. A.M. Naik | Member | 4 | 4 |
| Mr. Arjun Gupta | Member | 4 | 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 Act and Regulation 16(1)(b) of the LODR. While appointing/re-appointing any Independent Directors/ Non-Executive Directors on the Board, the NRC considers the criteria as laid down in the Act and the LODR.

All the Independent Directors give a certificate confirming that they meet the "independence criteria" as mentioned in Section 149(6) of the Act and the LODR.

These certificates have been placed on our corporate website www.lts.com.

The Board has taken on record the declaration and confirmation submitted by the Independent Directors after assessing the veracity of the same.

Further, the Board is of the opinion that the Independent Directors fulfil the conditions specified in the LODR and are independent of the management.

- **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 Act.

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 and Non-Executive Chairman. 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 Act).

The commission to Independent Directors is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings, Chairmanship of Committees etc. 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 LODR, the criteria for payment to Independent Directors/ Non-Executive Directors is made available on the investor page of our corporate website www.lts.com.

- **Performance Evaluation Criteria for Independent Directors:**

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, remuneration structure, succession planning 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. 37 of the Board Report.

- **Details of Remuneration Paid/Payable to Directors for the Year Ended March 31, 2019**

(a) **Executive Directors:**

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

(₹ million)

| Name of Director | Salary p.a | Variable Pay | Profit sharing Commission |
|---|------------|--------------|---------------------------|
| Dr. Keshab Panda, CEO and Managing Director | 46.69 | 8.69 | 13.79 |
| Mr. Amit Chadha, President Sales and Business Development and Whole Time Director | 31.62 | 15.70 | - |
| Mr. Bhupendra Bhate, COO and Whole Time Director* | 8.41 | 2.25 | - |

*resigned as a Director and COO w.e.f. 3rd May 2019

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.

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.ltts.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 | 0.20 | 0.10 | 8.50 | 8.80 |
| Mr. S. N. Subrahmanyam | Non-Executive | - | - | - | - |
| Mr. Samir T Desai* | Independent Director | 0.20 | 0.20 | 4.84 | 5.24 |
| Mr. Narayanan Kumar | Independent Director | 0.20 | 0.10 | 1.50 | 1.80 |
| Ms. Renuka Ramnath | Independent Director | 0.20 | 0.08 | 1.18 | 1.46 |
| Mr. Arjun Gupta* | Independent Director | 0.20 | 0.15 | 4.01 | 4.36 |
| Mr. Sudip Banerjee | Independent Director | 0.20 | 0.15 | 1.50 | 1.85 |

* 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 Non-Executive Directors as on March 31, 2019 are as follows:

| Name of Director | No. of Shares held |
|-----------------------|--------------------|
| Mr. A.M. Naik | 13,00,000 |
| Mr. S.N. Subrahmanyam | 80,000 |

Stakeholders' Relationship Committee

• Terms of Reference

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

1. To redress grievances of shareholders, debenture holders and other security holders;
2. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
4. 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
5. Carrying out any other function as may be decided by the Board or specified/provided under the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.
6. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
7. Review of measures taken for effective exercise of voting rights by shareholders.
8. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
9. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

• Composition

The Stakeholders' Relationship Committee (SRC) as on March 31, 2019, 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, 2019, the SRC committee met 4 (Four) times May 22, 2018, July 23, 2018, October 25, 2018 and January 17, 2019. 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. The meetings were chaired by Mr. Sudip Banerjee in the absence of Ms. Renuka Ramnath.

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

• Number of Requests/Complaints

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

During the year, the Company/ its Registrar received the following complaints from SEBI/Stock Exchanges and queries from shareholders, which were resolved within the time frames laid down by SEBI.

| Particulars | Opening Balance | Received | Resolved | Pending |
|-----------------------------|-----------------|----------|----------|---------|
| Complaints: | NIL | NIL | NIL | NIL |
| SEBI/ Stock Exchange | NIL | NIL | NIL | NIL |
| Shareholder Queries: | NIL | 41 | 41 | NIL |
| Dividend Related | NIL | 68 | 68 | NIL |
| Transmission/ Transfer | NIL | NIL | NIL | NIL |
| Demat/Remat | NIL | NIL | NIL | NIL |

The Board has delegated the powers to approve transfer of shares to Share Transfer Committee comprising of Chief Financial Officer and Company Secretary. Pursuant to SEBI press release dated 3rd December 2018, requests for transfer of securities after April 1, 2019, shall be

executed only in dematerialised form and hence the Share Transfer Committee shall not approve any request for transfer of shares in physical form.

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, 2019 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 22, 2018 and October 25, 2018.

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 50 of this Annual Report.

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.
7. Review of risks specifically associated with cyber security.

• Composition

The Risk Management Committee as on March 31, 2019 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**

Risk Management Committee was held on January 17, 2019 during the year ended March 31, 2019.

| Name | Position in the Committee | No. of Meetings held during the year | No. of Meetings Attended |
|-----------------------|---------------------------|--------------------------------------|--------------------------|
| Mr. S.N. Subrahmanyam | Chairman | 1 | 1 |
| Dr. Keshab Panda | Member | 1 | 1 |
| Mr. P. Ramakrishnan | Member | 1 | 1 |

- **Other information:**

- **Directors' Familiarization Program**

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

The Company holds Board meetings in Landmark, Mumbai and also if necessary, in locations, where it operates.

The internal newsletters of the Company, the press releases, etc. are uploaded 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.

The Board of Directors has complete access to the information within the Company. Minutes of all committees are being included as a part of Agenda to the Board. Systems, procedures and resources are in place to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable / discharge his / her duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

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

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.lts.com.

- **Risk Management Framework:**

Please refer page no. 61 of Board Report

- **Vigil Mechanism /Whistle Blower Policy**

Please refer page no. 40 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 appointing M/s Sharp & Tannan as the Statutory Auditors of the Company in 2018.

For the Financial year 2018-19, the total fees paid by the Company and its subsidiaries on a consolidated basis, to Sharp & Tannan, Statutory Auditor and all entities in the network firm/network entity of which the statutory Auditors are part there of for all the services provided by than is ₹ 4.21 million

Also refer to Page 38 of the Board Report.

- **Code of Conduct**

The Company has laid down a Code of Conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the Company, www.lts.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 3, 2019
Place: Mumbai

- **General Body Meetings**

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

| Financial Year | Date | Venue | Time |
|----------------|-----------------|--|----------|
| 2017-18 | August 22, 2018 | Yashwantrao Chavan, Pratishthan Auditorium, General Jagannath Bhosale Marg, Nariman Point Mumbai 400 021 | 11.00 AM |
| 2016-17 | August 23, 2017 | St. Andrews Auditorium, St. Dominic Road, Bandra West, Mumbai-400 050 | 3.00 PM |
| 2015-16 | July 15, 2016 | L&T House, Ballard Estate, N.M.Marg, Mumbai-400 001 | 1.00 PM |

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

Annual General Meeting held on August 22, 2018

- To approve Appointment and Continuation of Mr. A.M Naik as a Non-Executive Director of the Company, who has attained the age of Seventy-Five Years.

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.

- **Postal Ballot**

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

Disclosures:

- 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.
- Details of all related party transactions form a part of the accounts as required under IND AS 24 and the same are given on page 169 of the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.
- 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.
- The Company has obtained Certificate from Mrs. Naina Desai, Practicing Company Secretary confirming that Directors have not been debarred or not been disqualified from being appointed or continuing as Directors by SEBI/MCA or any other authority.

- F. The policy for determining material subsidiaries and related party transactions is available on our website www.ltts.com.
- G. Details of risk management including foreign exchange risk, commodity price risk and hedging activities form a part of the Management Discussion & Analysis. Please refer to page no. 105 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.ltts.com . |
| New releases | Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.ltts.com . |
| Website | The Company's website www.ltts.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. Annual Report and accounts of the Company and its subsidiaries will be available on the website of the Company in downloadable format. |
| 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. 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 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

During the year under review few shareholders had approached for transfer of 16 shares out of the said shares lying in the

escrow account. The RTA has validated the said request and on due diligence transferred the said shares to the rightful shareholders. As on March 31, 2019, the Company does not have any unclaimed shares lying with it from its public issue.

General Shareholders' Information Financial Year

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

Annual General Meeting:

The AGM of the Company to be convened on Saturday, July 20, 2019 at 3.30 p.m. at Birla Matushri Sabhagar, New Marine Lines, Mumbai – 400 020, Maharashtra.

Financial calendar:

| | |
|---------------------------|-------------------------------------|
| Annual Results of 2018-19 | May 3, 2019 |
| Mailing of Annual Reports | Second week of June, 2019* |
| First Quarter Results | During third week of July, 2019* |
| Annual General Meeting | July 20, 2019 |
| Payment of Dividend | On or before July 30, 2019* |
| Second Quarter results | During third week of October, 2019* |
| Third Quarter results | During third week of January, 2019* |

*Tentative dates

Book Closure:

The dates of Book Closure are from Saturday, July 13, 2019 to Saturday, July 20, 2019 (both days inclusive) to determine the Members entitled to the dividend for 2018-2019.

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:

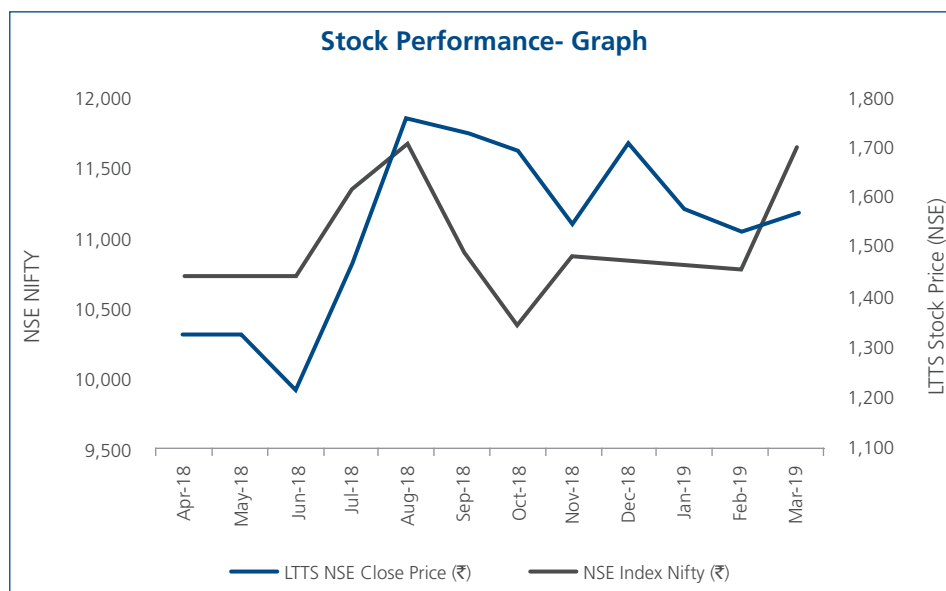
The Company has paid custodial fees for the year 2018-2019 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code/Symbol:

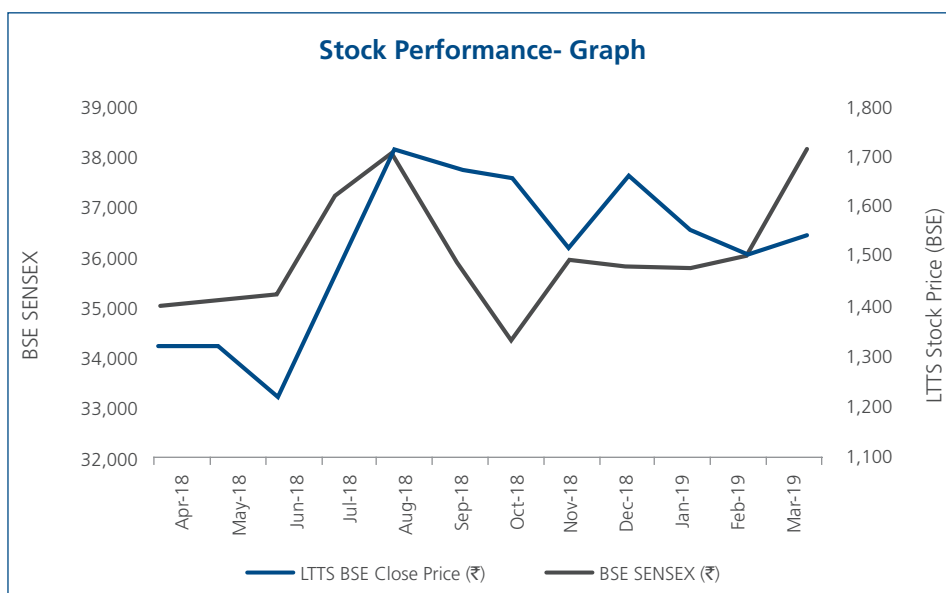
| | |
|--|-----------------------|
| BSE Limited (BSE) | Scrip Code: 540115 |
| National Stock Exchange of India Limited (NSE) | Scrip Code: LTTS |
| ISIN | INE010V01017 |
| Corporate Identification Number | L72900MH2012PLC232169 |

Stock market data for the year 2018-2019:

| Month | LTTS NSE Price(₹) | | | NIFTY | | |
|-------------|-------------------|----------|-------------|-----------|-----------|-------------|
| | High | Low | Month Close | High | Low | Month Close |
| 2018 | | | | | | |
| April | 1,375.00 | 1,145.50 | 1,329.60 | 10,759.00 | 10,111.30 | 10,739.35 |
| May | 1,375.00 | 1,203.10 | 1,326.00 | 10,929.20 | 10,417.80 | 10,736.15 |
| June | 1,362.10 | 1,156.00 | 1,218.10 | 10,893.25 | 10,550.90 | 10,714.30 |
| July | 1,559.00 | 1,191.95 | 1,466.75 | 11,366.00 | 10,604.65 | 11,356.50 |
| August | 1,775.00 | 1,405.00 | 1,761.65 | 11,760.20 | 11,234.95 | 11,680.50 |
| September | 1,855.00 | 1,450.00 | 1,736.25 | 11,751.80 | 10,850.30 | 10,930.45 |
| October | 1,775.00 | 1,366.45 | 1,700.80 | 11,035.65 | 10,004.55 | 10,386.60 |
| November | 1,769.00 | 1,471.00 | 1,549.10 | 10,922.45 | 10,341.90 | 10,876.75 |
| December | 1,739.95 | 1,501.00 | 1,708.35 | 10,985.15 | 10,333.85 | 10,862.55 |
| 2019 | | | | | | |
| January | 1,757.65 | 1,575.00 | 1,585.25 | 10,987.45 | 10,583.65 | 10,830.95 |
| February | 1,615.00 | 1,404.90 | 1,535.75 | 11,118.10 | 10,585.65 | 10,792.50 |
| March | 1,599.00 | 1,429.00 | 1,572.25 | 11,630.35 | 10,817.00 | 11,623.90 |



| Month | LTTS BSE Price(₹) | | | BSE SENSEX | | |
|-------------|-------------------|----------|-------------|------------|-----------|-------------|
| | High | Low | Month Close | High | Low | Month Close |
| 2018 | | | | | | |
| April | 1,380.00 | 1,150.00 | 1,329.35 | 35,213.30 | 32,972.56 | 35,160.36 |
| May | 1,374.90 | 1,207.90 | 1,327.80 | 35,993.53 | 34,302.89 | 35,322.38 |
| June | 1,358.00 | 1,160.35 | 1,215.40 | 35,877.41 | 34,784.68 | 35,423.48 |
| July | 1,560.00 | 1,192.50 | 1,468.50 | 37,644.59 | 35,106.57 | 37,606.58 |
| August | 1,775.00 | 1,400.30 | 1,762.10 | 38,989.65 | 37,128.99 | 38,645.07 |
| September | 1,852.50 | 1,453.35 | 1,722.65 | 38,934.35 | 35,985.63 | 36,227.14 |
| October | 1,773.00 | 1,370.50 | 1,702.60 | 36,616.64 | 33,291.58 | 34,442.05 |
| November | 1,769.00 | 1,471.00 | 1,548.45 | 36,389.22 | 34,303.38 | 36,194.30 |
| December | 1,737.40 | 1,500.90 | 1,711.30 | 36,554.99 | 34,426.29 | 36,068.33 |
| 2019 | | | | | | |
| January | 1,746.90 | 1,572.00 | 1,588.10 | 36,701.03 | 35,375.51 | 36,068.33 |
| February | 1,621.90 | 1,405.00 | 1,532.40 | 37,172.18 | 35,287.16 | 36,256.69 |
| March | 1,592.85 | 1,433.00 | 1,571.10 | 38,748.54 | 35,926.94 | 38,672.91 |


Registrar and Share Transfer Agent:

Karvy Fintech 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 Fintech Private Limited who are the Company's RTA. Pursuant to SEBI press release dated December 3, 2018, except in case of transmission or transposition of securities, requests for effecting transfer of securities after April 1, 2019, shall not be processed by the Company unless the securities are held in the dematerialized form with a depository.

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

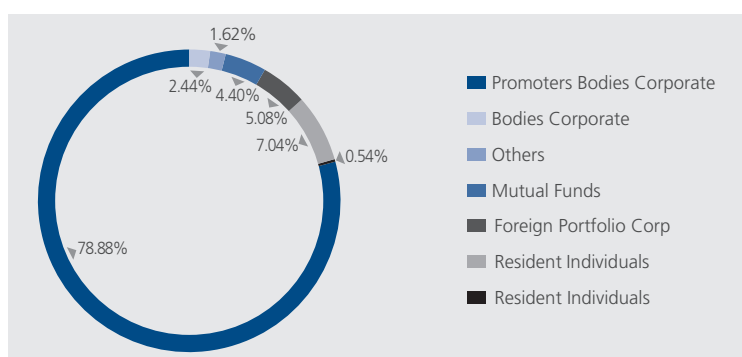
As required under Regulation 40 of the LODR a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

Distribution of Shareholding as on March 31, 2019:

| No. of shares | Shareholders | | Shareholding | |
|---------------|---------------|---------------|---------------------|---------------|
| | Number | Percentage | Number | Percentage |
| Upto 500 | 92,005 | 99.74 | 63,64,878 | 6.12 |
| 501- 1000 | 88 | 0.10 | 6,30,290 | 0.61 |
| 1001-2000 | 62 | 0.07 | 8,58,805 | 0.83 |
| 2001-3000 | 22 | 0.02 | 5,39,619 | 0.52 |
| 3001-4000 | 11 | 0.01 | 3,89,165 | 0.37 |
| 4001-5000 | 6 | 0.01 | 2,68,224 | 0.26 |
| 5001-10000 | 18 | 0.02 | 13,44,543 | 1.29 |
| 10001 & above | 31 | 0.03 | 9,36,17,801 | 90.01 |
| Total | 92,243 | 100.00 | 10,40,13,325 | 100.00 |

Categories of Shareholders is as under:

| Category | March 31, 2019 | | March 31, 2018 | |
|----------------------------|---------------------|------------|---------------------|------------|
| | No of shares | % | No of shares | % |
| Mutual Funds | 45,79,634 | 4.40 | 7,69,679 | 0.75 |
| Foreign Portfolio - Corp | 52,85,685 | 5.08 | 41,831 | 0.04 |
| Resident Individuals | 73,25,590 | 7.04 | 43,30,453 | 4.23 |
| Employees | 5,65,972 | 0.54 | 3,53,477 | 0.35 |
| Promoters Bodies Corporate | 82,050,531 | 78.88 | 9,09,91,100 | 88.81 |
| Bodies Corporates | 25,41,817 | 2.44 | 22,24,158 | 2.17 |
| Others | 16,64,096 | 1.62 | 37,45,349 | 3.65 |
| Total | 10,40,13,325 | 100 | 10,24,56,047 | 100 |

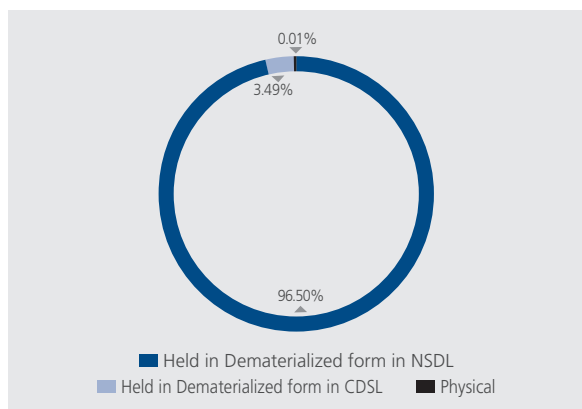


b) Dematerialization of Shares:

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

As on March 31, 2019, 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 | 10,03,69,724 | 96.50 |
| Held in Dematerialized form in CDSL | 36,32,749 | 3.49 |
| Physical | 10,852 | 0.01 |
| Total | 10,40,13,325 | 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 RTA. The Company collected PAN and bank account details of 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 Fintech 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

Address of the Compliance Officer Kapil Bhalla
 L&T Technology Services Limited
 L&T Business Park, TC-2, Tower B,
 2nd Floor, North-East Wing,
 Gate No.5, Saki Vihar Road, Powai,
 Mumbai 400 072
 Tel: (91 022) 6705 9200
 Fax: (91 022) 6705 9695

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- 400 001 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@lts.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. Pursuant to the enactment of the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has suitably modified the provisions of the Code which are effective from 1st April 2019.

Mr. Kapil Bhalla, Company Secretary has been designated as the Compliance Officer. Mr. P. Ramakrishnan is the Chief Investor Relations Officer of the Company.

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.ltts.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 Act. Mrs. 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.

Pursuant to the SEBI circular dated 8th February 2019, the Company has obtained an annual secretarial compliance report from Mrs. Naina Desai, Practicing Company Secretary and shall submit the same to the Stock Exchanges within the prescribed timelines.

Group Governance:

Since, currently company is having only three subsidiary companies, subsidiaries are following strong governance practices as prescribed by Parent company LTTS. The Company also periodically monitors transactions in subsidiary and step down subsidiaries by way of receiving checklists from these companies.

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 Obligations & 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, 2019 and that to the best of our knowledge and belief, we state that:

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

Yours Sincerely,

P. RAMAKRISHNAN
Chief Financial Officer

KESHAB PANDA
CEO & Managing Director

Place: Mumbai
Date: May 3, 2019

Independent Auditors' certificate on corporate governance To the members of L&T Technology Services Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 30 August 2018.
2. 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 2019, 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

3. 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

4. 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.
5. 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.
6. 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.
7. 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

8. 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 2019.
9. 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

10. The certificate is addressed to and provided to the members of the Company solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

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

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Mumbai, May 3, 2019

Annexure E

A) Ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2018-19, the percentage increase in remuneration of each Director & Key Managerial Personnel (KMP) during the financial year 2018-19

(₹ in million)

| Name of the Director/KMP | Designation | 2018-2019 | | |
|--------------------------|---|--------------------|--|-------------------------------------|
| | | Total Remuneration | Ratio of Remuneration to the median remuneration | Percentage increase in Remuneration |
| Mr. A. M. Naik | Non-Executive Chairman | 8.80 | 10.31 | NA |
| Mr. S. N. Subrahmanyam | Non-Executive Vice Chairman | - | - | NA |
| Dr. Keshab Panda | CEO & Managing Director | 155.94 @ | 182.72 | 33.9 |
| Mr. Amit Chadha | President- Sales & Business Development and Whole-Time Director | 103.84 @ | 121.67 | 38.3 |
| Mr. Bhupendra Bhate | Whole Time Director and Chief Operating Officer | 32.65* | 38.26 | NA |
| Mr. Samir T Desai | Independent Director | 5.24 | 6.14 | -11.9 |
| Ms. Renuka Ramnath | Independent Director | 1.46 | 1.71 | -15.1 |
| Mr. Arjun Gupta | Independent Director | 4.36 | 5.11 | 27.5 |
| Mr. Sudip Banerjee | Independent Director | 1.85 | 2.17 | -12.9 |
| Mr. Narayanan Kumar | Independent Director | 1.80 | 2.11 | 32.4 |
| Mr. P. Ramakrishnan | Chief Financial Officer | 6.98 | 8.18 | 31.2 |
| Mr. Kapil Bhalla | Company Secretary | 3.89 | 4.56 | -8.1 |

Notes:-

@ 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.

* Resigned as a COO & Whole-Time Director w.e.f May 3, 2019

B) Percentage increase in the median remuneration of all employees in the financial year 2018-19:

The median remuneration of employees of the Company during the financial year was ₹ 8,53,421 In the financial year, there was an increase of 2.23 % in the median remuneration of employees;

C) Number of permanent employees on the rolls of Company as on March 31, 2019

There were 14,097 permanent employees on the rolls of Company as on March 31, 2019;

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 5.3% in India and around 1.6% outside India. The average increase in managerial remuneration was 42%. The average increase is not comparable since the increase is on account of exercise of stock options by the Executive Directors and payment of commission to Non-Executive Directors.

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

DRAFT
Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2019

[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, 2019, 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, 2019 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, 2018;
 - 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, 2018;
- (vi) Other specific business/industry related laws that are applicable to the Company, viz.
- The Information Technology Act, 2000
 - The Special Economic Zone Act, 2005
 - Policy relating to Software Technology Parks of India and its regulations.
 - The Indian Copyright Act, 1957
 - The Patents Act, 1970
 - The Trade Marks Act, 1999
 - Indian Telegraph Act.
 - Telecom Regulatory Authority of India (TRAI)/ Department of Telecommunication (DOT) Guidelines.
 - Other Service Provider Guidelines (Governed by DOT)

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable.
 - 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, based on review of the compliance mechanism established by the Company and the Compliance Certificates taken on record by the Board of Directors at their meetings, 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 Graphene Semiconductor Services Private Limited including its 1 Indian subsidiary and 3 overseas subsidiaries incorporated namely in Singapore, Malaysia and Taiwan , by the Company on October 15, 2018.

NAINA R DESAI

Practising Company Secretary

Membership No. 1351

Certificate of Practice No.13365

Place: Mumbai

Date: April 16, 2019

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.

'Annexure A'

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 16,2019

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

Annexure H

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019
[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- 022-6705 9200 |
| vii) Whether listed company | Listed |
| viii) Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Fintech Private Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: einward.ris@karvy.com Website: https://karisma.karvy.com |

II. Principal Business Activities of the Company

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|---|---------------------------------|------------------------------------|
| 1. | To Provide a range of Engineering Services and related technologies in the areas of Embedded Systems, Mechanical etc and to act as a services provider to companies in India and abroad | 620 | 100 |

III. Particulars of Holding, Subsidiary and Associate Companies

| Sl. No. | Name and Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of Shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------------|------------------------|-----------------------|
| 1. | Larsen & Toubro Limited, L&T House, N.M.Marg, Ballard Estate, Mumbai-400001 | L99999MH1946PLC004768 | Holding Company | 78.88 | 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 | 0479598-9 | Subsidiary Company | 100 | 2(87) |
| 4. | Graphene Semiconductors Services Private Limited, 8/2 & 9, The Hub, Unit 1 Rear Wing, Sarjapura Main Road, Ambalipura Village, Bengaluru 560103 | U74900KA2013PTC068574 | Subsidiary Company | 100 | 2(87) |
| 5. | Esencia Technology Inc, AT 2350 Mission College BLVD suite 490, Santa Clara, CA 95054 | NA | Subsidiary Company | 100 | 2(87) |
| 6. | 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) |
| 7. | Graphene Solutions PTE Ltd, 30, Cecil Street, #19-08, Prudential Tower, Singapore - 049712. | 201524512K | Subsidiary Company | 100 | 2(87) |
| 8. | Graphene Solution SDN.BHD Registered Office: C-2-20, SME1, SME Technopreneur Centre, 2270, Jalan Usahawan 2, Cyber 6, 63000 Cyberjaya, Selangor, Malaysia. | 1231163-D | Subsidiary Company | 100 | 2(87) |
| 9. | Graphene Solutions Taiwan Limited 6F, No. 378, Changchun Rd., Taipei 10487, Taiwan | 50787314 | Subsidiary Company | 100 | 2(87) |
| 10. | Seastar Labs Private Limited 501, Sarkar-1, opp. Gandhigram Railway Station, Ashram Road Ahmedabad -380009 | U72900GJ2015PTC083374 | 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 | 0 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp. | 9,09,91,100 | 0 | 9,09,91,100 | 88.81 | 8,20,50,531 | 0 | 8,20,50,531 | 78.88 | 9.93 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other.... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A) (1):- | 9,09,91,100 | 0 | 9,09,91,100 | 88.81 | 8,20,50,531 | 0 | 8,20,50,531 | 78.88 | 9.93 |
| (2) Foreign | | | | | | | | | |
| a) NRIs -Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other –Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other.... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A) (2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total shareholding of Promoter | | | | | | | | | |
| (A) =(A)(1)+(A)(2) | 9,09,91,100 | 0 | 9,09,91,100 | 88.81 | 8,20,50,531 | 0 | 8,20,50,531 | 78.88 | 0.96 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) MutualFunds | 7,69,679 | 0 | 7,69,679 | 0.75 | 45,79,634 | 0 | 45,79,634 | 4.40 | |
| b) Banks / FI | 21,659 | 0 | 21,659 | 0.02 | 30,434 | 0 | 30,434 | 0.03 | |
| c) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| d) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| g) FIs | 30,25,178 | 0 | 30,25,178 | 2.95 | 52,89,685 | 0 | 52,89,685 | 5.09 | |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| Sub-total (B)(1):- | 38,16,516 | 0 | 38,16,516 | 3.72 | 98,99,753 | 0 | 98,99,753 | 9.52 | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 22,24,158 | 0 | 22,24,158 | 2.17 | 25,41,817 | 0 | 25,41,817 | 2.44 | |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 41,77,489 | 4,900 | 41,77,489 | 4.08 | 62,16,743 | 5,852 | 62,16,743 | 5.98 | |

| 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 | |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 2,60,000 | 0 | 2,60,000 | 0.25 | 13,00,000 | 0 | 13,00,000 | 1.25 | |
| c) Others (specify) | | | | | | | | | |
| Foreign Portfolio Investors | - | 0 | | 0.00 | - | 0 | - | 0.00 | |
| Non Resident Indians | 1,59,825 | 0 | 1,59,825 | 0.16 | 3,66,919 | 0 | 3,66,919 | 0.35 | |
| Non Resident Indian Non Repatriable | 1,00,305 | - | 1,00,305 | 0.10 | 1,64,415 | - | 1,64,415 | 0.16 | |
| Clearing Members | 1,02,004 | - | 1,02,004 | 0.10 | 1,21,788 | - | 1,21,788 | 0.12 | |
| NBFC | 635 | - | 635 | 0.00 | 3,647 | - | 3,647 | 0.00 | |
| Trust | 3,530 | - | 3,530 | 0.00 | 5,032 | - | 5,032 | 0.00 | |
| Alternate Investment Fund | 2,67,008 | - | 2,67,008 | 0.26 | 7,76,686 | - | 7,76,686 | 0.75 | |
| Qualified Institutional Buyer | - | - | - | - | 22 | - | 22 | 0.00 | |
| Employees | 3,53,477 | 16,000 | 3,53,477 | 0.35 | 5,65,972 | 5,000 | 5,65,972 | 0.54 | |
| Sub-total (B)(2):- | 76,48,431 | 20,900 | 76,48,431 | 7.47 | 1,20,63,041 | 10,852 | 1,20,63,041 | 11.60 | |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 1,14,64,947 | 20,900 | 1,14,64,947 | 11.19 | 2,19,62,794 | 10,852 | 2,19,62,794 | 21.12 | |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Grand Total (A+B+C) | 10,24,56,047 | 20,900 | 10,24,56,047 | 100.00 | 10,40,13,325 | 10,852 | 10,40,13,325 | 100.00 | |

ii) Shareholding of Promoters

| Sl. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---------|-------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Larsen & Toubro Limited | 9,09,91,100 | 88.81 | 0 | 8,20,50,531 | 78.88 | 0 | 9.93 |
| | Total | 9,09,91,100 | 88.81 | 0 | 8,20,50,531 | 78.88 | 0 | 9.93 |

iii) Change in Promoters Shareholding

| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the year | | Date of Transaction | Reason | Increase/ Decrease in Shareholding | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---------------------|--|------------------------------------|---|--|
| | | No. of shares | % of total shares of the Company | | | | No. of Shares | % change in shaerholding during the year |
| 1 | LARSEN AND TOUBRO LIMITED | 9,09,91,100 | 88.81 | | | | | |
| | | | | 28-03-2018 | Transfer recorded in FY 2018-19 due to Exchange Holidays | -169,000 | 90,822,100 | 88.64 |
| | Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease(qg allotment/ transfer/bonus/ sweat equity etc) | | | 02-04-2018 | Transfer | -31,540 | 90,790,560 | 88.61 |
| | | | | 03-04-2018 | Transfer | -13,000 | 90,777,560 | 88.60 |
| | | | | 04-04-2018 | Transfer | -6,957 | 90,770,603 | 88.59 |
| | | | | 05-04-2018 | Transfer | -14,115 | 90,756,488 | 88.58 |
| | | | | 06-04-2018 | Transfer | -2,000 | 90,754,488 | 88.58 |
| | | | | 09-04-2018 | Transfer | -1,48,502 | 90,605,986 | 88.43 |
| | | | | 10-04-2018 | Transfer | -20,000 | 90,585,986 | 88.41 |
| | | | | 11-04-2018 | Transfer | -11,903 | 90,574,083 | 88.40 |
| | | | | 12-04-2018 | Transfer | -59,322 | 90,514,761 | 88.34 |
| | | | | 12-04-2018 | Transfer | -90,000 | 90,424,761 | 88.26 |
| | | | | 13-04-2018 | Transfer | -8,500 | 90,416,261 | 88.25 |
| | | | | 20-04-2018 | Transfer | -1,71,000 | 90,245,261 | 88.08 |
| | | | | 23-04-2018 | Transfer | -1,28,000 | 90,117,261 | 87.96 |
| | | | | 24-04-2018 | Transfer | -30,000 | 90,087,261 | 87.93 |
| | | | | 25-04-2018 | Transfer | -5,87,989 | 89,499,272 | 87.35 |
| | | | | 25-04-2018 | Transfer | -2,58,000 | 89,241,272 | 87.10 |
| | | | | 03-08-2018 | Transfer | -13,15,946 | 87,925,326 | 85.80 |
| | | | | 03-08-2018 | Transfer | -43,22,526 | 83,602,800 | 81.58 |
| | | | | 30-01-2019 | Transfer | -3,19,461 | 83,283,339 | 80.07 |
| | | | | 30-01-2019 | Transfer | -12,25,820 | 82,057,519 | 78.89 |
| | | | | 31-01-2019 | Transfer | -1,736 | 82,055,783 | 78.89 |
| | | | | 31-01-2019 | Transfer | -5,252 | 82,050,531 | 78.88 |
| | At the end of the year | | | | | | 8,20,50,531 | 78.88 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name of the shareholder | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|---------|---|---|-----------------------------------|----------|---|----------------------------------|
| | | | | | No. of shares | % of total shares of the Company |
| 1. | HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND | Shareholding at the beginning of the year | | | 0 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/ sweat equity etc) | 31-03-2018 | 0 | | | |
| | | 10/08/2018 | 20,50,000 | Transfer | 20,50,000 | 1.98 |
| | | 07/09/2018 | -1,54,600 | Transfer | 18,95,400 | 1.83 |
| | | 14/09/2018 | -1,35,000 | Transfer | 17,60,400 | 1.70 |
| | | 22/02/2019 | 31,100 | Transfer | 17,91,500 | 1.72 |
| | | 01/03/2019 | 35,300 | Transfer | 18,26,800 | 1.76 |
| | | 08/03/2019 | 11,500 | Transfer | 18,38,300 | 1.77 |
| | | 29/03/2019 | 16,100 | Transfer | 18,54,400 | 1.78 |
| | | At the end of the year | | | 18,54,400 | 1.78 |
| 2. | ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED | Shareholding at the beginning of the year | | | | |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/ sweat equity etc) | 31/03/2018 | | | 1320763 | 1.29 |
| | | 06/04/2018 | -36,549 | Transfer | 12,84,214 | 1.25 |
| | | 13/04/2018 | 71,220 | Transfer | 13,55,434 | 1.32 |
| | | 27/04/2018 | 217 | Transfer | 13,55,651 | 1.32 |
| | | 04/05/2018 | -6,563 | Transfer | 13,49,088 | 1.32 |
| | | 11/05/2018 | 58,212 | Transfer | 14,07,300 | 1.37 |
| | | 18/05/2018 | 80,323 | Transfer | 14,87,623 | 1.45 |
| | | 25/05/2018 | 27,628 | Transfer | 15,15,251 | 1.48 |
| | | 01/06/2018 | 11,834 | Transfer | 15,27,085 | 1.49 |
| | | 08/06/2018 | -10,779 | Transfer | 15,16,306 | 1.48 |
| | | 15/06/2018 | -13,932 | Transfer | 15,02,374 | 1.47 |
| | | 22/06/2018 | -7,284 | Transfer | 14,95,090 | 1.46 |
| | | 29/06/2018 | 13,178 | Transfer | 15,08,268 | 1.47 |
| | | 06/07/2018 | 31,898 | Transfer | 15,40,166 | 1.50 |
| | | 13/07/2018 | -25,587 | Transfer | 15,14,579 | 1.48 |
| | | 20/07/2018 | -23,414 | Transfer | 14,91,165 | 1.46 |
| | | 27/07/2018 | -2,66,799 | Transfer | 12,24,366 | 1.19 |
| | | 03/08/2018 | 15,427 | Transfer | 12,39,793 | 1.21 |
| | | 10/08/2018 | 2,42,474 | Transfer | 14,82,267 | 1.43 |
| | | 17/08/2018 | 1,845 | Transfer | 14,84,112 | 1.43 |
| | | 24/08/2018 | -27,700 | Transfer | 14,56,412 | 1.41 |
| | | 31/08/2018 | 12,914 | Transfer | 14,69,326 | 1.42 |
| | | 07/09/2018 | -3,794 | Transfer | 14,65,532 | 1.41 |
| | | 14/09/2018 | -15,479 | Transfer | 14,50,053 | 1.40 |
| | | 21/09/2018 | 10,527 | Transfer | 14,60,580 | 1.41 |

| Sl. No. | Name of the shareholder | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|-----------|--|---|-----------------------------------|----------|---|----------------------------------|
| | | | | | No. of shares | % of total shares of the Company |
| | | 28/09/2018 | 9,228 | Transfer | 14,69,808 | 1.42 |
| | | 05/10/2018 | 44,711 | Transfer | 15,14,519 | 1.46 |
| | | 12/10/2018 | 21,062 | Transfer | 15,35,581 | 1.48 |
| | | 19/10/2018 | -1,11,938 | Transfer | 14,23,643 | 1.37 |
| | | 26/10/2018 | -13,859 | Transfer | 14,09,784 | 1.36 |
| | | 02/11/2018 | -66,973 | Transfer | 13,42,811 | 1.29 |
| | | 09/11/2018 | -3,358 | Transfer | 13,39,453 | 1.29 |
| | | 16/11/2018 | -8,277 | Transfer | 13,31,176 | 1.28 |
| | | 23/11/2018 | -35,873 | Transfer | 12,95,303 | 1.25 |
| | | 30/11/2018 | -73,433 | Transfer | 12,21,870 | 1.18 |
| | | 07/12/2018 | -10,099 | Transfer | 12,11,771 | 1.17 |
| | | 14/12/2018 | -42,576 | Transfer | 11,69,195 | 1.12 |
| | | 21/12/2018 | -6,657 | Transfer | 11,62,538 | 1.12 |
| | | 28/12/2018 | 1,018 | Transfer | 11,63,556 | 1.12 |
| | | 31/12/2018 | 2,101 | Transfer | 11,65,657 | 1.12 |
| | | 04/01/2019 | -22,604 | Transfer | 11,43,053 | 1.10 |
| | | 11/01/2019 | -45,026 | Transfer | 10,98,027 | 1.06 |
| | | 18/01/2019 | -6,740 | Transfer | 10,91,287 | 1.05 |
| | | 25/01/2019 | -19,786 | Transfer | 10,71,501 | 1.03 |
| | | 01/02/2019 | 79,486 | Transfer | 11,50,987 | 1.11 |
| | | 08/02/2019 | -317 | Transfer | 11,50,670 | 1.11 |
| | | 15/02/2019 | 5,711 | Transfer | 11,56,381 | 1.11 |
| | | 22/02/2019 | 38,836 | Transfer | 11,95,217 | 1.15 |
| | | 01/03/2019 | -11,277 | Transfer | 11,83,940 | 1.14 |
| | | 08/03/2019 | -10,424 | Transfer | 11,73,516 | 1.13 |
| | | 15/03/2019 | -11,280 | Transfer | 11,62,236 | 1.12 |
| | | 22/03/2019 | -1,682 | Transfer | 11,60,554 | 1.12 |
| | | At the end of the year | | | 11,60,554 | 1.12 |
| 3. | J P MORGAN FUNDS | Shareholding at the beginning of the year | | | 6,50,635 | 0.64 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 31/03/2018 | -19,950 | Transfer | 6,30,685 | 0.64 |
| | | 11/05/2018 | -19,950 | Transfer | 6,30,685 | 0.62 |
| | | 18/05/2018 | -1,06,380 | Transfer | 5,24,305 | 0.51 |
| | | 25/05/2018 | -6,490 | Transfer | 5,17,815 | 0.51 |
| | | 29/06/2018 | -11,110 | Transfer | 5,06,705 | 0.49 |
| | | 24/08/2018 | -91,626 | Transfer | 4,15,079 | 0.40 |
| | | 31/08/2018 | -24,004 | Transfer | 3,91,075 | 0.38 |
| | | 07/09/2018 | -25,116 | Transfer | 3,65,959 | 0.35 |
| | | 14/09/2018 | -44,064 | Transfer | 3,21,895 | 0.31 |
| | | 19/10/2018 | -19,470 | Transfer | 3,02,425 | 0.29 |

| Sl. No. | Name of the shareholder | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|-----------|--|---|-----------------------------------|----------|---|----------------------------------|
| | | | | | No. of shares | % of total shares of the Company |
| | | 14/12/2018 | -5,370 | Transfer | 2,97,055 | 0.29 |
| | | 31/12/2018 | -5,260 | Transfer | 2,91,795 | 0.28 |
| | | 15/02/2019 | -4,720 | Transfer | 2,87,075 | 0.28 |
| | | 22/02/2019 | -17,230 | Transfer | 2,69,845 | 0.26 |
| | | 29/03/2019 | -7,950 | Transfer | 2,61,895 | 0.25 |
| | | At the end of the year | | | 2,61,895 | 0.25 |
| 4. | AL MEHWAR COMMERCIAL INVESTMENTS LLC - (WHITING) | Shareholding at the beginning of the year | | | 0 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 08/06/2018 | 2,12,000 | Transfer | 2,12,000 | 0.21 |
| | | 10/08/2018 | 56,000 | Transfer | 2,68,000 | 0.26 |
| | | 28/09/2018 | 3,365 | Transfer | 2,71,365 | 0.26 |
| | | 26/10/2018 | 29,000 | Transfer | 3,00,365 | 0.29 |
| | | 02/11/2018 | 80,155 | Transfer | 3,80,520 | 0.37 |
| | | 09/11/2018 | 37,500 | Transfer | 4,18,020 | 0.40 |
| | | 16/11/2018 | 64,000 | Transfer | 4,82,020 | 0.46 |
| | | 23/11/2018 | 74,000 | Transfer | 5,56,020 | 0.53 |
| | | 15/02/2019 | 54,000 | Transfer | 6,10,020 | 0.59 |
| | | At the end of the year | | | 6,10,020 | 0.59 |
| 5. | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT SMALL CAP | Shareholding at the beginning of the year | | | 5,58,179 | 0.54 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 27/04/2018 | 150,000 | Transfer | 7,08,179 | 0.69 |
| | | 25/05/2018 | -14,967 | Transfer | 6,93,212 | 0.68 |
| | | 01/06/2018 | -79,015 | Transfer | 6,14,197 | 0.60 |
| | | 29/06/2018 | -2,576 | Transfer | 6,11,621 | 0.60 |
| | | 06/07/2018 | -74,021 | Transfer | 5,37,600 | 0.52 |
| | | 27/07/2018 | -20,257 | Transfer | 5,17,343 | 0.50 |
| | | 03/08/2018 | -37,615 | Transfer | 4,79,728 | 0.47 |
| | | 10/08/2018 | 4,45,000 | Transfer | 9,24,728 | 0.89 |
| | | 02/11/2018 | -9,728 | Transfer | 9,15,000 | 0.88 |
| | | 04/01/2019 | -6,202 | Transfer | 9,08,798 | 0.87 |
| | | 11/01/2019 | -88,094 | Transfer | 8,20,704 | 0.79 |
| | | 18/01/2019 | -4,785 | Transfer | 8,15,919 | 0.78 |

| Sl. No. | Name of the shareholder | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|-----------|---|---|-----------------------------------|----------|---|----------------------------------|
| | | | | | No. of shares | % of total shares of the Company |
| | | 25/01/2019 | -9,800 | Transfer | 8,06,119 | 0.78 |
| | | 01/02/2019 | -24,131 | Transfer | 7,81,988 | 0.75 |
| | | At the end of the year | | | 7,81,988 | 0.75 |
| 6. | CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGI | Shareholding at the beginning of the year | | | 0 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/ sweat equity etc) | 03/08/2018 | 2,68,000 | Transfer | 2,68,000 | 0.26 |
| | | 10/08/2018 | 25,000 | Transfer | 2,93,000 | 0.28 |
| | | 17/08/2018 | 30,000 | Transfer | 3,23,000 | 0.31 |
| | | 24/08/2018 | 57,000 | Transfer | 3,80,000 | 0.37 |
| | | 09/11/2018 | -7,899 | Transfer | 3,72,101 | 0.36 |
| | | 30/11/2018 | 9,500 | Transfer | 3,81,601 | 0.37 |
| | | 14/12/2018 | 3,200 | Transfer | 3,84,801 | 0.37 |
| | | 18/01/2019 | -15,000 | Transfer | 3,69,801 | 0.36 |
| | | 25/01/2019 | -36,101 | Transfer | 3,33,700 | 0.32 |
| | | 01/02/2019 | 1,55,000 | Transfer | 4,88,700 | 0.47 |
| | | 08/03/2019 | -2,739 | Transfer | 4,85,961 | 0.47 |
| | | 15/03/2019 | -10,192 | Transfer | 4,75,769 | 0.46 |
| | | At the end of the year | | | 4,75,769 | 0.46 |
| 7. | MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF0012 | Shareholding at the beginning of the year | | | 4,22,199 | 0.41 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/ sweat equity etc) | 06/04/2018 | 1,12,956 | Transfer | 5,35,155 | 0.52 |
| | | 27/04/2018 | 1,91,600 | Transfer | 7,26,755 | 0.71 |
| | | 18/05/2018 | -36,299 | Transfer | 6,90,456 | 0.67 |
| | | 25/05/2018 | -22,673 | Transfer | 6,67,783 | 0.65 |
| | | 08/06/2018 | -4,928 | Transfer | 6,62,855 | 0.65 |
| | | 22/06/2018 | -4,060 | Transfer | 6,58,795 | 0.64 |
| | | 20/07/2018 | -11,284 | Transfer | 64,7511 | 0.63 |
| | | 10/08/2018 | 1,14,200 | Transfer | 7,61,711 | 0.73 |
| | | 31/08/2018 | -40,310 | Transfer | 7,21,401 | 0.70 |
| | | 07/09/2018 | 4,500 | Transfer | 7,25,901 | 0.70 |
| | | 07/09/2018 | -32,000 | Transfer | 6,93,901 | 0.67 |
| | | 21/09/2018 | 4,500 | Transfer | 6,98,401 | 0.67 |
| | | 28/09/2018 | 1,754 | Transfer | 7,00,155 | 0.68 |
| | | 12/10/2018 | -20,062 | Transfer | 6,80,093 | 0.66 |

| Sl. No. | Name of the shareholder | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|-----------|--|---|-----------------------------------|----------|---|----------------------------------|
| | | | | | No. of shares | % of total shares of the Company |
| | | 19/10/2018 | -1,06,598 | Transfer | 5,73,495 | 0.55 |
| | | 26/10/2018 | 6,684 | Transfer | 5,80,179 | 0.56 |
| | | 02/11/2018 | 516 | Transfer | 5,80,695 | 0.56 |
| | | 16/11/2018 | -7,596 | Transfer | 5,73,099 | 0.55 |
| | | 23/11/2018 | -54,000 | Transfer | 5,19,099 | 0.50 |
| | | 04/01/2019 | -47,416 | Transfer | 4,71,683 | 0.45 |
| | | 25/01/2019 | -15,917 | Transfer | 4,55,766 | 0.44 |
| | | 15/02/2019 | -17,565 | Transfer | 4,38,201 | 0.42 |
| | | 22/02/2019 | -46,902 | Transfer | 3,91,299 | 0.38 |
| | | 01/03/2019 | -9,000 | Transfer | 3,82,299 | 0.37 |
| | | 22/03/2019 | -900 | Transfer | 3,81,399 | 0.37 |
| | | 29/03/2019 | -9,000 | Transfer | 3,72,399 | 0.36 |
| | | At the end of the year | | | 3,72,399 | 0.36 |
| 8. | INDIA ACORN FUND LTD | Shareholding at the beginning of the year | | | 3,42,882 | 0.33 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 27/04/2018 | 87118 | Transfer | 4,30,000 | 0.42 |
| | | 10/08/2018 | 1,60,000 | Transfer | 5,90,000 | 0.57 |
| | | 16/11/2018 | -64,000 | Transfer | 5,26,000 | 0.51 |
| | | 04/01/2019 | 23,000 | Transfer | 5,49,000 | 0.53 |
| | | At the end of the year | | | 5,49,000 | 0.53 |
| 9. | ANILKUMAR MANIBHAI NAIK | Shareholding at the beginning of the year | | | 2,60,000 | 0.25 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 08/08/2018 | 10,40,000 | Transfer | 13,00,000 | 1.25 |
| | | At the end of the year | | | 13,00,000 | 1.25 |

| Sl. No. | Name of the shareholder | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|------------|---|---|-----------------------------------|----------|---|----------------------------------|
| | | | | | No. of shares | % of total shares of the Company |
| 10. | WHITE OAK INDIA EQUITY FUND | Shareholding at the beginning of the year | | | 2,41,864 | 0.24 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/ sweat equity etc) | 06/04/2018 | 40,500 | Transfer | 2,82,364 | 0.28 |
| | | 20/04/2018 | 90,000 | Transfer | 3,72,364 | 0.36 |
| | | 27/04/2018 | 87,000 | Transfer | 4,59,364 | 0.45 |
| | | 03/08/2018 | 1,50,000 | Transfer | 6,09,364 | 0.59 |
| | | 15/02/2019 | -53,399 | Transfer | 5,55,965 | 0.53 |
| | | 22/02/2019 | -9,500 | Transfer | 5,46,465 | 0.53 |
| | | At the end of the year | | | 5,46,465 | 0.53 |
| 11. | PARTNER REINSURANCE EUROPE SE | Shareholding at the beginning of the year | | | 2,36,000 | 0.23 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/ sweat equity etc) | 27/04/2018 | 18,000 | Transfer | 2,54,000 | 0.25 |
| | | 06/07/2018 | -80,336 | Transfer | 1,73,664 | 0.17 |
| | | 23/11/2018 | -20,000 | Transfer | 1,53,664 | 0.15 |
| | | At the end of the year | | | 1,53,664 | 0.15 |
| 12. | PRINCIPAL TRUSTEE CO. PVT LTD A/C PRINCIPAL MUTUA | Shareholding at the beginning of the year | | | 2,11,500 | 0.21 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/ sweat equity etc) | 04/05/2018 | 1,500 | Transfer | 2,13,000 | 0.21 |
| | | 13/07/2018 | 6,000 | Transfer | 2,19,000 | 0.21 |
| | | 20/07/2018 | 3,000 | Transfer | 2,22,000 | 0.22 |
| | | 07/09/2018 | 6,000 | Transfer | 2,28,000 | 0.22 |
| | | 19/10/2018 | 3,000 | Transfer | 2,31,000 | 0.22 |
| | | 30/11/2018 | 3,000 | Transfer | 2,34,000 | 0.23 |
| | | 21/12/2018 | 3,000 | Transfer | 2,37,000 | 0.23 |
| | | 04/01/2019 | -3,600 | Transfer | 2,33,400 | 0.22 |
| | | 08/02/2019 | 3,900 | Transfer | 2,37,300 | 0.23 |
| | | 22/02/2019 | 60,000 | Transfer | 2,97,300 | 0.29 |
| | | 01/03/2019 | 6,493 | Transfer | 3,03,793 | 0.29 |
| | | 08/03/2019 | 2,507 | Transfer | 3,06,300 | 0.29 |
| | | 15/03/2019 | 3,000 | Transfer | 3,09,300 | 0.30 |
| | | At the end of the year | | | 3,09,300 | 0.30 |

| Sl. No. | Name of the shareholder | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|------------|--|---|-----------------------------------|----------|---|----------------------------------|
| | | | | | No. of shares | % of total shares of the Company |
| 13. | NTASIAN EMERGING LEADERS MASTER FUND | Shareholding at the beginning of the year | | | 2,09,805 | 0.20 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 16/11/2018 | -30,200 | Transfer | 1,79,605 | 0.17 |
| | | 23/11/2018 | -15,000 | Transfer | 1,64,605 | 0.16 |
| | | 30/11/2018 | -13,093 | Transfer | 1,51,512 | 0.15 |
| | | 07/12/2018 | -38,593 | Transfer | 1,12,919 | 0.11 |
| | | 14/12/2018 | -1,02,265 | Transfer | 10,654 | 0.01 |
| | | 21/12/2018 | -10,654 | Transfer | 0 | 0.00 |
| | | At the end of the year | | | 0 | 0.00 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name of Director / KMP | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|------------------------------|---|----------------------------------|---|----------------------------------|
| | | | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 1. | A.M. NAIK | At the Beginning of the year | 2,60,000 | | | |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 08-08-2018 | 10,40,000 | ESOP Exercise | | |
| | | At the end of the year | | | 13,00,000 | 1.25 |
| 2. | S N SUBRAHMANYAN | At the Beginning of the year | 40,000 | | | |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 08-08-2018 | 40,000 | ESOP Exercise | | |
| | | At the end of the year | | | 80,000 | 0.01 |

| Sl. No. | Name of Director / KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 3. | KESHAB PANDA | At the Beginning of the year | 58,050 | | |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 03-08-2018 | -2,300 | | |
| | | 06-08-2018 | -27,000 | | |
| | | 08-08-2018 | 49,300 | ESOP Exercise | |
| | | 25-10-2018 | 8,700 | ESOP Exercise | |
| | | 11-03-2019 | -4,000 | | |
| | At the end of the year | | | 82,750 | 0.01 |
| 4. | AMIT CHADHA | At the Beginning of the year | 40,000 | | |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 02-03-2018 | 50 | | |
| | | 08-06-2018 | -650 | | |
| | | 11-06-2018 | -600 | | |
| | | 12-06-2018 | -1,200 | | |
| | | 14-06-2018 | -500 | | |
| | | 18-06-2018 | -82 | | |
| | | 10-07-2018 | -18 | | |
| | | 11-07-2018 | -400 | | |
| | | 26-07-2018 | -12,000 | | |
| | | 27-07-2018 | -3,600 | | |
| | | 03-08-2018 | 40,000 | ESOP Exercise | |
| | At the end of the year | | | 61,000 | 0.06 |
| 5. | BHUPENDRA M BHATE* | At the Beginning of the year | 15,004 | | |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | 25-10-2018 | 15,000 | ESOP Exercise | |
| | | 26-12-2018 | -1,293 | | |
| | | 27-12-2018 | -500 | | |
| | | 02-01-2019 | -500 | | |
| | | 25-01-2019 | -49 | | |
| | | 28-01-2019 | -1,300 | | |
| | At the end of the year | | | 26,362 | 0.03 |
| 6. | P. RAMAKRISHNAN | At the Beginning of the year | 16 | | |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(eg allotment/transfer/bonus/sweat equity etc) | At the end of the year | 0 | 16 | 0 |

*Resigned as Director and COO w.e.f may 3, 2019.

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | 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 Indebtedness during the financial year | | | | |
| Addition | 1,314 | | | |
| Reduction | 888 | | | |
| Net Change | 426 | | | |
| Indebtedness at the end of financial year | | | | |
| i) Principle Amount | 426 | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | - | | | |
| Total (i+ii+iii) | 426 | | | |

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in million)

| Sl. No. | Particulars of Remuneration | Dr. Keshab Panda | Mr. Amit Chadha | Mr. Bhupendra Bhat | Total Amount |
|---------|---|------------------|-----------------|--------------------|---------------|
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 55.38 | 47.32 | 10.66 | 113.36 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | 0.06 | 0.06 |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | | | | |
| 2. | Stock Option | 86.77 | 56.52 | 21.93 | 165.22 |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit - others, specify... | 13.79 | - | - | 13.79 |
| 5. | Others, please specify | | | | |
| | Total (A) | 155.94 | 103.84 | 32.65 | 292.43 |
| | Ceiling as per the Act | | | | |

B. Remuneration to other directors:

(₹ in million)

| Sl. 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 | |
| 1. | Independent Directors | | | | | | | |
| | - Fee for attending board / committee meetings | 0.40 | 0.28 | 0.35 | 0.35 | 0.30 | | 1.67 |
| | - Commission | 4.84 | 1.18 | 4.01 | 1.50 | 1.50 | | 13.03 |
| | - Others, please specify | | | | | | | |
| | Total (1) | 5.24 | 1.46 | 4.36 | 1.85 | 1.80 | - | 14.70 |
| 2. | Other Non-Executive Directors | | | | | | | |
| | - Fee for attending board / committee meetings | | | | | | 0.30 | 0.30 |
| | - Commission | | | | | | 8.50 | 8.50 |
| | - Others - Stock Option | | | | | | | |
| | Total (2) | | | | | | 8.80 | 8.80 |
| | Total (B)=(1+2) | 5.24 | 1.46 | 4.36 | 1.85 | 1.80 | 8.80 | 23.50 |
| | Total Managerial Remuneration | | | | | | | |
| | Overall Ceiling as per the Act | | | | | | | |

C. Remuneration to Key Managerial Personnel Other Than MD/MANAGER/WTD

(₹ in million)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|--------------------------|-------------|--------------|
| | | CS | CFO | Total |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3.84 | 6.39 | 10.23 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.05 | 0.59 | 0.64 |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | | | |
| 2. | Stock Option | | | |
| 3. | Sweat Equity | | | |
| 4. | Commission | | | |
| | - as % of profit | | | |
| | - others, specify... | | | |
| 5. | Others, please specify | | | |
| | Total | 3.89 | 6.98 | 10.87 |

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

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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”)

1. OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of LODR. 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 specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out by the Board or the Nomination & Remuneration Committee or by an Independent External Agency and review its implementation and compliance;
- 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. Executive Directors** means the Executive Chairman if any, Chief Executive Officer and Managing Director, Deputy Managing Director, if any and Whole-time Directors.
- 2.5. Key Managerial Personnel (KMP)** means
 - Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time director;
 - Chief Financial Officer;
 - Company Secretary;
 - Senior Management Personnel designated as such by the Board and
 - Such other officer as may be prescribed.
- 2.6. Senior Management Personnel** means all members of management one level below the Executive Directors including the Chief Financial Officer and Company Secretary.

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, and recommend to the Board his / her appointment.

Appointment and Remuneration of KMP or Senior Management Personnel is in accordance with the HR Policy of the Company. The Company's policy is committed to acquire, develop and retain a pool of high calibre talent, establish systems and practises for maintaining transparency, fairness and equity and provides for payment of competitive pay packages matching industry standards.

- 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 Director who has attained the retirement age fixed by the Board or as approved by the Shareholders pursuant to the requirement of the Act/LODR.

3.2.2. Term / Tenure

- a) Executive Directors:
The Company shall appoint or re-appoint any person as its Executive Director for a term not exceeding five years at a time. 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. The rationale for such re-appointment shall also be provided in the Notice to Shareholders proposing such re-appointment.

- 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.

- 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.

- c) Maximum Number of Directorships:

A person shall not be appointed as a Director in case he is a Director in more than eight listed companies after April 1, 2019 and seven listed companies after April 1, 2020. For the purpose of this clause listed companies would mean only those companies whose equity shares are listed.

3.2.3. Evaluation

The Committee shall by itself or through the Board or an independent external agency carry out evaluation of performance of the Board/Committee, Individual Directors and Chairman at regular interval (yearly) and review implementation and compliance.

The Company may disclose in the Annual Report:

- a. Observation of the Board Evaluation for the year under review
- b. Previous years observations and actions taken
- c. Proposed actions based on current year's observations

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, as applicable. The Board /Committee 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 Executive Director , KMP and Senior Management Personnel

3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Executive Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company.
- b) The remuneration and commission to be paid to Executive 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 Executive Directors.
- d) Where any insurance is taken by the Company on behalf of its Executive 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, in any form, shall be as per the policy of the Company based on the grade structure in the Company.

3.3.2. Remuneration to Executive directors/ KMP and Senior Management Personnel:

- a) Fixed pay:
The Executive 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. In case of remuneration to Directors, 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.
- 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 Executive 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 shareholders and other appropriate authorities.
- 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.
- d) Stock Options in Subsidiary Companies:
Executive Directors may be granted stock options in subsidiary companies as per their Schemes and after taking necessary approvals. Perquisites may be added to the remuneration of concerned directors and considered in the limits applicable to the Company.

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 Rupees 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. The Board of Directors will fix the Commission payable to Directors on the basis of number of Board/Committee meetings attended during the year and Chairmanships of Committees.
- d) **Stock Options:**
An Independent Director shall not be entitled to any stock option of the Company. Non-Executive Directors are eligible for Stock options in accordance with Schemes formulated by the Company. Nominee Directors are not entitled to stock options as per their respective nomination letters received by the Company.

4. MEMBERSHIP

- 4.1.** The Committee shall consist of three or more non-executive directors, half of them shall be independent directors.
- 4.2.** Minimum two (2) members or one-third of the members whichever is greater including atleast one Independent Director 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 attend and to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at least once in a year and 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 NOMINATION AND REMUNERATION 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.

13. 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 Nomination and Remuneration Committee & Board has the right to change/amend the policy as may be expedient taking into account the law for the time being in force.

Management Discussion and Analysis

1. COMPANY OVERVIEW

L&T Technology Services Limited (LTTs) is a leading global pure-play Engineering Research & Development (ER&D) services company. It 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 15,100 personnel spread across 17 global delivery centres, 28 global sales offices and 49 innovation labs in India as of March 31, 2019.

LTTs' customer base includes over 69 Fortune 500 companies and 51 of the world's top engineering research and development (ER&D) companies, spanning five industry segments namely industrial products, transportation, telecom & hi-tech, medical devices and the process industry. The Company also provides digital engineering advisory services to some of the world's leading establishments. The key differentiators for LTTs are its customer-centric industry innovations, domain expertise and multi-vertical presence spanning major industry segments.

2. BUSINESS ENVIRONMENT

According to NASSCOM, the global ER&D spend will be on an upward trajectory and reach USD 2 trillion by FY2022. Indian ER&D exports is projected to leap from USD 28 billion in FY2019 to USD 42 billion in FY2022 - a CAGR of 14%. Within ER&D, the share of digital engineering is likely to increase materially. Zinnov estimates that corporations spent USD 293 billion in 2018 on digital engineering which will grow to USD 667 billion by 2023.

Increased industry focus on emerging technologies viz. Artificial Intelligence (AI), Internet of Things (IoT), Machine to Machine (M2M) communication, Augmented Reality (AR) / Virtual Reality (VR), 5G, Cyber Security, Advanced Robotics, Mobile Applications and Blockchain are finding use-cases across verticals. This increased digital affinity from the enterprises worldwide has resulted in business models shifting to platforms, data monetization and go-to-market strategies that stand out.

The key trends in the five industry segments LTTs operates in are:

Transportation: Autonomous vehicles, electric cars, connected cars and ADAS are some major trends shaping the automotive industry. Predictive maintenance, shop floor automation, in-flight connectivity and digital twins are driving growth in aerospace & defence. The Trucks and Off-highway segment is benefitting from growing demand in construction, logistics, agriculture and mining sectors.

Industrial Products: Major trends in this segment are related to Industry 4.0 such as smart manufacturing, robotics, artificial intelligence and the Internet of Things (IoT). Significant investments are happening in product simulation, predictive asset management, factory & plant automation, cloud computing, smart sensors and 3D printing.

Telecom & Hi-Tech: In the Telecom segment, 5G, virtualization of functions as well as robotic process automation are the primary trends. Customer engagement and monetization have become more effective leveraging AI, ML and data analytics. The Consumer electronics segment has experienced faster time-to-market driven by connected & smart devices, data monetization and open source systems. The semiconductor space is being driven by connected chips and integrated API platforms while in media & entertainment, OTT platforms & services, AI/ ML based content recommendations and targeted advertising are the major trends.

Process Industry: The requirement to ascertain cost-optimization in plants is a major element that is driving the expansion of asset management in manufacturing. The need to ensure prevention of potential asset failures and precautionary measures is expected to bolster the development of this market. Moreover, plant digitalization and cloud-based asset management are enhancing overall safety, productivity and compliance.

Medical Devices: This segment is expected to be driven by preventive healthcare leveraging increasing adoption of technologically advanced smart wearables and real-time monitoring. Rising need for early diagnosis & prevention of diseases, and compliance to stricter regulatory environments are key priorities for medical devices OEMs.

3. KEY DEAL WINS

LTTS closed several multi-million dollar projects from global customers across various verticals. The major wins are listed below:

Transportation

- Secured multimillion-dollar deals, with two leading automotive manufacturers, in the space of HIL simulation & autonomous validation, and infotainment assessment respectively.
- Deployed several cutting-edge technologies for PMA (Part Manufacturing Approval), digital innovation and recognition for aircraft, advanced rail signaling design & RAMS and special purpose text fixture design.
- Implemented several of homegrown offerings in the transportation domain such as cognitive AI framework AiKno™ in MRO and after market activities, application solution for shop floor material tracking and asset management and flight infotainment services and response improvement solution.

Industrial Products:

- Won a major deal with the world's leading software company for smart building consultancy
- Signed a multi-year contract to provide digital content management services for a reputed technology company's industrial products segment
- Won a landmark project to be the ER&D partner for a US Industrial Automation major and a large deal in smart manufacturing for a leading automotive major in the U.S.
- Facilitated major innovations for the electrical vehicles market such as a high-efficiency DC-DC convertor and on-board charger and environmental cleaning solutions for the marine industry to facilitate emission reduction
- Helped various global customers in mining and discrete manufacturing with machine automation

Telecom & Hi-tech:

- Awarded a network deployment automation project by a leading telecom customer

- Setup a 5G lab for designing and building future-ready solutions for a leading semiconductor company in the U.S.
- Involved in the development of new-age smartphones capabilities for two top-tier OEMs
- Developed a next-gen digital signage solution called FlyBoard
- Created an in-house OTT solution framework
- Developed Iron Home, a next-gen smart home security platform

Process Industry:

- Won a multimillion-dollar digitalization project from ExxonMobil in April 2018
- Signed a high-value deal with a multi-national chemical company for a digital engineering project which is one of the largest in this domain
- Won a large engineering services deal with one the biggest tyre manufacturers
- Expanded footprint in Europe with two large deals, one involving development of high-end capabilities for a customer in beverage and brewery industry and another deal to execute an EPCM order for a greenfield project with a German chemical major
- Currently executing a multi-year deal with Covestro to implement digitalization-based engineering programs across their 8 global locations
- Delivered customized digital solutions for a brewery major in North America for the first time and executed 6 pilot projects that are currently being scaled up globally

Medical Devices:

- Expanded footprint in Japan by signing large deals with 4 customers in medical devices, electromedical equipment and medical kit products
- Secured a deal with a global pharmaceutical company for developing a mobile platform for diabetic therapy

- Assisted a leading medical equipment manufacturer by enhancing the reliability of their slide maker strainer equipment
- Developed the world's first Angioplasty inflation device capable for 40 atmospheric pressure. Helped to reduce the time-to-market and augmented the sale of the device
- Partnered with a leading in-vitro diagnostics company to launch an efficient automated blood cell counter for price sensitive small and medium sized labs
- Developed cybersecurity framework for medical devices to complement its solutions for Internet of Medical Things to facilitate secured connectivity and monitoring of medical devices

4. SIGNIFICANT INITIATIVES

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

IP & Solutioning

To capitalize on the disruptions and current digitalization wave, the company is investing in building new age solutions and technology platforms. In FY19, LTTs was able to scale up its existing portfolio of Platforms and Solutions as well as incubate new ones to address requirements in emerging areas.

There was a significant jump in the number of pilots and POC's that were done by LTTs around these platforms for customers. Some interesting and challenging assignments that we have taken are as follows:

- Sensorising and Connecting Oil tanks of an Oil Major to monitor Oil level in tanks. Sensorisation and connectivity are two big challenges and LTTs established this framework using its own IoT platform
- Working with a leading Data Center Services provider to implement predictive maintenance solutions that ensure uptime of the utilities infrastructure

Merger & Acquisition

LTTs acquired Bengaluru based Graphene Semiconductors to strengthen its offshore presence and deepen its

expertise in VLSI chip design & embedded software. Graphene complements LTTs' strategic acquisition of US based Esencia Technologies in 2017 and will act as a force multiplier to enhance the company's capabilities in the semiconductor & product Original Equipment Manufacturer (OEM) space.

Expanding International Presence

LTTs has established design centers and COEs across the globe. It has inaugurated its Digital Engineering Centre in Gothenburg, Sweden. Located in the Lindholm Science Park, the Centre will act as a near shore development facility for customers in the region, providing proximity and support to their agile transformation initiatives. The company has also opened branches in Malaysia & South Africa and has initiated the process to establish presence in China & Saudi Arabia in the next financial year.

Talent & Delivery

- Under its BEYOND initiative, 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. This program is dedicated to scout for and recruit talented engineers from geographies outside of India and the US such as Singapore, Japan, Saudi Arabia, Germany, Poland and Sweden
- In FY19, under LTTs' Campus Recruitment Program in the U.S., the Company started hiring the first batch of engineers across the Company locations. So far, 44 candidates have been hired under this initiative
- LTTs has also rolled out a special program known as WIZneers, an internal platform to create a community of Technology Architects within LTTs who come together every fortnight to discuss and ideate on next-gen technology trends in the engineering services space like Blockchain, Artificial Intelligence, Machine Vision and Automated cockpits

5. ENVIRONMENTAL HEALTH & SAFETY (EHS)

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

Health, Safety & providing a conducive environment. Since many of the employees work at client locations in factories for deployment of projects they have been trained on "Zero Harm" towards their safety and continuous improvement.

6. HUMAN RESOURCES

HR policies have strongly focussed on creating a culture of excellence and achievements. Abiding by the People, Process and Portals parameters, the business is striving towards making the employees at all levels an integral part of the decision-making system. There has been an enhancement of skills, efforts and achievements and employee satisfaction levels through various initiatives like:

- **WIZneers**, an internal platform to create a community of technology architects within the Company. Under this initiative, employees come together every fortnight to discuss and ideate on next-gen technology trends in the engineering

services space like Blockchain, Artificial Intelligence and Machine Vision among others

- **Just Code**, a hackathon, aimed at offering employees an opportunity to plunge into an idea and convert it into a product
- **Illuminate**, a program which aims to leverage internal talent and create a pool of high potentials who can be moved across functions and to groom high potential candidates to take up higher roles and responsibilities
- **LEAD**, a program designed to help senior employees start their development journey as leaders
- **ALP (Accelerating Leadership Potential)**, an initiative for refining the leadership skills that leaders have already acquired, and for developing those essential for the greater responsibilities ahead

7. RISKS AND CONCERNS

The key risks for the company and the mitigation plan for the same are listed below:

| Key Risks | Mitigation |
|---|---|
| Economic slowdown in key geographies or cyclical downturns in key segments could materially affect revenue growth and profitability | <ul style="list-style-type: none"> • Broad-based revenue mix that is diversified across geographies and industry segments • Strategy to cross-sell technology expertise and capabilities derived from one industry segment/geography to clients in other segments and markets, thereby broad-basing exposure and de-risking from cyclicity in any one segment |
| Inability to innovate and develop new services and solutions to keep up with customer expectations and evolving technologies which could result in lower growth traction | <ul style="list-style-type: none"> • Continuous competency and capability building in leading edge technologies supported by investments in labs and Centre of Excellence prepares the Company to address changing customer requirements • Focus on innovation and development of solutions and accelerators to reduce time-to-market for customers |
| Change in strategy at any of our top customers leading to sale/divestiture or shutdown of parts of their businesses, could result in a discontinuity or a ramp-down of existing engagements of LTTS and thereby materially impact revenue and profits | <ul style="list-style-type: none"> • Clauses in the contractual agreements with customers to mitigate impact of sudden termination of business • Strong relationships with customers will be leveraged to explore alternate areas of engagement |
| Exchange rate volatility in various currencies could materially and adversely impact results of operations | <ul style="list-style-type: none"> • Long term cash flow hedges taken to minimize the impact of exchange volatility on Net profit • Regular evaluation of hedging policy by internal Risk Management to assess effectiveness |

| Key Risks | Mitigation |
|---|--|
| Risk of inadequate protection of intellectual property rights of our customers can lead to reputational damage and litigation | <ul style="list-style-type: none"> • Robust data security protection and controls to prevent unauthorized access and/or transfer • Strict physical access controls for employees across customer delivery centers and secure areas • Regular internal audits to comply with customer requirement of confidentiality and data protection |
| Changes in immigration laws, rules and policies can impact our ability to provide services to customers at foreign locations | <ul style="list-style-type: none"> • Local hiring at multiple locations abroad to reduce the dependency on work visas • Proactive engagement with legislative and regulatory stakeholders to improve internal processes for visa filing |

8. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The management has designed internal control systems commensurate with the size and complexity of the business. An internal control system comprises all policies and procedures that taken together, support Company's effective and efficient operation. The Company has implemented internal controls that deal with system automation, authorisations, access restrictions, physical security etc. for providing reliable financial and operational information. These procedures often include the division of responsibilities, checks and balances to reduce risk. The operating effectiveness of various controls is periodically tested by internal auditors & deficiencies.

9. OUTLOOK

An interplay of digital and ER&D with increased industry focus on emerging technologies including Artificial Intelligence (AI), Internet of Things (IoT), Machine to Machine (M2M) communication, Augmented Reality (AR) / Virtual Reality (VR), 5G, Cyber Security, Advanced Robotics, Mobile Applications and Blockchain are finding use-cases across verticals and are enabling companies to discover new revenue streams while strengthening existing ones and serving the customers with much higher operational efficiency.

Essentially the growth in the ER&D ecosystem will be driven by a convergence of emerging technologies and business model innovations along with the growth of technology enterprises and start-ups constituting a

dynamic global engineering ecosystem. This will be in tandem with strict data protection directives, increasing instances of cyber terrorism and rising need for cloud-based cybersecurity solutions among enterprises.

LTTS aspires for industry leading, innovation led profitable growth.

10. Significant Factors affecting Our Results of Operations

LTTS business growth depends on the global ER&D spending by corporates, the quantum of ER&D outsourced to third party vendors and the ability of LTTS to develop competencies to address the ER&D needs of its customers. On the operational side, LTTS performance depends on the Utilisation rate of its billable employees, effective talent management addressing hiring, skilling and retention of high quality resources, management of foreign exchange volatility risk since a significant portion of business is billed in currencies like USD and EUR, and the onsite-offshore revenue mix as profit margins are typically higher if work is performed offshore as compared to onsite.

From a regulatory standpoint, LTTS business sustainability requires protecting the confidentiality and intellectual property rights of our customers failing which we could be liable for damages, being compliant to the local regulations that include immigration and data protection laws, in every country we are present in.

11. Financial Conditions (Consolidated)

Sources of Funds

1. Equity Capital

(₹ million)

| | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Authorised : | | |
| 5,250,000,000 equity shares of ₹ 2 each (previous year 5,250,000,000 equity shares of ₹ 2 each) | 10,500 | 10,500 |
| Issued, subscribed and fully paid up | | |
| 104,013,325 equity shares of ₹ 2 each (previous year: 102,456,047 of ₹ 2 each) | 208 | 205 |
| EQUITY SHARE CAPITAL | 208 | 205 |

2. Other Equity

(₹ Million)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Retained Earnings | 12,132 | 6,947 |
| Hedging reserve | 1,171 | 1,164 |
| Securities premium | 10,890 | 10,502 |
| Foreign currency translation reserve | 66 | 4 |
| Employee stock options outstanding (Net of deferred compensation) | 344 | 538 |
| Other items of other comprehensive income | (20) | 4 |
| Total other equity | 24,583 | 19,159 |

Total other equity as the end of March 31, 2019 stood at ₹ 24,583 Million as against ₹ 19,159 Million at the end of at March 31, 2018

3. Long Term and Short Term Borrowings

(₹ million)

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---------------------------|----------------------|------------|------------|----------------------|------------|------------|
| | Non- current | Current | Total | Non- current | Current | Total |
| Long Term Borrowings | | | | | | |
| Secured Loans | | | - | | | - |
| Term Loans from bank | | | - | | | - |
| Short Term Borrowings | | | | | | |
| Secured Loans | | 426 | 426 | | | - |
| Unsecured loans from bank | | 276 | 276 | | 702 | 702 |
| Total | - | 702 | 702 | - | 702 | 702 |

The Company's short-term borrowings stood at ₹ 702 Million at March 31, 2019 from ₹ 702 Million as at March 31, 2018

4. Net Deferred tax assets/liabilities

(₹ million)

| | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| Deferred tax asset/(liabilities) | (8) | 243 |

Deferred tax asset and liability is recognised on temporary differences between the tax base of assets and liabilities, and their reported amounts in financial statements, which will result in taxable or deductible amounts in the future and quantified using the tax rates and laws enacted or substantively enacted as at 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 March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| Trade payables | 1,879 | 1,807 |
| Other financial liabilities | 2,745 | 2,000 |
| Other current liabilities | 1,899 | 1,749 |
| Short-term provisions | 1,341 | 1,206 |
| Current tax liabilities | 56 | 173 |
| Total Current Liabilities | 7,920 | 6,935 |

Current liabilities consisting of Trade payables, other financial liabilities, other current liabilities, short term provisions and current tax liabilities stood at ₹ 7,920 Million as of March 31, 2019 from ₹ 6,935 Million as of March 31, 2018.

6. Property, plant and equipment

(₹ million)

| | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------|----------------------|----------------------|
| Property, plant and equipment | 1,443 | 1,250 |
| Capital work-in-progress | - | 1 |
| Goodwill | 5,365 | 4,921 |
| Other intangible assets | 992 | 923 |
| Net Fixed Assets | 7,800 | 7,095 |

Additions:

Additions to the gross block in the year ended March 31, 2019 amounted to ₹ 901 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 ₹ 95 Million.

7. Trade Receivables

Trade Receivables amounted to ₹ 10,643 Million as at March 31, 2019, compared to ₹ 9,623 Million as at

March 31, 2018. The day's sales outstanding stood at 76 days as at March 31, 2019 as compared to 94 days as at March 31, 2018.

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 bank 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 ₹ 2051 Million as at March 31, 2019 from ₹ 1,542 Million as at March 31, 2018.

9. Non-current assets

| | (₹ million) | |
|--------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Other financial assets | 1,362 | 590 |
| Other non-current assets | 635 | 487 |
| | 1,997 | 1,077 |

Other Financial assets as at March 31, 2019 increased by ₹ 772 Million primarily on account of increase in forward contract receivable.

10. Current assets

| | (₹ million) | |
|------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Investments | 5,749 | 2,207 |
| Loans | - | 1 |
| Other Financial assets | 1,536 | 1,429 |
| Other Current assets | 3,736 | 3,805 |
| | 11,021 | 7,442 |

Investments comprises of Investments in mutual funds.

Other financial assets consisting advance to employees, security deposits, forward contract receivable, etc. which increased from ₹ 1,429 Million as at March 31, 2018 to ₹ 1,536 Million as at March 31, 2019 primarily on account of regrouping of Unbilled Revenue (FP accruals) which was earlier wholly grouped under Other Current Assets.

Other current asset decreased primarily on account of regrouping of Unbilled Revenue.

12. 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 19 | | FY 18 | |
|--|---------------|---------------|---------------|---------------|
| | (₹ million) | % of Revenue | (₹ million) | % of Revenue |
| Income | | | | |
| Revenue from operations | 50,783 | 100.0% | 37,471 | 100.0% |
| Expenses | | | | |
| Employee benefit expenses | 31,788 | 62.6% | 24,600 | 65.7% |
| Other Operating expenses | 9,837 | 19.4% | 7,060 | 18.8% |
| Change in contingent consideration | 11 | 0.0% | 55 | 0.1% |
| Total Expenses | 41,636 | 82.0% | 31,715 | 84.6% |
| Depreciation and amortisation expenses | 1,042 | 2.1% | 888 | 2.4% |
| Operating Profit | 8,105 | 16.0% | 4,868 | 13.0% |
| Other income | 2,228 | 4.4% | 1,934 | 5.2% |
| Finance Costs | 19 | 0.0% | 24 | 0.1% |
| Profit before extraordinary items and tax | 10,314 | 20.3% | 6,778 | 18.1% |
| Extraordinary items | - | 0.0% | - | 0.0% |
| Profit before tax | 10,314 | 20.3% | 6,778 | 18.1% |
| Tax Expenses | | | | |
| - Current tax | 2,517 | 5.0% | 1,894 | 5.1% |
| - Deferred tax | 113 | 0.2% | -182 | -0.5% |
| | 2,630 | 5.2% | 1,712 | 4.6% |
| Profit after Tax | 7,684 | 15.1% | 5,066 | 13.5% |
| Profit for the year before minority interest | 7,684 | 15.1% | 5,066 | 13.5% |
| Minority Interest | 28 | 0.1% | 6 | 0.0% |
| PROFIT FOR THE YEAR | 7,656 | 15.1% | 5,060 | 13.5% |

13. Financial Year 2019 compared to Financial Year 2018 (Consolidated)

1. Income

Revenue from operations

Our revenue from continuing operations increased by 35.5% to ₹ 50,783 Million for the year ended March 31, 2019 from ₹ 37,471 Million for the year ended March 31, 2018, on account of broad based growth across all five industry segments.

Our USD revenue from continuing operations comprises of 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 24.6% to USD 723.10 Million for the year ended March 31, 2019 from USD 580.4 Million for the year ended March 31, 2018.

2. Expenses

Our expenses include employee benefit expenses, other operating expenses, change in contingent consideration, finance costs, depreciation and amortization and tax expenses. The total of such expenses increased by 32.0% to ₹ 45,327 Million for the year ended March 31, 2019 from ₹ 34,339 Million for the year ended March 31, 2018, 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 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 29.2% to ₹ 31,788 Million for the year ended March 31, 2019 (which represented 62.6% of our revenue from operations for such year) from ₹ 24,600 Million for the year ended March 31, 2018 (which represented 65.7% of our revenue from operations for such year). This is primarily as a result of increase in salaries, including overseas staff expenses, to ₹ 30,778 Million from ₹ 23,809 Million on account of annual increments and increase in the headcount from 12,307 as at March 31, 2018 to 15,140 as at March 31, 2019.

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 39.3% to ₹ 9,837 Million for the year ended March 31, 2019 (which represented 19.4% of our revenue from operations for such year) from ₹ 7,060 Million for the year ended March 31, 2018 (which represented 18.8% of our revenue from operations 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 Graphene Semiconductor Services Private Limited upon the achievement of financial targets by Graphene Semiconductor Services Private Limited for the year ended 31st March 2019. The maximum amount payable of contingent consideration is ₹ 130 Million. The fair value of contingent consideration ₹ 115 Million is determined by assigning probabilities of achievement of targets.

The fair value of contingent consideration as on March 31, 2019 is estimated at ₹ 126 Mn. The effect of change in fair value of contingent consideration ₹ 11 Mn is recognised in the statement of profit and loss.

Other Income

Our other income normally consists of income from foreign exchange differences, investments in mutual funds, interest received, net gain on fair value of investment and miscellaneous income. Apart from the above, we also had a one-time receipt of ₹ 780 Million arising out of a transaction with one of our customers during the year. Our other income increased to ₹ 2,228 Million for the year ended March 31, 2019 from ₹ 1,934 Million for 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.

Finance costs

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

Our finance costs decreased by 21.5 % to ₹ 19 Million for the year ended March 31, 2019 from ₹ 24 Million for the year ended March 31, 2018.

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 to ₹ 1,042 Million for

the year ended March 31, 2019 from ₹ 888 Million for the year ended March 31, 2018.

Profit before extraordinary items and tax

As a result of the above mentioned factors, our profit before extraordinary items and tax increased by 52.2% to ₹ 10,314 Million for the year ended March 31, 2019 (which represented 20.3% of our revenue for operations for such year) from ₹ 6,778 Million for the year ended March 31, 2018 (which represented 18.1% of our revenue from operations 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 32.89% to ₹ 2,517 Million for the year ended March 31, 2019 from ₹ 1,894 Million for the year ended March 31, 2018.

Our deferred tax charge for the year ended March 31, 2019 was ₹ 113 Million as against our deferred tax credit for the year ended March 31, 2018 of ₹ 182 Million.

Our total tax expense has increased by 53.63% to ₹ 2,630 Million for the year ended March 31, 2019 from ₹ 1,712 Million for the year ended March 31, 2018. The increase in current tax is mainly on account of higher profit before tax and higher effective tax rate.

Net profit after tax

As a result of the above mentioned factors, our net profit increased by 51.7% to ₹ 7,684 Million for the year ended March 31, 2019 from ₹ 5,066 Million for the year ended March 31, 2018.

Earnings per share (EPS)

Our Basic EPS before extraordinary items has increased by 49.3% to ₹ 74.06 per share in the year ended March 31, 2019 from ₹ 49.6 per share in the year ended March 31, 2018. The diluted EPS has increased by 51.3% to ₹ 72.91 per share in the year

ended March 31, 2019 from ₹ 48.18 per share in the year ended March 31, 2018. The weighted average number of potential equity shares on account of employee options are 16,27,949 for the year ended March 31, 2019.

14. Key Financial Ratios (Consolidated)

| Ratio | FY 19 | FY 18 |
|----------------------------------|-------|-------|
| Days Sales Outstanding (in days) | 76 | 94 |
| Interest Coverage Ratio | 430 | 205 |
| Current Ratio | 2.8 | 2.4 |
| Debt Equity Ratio | 0.0 | 0.0 |
| Operating Profit Margin (%) | 16.0% | 13.0% |
| Net Profit Margin (%) | 15.1% | 13.5% |
| Return on Net Worth (%) | 35% | 30% |

Explanations for changes in ratios:

- Days Sales Outstanding for the year ended March 31, 2019 improved due to lower increase in Trade receivables as compared to Revenues.
- Interest Coverage ratio for the year ended March 31, 2019 improved due to growth in operating profit.
- Operating profit margin improved to 16% in FY19 compared to 13% in FY 18 on account of improvement in operational efficiency and rupee depreciation.
- Net profit margin improved to 15.1% in FY 19 as compared to 13.5% in FY 18, driven by better operating profit margin.
- Return on Net Worth for the year ended March 31, 2019 improved on account of higher net profit margin.

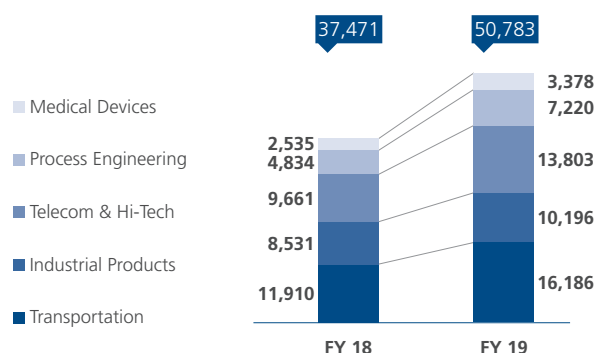
15. Segment reporting (Consolidated)

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 three horizontal service offerings – Embedded systems, Mechanical & Digital Manufacturing services which caters to all the vertical segments.

Revenue Contribution By Segments (₹ million)



Transportation:

LTTs offers the complete gamut of engineering services and solutions for its global customers in the transportation industry, including OEMs and Tier 1 suppliers in Automotive, Trucks & Off-Highway Vehicles and Aerospace. In Automotive, LTTs helps its customers through advanced technologies such as autonomous driving and electric vehicles. In Aerospace, LTTs' services cover aerostructures, aero systems, aero engines and avionics. LTTs' digital offerings in this segment span across in-flight entertainment and connectivity, air traffic management and drone-based solutions. LTTs also has over a decade of domain expertise in enabling leading brands in the Trucks and Off-highway segment. LTTs caters to its customer requirements through specialized state-of-the-art research and test labs for power electronics, tear down, and smart manufacturing across its global delivery centers.

Transportation segment is our largest segment by revenue and contributed 31.9% of the company's total revenue in FY'19 vs 31.8% of the total revenue in FY'18. The segment clocked a healthy topline growth of 24.9% Y-o-Y in USD terms. The operating margin of this segment has increased from 12.0% in FY'18 to 16.7% in FY'19, led by better utilization of resources, higher offshore ratio and Rupee depreciation.

Industrial Products:

Through its extensive expertise in Industrial Products, LTTs helps its OEM customers across building automation, home and office products, energy, process control and machinery. LTTs' home-grown building management solution iBEMS, breaks the silos between various systems in a facility and enables cost savings, energy management

and quicker decision making by using predictive analytics and real-time insights. LTTTS Industrial Products segment facilitates end-to-end product development guidance, deep domain expertise across software, electronics, connectivity, mechanical engineering, industrial networking protocols, User Interface/User Experience (UI/UX), test frameworks and enterprise control solutions.

The Industrial products segment is the third largest segment and has contributed 20.1% of the company's total revenue in FY'19 vs 22.8% of the total revenue in FY'18. The segment has shown a healthy growth in Revenue by 10% Y-o-Y in USD terms. The operating margin of this segment has improved from 21.7% in FY'18 to 24.9% in FY'19.

Telecom & Hi-tech:

LTTTS has vast experience in Product Development, Digitalization, User Experience Engineering, and Testing & Certification. LTTTS offers its customers a one stop-solution covering the gamut of services in product variant development, 5G capabilities, simulations & automation, and product & midlife support. LTTTS' Narrow Band IoT (nBLoT) solution **nBon** developed with low memory and low power footprint provides thorough IoT device management enabling easy integration to custom target platforms.

Telecom segment is the second largest segment and contributed 27.2% of the company's total revenue in FY'19 vs 25.8% of the total revenue in FY'18. Revenue from this segment grew by 31.2% Y-o-Y in USD terms. The operating margin of this segment improved to 15.6% in FY'19 from 12.6% in FY'18, led by better employ productivity and Rupee depreciation.

Process Industry:

LTTTS provides its services in E/EPCM (Engineering, Procurement and Construction Management), Engineering Reapplication and Global Rollouts, Plant Sustenance and Management, Regulatory Compliance Engineering to companies in chemical, consumer packaged goods and energy utility industries. LTTTS has broad expertise in traditional EPCM and operational maintenance projects, as well as contemporary digital engineering enterprises. LTTTS is furthering its engineering footprint to include the digital sphere and working with

its customers across the globe on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR).

The Process Industry segment contributed 14.2% of the company's total revenue in FY'19 vs 12.9% of the total revenue in FY'18. Revenue in this segment increased by 37.1% Y-o-Y in USD terms. The operating margin of this segment has increased from 19.5% in FY'18 to 22.7% in FY'19.

The strong revenue growth in this segment was on account of large deal wins, digital engineering opportunities and higher capital expenditure spend by major oil & energy companies.

The segment was benefited due to increase in oil prices by enhancing capital expenditure spend by major oil & energy companies this was one of the primary reason which impacted in positive revenue growth of this segment along with dollar appreciation.

Medical Devices:

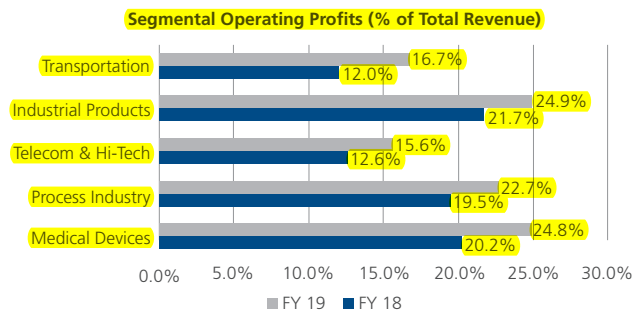
LTTTS helps medical device OEMs address industry challenges, accelerate time-to-market, and optimize costs, leveraging its deep domain expertise and end-to-end product design capabilities. It focuses on delivering solutions in diagnostics, patient mobility services, musculoskeletal services, life sciences, surgical services, cardiovascular, home healthcare and general medical. LTTTS has designed and developed innovative products and solutions such as world's first drug patch applicator, smart inhalers, connected hospitals, integrated reusable vessel sealing & surgical staplers for emerging markets along with world's first airway clearance system with Bluetooth connectivity among others.

Medical Devices is the smallest segment and contributed 6.7% of the company's total revenue in FY'19 versus 6.8 % of total revenue in FY'18. The segment demonstrated a growth of 22.8% Y-o-Y in USD terms. The operating margin of this segment improved from 20.2% in FY'18 to 24.8% in FY'19, led by better employee productivity and Rupee depreciation.

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

| Segments | FY 19 | | FY 18 | |
|-------------------------|-------------|--------------------|-------------|--------------------|
| | INR million | % of Total Revenue | INR million | % of Total Revenue |
| Transportation | 16,186 | 31.9% | 11,910 | 31.8% |
| Industrial Products | 10,196 | 20.1% | 8,531 | 22.8% |
| Telecom & Hi-Tech | 13,803 | 27.2% | 9,661 | 25.8% |
| Process Industry | 7,220 | 14.2% | 4,834 | 12.9% |
| Medical Devices | 3,378 | 6.7% | 2,535 | 6.8% |
| Total operating revenue | 50,783 | 100.0% | 37,471 | 100.0% |

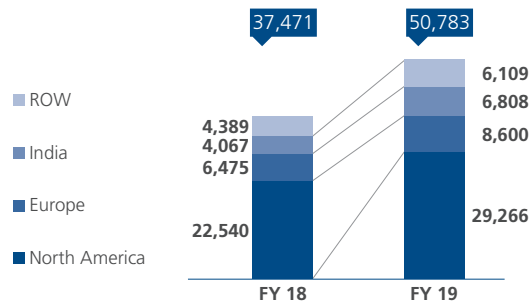
Further, the segment wise operating profits as a percentage to respective segment revenue has been depicted below for the periods indicated:



Geographical segmentation:

The revenues are generated from four main geographic markets: North America, Europe, India and Rest of the world. We present our revenues by client location, irrespective of the location of the headquarters of the client or the location of the delivery Centre where the work is performed.

Revenue Contribution by Geography (₹ million)



Annual Business Responsibility Report 2018-19

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

We are happy to present the Business Responsibility Report of the Company for the financial year ended as on March 31, 2019, 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. This Business Responsibility Report covers the responses across environment, governance and stakeholder relationships of all the business.

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 consistent efforts in utilizing technology and adapting to evolving global scenarios, we strive forth to positively impact our value chain, employees, suppliers, customers, stakeholders and local communities. Through our projects, CSR activities and several people friendly policies & people oriented initiatives we endeavour to build a better society. We encourage sustainable practices within and outside the organization by participating in social innovation programmes.

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.ltts.com**
- E-mail id: **investor@ltts.com**
- Financial Year reported : **April 1, 2018 - March 31, 2019**
- 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 wise) |

- List three key products/services that the Company manufactures/provides (as in balance sheet)

Engineering and Research & Development Services in chosen verticals viz Industrial & Consumer Products, Telecom & Hi-Tech, Plant Engineering, Entertainment & Media, Surface & Air Transportation and Medical Devices

- Total number of locations where business activity is undertaken by the Company
 - Number of International Locations - 22
 - 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: ₹ **208 million**
- Total Turnover: ₹ **47,120 million**
- Total profit after taxes: ₹ **7,001 million**
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax: **1.45%**
- List of activities in which expenditure in 4 above has been incurred:
 - Education**
 - Skill Building**
 - Healthcare**
 - Water Conservation**
 - Protection and Restoration of public places**
 - Sports for disabled**

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.

3. 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 responsible for implementation of the BR policy/policies

1. DIN Number: **05296942**
2. Name: **Dr. Keshab Panda**
3. 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@lts.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) | India based policies are aligned to National Standards. Policies pertaining to GEO NA, Europe & ROW are aligned with the International Standards. (respective GEO) | | | | | | | | |
| 4 | Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? Signed By the _____ | Y Note 1 | Y Note 1 | Y Note 1 | Y Note 1 | Y Note 1 | Y Note 1 | Y Note 1 | Y Note 1 | Y Note 1 |
| 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 | | | http://mypolicies.lts.com:1947/Pages/Policies.aspx | | | Available on Company's Intranet | | |

| Sr. No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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

LTTS' philosophy of corporate governance is built on a rich legacy of fair & transparent governance & disclosure practices. The cornerstone of the company's philosophy on corporate governance is accountability and fairness to stakeholders and transparency in operations. The Company has a well-defined & institutionalised Code of Conduct (CoC) policy that details the Company's ethos, values and a fair & transparent governance. This includes respect for values, equality, individual dignity, adherence to honest, ethical & professional conduct.

LTTS has adopted the Code of Conduct (CoC) for employees, including board members, to remain consistently vigilant and ensure ethical conduct of its operations. The Chief Executive Officer & Managing Director makes an Annual Declaration to the shareholders regarding the senior management's compliance with the CoC.

Section E: Principle-Wise Performance

PRINCIPLE: 1

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

All employees are guided by the vision statement & values mentioned therein for the success & reputation of the organization. Each employee of the Company is required to comply with the CoC and is required to provide an annual declaration of his/her adherence to it. Non-compliance with CoC is dealt with suitable consequence.

The said Code is also displayed on the website of the Company. All new associates are made aware of the CoC as a part of their induction program.

The Company' policies relating to ethics, bribery and corruption extends to all the group companies, Suppliers, Contractors, NGOs and other stakeholders. 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. The Company expects its associates to uphold highest standards of business conduct across all sites where LTTS has presence, as customer, supplier or as consultant.

As per the recent GDPR Act, the company recognizes that individuals have an expectation that personal data provided during their dealing with the company will be protected from inappropriate use or disclosure without the concurrence of the employee. In furtherance of this, the company has drafted various policies to reinforce its commitment to comply with applicable data privacy and security requirements in which the company and its branches operate. The Company has been working diligently to put in place a new data privacy framework necessitated by GDPR including: improved procedures, policies, communications and training materials in line with the guidance received.

A vigilance mechanism is in place for directors and associates to report their concerns about actual or suspected fraud, unethical behaviour or violation of the Company's values or CoC. This is ensured through the Whistle Blower Policy and a Whistle Blower Investigation Committee. The Whistle Blower Policy is also displayed on the website of the Company. As per the recent amendments in SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 the Company also has in place a Policy and Procedures for inquiry in case of leak/suspected leak of Unpublished Price Sensitive Information (UPSI). If any employee has a suspect of leakage of UPSI, necessary investigation and action is taken by the Information Leakage Investigation Committee.

The Company with reference to the Whistle Blower mechanism has created an online platform "**Ethics Line**" which offers an independent multi-channel interface to employees for

reporting unethical conduct/malpractice they may see around them, in case of any hesitation to report face to face. Through the said helpline employees raise their concerns and the same are addressed and necessary action is taken by the Company. The said helpline and the management maintain anonymity of the whistle-blower at all times. 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. One of our constant endeavours is to promote "ZERO TOLERANCE" for values violation & unethical conduct at the workplace. To promote this culture, "**Ethics Line**" plays an important role.

During the year, the Company received total 8 complaints under Ethics Line. Appropriate actions wherever required was taken by the Company on the same.

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

L&T Technology Services is committed to ensure sustainability throughout its day-to-day operations. The Company is focused towards balancing its innovations across various industry verticals with eco-friendly processes, services and solutions that positively impact their life cycle. LTTS facilities across all its locations have an abundance of green spaces and plantations to ensure the well-being of employees.

In Bengaluru, the Company has set up rain water sump through which we are using treated runaway water for various purposes such as cleaning washroom, road wash, gardening and hand wash. We have also established rain water percolation pits to recharge ground water and to have minimum runaways. LTTS has pressmatic taps installed across its facilities which close automatically after usage and are installed with aerators to reduce wastage of water.

Our Vadodara office in Knowledge City has been certified by CII's Indian Green Building Council (IGBC) under the LEED guidelines. The water conservation effort alone has resulted in recycling up to 25,000 liters of water per day and zero waste discharge. We also have a sewage treatment plant to recycle waste water which is put to use for various purposes.

LTTS has also taken various measures to efficiently consume electricity. In Bengaluru, the Company has implemented double glazing façade that facilitates less transfer of heat and puts less pressure on the HVAC systems. We have installed occupancy

sensors in work areas that switch off lights when no one is around and have installed 2 row coils to increase the efficiency of AHUs (Air Handling Unit). LTTs has also setup water cooled chillers in its campuses that consume lesser power as compared to air cooled chillers. We have also installed VRF units for 24x7 operations which will consume much less power as compared to conventional split A/c and we also utilize free cooling during winter. Due to our efforts we have saved 1,02,465 KWH power in FY19 as compare to FY18.

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

However passé it may sound, the fact is that we are in the people dependent business and therefore our people are our most important assets.

We have moved away from traditional ways of people management to contemporary and competency based hiring, training & development, rewards & awards and career management with equal opportunity to all irrespective of caste, creed, gender or nationality. All the above is with the motive to service the stakeholders and society at large.

BEST WORKPLACE...in the making



We foster a healthy work culture and workplace free of any harassment ergonomically certified backed by state of the art infrastructure and a vibrant work environment.

We believe that developing people internally is a better alternative for; retention of culture, knowledge, longevity with clients giving the desired confidence, focused career management resulting in reduction in attrition which in turn reduces cost of hiring, which in turn improves the financial performance.

While the journey of investing in our assets started in FY 2017-18, FY 2018-19 saw a slew of initiatives in this endeavour and many of these have yielded the desired results which are presented as below;

Accelerated Leadership Program (ALP) for Account Delivery Managers & Program Managers is a 12 months intervention shaping and sharpening the competencies required to perform the jobs with complete business acumen. In result, our high potentials associates have gone through this program, subsequent to which they have been delivering consistently greater business results than before. 90% of them have experienced career enhancement.

We believe leadership exists in every rung of the organisation and it is mutually beneficial to catch them young. **Young Leadership Program (YLP)** aimed at providing knowledge, essential skills and attitudes which are required to effectively transition to leadership role. Select Project Leaders & Managers across the globe have underdone this 10 months intervention to scale to the new level of their career.

Potential lies everywhere, irrespective of level, function, location, gender, qualification, experience etc. It is important to provide a platform to allow them to surface and catch them to extract the potential – **CEO Club** is one such unique initiative to create future leaders – while the product is designed by us, the execution is outsourced to an internationally famed consulting firm to eliminate any bias in choosing the leaders benchmarked against world standards. All of them are experiencing unique projects, assignments, job enrichment, vertical career movement and investment in their continuous learning.

“Leaders create Leaders “ akin to this phrase , we launched a mentoring initiative – **illuminate** wherein some of our leaders (CXOs & V/H heads) took up the responsibility to mentor & groom chosen dynamic leaders across Sales & Delivery organizations through a well-crafted intervention for 12 months.

Our quest for development does not stop here, in FY 2018 – 2019 we conducted 1500+ workshops covering 9126 people, with unique methods like theatrics, ATL, overseas classroom programs which includes behavioral and technical programs specially designed to enhance present performance & career progression across functions.

To scale up Technical training to the next level , we have now tied up with online partners like Coursera & Plural which will give access to courses & certifications from some of the best International universities like Yale, Stanford, University of Michigan, John Hopkins, Duke University & many more.

500 of our associates are now proficient in foreign languages like French, German, Japanese & Spanish under our initiative

GLOBAL ensuring ease in communication with clients and thereby strengthening relationship by breaking barriers of communication. They also act as bridge between the teams and the clients.

Its said "The one exclusive sign of knowledge is the power of teaching". Our initiative **PRISM** aims to create a pool of Internal trainers by leveraging their knowledge & skills to enhance capability of our employees. This year 600+ training sessions were facilitated by our internal trainers.

There were 5 sexual harassment complaints lodged during FY18-19 and appropriate action were taken on the same.

| | |
|---|------------------------|
| 1. Total number of employees | 14,855 |
| 2. Total number of employees hired on temporary/contractual/casual basis | 758 (TPCs & Retainers) |
| 3. Number of permanent women employees. | 2867 |
| 4. Number of permanent employees with disabilities | NA |
| 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. | 5 |

PRINCIPLE: 4

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

The contribution of shareholders and investors to the growth of the Company is deeply valued, and we work hard to ensure that we deliver positive returns to the shareholders. The Company maps both internal and external stakeholders along with vulnerable, marginalized and disadvantaged stakeholders. This enables us to understand that our stakeholders comprise a large and mixed community with varied and extended expectations, and LTTs always strives to match their expectations. Our Corporate Social Responsibility (CSR) pay close attention to the society and its inhabitants within which we operate. As a responsible corporate citizen, we undertake several transformational initiatives that contribute towards community empowerment and all-round societal development.

CSR THEMES

EDUCATION

LTTs' education programs targets underprivileged children who turn easy dropouts to guide, teach and orient them towards academics and a brighter future.

SKILL DEVELOPMENT

LTTs adds digital literacy into technical training, which improves the employability of rural, underprivileged and differently-abled youth.

HEALTHCARE

For population in remote areas that lacks access to adequate & quality healthcare, LTTs ventures into tribal areas with healthcare workers and equipment, in the form of camps and screening programs.

WATER CONSERVATION

LTTs has embarked on an initiative that promotes development of villages through water conservation & management and holistic development as a theme.

ENVIRONMENT

LTTs supports sustainable growth across the remotest of tribal areas via solar power, along with spreading green cover in urban areas.

SPORTS

LTTs initiated sports development projects to empower marginalized, socio-economically and specially abled sections of the society.


GLOBAL GOALS AND OUR IMPACT

HEALTH


23,400 people benefitted from healthcare initiatives
2,149 free cataract surgeries were performed
1,500 spectacles were provided to patients in need

EDUCATION


75,976 students benefitted from our education programs
425 teachers gained from training programs
530 youth and community members turned digitally literate
200 differently-abled rural youth were provided vocational skills training

 **WATER**

5,10,00,000 Litres of water conserved
10,000 people gained from watershed activities
63 farm ponds and 17 check dams were constructed during the year

 **SUSTAINABLE CITIES & COMMUNITIES**

4,45,000 Sq. Ft. of land restored, developed and maintained
 Commuters and city population gained from green initiatives as air quality and visual aesthetics of public spaces and flyovers, improved

 **CLIMATE ACTION**

400 people from tribal areas benefitted from solar power projects, replacing fossil fuels

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

| 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 |
| | 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 CSR program involvement of the employees |

PRINCIPLE: 5

BUSINESS SHOULD RESPECT & AND PROMOTE HUMAN RIGHTS:

LTTs' 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. We have an efficient grievance redressal system in place which is supplemented by various organisational policies. We also have an efficient whistle blower mechanism which through our online Ethics Line enables all employees of the company to raise their concerns about unethical behaviour and actual or suspected fraud or leakage of Unpublished price sensitive information. We also have a Policy on Prohibition of Human trafficking, Slavery and Bonded labour. 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.

In keeping with our avowed commitment to the adoption of best practices, LTTs strictly prohibits involvement of its suppliers, contractors, vendors and any third parties involved directly or indirectly with LTTs business. Other LTTs practices includes the Policy on Protection of Women's Rights at workplace for addressing sexual harassment. The policy further provides for the redressal of complaints of sexual harassment and suitable action is taken against such complaints.

Our 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. 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. The Company ensures the environmental sustainability of its own operations through the following approach:

- a. Natural light and heat control films on windows are used to reduce light load & AC heat load.
- b. Automatically switch off/switch on the lights in work area
- c. Air Handling Units (AHUs) to regulate the cooling requirement

The various projects undertaken by the Company for restoration of Environment are as follows:

Integrated Watershed Management Projects (IWMPs)

LTTS has undertaken watershed interventions in two geographic location – Kolwadi in Maharashtra; and Kokkranthangal in Tamil Nadu. These projects have yielded successful results and the community has benefitted from the project. Kolwadi Project has made 100% progress in three years where as Kokkranthangal watershed project has progressed by 60% in the last two years. The beneficiaries are also encouraged to organize themselves into groups like mahila pani samiti (MPS) and village watershed committee (VWC) in order to maintain water conservation structures for the future

A. Kolwadi Watershed Project

Kolwadi watershed project covers five villages namely Kolwadi, Kathwadi, Mangdari, Ketkavane and Nigde at Velhe taluka of Pune district. The entire area has been suffering from erratic rainfall and has a tough terrain of slopes and denuded surroundings, making water conservation tough. Significant results have been achieved for the farmers and community with the construction of checkdams and farm ponds. Migration has reduced to 80% and the farmers are now taking second crop due to the availability of water.

Some of the Impact of Kolwadi Watershed Project

- checkdams constructed surrounding five villages
- 63 farm ponds constructed in five villages
- 4 units of toilets constructed in 4 government schools,
- 150 children and 18 school teachers benefitted
- 7336 horticulture & 2500 agroforestry saplings distributed
- 52 mahila pani samiti members earn ₹ 1,500 per month as additional income through income generating programs

B. Kokkranthangal Watershed Project

This watershed project covers Kokkranthangal, Amaindhakaranai, Arcadu and Budhur villages in Kanchipuram district in Tamil Nadu. The objective of the project is to conserve water, reduce migration, improve agricultural practices, increase crop and yield productivity. Since the inception in 2017 the project has shown significant progress covering natural resource management in four watershed villages.

Some of the Impact of Kokkranthangal Watershed Project

- 5 checkdams constructed in four watershed villages
- 1 sunken pond constructed

- 1750 Agro horticulture plants distributed to 307 beneficiaries
- 28 farmers benefitted from exposure visit and agricultural training programme
- De-silting of water bodies, 10280 cubic meter completed
- Channel cleaning of water bodies, 7840.25 cubic meter completed

C. Watershed+ Project:

Key project deliverables: Drinking Water Provision, Sanitation, Renewable energy, Income generation program, Capacity building and Agricultural Production System. The project components address the community's needs by providing adequate and safe drinking water through proper pipeline network, restructuring the improper sewage drainage line, providing sanitation facilities, renewable energy solution, promoting income generation activities and improvising the agricultural production system. Gender mainstreaming is also the part of project delivery mechanism by strengthening and involving the village watershed committee (VWC) and mahila pani samiti (MPS) in the implementation process. Capacity building of community at various levels to sustain the project.

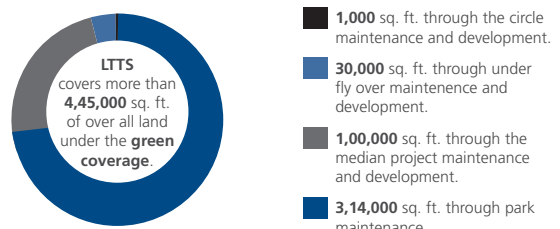
Impact of Watershed+ Project:

- Constructed rice & flour mill for value addition
- Constructed new drinking water well
- Installed solar powered pump for water supply
- Installed water purification plant for hygienic & healthy drinking water

Environment

LTTS has harnessed solar energy project to connect all the 61 homes, school, community hall, and village nursery school with 20 street lights of Manchegowdana Halli near Mysuru, as a part of Phase I in FY2018, which is now successfully commissioned & sustained.

LTTS has been following the group's green ethos, and has been taking up green and clean initiatives across the country. These initiatives include highway beautification projects and restoration of public places in the interest of local communities and for pride of the nation.



PRINCIPLE: 7

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

LTTs actively participates in industrial forums and engages with professional bodies to participate in proactive dialogue and have an understanding of policies and expectations of stakeholders.

The major industry bodies where LTTs participates are:

- 1) Member of the India Electronics & Semiconductor Association (IESA) and collectively works with the industry body to deliver on-ground activation for enabling innovation, investment and industry
- 2) 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) Member 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) Participation in events organized by the IEEE (Institute of Electrical and Electronics Engineers) and hosted the IEEE Bangalore Section Standards Interest Group's 9th Meeting was hosted 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
- 6) Signatory to a Memorandum of Understanding (MoU) with Japan External Trade Organization (JETRO). As per the MoU, JETRO will support LTTs in promoting its business in Japan.

The senior leadership team offers their expertise and insights during public policy formulation. 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.

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. The objective is to contribute positively to society, improve the quality of life, provide sustainable solutions and make a meaningful impact.

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. Ever since our establishment, we have made consistent investments in innovation labs and currently LTTs has 49 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 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. 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 88%. 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 98% of our customers rated us as Satisfied, Very 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.

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Standalone Financial

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Independent Auditor's Report

To the Members of L&T Technology Services Limited

Report on the audit of the standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of L&T Technology Services Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ("the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing

(SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> | <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard; • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls; and • Selected a sample of continuing and new contracts and performed the following procedures: |

| Key audit matter | How the matter was addressed in our audit |
|--|--|
| | <ul style="list-style-type: none"> • Read, analysed and identified the distinct performance obligations in these contracts; • Compared these performance obligations with that identified and recorded by the Company; • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration; • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the supporting documentation, validated estimates of costs to complete, mathematical accuracy of calculations and the adequacy of project accounting; and • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings. |
| <p>Revenue recognition</p> <p>The Company is primarily in the business of providing engineering services to third parties.</p> <p>The Company is having two models for the purpose of recognition of revenue from contracts for services rendered, which are time and material contracts and fixed price contracts. Revenue from contracts that are on time and material basis are recognized at a point in time when services are rendered and related costs are incurred.</p> <p>In case of fixed-price contracts, revenue is recognized over a period of time using the proportionate completion method. For the year ended 31 March 2019, revenue from services amounts to ₹ 47,120 million (refer note 26 to the standalone financial statements).</p> | <p>Our revenue testing included both testing of the Company's controls as well as substantive audit procedures.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • We ensured that revenue recognition method applied was appropriate based on the terms of the agreement with the customer; • We obtained an understanding of the processes and tested relevant controls, which impact the revenue recognition; • For time and material based contracts: <ul style="list-style-type: none"> i. We obtained appropriate evidence based on the circumstances to conclude whether the hours charged on projects were appropriate; ii. We obtained appropriate evidence based on the circumstances to conclude whether the rate charged per man hours on projects were appropriate; and iii. We verified the revenue based on the hours charged on the projects and approved per hour rate. • We considered the appropriateness of disclosures in relation to revenue recognition as detailed in note 26 and 47 to the standalone financial statements. • For fixed price contracts: <ul style="list-style-type: none"> i. We agreed the total project revenue estimate with customer contracts agreements including amendments as appropriate; ii. We assessed the reliability of management's estimates by comparing actual results of delivered projects to previous estimates; iii. We evaluated management's estimates and assumptions in recognition of the revenue; |

| Key audit matter | How the matter was addressed in our audit |
|--|---|
| | <p>iv. We verified the revenue based on the stage of completion of the projects; and</p> <p>v. We obtained appropriate evidence based on the circumstances to conclude whether the proportion of completion of projects was appropriate.</p> <p>Based on the procedures performed we consider the amount of revenue recognised to be fairly stated in the financial statements.</p> |
| Valuation of goodwill | |
| <p>The Company accounted for goodwill at the time of acquisition of certain businesses in earlier years.</p> <p>As required by the applicable Indian Accounting Standards, goodwill is not amortised but is tested for impairment by management on an annual basis. The impairment is tested using discounted cash flow models. As disclosed in note 2(k) (ii) and 5 to the standalone financial statements, there are a number of key sensitive judgements made in determining the inputs into these models which include:</p> <ul style="list-style-type: none"> • Revenue forecasts; • Operating margins; • Cash flow forecasts; and • The discount rate applied to the projected future cash flows. <p>Accordingly, the impairment test of the goodwill is considered to be a key audit matter.</p> <p>As at 31 March 2019, goodwill amounts to ₹ 3,891 million.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> • We tested the methodology applied for impairment of goodwill; • We evaluated process by which the future cash flows were drawn up, including comparing them to the latest board approved targets and long-term plans; • We tested the key underlying assumptions for revenue growth, operating margins, cash flow forecasts, and the discount rate applied to the projected future cash flows; • We compared the current year actual results included in the impairment model to consider whether forecasts included assumptions that, with hindsight, had been appropriate; and • We considered the appropriateness of disclosures in relation to impairment assessment as detailed in note 2(k) (ii) and 5 to the standalone financial statements to the financial statements. <p>Based on the procedures performed we consider the goodwill to be fairly stated in the financial statements.</p> |
| Derivative financial instruments and hedge accounting | |
| <p>Derivative financial instruments are used to manage and hedge foreign currency exchange risks and interest rate risks. These instruments are typically designated in a fair value or cash flow hedge relationship. Financial instruments that are not designated in a hedging relationship and where no hedge accounting is applied are measured at fair value through profit and loss.</p> <p>The fair value of the derivative financial instruments is based on valuation models using observable input data.</p> <p>We focused on this area on account of the number of contracts, the forecast by management of net foreign currency exposure in the future, their measurement, the complexity related to hedge accounting and the potential impact on the statement of profit and loss.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> • We obtained an understanding of the risk management policies and testing key controls for the use, the recognition and the measurement of derivative financial instruments; • We reconciled derivative financial instruments data with third party confirmations; • We compared input data used in the Group's valuation models with independent sources and externally available market data; • We compared valuation of derivative financial instruments with market data or results from alternative, independent valuation models; |

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>As at 31 March 2019, the Company has derivative financial assets at fair value of ₹ 1,450 million and derivative financial liabilities at fair value of ₹ 148 million (refer note no.8, 16, 20, 23, 38, 40(i) and 40(iii) to the standalone financial statements).</p> | <ul style="list-style-type: none"> • We tested on a sample basis the applicability and accuracy of hedge accounting; and • We considered the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting to the financial statements. <p>Based on the procedures performed the derivative financial instruments and hedge accounting are fairly stated in the financial statements.</p> |

Information other than the standalone financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the director's report including annexures thereto, management discussion and analysis and annual business responsibility report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions

of the Act for safeguarding of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in the aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143(3) of the Act, based on our audit 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), statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the relevant books of account;

- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act (as amended), we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) 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 (as amended), 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 financial statements – refer note 34 to the standalone 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 49 to the standalone financial statements.

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

FIRDOSH D. BUCHIA
Partner
Membership no. 38332

Mumbai, 3 May 2019

Annexure 'A' to The Independent Auditor's Report

(Referred to in paragraph 1 of '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 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 during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification; and
- (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) In our opinion, and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable. The Company has complied with the provisions of section 186 of the Act in respect of investments made.
- (v) In our opinion, and according to information and explanations 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, 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, employee's state insurance and value added tax.

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, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2019 are as under:

| Name of the statute | Nature of the disputed dues | Amount (₹ million)* | Period to which the amount relates | Forum where dispute is pending |
|---------------------|---|------------------------|---------------------------------------|-----------------------------------|
| Finance Act, 1944 | Dispute for availment of cenvat credit on input services | 3.61 | 2014-2019 | CESTAT |

* Net of pre-deposit paid in getting the stay/ appeal admitted.

- (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 explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.
- (xii) In our opinion and according to the information and explanations 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 explanations given to us and based on our examination of the records of the
- Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him 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. 38332

Mumbai, 3 May 2019

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 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the 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 standalone 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 standalone 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 standalone 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 standalone 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 2019,

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. 38332

Mumbai, 3 May 2019

Balance Sheet

as at March 31, 2019

| | Note | As at | As at |
|---|-------------|---------------|---------------|
| | No. | 31-03-2019 | 31-03-2018 |
| (₹ million) | | | |
| ASSETS: | | | |
| I. Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 1,401 | 1,230 |
| (b) Capital work-in-progress | | - | 1 |
| (c) Goodwill | 5 | 3,891 | 3,891 |
| (d) Other intangible assets | 5 | 362 | 409 |
| (e) Financial assets | | | |
| (i) Investments | 6 | 1,846 | 1,031 |
| (ii) Other financial assets | 8 | 1,348 | 571 |
| (f) Deferred tax assets (net) | 9 | 101 | 256 |
| (g) Other non current assets | 10 | 590 | 430 |
| Total non-current assets | | 9,539 | 7,819 |
| II. Current assets | | | |
| (a) Financial assets | | | |
| (i) Investments | 11 | 5,678 | 2,194 |
| (ii) Trade receivables | 12 | 10,173 | 9,513 |
| (iii) Cash and cash equivalents | 13 | 1,913 | 1,437 |
| (iv) Other bank balances | 14 | 3 | - |
| (v) Loans | 15 | 90 | 61 |
| (vi) Other financial assets | 16 | 1,592 | 1,490 |
| (b) Other current assets | 17 | 3,265 | 3,415 |
| Total current assets | | 22,714 | 18,110 |
| TOTAL ASSETS | | 32,253 | 25,929 |
| EQUITY AND LIABILITIES: | | | |
| I. Equity | | | |
| (a) Equity share capital | 18 | 208 | 205 |
| (b) Other equity | 19 | 24,151 | 19,448 |
| Total equity | | 24,359 | 19,653 |
| II. Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Other financial liabilities | 20 | 60 | 18 |
| Total non-current liabilities | | 60 | 18 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Short-term borrowings | 21 | 426 | - |
| (ii) Trade payables | | | |
| Due to micro enterprises and small enterprises | 22 | 7 | 4 |
| Due to others | 22 | 1,695 | 1,549 |
| (iii) Other financial liabilities | 23 | 2,638 | 1,683 |
| (b) Other current liabilities | 24 | 1,767 | 1,700 |
| (c) Provisions | 25 | 1,301 | 1,179 |
| (d) Current tax liabilities (net) | | - | 143 |
| Total current liabilities | | 7,834 | 6,258 |
| Total liabilities | | 7,894 | 6,276 |
| TOTAL EQUITY AND LIABILITIES | | 32,253 | 25,929 |
| Notes forming part of the financial statements | 1-50 | | |

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's registration no. 109982W
 by the hand of

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

FIRDOSH D. BUCHIA
 Partner
 Membership No. 38332

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 03, 2019

Place: Mumbai
 Date: May 03, 2019

Statement of Profit and Loss

for the year ended March 31, 2019

(₹ million except as stated otherwise)

| | Note No. | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|-------------|--------------------------|--------------------------|
| Income: | | | |
| I. Revenue from operations | 26 | 47,120 | 35,066 |
| II. Other income (net) | 27 | 1,512 | 1,881 |
| III. Total income | | 48,632 | 36,947 |
| IV. Expenses: | | | |
| (a) Employee benefits expenses | 28 | 29,057 | 22,838 |
| (b) Depreciation and amortisation expenses | | 731 | 576 |
| (c) Other expenses | 29 | 9,408 | 6,718 |
| (d) Change in contingent consideration-acquisition | | 11 | - |
| (e) Finance costs | 30 | 11 | 4 |
| Total expenses | | 39,218 | 30,136 |
| V. Profit before tax (III - IV) | | 9,414 | 6,811 |
| VI. Tax expense: | | | |
| (a) Current tax | | 2,274 | 1,876 |
| (b) Deferred tax | | 139 | 41 |
| Total tax expense | 31 | 2,413 | 1,917 |
| VII. Profit for the year (V - VI) | | 7,001 | 4,894 |
| VIII. Other comprehensive income | | | |
| (A) (i) Items that will not be reclassified to the statement of profit and loss | | | |
| (a) Remeasurements of the defined benefit plans (net) | | (36) | 19 |
| (b) Income tax on remeasurement of the defined benefit plans | | 8 | (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 | | 29 | 85 |
| (b) Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge | | (22) | 117 |
| Total other comprehensive income (net of tax) | | (21) | 217 |
| IX. Total comprehensive income for the year | | 6,980 | 5,111 |
| X. Earnings per equity share | 32 | | |
| Equity share of face value of ₹ 2 each | | | |
| - Basic (₹) | | 67.72 | 47.97 |
| - Diluted (₹) | | 66.67 | 46.59 |
| - Face value per equity share (₹) | | 2.00 | 2.00 |
| XI. Notes forming part of the financial statements | 1-50 | | |

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's registration no. 109982W
 by the hand of

For and on behalf of the Board of Directors of
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KESHAB PANDA
 Chief Executive Officer &
 Managing Director
 (DIN: 05296942)

Place: Mumbai
 Date: May 03, 2019

Place: Mumbai
 Date: May 03, 2019

Statement of Cash Flows

for the year ended March 31, 2019

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 9,414 | 6,811 |
| Adjustments for: | | |
| Depreciation and amortisation | 731 | 576 |
| Interest received | (6) | (1) |
| Interest paid | 11 | 4 |
| (Profit)/ loss on sale of fixed assets | 1 | 1 |
| Employee stock option forming part of staff expenses | 184 | 209 |
| Dividends received from current investments | (172) | (75) |
| Unrealised foreign exchange loss/(gain) | 228 | (280) |
| Operating profit before working capital changes | 10,391 | 7,245 |
| Changes in working capital | | |
| (Increase)/decrease in trade and other receivables | (1,600) | (2,289) |
| Increase/(decrease) in trade and other payables | 1,166 | 174 |
| (Increase)/decrease in working capital | (434) | (2,115) |
| Cash generated from operations | 9,957 | 5,130 |
| Direct taxes paid | (2,590) | (1,734) |
| Net cash (used in)/from operating activities | 7,367 | 3,396 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment and intangibles | (871) | (510) |
| Sale of property, plant and equipment and intangibles | 16 | 15 |
| (Purchase)/ sales of current investments (net) | (3,484) | (267) |
| Consideration paid on acquisition of subsidiaries | (700) | (970) |
| Dividends received from current investments | 172 | 75 |
| Interest received | 6 | 1 |
| Net cash (used in)/from investing activities | (4,861) | (1,656) |
| C. Cash flow from financing activities | | |
| Equity share capital issued | 3 | 2 |
| Proceeds from/(repayment of) borrowings | 426 | - |
| Interest paid | (11) | (4) |
| Dividend paid | (2,024) | (817) |
| Dividend tax | (416) | (166) |
| Net cash (used in) / from financing activities | (2,022) | (985) |
| Net (decrease) / increase in cash and cash equivalents | 484 | 755 |
| Cash and cash equivalents at beginning of year | 1,415 | 660 |
| Cash and cash equivalents at end of year | 1,899 | 1,415 |

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

- 3 Cash and cash equivalents included in the statement of cash flows comprise the following:

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| a) Cash and cash equivalents disclosed under current assets [Note 13] | 1,913 | 1,437 |
| b) Other bank balances disclosed under current assets [Note 14] | 3 | - |
| c) Cash and cash equivalents disclosed under non-current assets [Note 8] | 2 | 7 |
| Total cash and cash equivalents as per balance sheet | 1,918 | 1,444 |
| Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents | (14) | (22) |
| Less: (ii) Other bank balances disclosed under current assets [Note 14] | 3 | - |
| Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 8] | 2 | 7 |
| Total cash and cash equivalents as per cash flow statement | 1,899 | 1,415 |

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

Notes forming part of the financial statements

1-50

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's registration no. 109982W
 by the hand of

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

FIRDOSH D. BUCHIA
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A. M. NAIK
 Director
 (DIN 00001514)

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

Place: Mumbai
 Date: May 03, 2019

Place: Mumbai
 Date: May 03, 2019

Statement of changes in equity

for the year ended March 31, 2019

A. Equity share capital

(₹ million except as stated otherwise)

| Particulars | 01-04-2018 to 31-03-2019 | | 01-04-2017 to 31-03-2018 | |
|---|--------------------------|-----------|--------------------------|-----------|
| | Number of shares | ₹ million | Number of shares | ₹ million |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | 102,456,047 | 205 | 101,690,392 | 203 |
| Add: Shares issued on exercise of employee stock options during the year | 1,557,278 | 3 | 765,655 | 2 |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | 104,013,325 | 208 | 102,456,047 | 205 |

B. Other equity

(₹ million)

| Particulars | Other equity | | | | | Total other equity |
|--|----------------------------|------------------------------|-------------------|-------------------------------------|--------|--------------------|
| | Reserves and surplus | | | Items of other comprehensive income | | |
| | Securities premium account | Employee share options (net) | Retained earnings | Hedging reserve | Others | |
| Balance as at 01-04-2017 | 10,297 | 310 | 3,554 | 962 | (11) | 15,112 |
| Profit for the year (a) | - | - | 4,894 | - | - | 4,894 |
| Other comprehensive income (net of taxes) (b) | - | - | - | 202 | 15 | 217 |
| Total comprehensive income for the year (a+b) | - | - | 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 | - | 345 | - | - | - | 345 |
| Addition/(deduction) during the year | 205 | - | - | - | - | 205 |
| Balance as at 31-03-2018 | 10,502 | 538 | 7,240 | 1,164 | 4 | 19,448 |
| Balance as at 01-04-2018 | 10,502 | 538 | 7,240 | 1,164 | 4 | 19,448 |
| Impact of Ind AS 115 and ECL on contract asset in opening reserve [refer note 47(d)] | - | - | (22) | - | - | (22) |
| Profit for the year (c) | - | - | 7,001 | - | - | 7,001 |
| Other comprehensive income (net of taxes) (d) | - | - | - | 7 | (28) | (21) |
| Total comprehensive income for the period (c+d) | - | - | 7,001 | 7 | (28) | 6,980 |
| Deemed dividend - ESOP | - | - | (9) | - | - | (9) |
| Dividends | - | - | (2,024) | - | - | (2,024) |
| Dividend tax | - | - | (416) | - | - | (416) |
| Employees shares options outstanding | - | (216) | - | - | - | (216) |
| Deferred employee compensation expense | - | 22 | - | - | - | 22 |
| Addition/(deduction) during the year | 388 | - | - | - | - | 388 |
| Balance as at 31-03-2019 | 10,890 | 344 | 11,770 | 1,171 | (24) | 24,151 |

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
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A. M. NAIK
 Director
 (DIN 00001514)

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

Place: Mumbai
 Date: May 03, 2019

Place: Mumbai
 Date: May 03, 2019

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, 2019, Larsen & Toubro Limited, the holding company owns 78.88% 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 section 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 03, 2019.

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) 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 statement of cash flows 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 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

d) 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.

e) Revenue recognition

(i) Revenue from operations

The Company derives revenue from Engineering Research and Development (ER&D) services, which 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. Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group/Company expects to receive in exchange for those services:

- a. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.
- b. Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized

Notes forming part of the Financial Statements

as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

- c. Revenues in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (unearned revenue).
- d. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company presents revenue net of discounts, collection charges, indirect taxes and value-added taxes in its statement of profit and loss.
- e. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.
- f. Refer note 47(d) for impact on adoption of Ind AS 115.

f) 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. The Company recognizes government grant only when there is reasonable assurance that conditions attached to them shall be complied with and grants will be received. Government grants receivable in the form of duty credit scripts is recognised as other income in the statement of profit and loss in the period in which application is made to the government authorities. Grants are disclosed after netting of all expenses which might not have been incurred by the Company if grant had not been available.

g) 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.

h) Property, plant and equipment

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment loss, if any.

PPE not ready for intended use on the date of balance sheet are disclosed as "capital work-in-progress".

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 |

Notes forming part of the Financial Statements

| Sr. No. | Asset class | Useful life (in years) |
|---------|------------------------|------------------------|
| 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.

i) Intangible assets and amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets purchased are measured at cost (net of tax/duty credits availed, if any) 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 (years) |
|----------------------|---------------------|
| Specialised software | 5 |
| Technical knowhow | 4 |

*refer note 45 for change in useful life.

j) 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 k (ii) for accounting policy on impairment of assets.

k) 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.

l) 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.

(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'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.

m) 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

Notes forming part of the Financial Statements

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.

n) 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 & options 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.

Notes forming part of the Financial Statements

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.

o) 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.

p) 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 the Company's stock options scheme.

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

q) 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.

r) 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 option 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.

s) Foreign currencies

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are 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.

t) 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

Notes forming part of the Financial Statements

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.

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.

u) 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.

v) 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.

Notes forming part of the Financial Statements

w) 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.

x) 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 include useful lives of property, plant and equipment & 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, future cash inflows (net) for hedging purpose, fair value measurement etc. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

y) Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

z) 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.

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, 2019:

Ind AS 116 – Leases

The Ministry of Corporate Affairs notified Ind AS 116 "Leases" in respect of accounting periods commencing on or after April 1, 2019 superseding Ind AS 17 "Leases".

Ind AS 116 introduces significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. Under the revised model, lessee would recognize a right-of-use asset and a corresponding liability for all leases. The standard, however, does not require an entity to recognize assets and liabilities for (a) short- term leases (for a period of twelve months or less) and (b) leases of low value assets.

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.

On preliminary assessment, the Company expects that the effect of adoption as on transition date would result in an increase in right of use assets approximately by ₹ 3,484 Mn and an increase in lease liability approximately by ₹ 3,812 Mn.

Notes forming part of the Financial Statements

4 Property, plant and equipment

(₹ million)

| Particulars | Gross block | | | Depreciation/amortisation | | | | | Net block | | |
|-----------------------------------|---------------------|------------|-----------|---------------------------|---------------------|-----------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | As at 01-04-2018 | Additions | Disposals | As at 31-03-2019 | As at 01-04-2018 | For the year | On disposals | On 31-03-2019 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2018 |
| Leasehold improvements | 301 | 13 | - | 314 | 72 | 41 | - | 113 | 201 | 229 | |
| Plant and equipment | 72 | 3 | - | 75 | 28 | 26 | - | 54 | 21 | 44 | |
| Computers | 721 | 463 | 51 | 1,133 | 370 | 215 | 50 | 535 | 598 | 351 | |
| Furniture and fixtures | 196 | 11 | 3 | 204 | 60 | 59 | 3 | 116 | 88 | 136 | |
| Vehicles | 160 | 112 | 37 | 235 | 21 | 34 | 21 | 34 | 201 | 139 | |
| Office equipments | 187 | 51 | 2 | 236 | 117 | 56 | 2 | 171 | 65 | 70 | |
| Electrical installations | 134 | 6 | - | 140 | 35 | 26 | - | 61 | 79 | 99 | |
| Aircondition and refrigeration | 96 | 6 | 2 | 100 | 19 | 21 | 2 | 38 | 62 | 77 | |
| Laboratory equipments | 113 | 22 | - | 135 | 28 | 21 | - | 49 | 86 | 85 | |
| Canteen equipments | - | - | - | - | - | - | - | - | - | - | |
| Total | 1,980 | 687 | 95 | 2,572 | 750 | 499 | 78 | 1,171 | 1,401 | 1,230 | |
| Previous year figures | 1,735 | 397 | 152 | 1,980 | 558 | 327 | 135 | 750 | 1,230 | - | |

5 Goodwill and other intangible assets

(₹ million)

| Particulars | Gross block | | | Depreciation/amortisation | | | | | Net block | | |
|--------------------------|---------------------|------------|-----------|---------------------------|---------------------|-----------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | As at 01-04-2018 | Additions | Disposals | As at 31-03-2019 | As at 01-04-2018 | For the year | On disposals | On 31-03-2019 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2018 |
| Goodwill* | 3,891 | - | - | 3,891 | - | - | - | - | - | 3,891 | 3,891 |
| Specialised softwares | 1,296 | 185 | - | 1,481 | 887 | 232 | - | 1,119 | 362 | 409 | |
| Technical knowhow | 143 | - | - | 143 | 143 | - | - | 143 | - | - | |
| Total | 5,330 | 185 | - | 5,515 | 1,030 | 232 | - | 1,262 | 4,253 | 4,300 | |
| Previous year figures | 5,193 | 137 | - | 5,330 | 781 | 249 | - | 1,030 | 4,300 | - | |
| Capital Work-in-progress | - | - | - | - | - | - | - | - | - | - | 1 |

* Goodwill has been tested for impairment.

6 Investments - non-current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| 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: 1,501,000) 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 | 971 |
| 1,431,736 (previous year: Nil) equity shares of nominal value of ₹ 10 each, fully paid in Graphene Semiconductor Services Private Limited - Company's holding * - 100% (previous year: Nil) - Principal place of business: India | 815 | - |
| | 1,846 | 1,031 |
| Aggregate amount of quoted investment | | |
| At book value | - | - |
| At market value | - | - |
| Aggregate amount of unquoted investment | | |
| At book value | 1,846 | 1,031 |

* Voting power is same as the Company's holding % in respective subsidiaries

Notes forming part of the Financial Statements

7 Trade receivables - non current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Non current | | |
| Increase in credit risk | 23 | 25 |
| Credit impaired | 168 | 3 |
| | 191 | 28 |
| Less: Allowance for bad and doubtful debt | (191) | (28) |
| | - | - |

8 Other financial assets - non-current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Security deposits | 385 | 229 |
| Fixed deposits* | 2 | 7 |
| Foreign currency forward and options contracts | 961 | 335 |
| | 1,348 | 571 |

* Fixed deposits are placed as margin money deposits against bank guarantees.

9 Deferred tax assets (net)

(₹ million)

| Description | DTL/(DTA) As at 31.03.2018 | Ind AS 115 impact | Charge/ (credit) to P&L | Charge/ (credit) to OCI | DTL/(DTA) As at 31.03.2019 |
|---|----------------------------------|----------------------|----------------------------|----------------------------|----------------------------------|
| Property, plant and equipment and other intangible assets | 609 | - | 17 | - | 626 |
| Branch profit tax | 346 | - | 120 | - | 466 |
| Net gain/(loss) on fair valuation of investments | - | - | - | - | - |
| Provision for employee benefits | (184) | - | (35) | - | (219) |
| Allowances for doubtful debts | (21) | - | (37) | - | (58) |
| Cash flow hedges | 321 | - | - | 22 | 343 |
| Other items giving rise to timing differences | - | (6) | (16) | - | (22) |
| MAT credit entitlement | (1,256) | - | 153 | - | (1,103) |
| Deferred Tax | (71) | - | (63) | - | (134) |
| Total | (256) | (6) | 139 | 22 | (101) |

10 Other non-current assets

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|-----------------------------|---------------------|---------------------|
| Prepaid expenses | 111 | 91 |
| Income tax receivable (net) | 479 | 339 |
| | 590 | 430 |

Notes forming part of the Financial Statements

11 Investments - current

(₹ million)

| | As at 31-03-2019 | | As at 31-03-2018 | |
|--|---------------------|--------------|---------------------|--------------|
| | 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 | 3,495,126 | 350 | 2,600,668 | 261 |
| Birla SunLife Money Manager Fund - Direct Plan - Daily Dividend Reinvestment | 2,010,897 | 202 | - | - |
| Birla Sunlife Short Term Fund- Direct Plan - Monthly Dividend Reinvestment | - | - | 4,482,411 | 52 |
| HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment | - | - | 15,025 | 15 |
| Invesco India Money Fund - Direct Plan - Daily Dividend Reinvestment | 90,228 | 90 | - | - |
| HDFC FMP 92 D FEB 2018 | - | - | 10,000,000 | 101 |
| Kotak Liquid Fund - Direct - Daily Dividend Reinvestment | 409,014 | 500 | - | - |
| Sundaram Money Fund -Direct Daily Dividend Reinvestment | 64,398,142 | 651 | - | - |
| DSP BlackRock Liquidity Fund - Direct - Daily Dividend Reinvestment | 551,430 | 552 | - | - |
| ICICI Prudential Liquid - Direct Plan - Daily Dividend Reinvestment | - | - | 1,623,737 | 163 |
| L&T Liquid Fund - Daily Dividend Reinvestment | - | - | 1,000,917 | 1,013 |
| HSBC Cash Fund - Direct - Daily Dividend Reinvestment | 429,960 | 430 | - | - |
| Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment | 380,019 | 582 | 183,373 | 280 |
| Axis Liquid Fund - Direct - Daily Dividend Reinvestment | 580,394 | 581 | - | - |
| Invesco India Liquid Fund - Direct Daily Dividend Reinvestment | 489,968 | 490 | - | - |
| Tata Liquid Fund - Direct - Daily Dividend Reinvestment | 671,423 | 672 | - | - |
| UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment | 566,741 | 578 | 302,729 | 309 |
| | | 5,678 | | 2,194 |
| Aggregate amount of quoted investment at cost | | 5,677 | | 2,193 |
| Aggregate amount of quoted investment at market value | | 5,678 | | 2,194 |

12 Trade receivables

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Current | | |
| Unsecured, considered good | 10,227 | 9,583 |
| | 10,227 | 9,583 |
| Less: Allowance for bad and doubtful debt | (54) | (70) |
| | 10,173 | 9,513 |

Notes forming part of the Financial Statements

13 Cash and cash equivalents

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Balances with banks | 1,275 | 1,328 |
| Cheques on hand | 57 | 19 |
| Cash on hand | - | - |
| Remittance in transit | 581 | 47 |
| Fixed deposits with banks (maturity less than 3 months) | - | 43 |
| | 1,913 | 1,437 |

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

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Fixed deposits with banks* | | |
| Maturity more than 3 months but less than 12 months | 2 | - |
| Earmarked balances with banks - unclaimed dividend | 1 | - |
| | 3 | - |

* Fixed deposits are placed as margin money deposits against bank guarantees.

15 Loans

(₹ million)

| Current | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Unsecured, considered good | | |
| Intercompany deposits with related parties | 90 | 60 |
| Others | - | 1 |
| | 90 | 61 |

16 Other financial assets

(₹ million)

| Current | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Advances to employees | 260 | 345 |
| Security deposits | 6 | 6 |
| Foreign currency forward and options contracts | 489 | 1,044 |
| Loans and advances to related parties | 224 | 70 |
| Other receivables | 35 | 20 |
| Premium receivable on financial guarantee contracts | 7 | 5 |
| Unbilled revenue | 579 | - |
| Less: ECL on unbilled revenue | (8) | - |
| | 1,592 | 1,490 |

Notes forming part of the Financial Statements

17 Other current assets

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|-------------------------------|---------------------|---------------------|
| Unbilled revenue | 1,645 | 2,002 |
| Less: ECL on unbilled revenue | (24) | - |
| | 1,621 | 2,002 |
| Retention money not due | - | 13 |
| Advance to suppliers | 88 | 144 |
| Prepaid expenses | 835 | 512 |
| Service tax/GST recoverable | 36 | 56 |
| GST receivable | 392 | 311 |
| Other receivables | 293 | 377 |
| | 1,644 | 1,400 |
| | 3,265 | 3,415 |

18 Equity share capital

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| 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 |

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| 18.2 Issued, subscribed and fully paid up: | | |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year [102,456,047 (previous year: 101,690,392) equity shares of ₹2 each] | 205 | 203 |
| Add: shares issued on exercise of employee stock options during the year [1,557,278 (previous year: 765,655) equity shares of ₹ 2 each] | 3 | 2 |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year [104,013,325 (previous year: 102,456,047) equity shares of ₹ 2 each] | 208 | 205 |

18.3 Terms/rights attached to equity shares

The Company has only one class of equity shares having face 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.

Notes forming part of the Financial Statements

18.4 Shareholders holding more than 5% of equity shares as at the end of the period

| Equity shares | No. of shares | | No. of shares | |
|-------------------------|-------------------|-----------|-------------------|-----------|
| | No. of shares | % Holding | No. of shares | % Holding |
| Larsen & Toubro Limited | 82,050,531 | 78.88% | 90,822,100 | 88.64% |
| | 82,050,531 | | 90,822,100 | |

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 18.8

18.6 In the period of five years immediately preceding March 31, 2019:

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)

18.7 Capital management

The Company continues its policy of a conservative capital structure which has ensured that it retains the highest 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 31-3-2018: 0:1)

18.8 Share based payments

- i) The objective of the Employee Stock Option (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 below:

(Numbers except as stated otherwise)

| Series reference | ESOP scheme, 2016 | |
|---|--------------------|-----------|
| | 2018-19 | 2017-18 |
| 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 | 3,224,945 | 3,980,000 |
| Options lapsed during the year | 164,000 | 183,300 |
| Options granted during the year | 235,000 | 193,900 |
| Options exercised during the year | 1,557,278 | 765,655 |
| Options granted and outstanding at the end of the year-(a) | 1,738,667 | 3,224,945 |
| of (a) above - vested outstanding options | 82,187 | 1,082,345 |
| of (a) above - unvested outstanding options | 1,656,480 | 2,142,600 |
| Weighted average remaining contractual life of options (in years) | 4.51 | 5.41 |

iv) No options were granted to key managerial personnel during the current year (previous year - Nil).

v) The number and weighted average exercise price of stock options are as follows:

| Particulars | 2018-19 | | 2017-18 | |
|--|----------------------|-------------------------------------|----------------------|-------------------------------------|
| | 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 | 3,224,945 | 2 | 3,980,000 | 2 |
| Options granted during the year | 235,000 | 2 | 193,900 | 2 |
| Options allotted during the year | 1,557,278 | 2 | 765,655 | 2 |
| Options lapsed during the year | 164,000 | 2 | 183,300 | 2 |
| Options granted and outstanding at the end of the year | 1,738,667 | 2 | 3,224,945 | 2 |
| Options exercisable at the end of the year out of -(a) above | 82,187 | 2 | 1,082,345 | 2 |

vi) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 1435.59 per share. (previous year ₹ 849.70 per share).

vii) No options expired during the periods covered in the above table.

viii) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2018-19 is ₹ 184 million. (previous year: ₹ 209 million).

ix) The fair value at grant date of options granted during the year ended 31-03-2019 was ₹ 1,281.80 (previous year: ₹ 737.10). The fair value at 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:

Notes forming part of the Financial Statements

| Particulars | 2018-19 | 2017-18 |
|---|---|---------------------|
| Weighted average exercise price (₹) | 2 | 2 |
| Grant date | 23-Jul-18 | 23-Aug-17 |
| Expiry date | 22-Jul-25 | 22-Aug-24 |
| Weighted average share price at grant date | ₹ 1,281.80 per option | ₹ 737.10 per option |
| Weighted average expected price volatility of company's share | 22.47% | 42.54% |
| Weighted average expected dividend yield over life of option | 5.06% | 8.05% |
| Weighted average risk-free interest | 7.67% | 6.44% |
| 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 based on publicly available information. | |

18.9 Dividends

- During the year ended March 31, 2019, the Company paid the final dividend of ₹ 12 per equity share for the year ended March 31, 2018.
- On October 25, 2018, the Company paid an interim dividend of ₹ 7.50 per equity share for the year ended March 31, 2019.
- On May 3, 2019, the Board of Directors of the Company have recommended the final dividend of ₹ 13.50 per equity share for the year ended March 31, 2019 subject to approval by the shareholders at the forthcoming annual general meeting. On approval, the total dividend payment based on number of shares outstanding as on March 31, 2019 is expected to be ₹ 1,404 million and the payment of dividend distribution tax is expected to be ₹ 289 million.

19 Other equity

| | (₹ million) | |
|---|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Securities premium account [note 2(p)] | 10,890 | 10,502 |
| Share options outstanding account [note 2(r)] | | |
| Employee share options outstanding | 618 | 835 |
| Deferred employee compensation expense | (274) | (297) |
| Retained earnings | 11,770 | 7,240 |
| Cash flow hedge reserve [note 2(n)(iii)] | 1,171 | 1,164 |
| Other items of other comprehensive income | (24) | 4 |
| | 24,151 | 19,448 |

Notes forming part of the Financial Statements

20 Other financial liabilities

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--------------------------|---------------------|---------------------|
| Forward contract payable | 60 | 18 |
| | 60 | 18 |

21 Short-Term Borrowings

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---------------------------------------|---------------------|---------------------|
| Loans repayable on demand from banks* | 426 | - |
| | 426 | - |

*Loans repayable on demand from bank comprises of fund based working capital facility i.e. overdraft. Out of total overdraft, ₹ 23 million is secured by hypothecation of trade receivables. Amount of trade receivables that are pledged as collateral: ₹ 700 million (previous year: ₹ 1000 million).

22 Trade payable

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|-----------------------------|---------------------|---------------------|
| Micro and small enterprises | 7 | 4 |
| Due to related parties* | 416 | 624 |
| Due to others | 1,279 | 1,549 |
| | 1,702 | 1,553 |

* Includes dues to subsidiaries and fellow subsidiaries (refer note 46)

23 Other financial liabilities

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Unclaimed dividend | 1 | - |
| Due to others | | |
| Liability towards employee compensation | 2,213 | 1,567 |
| Other payables | 221 | 26 |
| Forward contract payable | 88 | 85 |
| Financial guarantee contract | 6 | 5 |
| Suppliers ledger - capital goods/services | 109 | - |
| | 2,638 | 1,683 |

24 Other current liabilities

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Unearned revenue | 224 | 313 |
| Other payables | 1,449 | 1,305 |
| Liability - employee car / computer scheme | 94 | 82 |
| | 1,767 | 1,700 |

Notes forming part of the Financial Statements

25 Provisions

| | As at 31-03-2019 | As at 31-03-2018 |
|----------------------------------|---------------------|---------------------|
| Provisions for employee benefits | | |
| Leave encashment | 1,242 | 1,130 |
| Post retirement medical benefits | 59 | 49 |
| | 1,301 | 1,179 |

(₹ million)

26 Revenue from operations

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|-------------------------------------|--------------------------|--------------------------|
| Engineering and technology services | 47,120 | 35,066 |
| | 47,120 | 35,066 |

(₹ million)

27 Other income

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| Foreign exchange gain/ (loss)* | 939 | 1,160 |
| Profit/(loss) on sales of fixed asset (net of gain of ₹ 3 million, previous year: ₹ 8 million) | (1) | (1) |
| Dividend income and gain/(loss) from mutual fund investments (measured at fair value through profit and loss) | 172 | 75 |
| Bank interest received | 6 | 1 |
| Miscellaneous income** | 396 | 646 |
| Net gain/(loss) on sale of investment | - | - |
| | 1,512 | 1,881 |

(₹ million)

*The foreign exchange gain reported above includes ₹ 704 million (previous year: ₹ 997 million) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

**includes income of ₹ 276.30 million (net) (previous year: ₹ 645.59 million) pertaining to export licenses.

28 Employee benefits expenses

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|--|--------------------------|--------------------------|
| Salaries including overseas staff expenses | 28,072 | 22,057 |
| Contribution to and provision for: | | |
| Contribution to provident and pension fund | 364 | 262 |
| Contribution to gratuity fund | 108 | 100 |
| Share based payments to employees | 184 | 209 |
| Staff welfare expenses | 329 | 210 |
| | 29,057 | 22,838 |

(₹ million)

Notes forming part of the Financial Statements

29 Other expenses

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| Subcontracting and component charges | 2,286 | 1,491 |
| Engineering, professional, technical and consultancy fees | 2,046 | 1,553 |
| Cost of computer software | 830 | 504 |
| Travelling and conveyance | 774 | 613 |
| Rent and establishment expenses | 878 | 647 |
| Telephone, postage and other communication charges | 280 | 199 |
| Legal and professional charges | 318 | 349 |
| Advertisement and sales promotion expenses | 222 | 167 |
| Recruitment expenses | 188 | 132 |
| Repairs to buildings & machineries | 347 | 264 |
| General repairs and maintenance | 108 | 77 |
| Power and fuel | 143 | 120 |
| Equipment hire charges | 11 | 7 |
| Insurance charges | 77 | 50 |
| Rates and taxes | 25 | 28 |
| Bad debts written off | 29 | 24 |
| Less : Allowance for doubtful debts written back | - | (126) |
| Allowances for doubtful debts on trade receivable | 147 | 69 |
| ECL on unbilled revenue | 12 | - |
| Overheads charged by group companies | 191 | 265 |
| Trademark fees | 76 | 56 |
| Corporate social responsibility expenditure | 101 | 56 |
| Miscellaneous expenses | 319 | 173 |
| | 9,408 | 6,718 |

30 Finance costs

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|-------------------|--------------------------|--------------------------|
| Interest expenses | 11 | 4 |
| | 11 | 4 |

31 Provision for taxation

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|-------------------------------------|--------------------------|--------------------------|
| Current tax | | |
| Current tax on profits for the year | 2,276 | 1,899 |
| Tax expenses for prior periods | (2) | (23) |
| Deferred tax | 139 | 41 |
| | 2,413 | 1,917 |

Notes forming part of the Financial Statements

32 Basic and diluted earning per equity share

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| Basic EPS | | |
| Profit after tax (₹ in million) | 7,001 | 4,894 |
| Profit attributable to equity shareholders (₹ in million) | 7,001 | 4,894 |
| Weighted average no. of equity shares outstanding | 103,376,513 | 102,026,477 |
| Basic EPS | 67.72 | 47.97 |
| Diluted EPS | | |
| Profit after tax (₹ in million) | 7,001 | 4,894 |
| Profit attributable to equity shareholders (₹ in million) | 7,001 | 4,894 |
| Weighted average no. of equity shares outstanding | 103,376,513 | 102,026,477 |
| Add - No. of potential equity shares | 1,627,949 | 3,002,471 |
| Weighted average no. of equity shares outstanding | 105,004,462 | 105,028,948 |
| Diluted EPS | 66.67 | 46.59 |

33 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 179 million (previous year: ₹ 99 million).

34 Contingent liability

| | (₹ million) | |
|---------------------|--------------------------|--------------------------|
| | Year ended 31-03-2019 | Year ended 31-03-2018 |
| Corporate guarantee | 1,196 | 1,128 |
| | 1,196 | 1,128 |

(Corporate 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: USD 0.8 million) issued to Bank of America for securing borrowings of Esencia Technologies Inc., USA.)

35 Details of payment to auditors

| | (₹ million) | |
|---|--------------------------|--------------------------|
| | Year ended 31-03-2019 | Year ended 31-03-2018 |
| Payment to auditors (net of taxes) | | |
| As auditor: | | |
| Audit fee | 0.96 | 0.80 |
| Taxation matters | 0.29 | 0.24 |
| Company law matters | 0.02 | 0.02 |
| Other services : | | |
| - Limited review | 0.47 | 0.39 |
| - Other services including certification work | 0.92 | 0.23 |
| Reimbursement of expenses | 0.50 | 0.30 |
| | 3.16 | 1.98 |

Notes forming part of the Financial Statements

36 Corporate social responsibility expenditure

- a) 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. The Company's CSR ambit covers skill development, innovation & technology, water, health & education, and environment and it is continuously investing in welfare initiatives and programmes to provide support to people in the communities where the Company has presence. A CSR committee has been formed by the Company as per the Act.
- b) Amount required to be spent by the Company on CSR related activities during the year is ₹ 102.65 million (previous year: ₹ 83.85 million).
- c) Amount spent during the year:

(₹ million)

| Particulars | Year ended 31-03-2019 | | | Year ended 31-03-2018 | | |
|---|-----------------------|------------------------|------------|-----------------------|------------------------|-------|
| | In cash | Yet to be paid in cash | Total | In cash | Yet to be paid in cash | Total |
| i) Construction/acquisition of any asset | - | - | - | - | - | - |
| ii) On purposes other than (i) above (disclosed under note 29 - other expenses) | 101 | - | 101 | 56 | - | 56 |
| Total | 101 | - | 101 | 56 | - | 56 |

- 37 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:

(₹ million)

| Name of the company | Balance as at | | Maximum outstanding during | |
|---|---------------|------------|----------------------------|---------|
| | 31-03-2019 | 31-03-2018 | 2018-19 | 2017-18 |
| L&T Thales Technology Services Private Limited* | 90 | 60 | 250 | 200 |

*Notes:

- i) Interest on inter company borrowings has been paid on monthly basis and there is no interest accrued and due as at the year end.
- ii) Loans to employees (including directors) under various schemes of the Company (such as housing loan etc.) have been considered to be outside the purview of of the disclosure requirements.

Notes forming part of the Financial Statements

38 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures

i) Outstanding currency exchange rate hedge instruments:

Forward and options covers taken to hedge exchange rate risk and accounted as cash flow hedge:

(₹ million)

| Particulars | As at 31-03-2019 | | | | As at 31-03-2018 | | | |
|------------------------------|------------------|--------------------|----------------------|---------------------|------------------|------------------|----------------------|---------------------|
| | Nominal amount* | Average rate** (₹) | Within twelve months | After twelve months | Nominal amount | Average rate (₹) | Within twelve months | After twelve months |
| (a) Receivable hedges | | | | | | | | |
| US Dollar | 64,298 | 73.82 | 35,214 | 29,084 | 29,562 | 70.68 | 15,813 | 13,748 |
| EURO | 5,713 | - | 2,944 | 2,769 | 1,607 | 84.56 | 1,164 | 443 |
| (b) Payable hedges | | | | | | | | |
| US Dollar | 12,475 | - | 9,706 | 2,769 | 1,607 | 66.95 | 1,164 | 443 |
| EURO | 2,537 | - | 1,334 | 1,203 | - | - | - | - |

*Includes nominal (₹) amount pertaining to USD/INR (₹ 13,900 million) and EUR/USD (₹ 8,250 million) option structures.

**Average rate is attributable to forward contracts only.

ii) Carrying amounts of hedge instruments for which hedge accounting is followed:

(₹ million)

| Cashflow hedge | As at 31-03-2019 | | | As at 31-03-2018 | | |
|-----------------------------|------------------|--------------|--------------|------------------|--------------|--------------|
| | Current | Non- current | Total | Current | Non- current | Total |
| Other financial assets | 489 | 961 | 1,450 | 1,044 | 335 | 1,379 |
| Other financial liabilities | (88) | (60) | (148) | (85) | (18) | (103) |
| Total | 401 | 901 | 1,302 | 958 | 317 | 1,276 |

iii) Break up of hedging reserve

(₹ million)

| Cash flow hedging reserve | As at 31-03-2019 | As at 31-03-2018 |
|---|------------------|------------------|
| Balance towards continuing hedge | 1,095 | 966 |
| Balance for which hedge accounting discontinued | 75 | 198 |
| Total | 1,170 | 1,164 |

iv) Movement of hedging reserve

(₹ million)

| Hedging reserve | As at 31-03-2019 | As at 31-03-2018 |
|--|------------------|------------------|
| Opening Balance | 1,164 | 962 |
| Changes in fair value of forward and options contracts designated as hedging instruments | 676 | 1,151 |
| Amount reclassified to statement of profit & loss where hedge item has become on-balance sheet | (691) | (832) |
| Tax impact on above | 22 | (117) |
| Closing Balance | 1,171 | 1,164 |

Notes forming part of the Financial Statements

39 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.
2. **Process industry:** 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 customers 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 its 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, 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 (nBIoT) solution provides the complete IoT device management designed with low memory and low power footprint enabling easy integration to custom target platforms.

Notes forming part of the Financial Statements

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.

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

| Particulars | | | | | | (₹ million) |
|---|----------------|------------------|---------------------|-----------------|-------------------|---------------|
| | Transportation | Process Industry | Industrial Products | Medical Devices | Telecom & Hi-tech | Total |
| Revenue | 14,067 | 7,220 | 10,182 | 3,378 | 12,273 | 47,120 |
| % to Total | 29.9% | 15.3% | 21.6% | 7.2% | 26.0% | 100.0% |
| | <i>10,653</i> | <i>4,834</i> | <i>8,531</i> | <i>2,535</i> | <i>8,513</i> | <i>35,066</i> |
| % to Total | 30.4% | 13.8% | 24.3% | 7.2% | 24.3% | 100.0% |
| Segment operating profits | 2,414 | 1,642 | 2,533 | 839 | 1,944 | 9,372 |
| % to Revenue | 17.2% | 22.7% | 24.9% | 24.9% | 15.8% | 19.9% |
| | <i>1,426</i> | <i>941</i> | <i>1,848</i> | <i>512</i> | <i>976</i> | <i>5,703</i> |
| % to Revenue | 13.4% | 19.5% | 21.7% | 20.2% | 11.5% | 16.3% |
| Un-allocable expenses (net) | | | | | | 728 |
| | | | | | | 193 |
| Other income | | | | | | 1,512 |
| | | | | | | 1,881 |
| Operating profit | | | | | | 10,156 |
| | | | | | | 7,391 |
| Finance cost | | | | | | 11 |
| | | | | | | 4 |
| Depreciation | | | | | | 731 |
| | | | | | | 576 |
| Profit before extraordinary items and tax | | | | | | 9,414 |
| | | | | | | 6,811 |

| Particulars | | | | | (₹ million) |
|---|---------------|--------------|--------------|--------------|---------------|
| | North America | Europe | India | ROW | Total |
| External revenue by location of customers | 25,729 | 8,334 | 7,012 | 6,045 | 47,120 |
| | <i>19,962</i> | <i>6,291</i> | <i>4,457</i> | <i>4,355</i> | <i>35,066</i> |

Numbers in italics are for the previous year.

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.

Notes forming part of the Financial Statements

40 Financial risk management

i) Market risk management

The Company regularly reviews its foreign exchange forward and option positions, both on a standalone basis and in conjunction with its underlying foreign currency 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 +/- ₹ 9 million as of March 31, 2019, and +/- ₹ 4 million as of March 31, 2018. 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. 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

Notes forming part of the Financial Statements

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 ₹ 255.0 million as of March 31, 2019 and ₹ 143.0 million as of March 31, 2018.

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, 2019 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 to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ₹ 245 million as at March 31, 2019 and ₹ 98 million as at March 31, 2018. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

| | (₹ million) | |
|---|----------------|----------------|
| | 2018-19 | 2017-18 |
| Opening balance of allowances for doubtful accounts | 98 | 155 |
| Allowances recognized (reversed) | 147 | (57) |
| Closing balance of allowances for doubtful accounts | 245 | 98 |

The percentage of revenue from its top five customers is 27.26% for 2018-19 (27.1% for 2017-18).

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.

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.

Notes forming part of the Financial Statements

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-19 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 | 5,678 | - | 5,678 |
| Trade receivables | 10,173 | - | 10,173 |
| Loans | 90 | - | 90 |
| Other financial assets | 1,103 | - | 1,103 |
| Total | 17,044 | - | 17,044 |

| (₹ million) | | | |
|-----------------------------|------------------|------------------|--------------|
| Financial liabilities | Less than 1 year | More than 1 year | Total |
| Short-term borrowings | 426 | - | 426 |
| Trade payables | 1,702 | - | 1,702 |
| Other financial liabilities | 2,550 | - | 2,550 |
| Total | 4,678 | - | 4,678 |

41 Fair value measurements

Financial instruments by category

(₹ million)

| | As at 31-03-2019 | | | As at 31-03-2018 | | |
|---|------------------|--------------|----------------|------------------|-------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| Mutual funds | 5,678 | | | 2,194 | | |
| Bank fixed deposits | | | 2 | | | 7 |
| Loans | | | 90 | | | 61 |
| Trade receivables | | | 10,173 | | | 9,513 |
| Cash and cash equivalents | | | 1,913 | | | 1,437 |
| Other bank balances | | | 3 | | | - |
| Foreign currency forward and options contracts | | 1,450 | | - | 1,379 | |
| Security deposits | | | 391 | | | 235 |
| Premium receivable on financial guarantee contracts | | | 7 | | | 5 |
| Loans - related parties | | | 224 | | | 70 |
| Advances - to employees | | | 260 | | | 345 |
| Other receivables | | | 606 | | | 20 |
| Total financials assets | 5,678 | 1,450 | 13,669 | 2,194 | 1,379 | 11,693 |

Notes forming part of the Financial Statements

(₹ million)

| | As at 31-03-2019 | | | As at 31-03-2018 | | |
|--|---------------------|------------|-------------------|---------------------|-----------|-------------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial liabilities | | | | | | |
| Borrowings | | | 426 | | | - |
| Trade payables | | | 1,702 | | | 1,553 |
| Forward contract payable | 9 | 139 | | 16 | 85 | |
| Supplier ledger - capital goods/services | | | 109 | | | - |
| Liability towards employee compensation | | | 2,213 | | | 1,567 |
| Financial guarantee contract | | | 6 | | | 5 |
| Unclaimed dividend | | | 1 | | | - |
| Other payables | | | 221 | | | 26 |
| Total financial liabilities | 9 | 139 | 4,677 | 16 | 85 | 3,151 |

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ million)

| Financial assets and liabilities measured at fair value - recurring fair value measurements | As at 31-03-2019 | | | | As at 31-03-2018 | | | |
|---|------------------|--------------|----------|--------------|------------------|--------------|----------|--------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Financial investment at FVPL | | | | | | | | |
| Mutual funds | 5,678 | | | 5,678 | 2,194 | | | 2,194 |
| Financial investment at FVOCI | | | | | | | | - |
| Foreign currency forward and options contracts | | 1,450 | | 1,450 | | 1,379 | | 1,379 |
| Total financial assets | 5,678 | 1,450 | - | 7,128 | 2,194 | 1,379 | - | 3,573 |
| Financial liabilities | | | | | | | | |
| Forward contract payable | | 148 | - | 148 | - | 103 | - | 103 |
| Total financial liabilities | - | 148 | - | 148 | - | 103 | - | 103 |

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.

Notes forming part of the Financial Statements

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, unbilled revenue, 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 owing 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 non-current security deposits are calculated by discounting future cash inflows.

iv) Fair value of financial assets and financial liabilities measured at amortised cost:

The carrying amounts of all financials assets and financial liabilities are considered to be the same as their fair values owing to their short term nature.

42 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 31-03-2019 | Year ended 31-03-2018 |
| (a) | Profit before tax | 9,414 | 6,811 |
| (b) | Corporate tax rate as per Income tax Act, 1961 | 34.94% | 34.61% |
| (c) | Tax on accounting profit | (c)=(a)*(b) 3,290 | 2,357 |
| (d) | (i) Tax effect of exempt non-operating income | (60) | (26) |
| | (ii) Tax effect due to non-taxable income for Indian tax purposes | (1,144) | (711) |
| | (iii) Effect of non-deductible expenses | 37 | (129) |
| | (iv) Overseas taxes | 364 | 333 |
| | (v) Tax effect on various other items | (73) | 93 |
| | Total effect of tax adjustments [(i) to (v)] | (876) | (440) |
| (e) | Tax expense recognised during the year | (e)=(c)-(d) 2,413 | 1,917 |
| (f) | Effective tax rate | (f)=(e)/(a) 25.64% | 28.15% |

Notes forming part of the Financial Statements

The applicable Indian statutory tax rate for fiscal 2019 and fiscal 2018 is 34.94% and 34.61% respectively.

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.

43 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 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| A. Present value of defined benefit obligation | | | | | | |
| Wholly funded | 627 | 576 | - | - | 4,138 | 3,292 |
| Wholly unfunded | - | - | 59 | 49 | - | - |
| Total (a) | 627 | 576 | 59 | 49 | 4,138 | 3,292 |
| Less: Fair value of plan assets (b) | 540 | 453 | - | - | 4,163 | 3,320 |
| Amount to be recognised as liability or (asset) (a-b) | 87 | 123 | 59 | 49 | (25) | (28) |
| B. Amounts reflected in the balance sheet | | | | | | |
| Liabilities | 87 | 123 | 59 | 49 | 62 | 47 |
| Assets | - | - | - | - | - | - |
| Net liability / (asset) | 87 | 123 | 59 | 49 | 62 | 47 |

b) The amounts recognised in statement of profit and loss are as follows :

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | | Self-managed provident fund plan | |
|---|------------------|------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| 1 Current service cost | 101 | 78 | 20 | 21 | 224 | 147 |
| 2 Interest cost | 7 | 5 | 4 | 5 | 306 | 222 |
| 3 Expected return on plan assets | - | - | - | - | (306) | (222) |
| 4 Actuarial losses / (gains) | - | - | - | - | (34) | (430) |
| 5 Past service cost | - | 17 | - | - | - | - |
| 6 Actuarial gain/loss not recognized in books | - | - | - | - | 34 | 430 |
| Total expense for the year included in staff cost | 108 | 100 | 24 | 26 | 224 | 147 |

Notes forming part of the Financial Statements

c) Amount recorded in other comprehensive income :

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | |
|---|------------------|------------------|--------------------------------------|------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Opening amount recognised in OCI profit and loss account | 43 | 11 | (49) | 2 |
| Remeasurement during the period due to | | | | |
| a Changes in financial assumptions | 15 | (25) | 5 | (8) |
| b "Changes in demographic assumptions" | - | 7 | 3 | (54) |
| c Experience adjustments | 24 | 50 | (22) | 11 |
| d Actual return on plan assets less interest on plan assets | 11 | - | - | - |
| e Adjustment to recognize the effect of asset ceiling | - | - | - | - |
| Closing amount recognized in OCI outside profit and loss account | 93 | 43 | (63) | (49) |

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | | Self-managed provident fund plan | |
|--|------------------|------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Opening balance of the present value of defined benefit obligation | 576 | 388 | 49 | 74 | 3,292 | 2,445 |
| Transfers in/(out) | - | - | - | - | 231 | 400 |
| Current service cost | 101 | 78 | 20 | 21 | 224 | 147 |
| Past service cost | - | 16 | - | - | - | - |
| Interest on defined benefit obligation | 40 | 27 | 4 | 5 | 306 | 222 |
| Remeasurements due to : | - | - | - | - | - | - |
| Actuarial loss/(gain) arising from change in financial assumptions | 15 | (25) | 5 | (8) | - | - |
| Actuarial loss/(gain) arising from change in demographic assumptions | - | 7 | 3 | (54) | - | - |
| Actuarial loss/(gain) arising on account of experience changes | 24 | 50 | (22) | 11 | - | - |
| Contribution by plan participants | - | - | - | - | 484 | 341 |
| Benefits paid | (65) | (28) | - | - | (401) | (263) |
| Due to members - unclaimed | - | - | - | - | 2 | - |
| Liabilities assumed / (settled) | (63) | 63 | - | - | - | - |
| Liabilities extinguished on settlements | - | - | - | - | - | - |
| Closing balance of the present value of defined benefit obligation | 627 | 576 | 59 | 49 | 4,138 | 3,292 |

Notes forming part of the Financial Statements

The Company expects to contribute ₹ 100 million towards its gratuity plan in FY 2019-20.

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ million)

| | Gratuity plan | | Self-managed provident fund plan | |
|---|---------------------|---------------------|----------------------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Opening balance of the fair value of the plan assets | 453 | 318 | 3,320 | 2,460 |
| Expected return on plan assets | - | - | 306 | 222 |
| Add / (less) : transfer in/(out) | - | - | 231 | 7 |
| Add/(less) : actuarial gains/(losses) | - | - | 34 | 430 |
| Employer's contributions | 131 | 142 | 219 | 140 |
| Contributions by plan participants | - | - | 455 | 324 |
| Interest on plan assets | 33 | 21 | - | - |
| Administration expenses | - | - | - | - |
| Assets acquired on acquisition / (distributed on divestiture) | - | - | - | - |
| Remeasurements due to : | - | - | - | - |
| Actual return on plan assets less interest on plan assets | (11) | - | - | - |
| Benefits paid | (65) | (28) | (401) | (263) |
| Liabilities assumed / (settled) | - | - | - | - |
| Liabilities extinguished on settlements | - | - | - | - |
| Closing balance of the plan assets | 540 | 453 | 4,163 | 3,320 |

f) Sensitivity analysis :

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | |
|---|---------------------|---------------------|--------------------------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Impact of increase in 100 bps on defined benefit obligation | | | | |
| Discount rate | -5.27% | -5.27% | | |
| Salary escalation rate | 5.80% | 5.80% | | |
| Impact of decrease in 100 bps on defined benefit obligation | | | | |
| Discount rate | 5.84% | 5.84% | | |
| Salary escalation rate | -5.34% | -5.35% | | |
| Discount rate | | | | |
| Impact of increase in 100 bps on defined benefit obligation | | | -17.72% | -16.94% |
| Impact of decrease in 100 bps on defined benefit obligation | | | 23.30% | 22.26% |
| Healthcare costs rate | | | | |
| Impact of increase in 100 bps on defined benefit obligation | | | 19.61% | 18.72% |
| Impact of decrease in 100 bps on defined benefit obligation | | | -15.46% | -14.79% |
| Life expectancy | | | | |
| Impact of increase in 1 year on defined benefit obligation | | | 0.44% | 0.30% |
| Impact of decrease by 1 year on defined benefit obligation | | | -0.47% | -0.31% |

Notes forming part of the Financial Statements

- 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.
- g) The major categories of plan assets as a percentage of total plan assets are as follows:

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | |
|--|---------------------|---------------------|--------------------------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Government of India securities | Scheme with LIC | Scheme with LIC | 23.64% | 23.04% |
| State government securities | | | 24.00% | 20.03% |
| Corporate bonds | | | 20.91% | 17.27% |
| Fixed deposits under Special Deposit Scheme framed by central government for provident funds | | | 5.33% | 8.20% |
| Public sector bonds | | | 22.00% | 28.45% |
| Mutual Funds | | | 4.12% | 3.01% |

- h) The major categories of plan asset

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---|---|
| 1 Discount rate: | | |
| (a) Gratuity plan | 7.05% | 7.50% |
| (b) Post retirement medical benefit plan | 7.05% | 7.50% |
| 2 Annual increase in healthcare costs | 5.00% | 5.00% |
| 3 Salary growth rate | 5.00% | 5.00% |
| 4 Attrition rate | 17% to 19% for various age groups | 16% to 25% 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.

Notes forming part of the Financial Statements

i) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Gratuity plan (wholly funded) | | |
| 1 Defined benefit obligation | 627 | 576 |
| 2 Plan assets | 540 | 453 |
| 3 (Surplus) / deficit | 87 | 123 |
| 4 Experience Adjustments plan liabilities | - | - |
| 5 Experience Adjustments plan assets | - | - |
| Post retirement medical benefit plan (wholly unfunded) | | |
| 1 Defined benefit obligation | 59 | 49 |
| 2 Experience Adjustments plan liabilities | - | - |
| 3 Experience Adjustments plan assets | - | - |
| Self - managed provident fund plan (wholly funded) | | |
| 1 Defined benefit obligation | 4,138 | 3,292 |
| 2 Plan assets | 4,163 | 3,320 |
| 3 (Surplus) / deficit | (25) | (28) |

General descriptions of defined benefit plans:

a Gratuity plan

The Company makes contributions to the employees' group gratuity-cum-life assurance scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

c Self-managed provident fund plan

The Company's provident fund plan is managed by its holding company through a trust registered 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

Notes forming part of the Financial Statements

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, 2019, the Company contributed ₹ 30 million towards the Plan (Previous year: ₹ 5 million)

44 Leases

The lease rentals charged during the period are as under:

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Lease rentals recognized during the period | 899 | 705 |

The Company avails office space under non-cancellable 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:

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Future minimum lease payable | | |
| Not later than 1 year | 776 | 642 |
| Later than 1 year and not later than 5 years | 2,378 | 2,073 |
| Later than 5 years | 636 | 811 |

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 Change in useful life

Effective from April 01, 2018, the Company changed estimated useful life of specialised softwares from 6 years to 5 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 ₹ 28.90 million. Amortisation for the future periods will be lower to the extent of Rs. 28.90 million.

46 Related party disclosure

46 (1) (i) List of related parties over which control exists/exercised

| Name | Relationship |
|---|--|
| L&T Technology Services LLC ('LTTS LLC') | Wholly owned subsidiary |
| L&T Thales Technology Services Private Limited | Subsidiary |
| Esencia Technologies Inc ('Esencia') | Wholly owned subsidiary of LTTS LLC |
| Esencia Technologies India Private Limited | Wholly owned subsidiary of Esencia |
| Graphene Semiconductor Services Private Limited | Wholly owned subsidiary |
| Graphene Solutions Pte. Ltd. | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |
| Graphene Solution SDN. BHD. | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |
| Graphene Solutions Taiwan Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |
| Seastar Labs Private Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |

Notes forming part of the Financial Statements

46 (1) (ii) List of related parties which can exercise control

| Name | Relationship |
|---------------------------|-----------------|
| Larsen and Toubro Limited | Holding company |

46 (1) (iii) Key management personnel

| Executive directors | Status |
|---------------------|---|
| 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 |

Non-executive directors

| |
|------------------------|
| Mr. A.M. Naik |
| Mr. S. N. Subrahmanyam |

46 (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 |
| Larsen & Toubro Infotech South Africa (PTY) Limited | Fellow subsidiary |
| Larsen & Toubro (East Asia) SDN.BHD | Fellow subsidiary |
| L&T Metro Rail (Hyderabad) Limited | Fellow subsidiary |
| L&T Hydrocarbon Engineering Limited | Fellow subsidiary |
| Kesun Iron & Steel Company Private Limited | Fellow subsidiary |
| L&T Overseas Projects Nigeria Limited | Fellow subsidiary |
| Servowatch Systems Limited | Fellow subsidiary |
| L&T Valves Limited | Fellow subsidiary |
| Larsen & Toubro Saudi Arabia LLC | Fellow subsidiary |
| Spectrum InfoTech Private Limited | Fellow subsidiary |
| L&T-Sargent & Lundy Limited | Joint Venture |
| L&T Technology Services LLC | Subsidiary |
| L&T Thales Technology Services Private Limited | Subsidiary |
| Esencia Technologies INC | Subsidiary |
| Esencia Technologies India Private Limited | Subsidiary |
| Graphene Semiconductor Services Private Limited | Subsidiary |

Notes forming part of the Financial Statements

46 (1) (v) Name of post-employment benefit plans with whom transactions were carried out during the year:

Larsen & Toubro Officers & Supervisory Staff Provident Fund

L&T Technology Services Limited Employee Group Gratuity Scheme

46 (1) (vi) Disclosure of related party transactions

(₹ million)

| Transaction | 2018-19 | 2017-18 |
|---|------------|------------|
| Revenue from services : | | |
| Holding company | 349 | 322 |
| - Larsen & Toubro Limited | 349 | 322 |
| Fellow subsidiaries | 733 | 677 |
| - L&T Hydrocarbon Engineering Limited | 22 | 25 |
| - Larsen & Toubro Infotech Limited | 707 | 641 |
| - L&T Valves Limited | 2 | 2 |
| - Larsen & Toubro Infotech South Africa (PTY) Limited | - | 8 |
| - Spectrum InfoTech Private Limited | - | 1 |
| - L&T Metro Rail (Hyderabad) Limited | 2 | - |
| Subsidiaries | 829 | 797 |
| - L&T Thales Technology Services Private Limited | 553 | 403 |
| - L&T Technology Services LLC | 192 | 354 |
| - Esencia Technologies Inc | 84 | 40 |
| Purchase of services | | |
| Holding company | 1 | 6 |
| - Larsen & Toubro Limited | 1 | 6 |
| Fellow subsidiaries | 822 | 215 |
| - L&T Hydrocarbon Engineering Limited | 280 | 105 |
| - Larsen & Toubro Infotech Limited | 440 | 46 |
| - Larsen & Toubro Infotech GmbH | 99 | 63 |
| - L&T-Sargent & Lundy Limited | 3 | 1 |
| Subsidiaries | 460 | 245 |
| - L&T Thales Technology Services Private Limited | 40 | 22 |
| - L&T Technology Services LLC | 379 | 215 |
| - Esencia Technologies Inc | 34 | 8 |
| - Graphene Semiconductor Services Private Limited | 7 | - |
| Rent paid | | |
| Holding company | 192 | 138 |
| - Larsen & Toubro Limited | 192 | 138 |
| Fellow subsidiaries | 48 | 37 |
| - Larsen & Toubro Infotech Limited | 37 | 29 |
| - Larsen & Toubro Infotech GmbH | 8 | 7 |
| - Larsen & Toubro Saudi Arabia LLC | 3 | - |
| Commission paid | | |
| Fellow subsidiaries | 2 | 3 |
| - Larsen & Toubro Infotech Limited | 2 | 3 |

Notes forming part of the Financial Statements

(₹ million)

| Transaction | 2018-19 | 2017-18 |
|--|--------------|------------|
| Interest receivable | | |
| Holding company | 22 | 15 |
| - Larsen & Toubro Limited | 22 | 15 |
| Subsidiaries | 8 | 6 |
| - L&T Thales Technology Services Private Limited | 8 | 6 |
| Services availed by the Company | | |
| Holding company | 326 | 463 |
| - Larsen & Toubro Limited | 326 | 463 |
| Fellow subsidiaries | 60 | 175 |
| - Larsen & Toubro Infotech Limited | 57 | 158 |
| - Larsen & Toubro Infotech GmbH | 3 | - |
| - Larsen & Toubro Saudi Arabia LLC | - | 17 |
| Subsidiaries | 2 | 66 |
| - L&T Thales Technology Services Private Limited | - | 14 |
| - L&T Technology Services LLC | 1 | 52 |
| - Esencia Technologies India Private Limited | 1 | - |
| Services rendered by the Company | | |
| Holding company | 9 | 8 |
| - Larsen & Toubro Limited | 9 | 8 |
| Fellow subsidiaries | 3 | 34 |
| - Larsen & Toubro Infotech GmbH | - | 1 |
| - Larsen & Toubro Infotech Limited | - | 3 |
| - L&T Hydrocarbon Engineering Limited | - | 22 |
| - Servowatch Systems Limited | 3 | 8 |
| Subsidiaries | 442 | 211 |
| - L&T Thales Technology Services Private Limited | 147 | 77 |
| - L&T Technology Services LLC | 259 | 132 |
| - Esencia Technologies Inc | 14 | 2 |
| - Esencia Technologies India Private Limited | 11 | - |
| - Graphene Semiconductor Services Private Limited | 11 | - |
| Trademark fees | | |
| Holding company | 76 | 56 |
| - Larsen & Toubro Limited | 76 | 56 |
| Reimbursement of expense incurred on the Company's behalf | | |
| Holding company | - | 3 |
| - Larsen & Toubro Limited | - | 3 |
| Interim/final dividend paid - equity | | |
| Holding company | 1,630 | 730 |
| - Larsen & Toubro Limited | 1,630 | 730 |
| Transactions with trust managed employees provident fund | | |
| Towards employer's contribution | 222 | 137 |
| Transactions with approved gratuity fund | | |
| Towards employer's contribution | 130 | 76 |

Notes forming part of the Financial Statements

46 (1) (vii) Disclosure of related party transactions

(₹ million)

| Transaction | As at 31-03-2019 | As at 31-03-2018 |
|--|------------------|------------------|
| Inter corporate deposit to | | |
| Subsidiaries | 90 | 60 |
| - L&T Thales Technology Services Private Limited | 90 | 60 |
| Trade receivable | | |
| Holding company | 89 | 195 |
| - Larsen & Toubro Limited | 89 | 195 |
| Fellow subsidiaries | 179 | 158 |
| - Larsen & Toubro Infotech Limited | 177 | 150 |
| - Larsen & Toubro (East Asia) SDN.BHD | - | 8 |
| - L&T Metro Rail (Hyderabad) Limited | 2 | - |
| Subsidiaries | 437 | 514 |
| - L&T Thales Technology Services Private Limited | 319 | 291 |
| - L&T Technology Services LLC | 117 | 183 |
| - Esencia Technologies INC | - | 40 |
| Trade payable | | |
| Holding company | 142 | 421 |
| - Larsen & Toubro Limited | 142 | 421 |
| Fellow subsidiaries | 258 | 192 |
| - Larsen & Toubro Infotech Limited | 107 | 95 |
| - L&T Hydrocarbon Engineering Limited | 92 | 59 |
| - L&T-Sargent & Lundy Limited | 1 | - |
| - Larsen & Toubro Infotech GmbH | 47 | 28 |
| - Larsen & Toubro Saudi Arabia LLC | 10 | 10 |
| Subsidiaries | 15 | 13 |
| - L&T Technology Services LLC | - | 8 |
| - Esencia Technologies INC | 14 | 5 |
| - Esencia Technologies India Private Limited | 1 | - |
| Loans and advances recoverable | | |
| Fellow subsidiaries | 4 | 5 |
| - Kesun Iron & Steel Company Private Limited | 2 | 2 |
| - Servowatch Systems Limited | 2 | 3 |
| Subsidiaries | 220 | 65 |
| - L&T Thales Technology Services Private Limited | 123 | 65 |
| - L&T Technology Services LLC | 96 | - |
| - Graphene Semiconductor Services Private Limited | 2 | - |
| Corporate guarantee outstanding as on respective balance sheet date | | |
| Subsidiaries | 1,196 | 1,128 |
| - L&T Technology Services LLC | 1,141 | 1,076 |
| - Esencia Technologies INC | 55 | 52 |

(Corporate 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 USD 0.8 million) issued to Bank of America for securing borrowings of Esencia Technologies INC, USA)

Notes forming part of the Financial Statements

46 (1) (viii) Compensation to key managerial personnel

| (₹ million) | | |
|------------------------------|------------|---------|
| Transaction | 2018-19 | 2017-18 |
| Short-term employee benefits | 137 | 120 |
| Post-employment benefits | 1 | - |
| Long-term employee benefits | - | - |
| Termination benefits | - | - |
| Share-based payment | - | - |
| Total compensation | 138 | 120 |

Compensation to non-executive directors

| (₹ million) | | |
|---------------------------|-----------|---------|
| Transaction | 2018-19 | 2017-18 |
| Sitting fees | 2 | 2 |
| Commission | 22 | 20 |
| Share-based payment | - | - |
| Total compensation | 24 | 22 |

47 Disclosure pursuant to Ind AS 115 "Revenue from contract with customers":

a) Disaggregation of revenue

The nature of contract impacts the method of revenue recognition and the contracts are classified as fixed-price contracts and time & material contracts.

i) Revenue by contract type

| (₹ million) | |
|------------------------------|------------------------------|
| Particulars | For year ended 31-03-2019 |
| Fixed price contracts | 19,370 |
| Time and materials contracts | 27,750 |
| Total | 47,120 |

ii) Refer note 39 for disaggregation of revenue by industry and geographical segments.

iii) The Company believes that this disaggregation best depicts how the nature, amount, timing of its revenues and cash flows are affected by industry, market and other economic factors.

b) Transaction price allocated to remaining performance obligation

i) The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 9509 million. Out of this, the Company expects to recognize revenue of around 100% within the next one year. Remaining performance obligation estimates are subject to change and are affected by several factors, including changes in the scope of contracts, periodic revalidations, and adjustments for currency.

Notes forming part of the Financial Statements

- ii) The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date, typically those contracts where invoicing is on time and material basis.
- c) **Movement in contract balances**
- i) The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for time and material jobs where right to consideration is unconditional upon passage of time. Unbilled revenue for fixed price contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.
- ii) **Movement in contract asset and contract liability**

(₹ million)

| Particulars | For year ended 31-03-2019 | |
|-------------------------------------|---------------------------|------------------|
| | Unbilled revenue | Unearned revenue |
| Balance as of April 1, 2018 | 2,002 | 313 |
| Revenue recognised during period | 46,807 | (313) |
| Invoiced during period | (46,585) | 224 |
| Impairment/reversal during period | (33) | - |
| Balance as of March 31, 2019 | 2,191 | 224 |

d) **Impact on adoption of Ind AS 115**

The Company adopted Ind AS 115 "Revenue from Contracts with Customers" on April 1, 2018 by using the modified retrospective approach and accordingly comparatives for the year ending or ended March 31, 2018 are not retrospectively adjusted. The impact on account of applying Ind AS 115 Revenue from Contract with Customers instead of the erstwhile Ind AS 18 Revenue on the financials results of the Company for year ended as of March 31, 2019 is not material. On account of adoption of Ind AS 115, unbilled revenues of ₹ 571 million as of March 31, 2019 have been considered as financial assets.

Notes forming part of the Financial Statements

48 Micro and small enterprises

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| | (₹ million) | |
| Principal amount due to suppliers under MSMED Act, 2006 | 7 | 4 |
| 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. | | |

49 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2019 (previous year: ₹ Nil).

50 Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's registration no. 109982W
 by the hand of

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

FIRDOSH D. BUCHIA
 Partner
 Membership No. 38332

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 03, 2019

Place: Mumbai
 Date: May 03, 2019

Independent Auditor's Report

To the Members of
L&T Technology Services Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of L&T Technology Services Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ("the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31 March 2019, the consolidated profit and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year

ended on that date.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How the matter was addressed in our audit |
|--|---|
| Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) | Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) |
| Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) | We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our procedures included: <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard; • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls; and |

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> | <ul style="list-style-type: none"> • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analysed and identified the distinct performance obligations in these contracts; • Compared these performance obligations with that identified and recorded by the Company; • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration; • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the supporting documentation, validated estimates of costs to complete, mathematical accuracy of calculations and the adequacy of project accounting; and • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings. |
| <p>Revenue recognition</p> | |
| <p>The Group is primarily in the business of providing engineering services to third parties.</p> <p>The Group is having two models for the purpose of recognition of revenue from contracts for services rendered, which are time and material contracts and fixed price contracts.</p> <p>Revenue from contracts that are on time and material basis are recognized at a point in time when services are rendered and related costs are incurred.</p> <p>In case of fixed-price contracts, revenue is recognized over a period of time using the proportionate completion method.</p> <p>For the year ended 31 March 2019, revenue from services amounts to ₹ 50,783 million (refer note 25 to the consolidated financial statements)</p> | <p>Our revenue testing included both testing of the Company's controls as well as substantive audit procedures.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • We ensured that revenue recognition method applied was appropriate based on the terms of the agreement with the customer; • We obtained an understanding of the processes and tested relevant controls, which impact the revenue recognition; • For time and material based contracts: <ol style="list-style-type: none"> i. We obtained appropriate evidence based on the circumstances to conclude whether the hours charged on projects were appropriate; ii. We obtained appropriate evidence based on the circumstances to conclude whether the rate charged per man hours on projects were appropriate; and iii. We verified the revenue based on the hours charged on the projects and approved per hour rate. • We considered the appropriateness of disclosures in relation to revenue recognition as detailed in note 25 and 46 to the consolidated financial statements. • For fixed price contracts: <ol style="list-style-type: none"> i. We agreed the total project revenue estimate with customer contracts agreements including amendments as appropriate; ii. We assessed the reliability of management's estimates by comparing actual results of delivered projects to previous estimates; |

| Key audit matter | How the matter was addressed in our audit |
|---|--|
| | <p>iii. We evaluated management's estimates and assumptions in recognition of the revenue;</p> <p>iv. We verified the revenue based on the stage of completion of the projects; and</p> <p>v. We obtained appropriate evidence based on the circumstances to conclude whether the proportion of completion of projects was appropriate.</p> <p>Based on the procedures performed we consider the amount of revenue recognised to be fairly stated in the financial statements.</p> |
| <p>Valuation of goodwill</p> <p>The Group accounted for goodwill at the time of acquisition of certain businesses in earlier years and in the current year. As required by the applicable Indian Accounting Standards, goodwill is not amortised but is tested for impairment by management on an annual basis. The impairment is tested using discounted cash flow models. As disclosed in note 2(l) (ii) and 5 to the consolidated financial statements, there are a number of key sensitive judgements made in determining the inputs into these models which include:</p> <ul style="list-style-type: none"> • Revenue forecasts; • Operating margins; • Cash flow forecasts; and • The discount rate applied to the projected future cash flows. <p>Accordingly, the impairment test of the goodwill is considered to be a key audit matter.</p> <p>As at 31 March 2019, goodwill amounts to ₹ 5,365 million (refer note 5 to the consolidated financial statements).</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> • We tested the methodology applied for impairment of goodwill; • We evaluated process by which the future cash flows were drawn up, including comparing them to the latest board approved targets and long-term plans; • We tested the key underlying assumptions for revenue growth, operating margins, cash flow forecasts, and the discount rate applied to the projected future cash flows; • We compared the current year actual results included in the impairment model to consider whether forecasts included assumptions that, with hindsight, had been appropriate; and • We considered the appropriateness of disclosures in relation to impairment assessment as detailed in note 2(l) (ii) and 5 to the consolidated financial statements. <p>Based on the procedures performed we consider the goodwill to be fairly stated in the consolidated financial statements.</p> |
| <p>Derivative financial instruments and hedge accounting</p> <p>Derivative financial instruments are used to manage and hedge foreign currency exchange risks and interest rate risks. These instruments are typically designated in a fair value or cash flow hedge relationship. Financial instruments that are not designated in a hedging relationship and where no hedge accounting is applied are measured at fair value through profit and loss.</p> <p>The fair value of the derivative financial instruments is based on valuation models using observable input data.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> • We obtained an understanding of the risk management policies and testing key controls for the use, the recognition and the measurement of derivative financial instruments; • We reconciled derivative financial instruments data with third party confirmations; • We compared input data used in the Group's valuation models with independent sources and externally available market data; |

| Key audit matter | How the matter was addressed in our audit |
|--|---|
| <p>We focused on this area on account of the number of contracts, the forecast by management of net foreign currency exposure in the future, their measurement, the complexity related to hedge accounting and the potential impact on the statement of profit and loss.</p> <p>As at 31 March 2019, the Company has derivative financial assets at fair value of ₹ 1,450 million and derivative financial liabilities at fair value of ₹ 148 million (refer note no. 7, 15, 19 22, 35, 37(i) and 37(iii) to the consolidated financial statements).</p> | <ul style="list-style-type: none"> • We compared valuation of derivative financial instruments with market data or results from alternative, independent valuation models; • We tested on a sample basis the applicability and accuracy of hedge accounting; and • We considered the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting to the financial statements. <p>Based on the procedures performed the derivative financial instruments and hedge accounting are fairly stated in the financial statements.</p> |

Information other than the consolidated financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the director's report including annexures thereto, management discussion and analysis and annual business responsibility report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the consolidated financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity

and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective board of directors of the companies included in the Group are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud

or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or

conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in the aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

We did not audit the financial statements of eight subsidiaries whose financial statements reflect total assets of ₹ 2,886 million as at 31st March, 2019, total revenues of ₹ 3,800 million and net cash flows amounting to ₹ 66 million for the year ended on that date, as considered in the consolidated

financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Five 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 financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

1 As required by section 143(3) of the Act, based on our audit we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;
- (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 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 Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act (as amended), we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i The Group has disclosed the impact of pending litigations on its consolidated financial position in its financial statements – refer note 33 to the consolidated 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company– refer note 48 to the consolidated financial statements.

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

FIRDOSH D. BUCHIA
Partner
Membership no. 38332

Mumbai, 3 May 2019

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")

We have audited the internal financial controls over financial reporting of L&T Technology Services Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The board of directors of the Company and its subsidiary companies, which are incorporated in India, 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 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 internal financial control over financial reporting of the Company and its subsidiary companies, which are incorporated in India, 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 consolidated 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 Company and its subsidiary companies, which are incorporated in India.

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 consolidated 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 consolidated 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 consolidated 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 and to the best of our information and according to explanations given to us, the Company and its

subsidiary companies, which are incorporated in India, 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 2019, 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 ICAI.

For **SHARP & TANNAN**

Chartered Accountants

Firm's registration No.109982W

FIRDOSH D. BUCHIA

Partner

Membership no. 38332

Mumbai, 3 May 2019

Consolidated Balance Sheet

as at March 31, 2019

| | Note No. | As at 31-03-2019 | (₹ million) As at 31-03-2018 |
|---|-------------|---------------------|------------------------------------|
| ASSETS: | | | |
| I. Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 1,443 | 1,250 |
| (b) Capital work-in-progress | | - | 1 |
| (c) Goodwill | 5 | 5,365 | 4,921 |
| (d) Other intangible assets | 5 | 992 | 923 |
| (e) Financial assets | | | |
| (i) Other financial assets | 7 | 1,362 | 590 |
| (f) Deferred tax assets (net) | 8 | 126 | 272 |
| (g) Other non current assets | 9 | 635 | 487 |
| Total non-current assets | | 9,923 | 8,444 |
| II. Current assets | | | |
| (a) Financial assets | | | |
| (i) Investments | 10 | 5,749 | 2,207 |
| (ii) Trade receivables | 11 | 10,643 | 9,623 |
| (iii) Cash and cash equivalents | 12 | 2,048 | 1,541 |
| (iv) Other bank balances | 13 | 3 | 1 |
| (v) Loans | 14 | - | 1 |
| (vi) Other financial assets | 15 | 1,536 | 1,429 |
| (b) Other current assets | 16 | 3,736 | 3,805 |
| Total current assets | | 23,715 | 18,607 |
| TOTAL ASSETS | | 33,638 | 27,051 |
| EQUITY AND LIABILITIES: | | | |
| I. Equity | | | |
| (a) Equity share capital | 17 | 208 | 205 |
| (b) Other equity | 18 | 24,583 | 19,159 |
| Equity attributable to equity holders of the Company | | 24,791 | 19,364 |
| Non-controlling interest | | 31 | 3 |
| Total equity | | 24,822 | 19,367 |
| II. Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Other financial liabilities | 19 | 60 | 18 |
| (b) Deferred tax liabilities (net) | | 134 | 29 |
| Total non-current liabilities | | 194 | 47 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | 702 | 702 |
| (ii) Trade payables | 21 | | |
| Due to micro enterprises and small enterprises | | 7 | 4 |
| Due to others | | 1,872 | 1,803 |
| (iii) Other financial liabilities | 22 | 2,745 | 2,000 |
| (b) Other current liabilities | 23 | 1,899 | 1,749 |
| (c) Provisions | 24 | 1,341 | 1,206 |
| (d) Current tax liabilities (net) | | 56 | 173 |
| Total current liabilities | | 8,622 | 7,637 |
| Total liabilities | | 8,816 | 7,684 |
| TOTAL EQUITY AND LIABILITIES | | 33,638 | 27,051 |
| 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. 38332

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 03, 2019

Place: Mumbai
 Date: May 03, 2019

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ million except as stated otherwise)

| | Note No. | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|-------------|--------------------------|--------------------------|
| Income: | | | |
| I. Revenue from operations | 25 | 50,783 | 37,471 |
| II. Other income (net) | 26 | 2,228 | 1,934 |
| III. Total income | | 53,011 | 39,405 |
| IV. Expenses: | | | |
| (a) Employee benefits expenses | 27 | 31,788 | 24,600 |
| (b) Depreciation and amortisation expenses | | 1,042 | 888 |
| (c) Other expenses | 28 | 9,837 | 7,060 |
| (d) Change in contingent consideration - acquisition | 34(vi) | 11 | 55 |
| (e) Finance costs | 29 | 19 | 24 |
| Total expenses | | 42,697 | 32,627 |
| V. Profit before tax (III - IV) | | 10,314 | 6,778 |
| VI. Tax expense: | | | |
| (a) Current tax | | 2,517 | 1,894 |
| (b) Deferred tax (net) | | 113 | (182) |
| Total tax expense | 30 | 2,630 | 1,712 |
| VII. Profit for the year (V - VI) | | 7,684 | 5,066 |
| VIII. Other comprehensive income | | | |
| (A) (i) Items that will not be reclassified to the statement of profit and loss | | | |
| (a) Remeasurements of the defined benefit plans (net) | | (31) | 21 |
| (b) Income tax on remeasurement of the defined benefit plans | | 7 | (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 | | 29 | 84 |
| (b) Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge | | (22) | 117 |
| (c) Exchange differences on the translation of foreign operation | | 62 | 4 |
| Total other comprehensive income (net of tax) | | 45 | 222 |
| IX. Total comprehensive income for the year | | 7,729 | 5,288 |
| Profit for the year attributable to: | | | |
| - Owners of the Company | | 7,656 | 5,060 |
| - Non-controlling interest | | 28 | 6 |
| Other comprehensive income for the year attributable to: | | | |
| - Owners of the Company | | 45 | 221 |
| - Non-controlling interest | | - | 1 |
| Total comprehensive income for the year attributable to: | | | |
| - Owners of the Company | | 7,701 | 5,281 |
| - Non-controlling interest | | 28 | 7 |
| X. Earnings per equity share | 31 | | |
| Equity share of face value of ₹ 2 each | | | |
| - Basic (₹) | | 74.06 | 49.60 |
| - Diluted (₹) | | 72.91 | 48.18 |
| - Face value per equity share (₹) | | 2.00 | 2.00 |
| 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

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

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

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 03, 2019

Place: Mumbai
Date: May 03, 2019

Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|--|--------------------------|--------------------------|
| A. Cash flow from operating activities | | |
| Profit/(loss) before tax (excluding exceptional and extraordinary items) | 10,314 | 6,778 |
| Adjustments for: | | |
| Depreciation and amortisation | 1,042 | 888 |
| Interest income | (8) | (1) |
| Interest paid | 19 | 24 |
| (Profit)/Loss on sale of fixed assets | 1 | 1 |
| Employee stock option forming part of staff expenses | 184 | 209 |
| Dividends received from current investments | (173) | (77) |
| Unrealised foreign exchange loss/(gain) | 230 | (264) |
| Operating profit before working capital changes | 11,609 | 7,558 |
| Changes in working capital | | |
| (Increase)/decrease in trade and other receivables | (1,818) | (2,288) |
| Increase/(decrease) in trade and other payables | 1,079 | 543 |
| (Increase)/decrease in working capital | (739) | (1,745) |
| Cash generated from operations | 10,870 | 5,813 |
| Direct taxes paid | (2,808) | (1,721) |
| Net cash (used in)/from operating activities | 8,062 | 4,092 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment and intangibles | (901) | (866) |
| Sale of property, plant and equipment and intangibles | 16 | 15 |
| (Purchase)/ sales of current investments (net) | (3,542) | (261) |
| Consideration paid on acquisition of subsidiaries | (934) | (970) |
| Cash and cash equivalents acquired pursuant to acquisition of subsidiaries | 87 | 44 |
| Dividends received from current investments | 173 | 77 |
| Interest received | 8 | 1 |
| Net cash (used in)/from investing activities | (5,093) | (1,960) |
| C. Cash flow from financing activities | | |
| Equity share capital issued | 3 | 2 |
| Proceeds from/(repayment of) borrowings | 2 | (317) |
| Interest paid | (19) | (25) |
| Dividend paid | (2,024) | (817) |
| Dividend tax | (416) | (166) |
| Net cash (used in) / from financing activities | (2,454) | (1,323) |
| Net (decrease) / increase in cash and cash equivalents | 515 | 809 |
| Cash and cash equivalents at beginning of the period | 1,519 | 710 |
| Cash and cash equivalents at end of the period | 2,034 | 1,519 |

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.
- Cash and cash equivalents included in statement of cash flows comprise the following :

| | (₹ million) | |
|---|----------------------------------|----------------------------------|
| | Year ended 31-03-2019 | Year ended 31-03-2018 |
| a) Cash and cash equivalents disclosed under current assets [Note 12] | 2,048 | 1,541 |
| b) Other bank balances disclosed under current assets [Note 13] | 3 | - |
| c) Cash and cash equivalents disclosed under non-current assets [Note 7] | 5 | 8 |
| Total cash and cash equivalents as per balance sheet | 2,056 | 1,549 |
| Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents [Note 12] | (14) | (22) |
| Less: (ii) Other bank balances disclosed under current assets [Note 13] | 3 | - |
| Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 7] | 5 | 8 |
| Total cash and cash equivalents as per cash flow statement | 2,034 | 1,519 |

- 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. 38332

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 03, 2019

Place: Mumbai
 Date: May 03, 2019

Consolidated Statement of changes in equity

for the year ended March 31, 2019

A. Equity share capital

(₹ million except as stated otherwise)

| Particulars | 01-04-2018 to 31-03-2019 | | 01-04-2017 to 31-03-2018 | |
|---|--------------------------|-----------|--------------------------|-----------|
| | Number of shares | ₹ million | Number of shares | ₹ million |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | 102,456,047 | 205 | 101,690,392 | 203 |
| Add: Shares issued on exercise of employee stock options during the year | 1,557,278 | 3 | 765,655 | 2 |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | 104,013,325 | 208 | 102,456,047 | 205 |

B. Other equity

(₹ million)

| Particulars | <----- Reserves and surplus -----> | | | Items of other comprehensive income | | | Total other equity | Non-controlling interest | Total |
|--|------------------------------------|------------------------------|-------------------|--------------------------------------|-----------------|--------|--------------------|--------------------------|---------|
| | Securities premium account | Employee share options (net) | Retained earnings | Foreign currency translation reserve | Hedging reserve | Others | | | |
| Balance as at 01-04-2017 | 10,297 | 310 | 3,095 | - | 962 | (11) | 14,653 | (4) | 14,649 |
| Profit for the year (a) | - | - | 5,060 | - | - | - | 5,060 | 6 | 5,066 |
| Other comprehensive income (b) (net of taxes) | - | - | - | 4 | 202 | 15 | 221 | 1 | 222 |
| Total comprehensive income for the year (a+b) | - | - | 5,060 | 4 | 202 | 15 | 5,281 | 7 | 5,288 |
| Deemed dividend - ESOP | - | - | (225) | - | - | - | (225) | - | (225) |
| Dividends | - | - | (817) | - | - | - | (817) | - | (817) |
| Dividend tax | - | - | (166) | - | - | - | (166) | - | (166) |
| Employees shares options outstanding | - | (117) | - | - | - | - | (117) | - | (117) |
| Deferred employee compensation expense | - | 345 | - | - | - | - | 345 | - | 345 |
| Addition/(deduction) during the year | 205 | - | - | - | - | - | 205 | - | 205 |
| Balance as at 31-03-2018 | 10,502 | 538 | 6,947 | 4 | 1,164 | 4 | 19,159 | 3 | 19,162 |
| Balance as at 01-04-2018 | 10,502 | 538 | 6,947 | 4 | 1,164 | 4 | 19,159 | 3 | 19,162 |
| Impact of Ind AS 115 and ECL on contract asset in opening reserve [refer note 46(d)] | - | - | (22) | - | - | - | (22) | - | (22) |
| Profit for the year (c) | - | - | 7,656 | - | - | - | 7,656 | 28 | 7,684 |
| Other comprehensive income (net of taxes) (d) | - | - | - | 62 | 7 | (24) | 45 | - | 45 |
| Total comprehensive income for the year (c+d) | - | - | 7,656 | 62 | 7 | (24) | 7,701 | 28 | 7,729 |
| Deemed dividend - ESOP | - | - | (9) | - | - | - | (9) | - | (9) |
| Dividends | - | - | (2,024) | - | - | - | (2,024) | - | (2,024) |
| Dividend tax | - | - | (416) | - | - | - | (416) | - | (416) |
| Employees shares options outstanding | - | (216) | - | - | - | - | (216) | - | (216) |
| Deferred employee compensation expense (net) | - | 22 | - | - | - | - | 22 | - | 22 |
| Addition/(deduction) during the year | 388 | - | - | - | - | - | 388 | - | 388 |
| Balance as at 31-03-2019 | 10,890 | 344 | 12,132 | 66 | 1,171 | (20) | 24,583 | 31 | 24,614 |

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
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P. RAMAKRISHNAN
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A. M. NAIK
 Director
 (DIN: 00001514)

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

Place: Mumbai
 Date: May 03, 2019

Place: Mumbai
 Date: May 03, 2019

Notes forming part of 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, 2019, Larsen & Toubro Limited, the holding company, owns 78.88% 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 section 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 03, 2019.

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) 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 statement of cash flows 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 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries on a line-by-line basis by adding together 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.

e) Business combination/Goodwill on consolidation

i) The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

ii) Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each

Notes forming part of Consolidated Financial Statements

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) 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 I (ii) for accounting policy on impairment of asset
- iv) 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.

f) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Group 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.

g) Revenue recognition

(i) Revenue from operations

The Group derives revenue from Engineering Research and Development (ER&D) services, which 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. Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those services:

- a. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.
- b. Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.
- c. Revenues in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (unearned revenue).
- d. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group presents revenue net of discounts, collection charges, indirect taxes and value-added taxes in its statement of profit and loss.
- e. The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.
- f. Refer note 46(d) for impact on adoption of Ind AS 115.

h) Other income

- a) Interest income is accrued on a time proportion basis by reference to the principal outstanding and the effective interest rate.

Notes forming part of Consolidated Financial Statements

- 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. Government grants receivable in the form of duty credit scripts is recognized as other income in the statement of profit and loss in the period in which application is made to the government authorities. Grants are disclosed after netting of all expenses which might not have been incurred by the Group if grant had not been available.

i) 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.

j) Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment loss, if any.

PPE not ready for intended use on the date of balance sheet are disclosed as "capital work-in-progress".

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 – 5 |
| 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. | 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 | 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 are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Notes forming part of Consolidated Financial Statements

Intangible assets purchased are measured at cost (net of tax/duty credits availed, if any) or fair value as of the date of acquisition, as applicable, less accumulated amortisation and cumulative 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 42 for change in useful life.

l) Impairment of assets

i) Trade receivables

The Group assesses at each date of statement of financial position whether a financial asset 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.

m) 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.

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

Notes forming part of Consolidated Financial Statements

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 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.

n) Leases

(a) Finance leases

Assets acquired under lease where the Group 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) 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 by

Notes forming part of Consolidated Financial Statements

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 & options 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.

p) 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.

q) 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 the Company's stock options scheme.

Notes forming part of Consolidated Financial Statements

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

r) 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.

s) 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 option 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.

t) 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 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.

u) 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

Notes forming part of Consolidated Financial Statements

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.

v) 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 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
- ii) 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.

w) Commitments

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

Notes forming part of Consolidated Financial Statements

- 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.

x) 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.

y) 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

aa) The list of subsidiaries and step-down subsidiaries included in the consolidated financial statements is as under: -

| | Name of the subsidiary company | Country of incorporation | Proportion of ownership as at March 31 (%) | |
|---|---|--------------------------|--|----------------|
| | | | 2019 | 2018 |
| 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 | 100 |
| 4 | Esencia Technology India Private Limited ** | India | 100 | 100 |
| 5 | Graphene Semiconductor Services Private Limited## | India | 100 | Not applicable |
| 6 | Graphene Solutions Pte. Ltd.## | Singapore | 100 | Not applicable |
| 7 | Graphene Solution SDN. BHD.## | Malaysia | 100 | Not applicable |
| 8 | Graphene Solutions Taiwan Limited## | Taiwan | 100 | Not applicable |
| 9 | Seastar Labs Private Limited## | India | 100 | Not applicable |

The Company acquired 100% stake effective October 15, 2018 in Graphene Semiconductor Services Private Limited, a company incorporated in India and providing end-to-end solutions in semiconductor space.

wholly owned subsidiary of Graphene Semiconductor Services Private Limited.

* 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.

basis. Revisions to accounting estimates include useful lives of property, plant and equipment & 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, future cash inflows (net) for hedging purpose, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

z) 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.

Notes forming part of Consolidated Financial Statements

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, 2019:

Ind AS 116 – Leases

The Ministry of Corporate Affairs notified Ind AS 116 "Leases" in respect of accounting periods commencing on or after April 1, 2019 superseding Ind AS 17 "Leases".

Ind AS 116 introduces significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. Under the revised model, lessee would recognise a right-of-use asset and a corresponding liability for all leases. The standard, however, does not require an entity to recognize assets and liabilities for (a) short-term leases

(for a period of twelve months or less) and (b) leases of low value assets.

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.

On preliminary assessment, the Group expects that the effect of adoption as on transition date would result in an increase in right of use assets approximately by ₹ 3,546 Mn and an increase in lease liability approximately by ₹ 3,886 Mn.

4 Property, plant and equipment

(₹ million)

| Particulars | Gross block | | | | | Depreciation/amortisation | | | | | Net block | | | |
|---------------------------------|------------------|---|------------|------------------------------|-----------|---------------------------|------------------|---|--------------|------------------------------|--------------|------------------|------------------|------------------|
| | As at 01-04-2018 | Pursuant to acquisition of subsidiary** | Additions | Foreign currency fluctuation | Disposals | As at 31-03-2019 | As at 01-04-2018 | Pursuant to acquisition of subsidiary** | For the year | Foreign currency fluctuation | On disposals | As at 31-03-2019 | As at 31-03-2019 | As at 31-03-2018 |
| Leasehold improvements | 301 | 8 | 13 | - | - | 322 | 72 | 5 | 42 | - | - | 119 | 203 | 229 |
| Plant and equipment | 72 | - | 3 | - | - | 75 | 29 | - | 26 | - | - | 55 | 20 | 43 |
| Computers | 754 | 7 | 486 | 1 | 51 | 1,197 | 387 | 5 | 225 | 1 | 51 | 567 | 630 | 367 |
| Furniture and fixtures | 197 | - | 11 | - | 3 | 205 | 58 | - | 59 | - | 3 | 114 | 91 | 139 |
| Vehicles | 161 | - | 113 | - | 37 | 237 | 22 | - | 34 | - | 21 | 34 | 203 | 140 |
| Office equipments | 191 | 1 | 54 | - | 2 | 244 | 120 | 1 | 57 | - | 2 | 176 | 68 | 71 |
| Electrical installations | 134 | - | 6 | - | - | 140 | 35 | - | 26 | - | - | 61 | 79 | 99 |
| Aircondition and refrigeration | 96 | - | 6 | - | 2 | 100 | 19 | - | 20 | - | 2 | 37 | 63 | 77 |
| Laboratory equipments | 113 | - | 22 | - | - | 135 | 28 | - | 21 | - | - | 50 | 85 | 84 |
| Canteen equipments | 1 | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 1 |
| Total | 2,020 | 16 | 714 | 1 | 95 | 2,656 | 770 | 11 | 510 | 1 | 79 | 1,213 | 1,443 | 1,250 |
| Previous year figures | 1,757 | 4 | 410 | - | 151 | 2,020 | 567 | - | 336 | 1 | 134 | 770 | 1,250 | - |
| Capital Work-in-progress | | | | | | | | | | | | | | 1 |

**Refer note 34

5 Goodwill and other intangible assets

(₹ million)

| Particulars | Gross block | | | | | Depreciation/amortisation | | | | | Net block | | | |
|--|------------------|---|------------|------------------------------|-----------|---------------------------|------------------|---|--------------|------------------------------|--------------|------------------|------------------|------------------|
| | As at 01-04-2018 | Pursuant to acquisition of subsidiary** | Additions | Foreign currency fluctuation | Disposals | As at 31-03-2019 | As at 01-04-2018 | Pursuant to acquisition of subsidiary** | For the year | Foreign currency fluctuation | On disposals | As at 31-03-2019 | As at 31-03-2019 | As at 31-03-2018 |
| Goodwill | 4,141 | - | - | 15 | - | 4,156 | - | - | - | - | - | - | 4,156 | 4,141 |
| Goodwill on consolidation | 780 | 386 | - | 43 | - | 1,209 | - | - | - | - | - | - | 1,209 | 780 |
| Goodwill subtotal (a) | 4,921 | 386 | - | 58 | - | 5,365 | - | - | - | - | - | - | 5,365 | 4,921 |
| Specialised softwares | 1,327 | - | 187 | - | - | 1,514 | 916 | - | 234 | - | - | 1,150 | 364 | 411 |
| Technical knowhow | 143 | - | - | - | - | 143 | 143 | - | - | - | - | 143 | - | - |
| Customer Contracts and relationships * | 851 | 355 | - | 52 | - | 1,258 | 339 | - | 259 | 32 | - | 630 | 628 | 512 |
| Tradenname | 63 | 39 | - | 4 | - | 106 | 63 | - | 39 | 4 | - | 106 | - | - |
| Non-compete agreements | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other intangibles subtotal (b) | 2,384 | 394 | 187 | 56 | - | 3,021 | 1,461 | - | 532 | 36 | - | 2,029 | 992 | 923 |
| Total (a+b) | 7,305 | 780 | 187 | 114 | - | 8,386 | 1,461 | - | 532 | 36 | - | 2,029 | 6,357 | 5,844 |
| Previous year figures | 5,865 | 1,309 | 136 | (5) | - | 7,305 | 917 | - | 552 | (8) | - | 1,461 | 5,844 | - |

* Goodwill has been tested for impairment.

**Refer note 34

Notes forming part of Consolidated Financial Statements

6 Trade receivables - non current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Non current | | |
| Increase in credit risk | 23 | 25 |
| Credit impaired | 168 | 3 |
| | 191 | 28 |
| Less: Allowance for bad and doubtful debt | (191) | (28) |
| | - | - |

7 Other financial assets - non current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Security deposits | 396 | 247 |
| Fixed deposits* | 5 | 8 |
| Foreign currency forward and options contracts | 961 | 335 |
| | 1,362 | 590 |

* Fixed deposits are placed as margin money deposits against bank guarantees.

Notes forming part of Consolidated Financial Statements

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(₹ million)

8 Deferred tax assets (net)

| Description | DTL/(DTA) As at 31.03.2018 | Ind AS 115 impact | Charge/ (credit) to P&L | Charge/ (credit) to OCI | Foreign currency translation reserve | Business combination | DTL/(DTA) As at 31.03.2019 |
|---|----------------------------------|----------------------|-------------------------------|-------------------------------|---|-------------------------|----------------------------------|
| Deferred tax assets: | | | | | | | |
| Property, plant and equipment and other intangible assets | 608 | - | 17 | - | - | (1) | 624 |
| Branch profit tax | 346 | - | 120 | - | - | - | 466 |
| Net gain/(loss) on fair valuation of investments | - | - | - | - | - | - | - |
| Provision for employee benefits | (184) | - | (26) | - | - | (14) | (224) |
| Allowances for doubtful debts | (22) | - | (40) | - | - | - | (62) |
| Cash flow hedges | 323 | - | - | 22 | - | - | 345 |
| Other items giving rise to timing differences | (71) | (6) | (78) | - | - | - | (155) |
| MAT credit entitlement | (1,272) | - | 152 | - | - | - | (1,120) |
| Net deferred tax assets | (272) | (6) | 145 | 22 | - | (15) | (126) |
| Deferred tax liabilities: | | | | | | | |
| Property, plant and equipment and other intangible assets | 87 | - | (73) | - | 5 | 136 | 155 |
| Branch profit tax | - | - | - | - | - | - | - |
| Net gain/(loss) on fair valuation of investments | - | - | - | - | - | - | - |
| Provision for employee benefits | (11) | - | (6) | - | (1) | - | (18) |
| Allowances for doubtful debts | - | - | - | - | - | - | - |
| Cash flow hedges | - | - | - | - | - | - | - |
| Other items giving rise to timing differences | (43) | - | 43 | - | (3) | - | (3) |
| MAT credit entitlement | (4) | - | 4 | - | - | - | - |
| Net deferred tax liabilities | 29 | - | (32) | - | 1 | 136 | 134 |

Notes forming part of Consolidated Financial Statements

9 Other non-current assets

| | (₹ million) | |
|-----------------------------|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Prepaid expenses | 118 | 140 |
| Income tax receivable (net) | 517 | 347 |
| | 635 | 487 |

10 Investments

Investments - current

| | (₹ million) | |
|--|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Quoted | | |
| Investment carried at fair value through profit and loss | | |
| Investment in mutual funds | | |
| Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment | 350 | 261 |
| Birla SunLife Money Manager Fund - Direct Plan - Daily Dividend Reinvestment | 202 | - |
| Birla Sunlife Short Term Fund- Direct Plan - Monthly Dividend Reinvestment | - | 52 |
| HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment | - | 15 |
| Invesco India Money Fund - Direct Plan - Daily Dividend Reinvestment | 90 | - |
| HDFC FMP 92 D FEB 2018 | - | 101 |
| Kotak Liquid Fund - Direct - Daily Dividend Reinvestment | 500 | - |
| Sundaram Money Fund -Direct Daily Dividend Reinvestment | 651 | - |
| DSP BlackRock Liquidity Fund - Direct - Daily Dividend Reinvestment | 552 | - |
| ICICI Prudential Liquid - Direct Plan - Daily Dividend Reinvestment | - | 163 |
| L&T Liquid Fund - Daily Dividend Reinvestment | 71 | 1,026 |
| HSBC Cash Fund - Direct - Daily Dividend Reinvestment | 430 | - |
| Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment | 581 | 280 |
| Axis Liquid Fund - Direct - Daily Dividend Reinvestment | 581 | - |
| Invesco India Liquid Fund - Direct Daily Dividend Reinvestment | 490 | - |
| Tata Liquid Fund - Direct - Daily Dividend Reinvestment | 673 | - |
| UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment | 578 | 309 |
| | 5,749 | 2,207 |
| Aggregate amount of quoted investment at cost | 5,748 | 1,944 |
| Aggregate amount of quoted investment at market value | 5,749 | 1,946 |

Notes forming part of Consolidated Financial Statements

11 Trade receivable - current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Unsecured, considered good | 10,706 | 9,693 |
| | 10,706 | 9,693 |
| Less: Allowance for bad and doubtful debts | (63) | (70) |
| | 10,643 | 9,623 |

12 Cash and cash equivalents - current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Balances with banks | 1,390 | 1,393 |
| Cheques on hand | 57 | 19 |
| Cash on hand | - | - |
| Remittance in transit | 601 | 86 |
| Fixed deposits with banks (maturity less than 3 months) | - | 43 |
| | 2,048 | 1,541 |

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

13 Other bank balances - current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Fixed deposits with banks* | | |
| Maturity more than 3 months but less than 12 months | 2 | 1 |
| Earmarked balances with banks - unclaimed dividend | 1 | - |
| | 3 | 1 |

*Fixed deposits are placed as margin money deposits against bank guarantees

14 Loans - current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|-----------------------------------|---------------------|---------------------|
| Unsecured, considered good | | |
| Others | - | 1 |
| | - | 1 |

Notes forming part of Consolidated Financial Statements

15 Other financial assets - current

| | (₹ million) | |
|--|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Advances to employees | 268 | 347 |
| Security deposits | 23 | 12 |
| Foreign currency forward and options contracts | 489 | 1,044 |
| Loans and advances to related parties | 7 | 5 |
| Other receivables | 35 | 21 |
| Unbilled revenue | 723 | |
| Less: ECL on unbilled revenue | (9) | - |
| | 1,536 | 1,429 |

16 Other current assets

| | (₹ million) | |
|-------------------------------|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Unbilled revenue | 1,731 | 2,154 |
| Less: ECL on unbilled revenue | (25) | - |
| | 1,706 | 2,154 |
| Retention money not due | - | 13 |
| Advances to suppliers | 99 | 144 |
| Prepaid expenses | 901 | 545 |
| Service tax/GST recoverable | 112 | 145 |
| GST receivable | 600 | 310 |
| Other receivables | 318 | 494 |
| | 2,030 | 1,651 |
| | 3,736 | 3,805 |

17 Equity share capital

| | (₹ million) | |
|--|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| 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 31-03-2019 | As at 31-03-2018 |
| 17.2 Issued, subscribed and fully paid up | | |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year [102,456,047 (previous year: 101,692,392) equity shares of ₹ 2 each] | 205 | 203 |
| Add: shares issued on exercise of employee stock options during the year [1,557,278 (previous year: 765,655) equity shares of ₹ 2 each] | 3 | 2 |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year [104,013,325 (previous year: 102,456,047) equity shares of ₹ 2 each] | 208 | 205 |

Notes forming part of Consolidated Financial Statements

17.3 Terms/rights attached to equity shares

The Company has only one class of equity shares having face 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.

17.4 Shareholders holding more than 5% of equity shares as at the end of the period

| Equity shares | No. of shares | | No. of shares | |
|-------------------------|-------------------|-----------|-------------------|-----------|
| | No. of shares | % Holding | No. of shares | % Holding |
| Larsen & Toubro Limited | 82,050,531 | 78.88% | 90,822,100 | 88.64% |
| | 82,050,531 | | 90,822,100 | |

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 18.8

17.6 In the period of five years immediately preceding March 31, 2019:

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)

17.7 Capital management

The Group continues its policy of a conservative capital structure which has ensured that it retains the highest 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 31-3-2018: 0:1)

17.8 Share based payments

- i) The objective of the Employee Stock Option (ESOP) Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholders 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 Consolidated Financial Statements

iii) Details of grant under ESOP Scheme, 2016 is summarised below:

(Number as stated otherwise)

| Series reference | ESOP scheme, 2016 | |
|---|--------------------|-----------|
| | 2018-19 | 2017-18 |
| 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 | 3,224,945 | 3,980,000 |
| Options lapsed during the year | 164,000 | 183,300 |
| Options granted during the year | 235,000 | 193,900 |
| Options exercised during the year | 1,557,278 | 765,655 |
| Options granted and outstanding at the end of the year-(a) | 1,738,667 | 3,224,945 |
| of (a) above - vested outstanding options | 82,187 | 1,082,345 |
| of (a) above - unvested outstanding options | 1,656,480 | 2,142,600 |
| Weighted average remaining contractual life of options (in years) | 4.51 | 5.41 |

iv) No options were granted to key managerial personnel during the current year (previous year - Nil).

v) The number and weighted average exercise price of stock options are as follows:

| Particulars | 2018-19 | | 2017-18 | |
|--|----------------------|-------------------------------------|----------------------|-------------------------------------|
| | 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 | 3,224,945 | 2 | 3,980,000 | 2 |
| Options granted during the year | 235,000 | 2 | 193,900 | 2 |
| Options allotted during the year | 1,557,278 | 2 | 765,655 | 2 |
| Options lapsed during the year | 164,000 | 2 | 183,300 | 2 |
| Options granted and outstanding at the end of the year | 1,738,667 | 2 | 3,224,945 | 2 |
| Options exercisable at the end of the year out of -(a) above | 82,187 | 2 | 1,082,345 | 2 |

vi) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 1,435.59 per share. (previous year ₹ 849.70 per share).

vii) No options expired during the periods covered in the above table.

viii) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2018-19 is ₹ 184 million (previous year: ₹ 209 million).

ix) The fair value at grant date of options granted during the year ended 31-03-2019 was ₹ 1,281.80 (previous year: ₹ 737.10). The fair value at 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:

Notes forming part of Consolidated Financial Statements

| Particulars | 2018-19 | 2017-18 |
|---|---|---------------------|
| Weighted average exercise price (₹) | 2.00 | 2.00 |
| Grant date | 23-Jul-18 | 23-Aug-17 |
| Expiry date | 22-Jul-25 | 22-Aug-24 |
| Weighted average share price at grant date | ₹ 1,281.80 per option | ₹ 737.10 per option |
| Weighted average expected price volatility of company's share | 22.47% | 42.54% |
| Weighted average expected dividend yield over life of option | 5.06% | 8.05% |
| Weighted average risk-free interest | 7.67% | 6.44% |
| 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 based on publicly available information. | |

17.9 Dividends

- During the year ended March 31, 2019, the Company paid the final dividend of ₹ 12 per equity share for the year ended March 31, 2018.
- On October 25, 2018, the Company paid an interim dividend of ₹ 7.50 per equity share for the year ended March 31, 2019.
- On May 3, 2019, the Board of Directors of the Company have recommended the final dividend of ₹ 13.50 per equity share for the year ended March 31, 2019 subject to approval by the shareholders at the forthcoming annual general meeting. On approval, the total dividend payment based on number of shares outstanding as on March 31, 2019 is expected to be ₹ 1,404 million and the payment of dividend distribution tax is expected to be ₹ 289 million.

18 Other equity

| | (₹ million) | |
|---|------------------|------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Securities premium account [note 2(q)] | 10,890 | 10,502 |
| Share options outstanding account [note 2(s)] | | |
| Employee share options outstanding | 619 | 835 |
| Deferred employee compensation expense | (275) | 344 |
| Retained earnings | 12,132 | (297) |
| Cash flow hedge reserve [note 2(o)(iii)] | 1,171 | 538 |
| Foreign currency translation reserve | 66 | 1,647 |
| Other items of other comprehensive income | (20) | 4 |
| | 24,583 | 1,164 |
| | | 4 |
| | | 19,159 |

The components of other equity include the Group's share in the respective reserves of its subsidiaries. Reserves attributable to non-controlling interest is reported separately in the consolidated balance sheet. Retained earnings comprise Group's share in general reserve and balance of profit and loss.

Notes forming part of Consolidated Financial Statements

19 Other financial liabilities - non-current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--------------------------|---------------------|---------------------|
| Forward contract payable | 60 | 18 |
| | 60 | 18 |

20 Borrowings - current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---------------------------------------|---------------------|---------------------|
| Short term unsecured loans from banks | 276 | 702 |
| Loans repayable on demand from banks* | 426 | - |
| | 702 | 702 |

*Loans repayable on demand from bank comprises of fund based working capital facility i.e. overdraft. Out of total overdraft, ₹ 23 million is secured by hypothecation of trade receivables. Amount of trade receivables that are pledged as collateral: ₹ 700 million. (previous year: ₹ 1000 million).

21 Trade payable - current

(₹ million)

| | As at 31-03-2019 | | As at 31-03-2018 | |
|-----------------------------|---------------------|-------|---------------------|-------|
| Due to related parties* | 7 | | 4 | |
| Micro and small enterprises | 451 | | 685 | |
| Due to others | 1,421 | 1,872 | 1,118 | 1,803 |
| | 1,879 | | 1,807 | |

* Includes dues to subsidiaries and fellow subsidiaries (refer note 44)

22 Other financial liabilities - current

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Unclaimed dividend | 1 | 1 |
| Due to others | | |
| Liability towards employee compensation | 2,325 | 1,626 |
| Other payables | 222 | 288 |
| Forward contract payable | 88 | 85 |
| Suppliers ledger - capital goods/services | 109 | - |
| | 2,745 | 2,000 |

Notes forming part of Consolidated Financial Statements

23 Other current liabilities

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---------------------|---------------------|
| Unearned revenue | 242 | 315 |
| Other payables | 1,563 | 1,352 |
| Liability - employee car / Computer Scheme | 94 | 82 |
| | 1,899 | 1,749 |

24 Current liabilities : provisions

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Provisions for employee benefits | | |
| Leave encashment | 1,273 | 1,157 |
| Post retirement medical benefits/gratuity | 68 | 49 |
| | 1,341 | 1,206 |

25 Revenue from operations

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|-------------------------------------|--------------------------|--------------------------|
| Engineering and technology services | 50,783 | 37,471 |
| | 50,783 | 37,471 |

26 Other income

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|--|--------------------------|--------------------------|
| Foreign exchange gain ⁽ⁱ⁾ | 933 | 1,147 |
| Profit/(loss) on sales of fixed asset (net of gain of ₹ 3 million, previous year: ₹ 8 million) | (1) | (1) |
| Dividend income and gain/(loss) from mutual fund | 173 | 77 |
| Bank interest received | 8 | 1 |
| Miscellaneous income ⁽ⁱⁱ⁾ ⁽ⁱⁱⁱ⁾ | 1,115 | 710 |
| Net gain/(loss) on fair valuation of investment | - | - |
| | 2,228 | 1,934 |

(i) The foreign exchange gain reported above includes ₹ 704 million (previous year: ₹ 997 million) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

(ii) Includes income of ₹ 276.30 million (net) (previous year: ₹ 645.59 million) pertaining to export licenses.

(iii) Includes income of ₹ 751.71 million towards release and waiver of employees - refer note 43.

Notes forming part of Consolidated Financial Statements

27 Employee benefits expenses

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|--|--------------------------|--------------------------|
| Salaries including overseas staff expenses | 30,778 | 23,809 |
| Contribution to and provision for: | | |
| Contribution to provident and pension fund | 377 | 266 |
| Contribution to gratuity fund | 114 | 103 |
| Share based payments to employees | 184 | 209 |
| Staff welfare expenses | 335 | 213 |
| | 31,788 | 24,600 |

28 Other expenses

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| Subcontracting and component charges | 1,979 | 1,207 |
| Engineering, professional, technical and consultancy fees | 2,486 | 1,933 |
| Cost of computer software | 867 | 537 |
| Travelling and conveyance | 791 | 627 |
| Rent and establishment expenses | 927 | 696 |
| Telephone, postage and other communication charges | 294 | 210 |
| Legal and professional charges | 372 | 391 |
| Advertisement and sales promotion expenses | 223 | 170 |
| Recruitment expenses | 216 | 148 |
| Repairs to buildings and machineries | 356 | 271 |
| General repairs and maintenance | 108 | 77 |
| Power and fuel | 148 | 123 |
| Equipment hire charges | 11 | 7 |
| Insurance charges | 81 | 52 |
| Rates and taxes | 26 | 29 |
| Bad debts written off | 29 | 24 |
| Less : Allowance for doubtful debts written back | - | (126) |
| Allowances for doubtful debts on trade receivable | 155 | 69 |
| ECL on unbilled revenue | 13 | - |
| Overheads charged by group companies | 239 | 302 |
| Trademark fees | 76 | 56 |
| Corporate social responsibility expenditure | 101 | 56 |
| Miscellaneous expenses | 339 | 201 |
| | 9,837 | 7,060 |

Notes forming part of Consolidated Financial Statements

29 Finance costs

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|----------------------|--------------------------|--------------------------|
| Interest paid | | |
| Interest expenses | 19 | 24 |
| | 19 | 24 |

30 Provision for taxation

(₹ million)

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| Current tax | | |
| Current tax on profits for the year | 2,519 | 1,917 |
| Tax expenses for prior periods | (2) | (23) |
| Deferred tax | - | - |
| Decrease/(increase) in deferred tax assets | 145 | 31 |
| (Decrease)/increase in deferred tax liabilities | (32) | (213) |
| | 2,630 | 1,712 |

31 Basic and diluted earning per equity share

| | Year ended 31-03-2019 | Year ended 31-03-2018 |
|---|--------------------------|--------------------------|
| Basic EPS | | |
| Profit after tax (₹ in million) | 7,656 | 5,060 |
| Profit attributable to equity shareholders (₹ in million) | 7,656 | 5,060 |
| Weighted average no. of equity shares outstanding | 103,376,513 | 102,026,477 |
| Basic EPS | 74.06 | 49.60 |
| Diluted EPS | | |
| Profit after tax (₹ in million) | 7,656 | 5,060 |
| Profit attributable to equity shareholders (₹ in million) | 7,656 | 5,060 |
| Weighted average no. of equity shares outstanding | 103,376,513 | 102,026,477 |
| Add - No. of potential equity shares | 1,627,949 | 3,002,471 |
| Weighted average no. of equity shares outstanding | 105,004,462 | 105,028,948 |
| Diluted EPS | 72.91 | 48.18 |

Notes forming part of Consolidated Financial Statements

32 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 179 Mn. (previous year: ₹ 99 Mn.).

33 Corporate guarantee

| | (₹ million) | |
|---------------------|--------------------------|--------------------------|
| | Year ended 31-03-2019 | Year ended 31-03-2018 |
| Corporate guarantee | 1,196 | 1,128 |
| | 1,196 | 1,128 |

(Corporate 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: 0.8 million.) issued to Bank of America for securing borrowings of Esencia Technologies Inc., USA.)

34 Disclosures pursuant to Indian accounting standard (IND AS) 103 “Business combinations” :

On October 15, 2018 the Group acquired 100% stake in an India based company, Graphene Semiconductor Services Private Limited (‘Graphene’) along with its wholly owned subsidiaries. Graphene provides end-to-end solutions — from chip design and embedded software, through to providing support to mass manufacturing, thereby being a one-stop service and solution provider. Graphene’s strong offshore presence, coupled with expertise in complete VLSI Chip Design & Embedded Software will be a force multiplier for the Group and will enhance the capabilities in the Semiconductor & Product OEM space.

i) Details of purchase consideration:

| Particulars | (₹ million) |
|-------------------------------------|-------------|
| Cash paid | 667 |
| Contingent consideration | 115 |
| Total purchase consideration | 782 |

ii) Assets acquired and liabilities recognised on date of acquisition:

| Particulars | (₹ million) | |
|---|-------------|--------------|
| Non-current assets | | 44 |
| Non-current liabilities | | (4) |
| Current assets | | |
| Trade receivables | 122 | |
| Cash & cash equivalents | 87 | |
| Other current assets | 56 | 265 |
| Current liabilities | | |
| Trade payables | 8 | |
| Other current liabilities | 153 | (161) |
| Identified Intangibles & tax thereon | | |
| Customer relationship | 355 | |
| Tradename | 39 | |
| Other Intangibles | (6) | |
| Deferred tax liabilities on intangibles | (136) | 252 |
| Net Assets | | 396 |

Notes forming part of Consolidated Financial Statements

iii) Calculation of goodwill:

| Particulars | (₹ million) |
|--|-------------|
| Purchase consideration paid | 782 |
| Less : Fair value of net assets acquired | 396 |
| Goodwill (Group's share) - as on date of acquisition* | 386 |

*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.

iv) Details of purchase consideration -cash outflow:

| Particulars | (₹ million) |
|---|-------------|
| Cash consideration | 667 |
| Less: Cash and cash equivalents balances acquired | 87 |
| Net Cash outflow | 580 |

v) The gross amount of trade receivable acquired and its fair value is ₹ 122 million and the amount has been substantially collected.

vi) The Group has recognised contingent consideration in accordance with terms of share purchase and subscription agreement. The maximum contingent consideration ₹ 130 million is payable to the promoters of Graphene upon the achievement of financial targets for financial year ended March 31, 2019. The fair value of contingent consideration ₹ 115 million is determined by assigning probabilities of achievement of targets. The fair value of contingent consideration as on March 31, 2019 is estimated at ₹ 126 million. The effect of change in fair value of contingent consideration ₹ 11 million is recognised in the statement of profit and loss.

vii) The acquired business of Graphene contributed revenues of ₹ 386 million and profits of ₹ 52 million to the group from acquisition date to March 31, 2019. If Graphene was acquired from April 1, 2018, they would have reported revenue of ₹ 842 million and profit after tax of ₹ 113 million during 2018-19.

Notes forming part of Consolidated Financial Statements

35 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)

| Particulars | As at 31-03-2019 | | | | As at 31-03-2018 | | | |
|------------------------------|------------------|--------------------|----------------------|---------------------|------------------|------------------|----------------------|---------------------|
| | Nominal amount* | Average rate** (₹) | Within twelve months | After twelve months | Nominal amount | Average rate (₹) | Within twelve months | After twelve months |
| (a) Receivable hedges | | | | | | | | |
| US Dollar | 64,298 | 73.82 | 35,214 | 29,084 | 29,562 | 70.68 | 15,813 | 13,748 |
| EURO | 5,713 | - | 2,944 | 2,769 | 1,607 | 84.56 | 1,164 | 443 |
| (b) Payable hedges | | | | | | | | |
| US Dollar | 12,475 | - | 9,706 | 2,769 | 1,607 | 66.95 | 1,164 | 443 |
| EURO | 2,537 | - | 1,334 | 1,203 | - | - | - | - |

*Includes nominal (₹) amount pertaining to USD/INR (₹ 13,900 million) and EUR/USD (₹ 8,250 million) option structures.

**Average rate is attributable to forward contracts only.

ii) Carrying amounts of hedge instruments for which hedge accounting is followed:

(₹ million)

| Cashflow hedge | As at 31-03-2019 | | | As at 31-03-2018 | | |
|-----------------------------|------------------|-------------|--------------|------------------|-------------|--------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Other financial assets | 489 | 961 | 1,450 | 1,044 | 335 | 1,379 |
| Other financial liabilities | (88) | (60) | (148) | (85) | (18) | (103) |
| Total | 401 | 901 | 1,302 | 958 | 317 | 1,276 |

iii) Break up of hedging reserve

(₹ million)

| Cash flow hedging reserve | As at 31-03-2019 | As at 31-03-2019 |
|---|------------------|------------------|
| Balance towards continuing hedge | 1,095 | 966 |
| Balance for which hedge accounting discontinued | 75 | 198 |
| Total | 1,170 | 1,164 |

Notes forming part of Consolidated Financial Statements

iv) Movement of hedging reserve

| | (₹ million) | |
|--|----------------|----------------|
| Hedging reserve | 2018-19 | 2017-18 |
| Opening Balance | 1,164 | 962 |
| Changes in fair value of forward and options contracts designated as hedging instruments | 676 | 1,151 |
| Amount reclassified to statement of profit & loss where hedge item has become on-balance sheet | (691) | (832) |
| Tax impact on above | 22 | (117) |
| Closing Balance | 1,171 | 1,164 |

36 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.

2: Process industry: 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 Group 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 customers drive innovation and efficiency, and retain a competitive edge. The Group 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 Group's domain expertise, supported by its 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.

Notes forming part of Consolidated Financial Statements

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, 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:

| Particulars | (₹ million) | | | | | Total |
|---|----------------|------------------|---------------------|-----------------|-------------------|---------------|
| | Transportation | Process Industry | Industrial Products | Medical Devices | Telecom & Hi-tech | |
| Revenue | 16,186 | 7,220 | 10,196 | 3,378 | 13,803 | 50,783 |
| % to Total | 31.9% | 14.2% | 20.1% | 6.7% | 27.1% | 100.0% |
| | 11,910 | 4,834 | 8,531 | 2,535 | 9,661 | 37,471 |
| % to Total | 31.8% | 12.9% | 22.8% | 6.8% | 25.7% | 100.0% |
| Segment operating profits | 2,702 | 1,642 | 2,542 | 839 | 2,150 | 9,875 |
| % to Revenue | 16.7% | 22.7% | 24.9% | 24.8% | 15.6% | 19.4% |
| | 1,428 | 941 | 1,848 | 512 | 1,220 | 5,949 |
| % to Revenue | 12.0% | 19.5% | 21.7% | 20.2% | 12.6% | 15.9% |
| Un-allocable expenses (net) | | | | | | 728 |
| | | | | | | 193 |
| Other income | | | | | | 2,228 |
| | | | | | | 1,934 |
| Operating profit | | | | | | 11,375 |
| | | | | | | 7,690 |
| Finance cost | | | | | | 19 |
| | | | | | | 24 |
| Depreciation | | | | | | 1,042 |
| | | | | | | 888 |
| Profit before extraordinary items and tax | | | | | | 10,314 |
| | | | | | | 6,778 |

Notes forming part of Consolidated Financial Statements

- (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 | 29,266 | 8,600 | 6,808 | 6,109 | 50,783 |
| | <i>22,540</i> | <i>6,475</i> | <i>4,067</i> | <i>4,389</i> | <i>37,471</i> |

Numbers in italics are for the previous year.

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.

37 Financial risk management

i) Market risk management

The Group regularly reviews its foreign exchange forward and option positions, both on a standalone basis and in conjunction with its underlying foreign currency 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

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 +/- ₹ 9 million as of March 31, 2019, and +/- ₹ 4 million as of March 31, 2018. 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.

Notes forming part of Consolidated Financial Statements

iii) Foreign currency risk

In general, the Group is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Group's net sales and gross margins as expressed in Indian Rupees.

The Group may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Group's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Group may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Group may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Group's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Group uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. The overnight VAR for the Group at 95% confidence level is ₹ 258.0 million as of March 31, 2019 and ₹ 153.8 million as of March 31, 2018.

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, 2019 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

The principal credit risk that the Group is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Group reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Group also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Group makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Group retains the provision made for doubtful debts without any adjustment.

Notes forming part of Consolidated Financial Statements

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ₹ 254 million as at March 31, 2019 and ₹ 99 million as at March 31, 2018. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

| | (₹ million) | |
|---|-------------|---------|
| | 2018-19 | 2017-18 |
| Opening balance of allowances for doubtful accounts | 99 | 166 |
| Allowances recognized (reversed) | 155 | (68) |
| Closing balance of allowances for doubtful accounts | 254 | 99 |

The percentage of revenue from its top five customers is 26.41% for 2018-19 (27.1% for 2017-18).

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.

v) Liquidity risk

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 asset | Less than 1 year | More than 1 year | Total |
| Investments | 5,749 | - | 5,749 |
| Trade receivables | 10,643 | - | 10,643 |
| Loans | - | - | - |
| Other financial assets | 1,047 | - | 1,047 |
| Total | 17,439 | - | 17,439 |

| | (₹ million) | | |
|-----------------------------|------------------|------------------|--------------|
| Financial liabilities | Less than 1 year | More than 1 year | Total |
| Borrowings | 702 | - | 702 |
| Trade payables | 1,879 | - | 1,879 |
| Other financial liabilities | 2,657 | - | 2,657 |
| Total | 5,238 | - | 5,238 |

Notes forming part of Consolidated Financial Statements

38 Fair value measurements

Financial instruments by category

(₹ million)

| Cashflow hedge | As at 31-03-2019 | | | As at 31-03-2018 | | |
|--|------------------|--------------|----------------|------------------|--------------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| Mutual funds | 5,749 | | | 2,207 | | |
| Bank fixed deposits | | | 5 | | | 8 |
| Loans | | | - | | | 1 |
| Trade receivables | | | 10,643 | | | 9,623 |
| Cash and cash equivalents | | | 2,048 | | | 1,541 |
| Other bank balances | | | 3 | | | 1 |
| Foreign currency forward and options contracts | | 1,450 | - | - | 1,379 | - |
| Security deposits | | | 419 | | | 259 |
| Loans - related parties | | | 7 | | | 5 |
| Advances - to employees | | | 268 | | | 347 |
| Other receivables | | | 749 | | | 21 |
| Total financials assets | 5,749 | 1,450 | 14,142 | 2,207 | 1,379 | 11,806 |
| Financial liabilities | | | | | | |
| Short-term borrowings | | | 702 | | | 702 |
| Trade payables | | | 1,879 | | | 1,807 |
| Forward contract payable | 9 | 139 | - | 16 | 85 | - |
| Supplier ledger - capital goods/services | | | 109 | | | - |
| Liability towards employee compensation | | | 2,325 | | | 1,626 |
| Unclaimed dividend | | | 1 | | | 1 |
| Other payables | | | 222 | | | 288 |
| Total financials liabilities | 9 | 139 | 5,238 | 16 | 85 | 4,424 |

Notes forming part of 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 31-03-2019 | | | | As at 31-03-2018 | | | |
|---|------------------|--------------|----------|----------|------------------|--------------|----------|--------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Financial investment at FVPL | | | | | | | | |
| Mutual funds | 5,749 | | | | 2,207 | | | 2,207 |
| Financial investment at FVOCI | | | | | | | | - |
| Foreign currency forward and options contracts | | 1,450 | | | | 1,379 | | 1,379 |
| Total financials assets | 5,749 | 1,450 | - | - | 2,207 | 1,379 | - | 3,586 |
| Financial liabilities | | | | | | | | |
| Forward contract payable | - | 148 | - | - | - | 103 | - | 103 |
| Total financials liabilities | - | 148 | - | - | - | 103 | - | 103 |

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 Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

Notes forming part of Consolidated Financial Statements

(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.
- The carrying amounts of trade receivable, unbilled revenue 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 owing 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 non-current security deposits are 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 owing to their short term nature.

39 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:

| Sr. No. | Particulars | Year ended | |
|---------|---|--------------|--------------|
| | | 31-03-2019 | 31-03-2018 |
| (a) | Profit before tax | 10,314 | 6,778 |
| (b) | Corporate tax rate as per Income tax Act, 1961 | 34.94% | 34.61% |
| (c) | Tax on accounting profit (c)=(a)*(b) | 3,604 | 2,346 |
| (d) | (i) Tax effect of exempt non-operating income | (60) | (26) |
| | (ii) Tax effect due to non-taxable income for Indian tax purposes | (1,144) | (711) |
| | (iii) Effect of non-deductible expenses | 70 | (99) |
| | (iv) Overseas taxes | 408 | 305 |
| | (v) Tax effect on various other items | (247) | (103) |
| | Total effect of tax adjustments [(i) to (v)] | (974) | (634) |
| (e) | Tax expense recognised during the year (e)=(c)-(d) | 2,630 | 1,712 |
| (f) | Effective tax rate (f)=(e)/(a) | 25.50% | 25.25% |

The applicable Indian statutory tax rate for fiscal 2019 and fiscal 2018 is 34.94% and 34.61% respectively.

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

Notes forming part of Consolidated Financial Statements

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.

40 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 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| A. Present value of defined benefit obligation | | | | | | |
| Wholly funded | 627 | 576 | - | - | 4,138 | 3,292 |
| Wholly unfunded | 13 | 8 | 59 | 49 | - | - |
| Total (a) | 640 | 584 | 59 | 49 | 4,138 | 3,292 |
| Less: Fair value of plan assets (b) | 540 | 453 | - | - | 4,163 | 3,320 |
| Amount to be recognised as liability or (asset) (a-b) | 100 | 131 | 59 | 49 | (25) | (28) |
| B. Amounts reflected in the balance sheet | | | | | | |
| Liabilities | 100 | 131 | 59 | 49 | 62 | 47 |
| Assets | - | - | - | - | - | - |
| Net liability / (asset) | 100 | 131 | 59 | 49 | 62 | 47 |

b) The amounts recognised in statement of profit and loss are as follows :

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | | Self-managed provident fund plan | |
|--|------------------|------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| 1 Current service cost | 104 | 80 | 20 | 21 | 224 | 147 |
| 2 Interest cost | 8 | 6 | 4 | 5 | 306 | 222 |
| 3 Expected return on plan assets | - | - | - | - | (306) | (222) |
| 4 Actuarial losses / (gains) | - | - | - | - | (34) | (430) |
| 5 Past service cost | - | 17 | - | - | - | - |
| 6 Actuarial Gain/loss not recognized in books | - | - | - | - | 34 | 430 |
| Total expense for the year included in staff cost | 112 | 103 | 24 | 26 | 224 | 147 |

Notes forming part of Consolidated Financial Statements

c) Amount recorded in other comprehensive income :

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | |
|---|---------------------|---------------------|--------------------------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Opening amount recognized in OCI profit and loss account | 42 | 12 | (49) | 2 |
| Remeasurement during the period due to | - | - | - | - |
| a Changes in financial assumptions | 16 | (25) | 5 | (8) |
| b Changes in demographic assumptions | - | 6 | 3 | (54) |
| c Experience adjustments | 19 | 49 | (22) | 11 |
| d Actual return on plan assets less interest on plan assets | 11 | - | - | - |
| e Adjustment to recognize the effect of asset ceiling | - | - | - | - |
| Closing amount recognized in OCI outside profit and loss account | 88 | 42 | (63) | (49) |

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | | Self-managed provident fund plan | |
|---|---------------------|---------------------|--------------------------------------|---------------------|----------------------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Opening balance of the present value of defined benefit obligation | 584 | 397 | 49 | 74 | 3,292 | 2,445 |
| Transfers in/(out) | - | - | - | - | 231 | 400 |
| Current service cost | 105 | 80 | 20 | 21 | 224 | 147 |
| Past service cost | - | 17 | - | - | - | - |
| Interest on defined benefit obligation | 40 | 27 | 4 | 5 | 306 | 222 |
| Remeasurements due to : | - | - | - | - | - | - |
| Actuarial loss/(gain) arising from change in financial assumptions | 16 | (25) | 5 | (8) | - | - |
| Actuarial loss/(gain) arising from change in demographic assumptions | - | 6 | 3 | (54) | - | - |
| Actuarial loss/(gain) arising on account of experience changes | 19 | 48 | (22) | 11 | - | - |
| Contribution by plan participants | - | - | - | - | 484 | 341 |
| Benefits paid | -66 | (29) | - | - | (401) | (263) |
| Due to members - unclaimed | - | - | - | - | 2 | - |
| Liabilities assumed / (settled) | -57 | 63 | - | - | - | - |
| Liabilities extinguished on settlements | - | - | - | - | - | - |
| Closing balance of the present value of defined benefit obligation | 640 | 584 | 59 | 49 | 4,138 | 3,292 |

The Company expects to contribute ₹ 100 million towards its gratuity plan in FY 2019-20.

Notes forming part of Consolidated Financial Statements

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ million)

| | Gratuity plan | | Self-managed provident fund plan | |
|---|--------------------|--------------------|----------------------------------|--------------------|
| | As at 31-3-2019 | As at 31-3-2018 | As at 31-3-2019 | As at 31-3-2018 |
| Opening balance of the fair value of the plan assets | 453 | 318 | 3,320 | 2,460 |
| Expected return on plan assets | - | - | 306 | 222 |
| Add / (less) : transfer in/(out) | - | - | 231 | 7 |
| Add/(less) : actuarial gains/(losses) | - | - | 34 | 430 |
| Employer's contributions | 132 | 143 | 219 | 140 |
| Contributions by plan participants | - | - | 455 | 324 |
| Interest on plan assets | 33 | 21 | - | - |
| Administration expenses | - | - | - | - |
| Remeasurements due to : | - | - | - | - |
| Actual return on plan assets less interest on plan assets | (11) | - | - | - |
| Benefits paid | (66) | (28) | (401) | (263) |
| Closing balance of the plan assets | 540 | 453 | 4,163 | 3,320 |

Notes forming part of Consolidated Financial Statements

f) Sensitivity analysis :

(₹ million)

| | Gratuity plan | | Post retirement medical benefit plan | |
|---|--------------------------|------------------|--------------------------------------|------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Impact of increase in 100 bps on defined benefit obligation | | | | |
| Discount rate | -5.27% to -10.19% | -5.27% to -7.17% | | |
| Salary escalation rate | 5.8% to 13.02% | 5.8% to 9.07% | | |
| Impact of decrease in 100 bps on defined benefit obligation | | | | |
| Discount rate | 5.84% to 12.14% | 5.84% to 9.02% | | |
| Salary escalation rate | -5.34% to -11.05% | -5.35% to -7.89% | | |
| Discount rate | | | | |
| Impact of increase in 100 bps on defined benefit obligation | | | -17.72% | -16.94% |
| Impact of decrease in 100 bps on defined benefit obligation | | | 23.30% | 22.26% |
| Healthcare costs rate | | | | |
| Impact of increase in 100 bps on defined benefit obligation | | | 19.61% | 18.72% |
| Impact of decrease in 100 bps on defined benefit obligation | | | -15.46% | -14.79% |
| Life expectancy | | | | |
| Impact of increase in 1 year on defined benefit obligation | | | 0.44% | 0.30% |
| Impact of decrease by 1 year on defined benefit obligation | | | -0.47% | -0.31% |

- 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.
- The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

g) The major categories of plan assets as a percentage of total plan assets are as follows:

(₹ million)

| | Gratuity plan | | Self-managed provident fund plan | |
|--|------------------------|------------------|----------------------------------|------------------|
| | As at 31-03-2019 | As at 31-03-2018 | As at 31-03-2019 | As at 31-03-2018 |
| Government of India securities | | | 23.64% | 23.04% |
| State government securities | | | 24.00% | 20.03% |
| Corporate bonds | | | 20.91% | 17.27% |
| Fixed deposits under Special Deposit Scheme framed by central government for provident funds | Scheme with LIC | Scheme with LIC | 5.33% | 8.20% |
| Public sector bonds | | | 22.00% | 28.45% |
| Mutual Funds | | | 4.12% | 3.01% |

Notes forming part of Consolidated Financial Statements

h) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|--|---|----------------------------------|
| 1 Discount rate: | | |
| (a) Gratuity plan | 7.05% to 7.7% | 7.50% to 7.65% |
| (b) Post retirement medical benefit plan | 7.05% | 7.50% |
| 2 Annual increase in healthcare costs | 5.00% | 5.00% |
| 3 Salary growth rate | 4% to 6% | 5% to 7% |
| 4 Attrition rate | 1% to 25% for various age groups | 1% to 25% 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: 5.54 years) and post retirement medical benefits plan is 20.21 years (previous year: 19.31 years).

i) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ million)

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Gratuity plan (wholly funded) | | |
| 1 Defined benefit obligation | 640 | 583 |
| 2 Plan assets | 540 | 453 |
| 3 (Surplus) / deficit | 100 | 131 |
| 4 Experience Adjustments plan liabilities | - | - |
| 5 Experience Adjustments plan assets | - | - |
| Post retirement medical benefit plan (wholly unfunded) | | |
| 1 Defined benefit obligation | 59 | 49 |
| 2 Experience Adjustments plan liabilities | - | - |
| 3 Experience Adjustments plan assets | - | - |
| Self - managed provident fund plan (wholly funded) | | |
| 1 Defined benefit obligation | 4,138 | 3,292 |
| 2 Plan assets | 4,163 | 3,320 |
| 3 (Surplus) / deficit | (25) | (28) |

Notes forming part of Consolidated Financial Statements

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 registered 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 Group 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 Group's matching contributions vest 100%, immediately. During the year ended March 31, 2019, the Company contributed ₹ 48 million towards the Plan (Previous year: ₹ 10 million).

Notes forming part of Consolidated Financial Statements

41 Leases

The lease rentals charged during the period are as under

| | (₹ million) | |
|--|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Lease rentals recognized during the period | 944 | 750 |

The Group avails office space under non-cancellable 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:

| | (₹ million) | |
|--|---------------------|---------------------|
| | As at 31-03-2019 | As at 31-03-2018 |
| Future minimum lease payable | | |
| Not later than 1 year | 845 | 650 |
| Later than 1 year and not later than 5 years | 2,483 | 2,192 |
| Later than 5 years | 639 | 811 |

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.

42 Change in useful life

Effective from April 01, 2018, the Company changed estimated useful life of specialised softwares from 6 years to 5 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 ₹ 28.90 million. Amortisation for the future periods will be lower to the extent of ₹ 28.90 million.

43 Release, waiver and intellectual property assignment and license agreement

On January 16, 2018, Esencia Technologies Inc. (Esencia), a wholly owned subsidiary of L&T Technology Services LLC, entered into a Release, Waiver and Intellectual Property Assignment and License Agreement ("the Agreement") with an existing customer. Under the terms of the Agreement, Esencia had agreed to release certain employees along with assignment and license of certain intellectual property for a total consideration of US\$ 17 million.

Of the total consideration, Esencia had received an initial consideration of US\$ 3.50 million in exchange for intellectual property assignment (US\$ 2.97 million) and for release of certain employees (US\$ 0.53 million). The amount attributable towards assignment of intellectual property, based on its fair value as determined by an independent appraiser, was recorded as revenue and the amount received for release of employees was recorded as other income in the consolidated statement of profit and loss.

Of the balance consideration receivable in subsequent years on fulfilment of certain conditions, US\$ 12 million has been received in April 2018 and accounted as other income in the consolidated statement of profit and loss in the current year. The balance consideration of US\$ 1.50 million will be accounted for when the said conditions are fulfilled and the amount is received.

Notes forming part of Consolidated Financial Statements

44 Related party disclosures

44 (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 Technology Inc |
| Graphene Semiconductor Services Private Limited | Wholly owned subsidiary |
| Graphene Solutions Pte. Ltd. | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |
| Graphene Solution SDN. BHD. | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |
| Graphene Solutions Taiwan Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |
| Seastar Labs Private Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |

44(1) (ii) List of related parties which can exercise control:

| Name | Relationship |
|---------------------------|-----------------|
| Larsen and Toubro Limited | Holding company |

44(1) (iii) Key management personnel :

| Executive director | Status |
|---------------------|---|
| 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 |

Non-executive directors

Mr. A.M. Naik
Mr. S. N. Subrahmanyam

44(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 |
| Larsen & Toubro Infotech South Africa (PTY) Limited | Fellow subsidiary |
| Larsen & Toubro (East Asia) SDN.BHD | Fellow subsidiary |
| L&T Valves Limited | Fellow subsidiary |
| L&T Metro Rail (Hyderabad) Limited | Fellow subsidiary |
| L&T Hydrocarbon Engineering Limited | 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 |
| Spectrum InfoTech Private Limited | Fellow subsidiary |
| L&T-Sargent & Lundy Limited | Joint Venture |

Notes forming part of Consolidated Financial Statements

44 (1) (v) Name of post-employment benefit plans with whom transactions were carried out during the year:

Larsen & Toubro Officers & Supervisory Staff Provident Fund

L&T Technology Services Limited Employee Group Gratuity Scheme

44(1) (vi) Disclosure of related party transactions

(₹ million)

| Transaction | 2018-19 | 2017-18 |
|---|------------|------------|
| Revenue from services : | | |
| Holding company | 349 | 322 |
| - Larsen & Toubro Limited | 349 | 322 |
| Fellow subsidiaries | 734 | 680 |
| - L&T Hydrocarbon Engineering Limited | 22 | 25 |
| - Larsen & Toubro Infotech Limited | 708 | 644 |
| - L&T Metro Rail (Hyderabad) Limited | 2 | - |
| - L&T Valves Limited | 2 | 2 |
| - Larsen & Toubro Infotech South Africa (PTY) Limited | - | 8 |
| - Spectrum InfoTech Private Limited | - | 1 |
| Purchase of services : | | |
| Holding company | 1 | 6 |
| - Larsen & Toubro Limited | 1 | 6 |
| Fellow subsidiaries | 856 | 286 |
| - L&T Hydrocarbon Engineering Limited | 280 | 106 |
| - Larsen & Toubro Infotech Limited | 474 | 117 |
| - Larsen & Toubro Infotech GMBH | 99 | 63 |
| - L&T-Sargent & Lundy Limited | 3 | 1 |
| Rent paid : | | |
| Holding company | 192 | 138 |
| - Larsen & Toubro Limited | 192 | 138 |
| Fellow subsidiaries | 48 | 37 |
| - Larsen & Toubro Infotech Limited | 37 | 29 |
| - Larsen & Toubro Infotech GMBH | 8 | 7 |
| - Larsen & Toubro Saudi Arabia LLC | 3 | - |
| Commission paid : | | |
| Fellow subsidiaries | 2 | 3 |
| - Larsen & Toubro Infotech Limited | 2 | 3 |
| Interest receivable : | | |
| Holding company | 22 | 15 |
| - Larsen & Toubro Limited | 22 | 15 |
| Services availed by the Company : | | |
| Holding company | 338 | 465 |
| - Larsen & Toubro Limited | 338 | 465 |
| Fellow subsidiaries | 67 | 180 |
| - Larsen & Toubro Infotech Limited | 59 | 158 |
| - L&T Infocity Limited | 5 | 5 |

Notes forming part of Consolidated Financial Statements

| | (₹ million) | |
|--|--------------|---------|
| Transaction | 2018-19 | 2017-18 |
| - Larsen & Toubro Infotech GmbH | 3 | - |
| - Larsen & Toubro Saudi Arabia LLC | - | 17 |
| Services rendered by the Company : | | |
| Holding company | 9 | 8 |
| - Larsen & Toubro Limited | 9 | 8 |
| Fellow subsidiaries | 8 | 36 |
| - Larsen & Toubro Infotech GmbH | - | 1 |
| - Larsen & Toubro Infotech Limited | 5 | 5 |
| - L&T Hydrocarbon Engineering Limited | - | 22 |
| - Servowatch Systems Limited | 3 | 7 |
| Trademark fees : | | |
| Holding company | 76 | 56 |
| - Larsen & Toubro Limited | 76 | 56 |
| Reimbursement of expense incurred on the Company's behalf : | | |
| Holding company | - | 3 |
| - Larsen & Toubro Limited | - | 3 |
| Interim dividend paid - Equity : | | |
| Holding company | 1,630 | 730 |
| - Larsen & Toubro Limited | 1,630 | 730 |
| Transactions with trust managed employees provident fund | | |
| Towards employer's contribution | 222 | 137 |
| Transactions with approved gratuity fund | | |
| Towards employer's contribution | 130 | 76 |

44(1) (vii) Amount due to/from related parties (including commitments)

| | (₹ million) | |
|---------------------------------------|------------------|------------------|
| Particulars | As at 31-03-2019 | As at 31-03-2018 |
| Trade receivable : | | |
| Holding company | 89 | 195 |
| - Larsen & Toubro Limited | 89 | 195 |
| Fellow subsidiaries | 179 | 158 |
| - Larsen & Toubro Infotech Limited | 177 | 150 |
| - Larsen & Toubro (East Asia) SDN.BHD | - | 8 |
| - L&T Metro Rail (Hyderabad) Limited | 2 | - |
| Trade payable : | | |
| Holding company | 145 | 421 |
| - Larsen & Toubro Limited | 145 | 421 |
| Fellow subsidiaries | 268 | 216 |
| - Larsen & Toubro Infotech Limited | 117 | 119 |
| - L&T Hydrocarbon Engineering Limited | 93 | 59 |
| - L&T-Sargent & Lundy Limited | 1 | - |
| - Larsen & Toubro Infotech GmbH | 47 | 28 |
| - Larsen & Toubro Saudi Arabia LLC | 10 | 10 |

Notes forming part of Consolidated Financial Statements

(₹ million)

| Particulars | As at 31-03-2019 | As at 31-03-2018 |
|--|------------------|------------------|
| Loans and advances recoverable : | | |
| Holding company | 1 | - |
| - Larsen & Toubro Limited | 1 | - |
| Fellow subsidiaries | 4 | 6 |
| - Kesun Iron & Steel Company Private Limited | 2 | 2 |
| - Servowatch Systems Limited | 2 | 3 |

44(1) (viii) Compensation to key managerial personnel

(₹ million)

| Particulars | 2018-19 | 2017-18 |
|---|------------|------------|
| Short-term employee benefits | 137 | 120 |
| Post-employment benefits | 1 | - |
| Long-term employee benefits | - | - |
| Termination benefits | - | - |
| Employee share-based payment | - | - |
| Total compensation | 138 | 120 |
| Compensation to non-executive directors | - | - |
| Sitting fees | 2 | 2 |
| Commission | 22 | 20 |
| Share-based payment | - | - |
| Total compensation | 24 | 22 |

45 Additional information required by Schedule III

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at 31-03-2019

(₹ million)

| Name of the entity | Net assets i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|---|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| | As % of consolidated net assets | Amount (₹ million) | As % of consolidated profit or loss | Amount (₹ million) | As % of consolidated profit or loss | Amount (₹ million) | As % of consolidated profit or loss | Amount (₹ million) |
| A – Parent | | | | | | | | |
| L&T Technology Services Limited | 93.68% | 24,359 | 90.55% | 7,001 | -48.15% | (21) | 89.76% | 6,980 |
| B - Subsidiaries | | | | | | | | |
| (i) Indian subsidiaries | | | | | | | | |
| L&T Thales Technology Services Private Limited | 0.41% | 106 | 1.38% | 107 | 4.75% | 2 | 1.40% | 109 |
| Graphene Semiconductor Services Private Limited (Consolidated) | 0.87% | 227 | 0.67% | 51 | -1.31% | (1) | 0.65% | 51 |
| (ii) Foreign subsidiary | | | | | | | | |
| L&T Technology Services LLC (Consolidated) | 5.04% | 1,309 | 7.40% | 572 | 144.70% | 63 | 8.18% | 636 |
| Subtotal (A+B) | 100.00% | 26,002 | 100.00% | 7,731 | 100.00% | 45 | 100.00% | 7,776 |
| a. Adjustments arising out of consolidation | | (1,241) | | (47) | | - | | (47) |
| b. Non-controlling interests in all subsidiaries | | 31 | | (28) | | - | | (28) |
| Total owners's share | | 24,792 | | 7,656 | | 45 | | 7,701 |

Notes forming part of Consolidated Financial Statements

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at 31-03-2018

(₹ million)

| Name of the entity | Net assets i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|---|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| | As % of consolidated net assets | Amount (₹ million) | As % of consolidated profit or loss | Amount (₹ million) | As % of consolidated profit or loss | Amount (₹ million) | As % of consolidated profit or loss | Amount (₹ million) |
| A – Parent | | | | | | | | |
| L&T Technology Services Limited | 96.70% | 19,653 | 96.60% | 4,894 | 97.75% | 217 | 96.65% | 5,111 |
| B - Subsidiaries | | | | | | | | |
| (i) Indian subsidiaries | | | | | | | | |
| 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 |

Notes forming part of Consolidated Financial Statements

46 Disclosure pursuant to Ind AS 115 "Revenue from contract with customers":

a) Disaggregation of revenue

The nature of contract impacts the method of revenue recognition and the contracts are classified as fixed-price contracts and time & material contracts.

i) Revenue by contract type

| Particulars | (₹ million) | |
|------------------------------|------------------------------|--|
| | For year ended 31-03-2019 | |
| Fixed price contracts | 21,430 | |
| Time and materials contracts | 29,353 | |
| Total | 50,783 | |

ii) Refer note 36 for disaggregation of revenue by industry and geographical segments.

iii) The Group believes that this disaggregation best depicts how the nature, amount, timing of its revenues and cash flows are affected by industry, market and other economic factors.

b) Transaction price allocated to remaining performance obligation

i) The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 10,118 million. Out of this, the Group expects to recognize revenue of around 100% within the next one year. Remaining performance obligation estimates are subject to change and are affected by several factors, including changes in the scope of contracts, periodic revalidations, and adjustments for currency.

ii) The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

c) Movement in contract balances

i) The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for time and material jobs where right to consideration is unconditional upon passage of time. Unbilled revenue for fixed price contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

ii) Movement in contract asset and contract liability

| Particulars | (₹ million) | |
|-------------------------------------|---------------------|---------------------|
| | Unbilled revenue | Unearned revenue |
| Balance as of April 1, 2018 | 2,154 | 315 |
| Revenue recognised during period | 51,759 | (315) |
| Invoiced during period | (51,510) | 242 |
| Impairment/reversal during period | (34) | - |
| Translation Gain/loss | 2 | - |
| Due to business combination | 50 | - |
| Balance as of March 31, 2019 | 2,421 | 242 |

Notes forming part of Consolidated Financial Statements

d) Impact on adoption of Ind AS 115

The Group adopted Ind AS 115 "Revenue from Contracts with Customers" on April 1, 2018 by using the modified retrospective approach and accordingly comparatives for the year ending or ended March 31, 2018 are not retrospectively adjusted. The impact on account of applying Ind AS 115 Revenue from Contract with Customers instead of the erstwhile Ind AS 18 Revenue on the financials results of the Group for year ended as of March 31, 2019 is not material. On account of adoption of Ind AS 115, unbilled revenues of ₹ 714 million as of March 31, 2019 have been considered as financial assets.

47 Micro and Small Enterprises

| | As at 31-03-2019 | As at 31-03-2018 |
|---|---------------------|---------------------|
| Principal amount due to suppliers under MSMED Act, 2006 | 7 | 4 |
| 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 & Protection Fund as at March 31, 2019.

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

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

FIRDOSH D. BUCHIA
 Partner
 Membership No. 38332

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 03, 2019

Place: Mumbai
 Date: May 03, 2019

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 | Graphene Semiconductor Services Private Limited | Graphene Solutions Pte. Ltd. | Graphene Solution SDN. BHD. | Graphene Solutions Taiwan Limited | Seastar Labs Private Limited |
|-------|--|--|--|--|--|--|--|--|--|--|
| | The date since when subsidiary was acquired | February 15, 2014 | June 26, 2014 | May 31, 2017 | May 31, 2017 | October 15, 2018 | October 15, 2018 | October 15, 2018 | October 15, 2018 | October 15, 2018 |
| | Financial year ending on | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 | December 31, 2018 | March 31, 2019 |
| | 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. | Wholly owned subsidiary of L&T Technology Services Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited | Wholly owned subsidiary of Graphene Semiconductor Services Private Limited |
| | Currency | INR | US\$ | US\$ | INR | INR | SGD | MYR | NTD | INR |
| | Exchange rate on the last day of financial year | 1 | 69.155 | 69.155 | 1 | 1 | 51.04 | 16.94 | 2.24 | 1 |
| 1 | Share capital | 21 | 970 | 336 | - | 14 | 3 | - | 12 | 1 |
| 2 | Reserves | 86 | 399 | (218) | 8 | 199 | 12 | - | (1) | 2 |
| 3 | Non-current liabilities | - | 16 | - | - | - | - | - | - | - |
| 4 | Current liabilities | 713 | 713 | 336 | - | 70 | 6 | - | - | 4 |
| 5 | Total equity and liabilities (1+2+3+4) | 820 | 2,098 | 454 | 8 | 283 | 21 | - | 11 | 6 |
| 6 | Non-current assets | 45 | 1,544 | 8 | 1 | 69 | - | - | - | 4 |
| 7 | Current assets | 775 | 554 | 446 | 7 | 214 | 21 | - | 11 | 2 |
| 8 | Total assets (6+7) | 820 | 2,098 | 454 | 8 | 283 | 21 | - | 11 | 6 |
| 9 | Investments included in current assets (7 above) | 71 | - | - | - | - | - | - | - | - |
| 10 | Revenue from operations | 1,167 | 2,102 | 1,296 | 16 | 346 | 35 | - | - | - |
| 11 | Profit before taxation | 128 | 784 | 874 | 2 | 64 | 2 | - | - | 1 |
| 12 | Provision for taxation | 21 | 2 | 227 | 1 | 17 | 1 | - | - | - |
| 13 | Profit after taxation | 107 | 782 | 647 | 1 | 47 | 1 | - | - | 1 |
| 14 | Interim dividend - equity | - | - | 740 | - | - | - | - | - | - |
| 15 | Interim dividend - preference | - | - | - | - | - | - | - | - | - |
| 16 | Proposed dividend - equity | - | - | - | - | - | - | - | - | - |
| 17 | Proposed dividend - preference | - | - | - | - | - | - | - | - | - |
| 18 | % of share holding | 74% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

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 03, 2019

Place: Mumbai
Date: May 03, 2019

Glossary

| | |
|--|--|
| 5G | The 5th generation cellular network technology |
| ADAS | Advanced Driver Assistance Systems |
| AI | Artificial Intelligence |
| API | Application Program Interface |
| AR | Augmented Reality |
| atm | Unit of pressure |
| CAGR | Compounded Annual Growth Rate |
| CGU | Cash Generating Unit |
| CoE | Centre of Excellence |
| Cross-PollInnovation® | Enabling the design and development of innovative products by leveraging multi-vertical, cross industrial expertise |
| CSR | Corporate Social Responsibility |
| Current Ratio | Ratio of Current Assets by Current Liabilities |
| Days Sales Outstanding | Ratio of Trade Receivable to the Revenue, multiplied by 365 |
| Debt Equity Ratio | Ratio of Total Debt to Shareholder Equity |
| Digital Engineering | Digital Engineering enables development of smart and connected products that can create enhanced experiences and optimised functionalities for its end users |
| Digital Twin | Digital replica or representation of physical objects or systems |
| DMS | Digital Manufacturing Services |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortization |
| ECL | Expected Credit Loss |
| EPCM | Engineering, Procurement and Construction Management |
| EPS | Earnings Per Share |
| ER&D | Engineering Research & Development |
| ESOP Scheme, 2016 | L&T Technology Services Limited Employee Stock Option Scheme 2016 |
| FMCG | Fast-Moving Consumer Goods |
| HIL | Hardware in Loop |
| Ind AS | Indian Accounting Standard |
| Industry 4.0 | Current developments in manufacturing technologies leveraging automation, data analytics, IoT, cloud computing and cognitive computing |
| Interest Coverage Ratio | Ratio of Operating Profit to Interest Expense |
| IoT | Internet of Things |
| M2M | Machine to Machine |
| ML | Machine Learning |
| Machine Vision | Technology that enables machines to inspect, evaluate and identify still or moving images |
| MCA | Ministry of Corporate Affairs |
| MRO | Maintenance, Repair and Overhaul |
| MSME | The Ministry of Micro, Small and Medium Enterprises |
| NASSCOM | The National Association of Software and Services Companies |
| Net Profit Margin | Ratio of Net Profit to Revenue |
| OCI | Other Comprehensive Income |
| OEM | Original Equipment Manufacturer |
| OPEX | Operational Expenditure |
| Operation Profit Margin | Ratio of Operating Profit to Revenue |
| OTT | Over-The-Top |
| "our Company", or LTTS or "the Company" | L&T Technology Services Limited |
| PAT | Profit After Tax |
| PLM | Product Lifecycle Management |
| POC | Proof of Concept |
| RAMS | Reliability, Availability, Maintainability, and Safety |
| Return on Net Worth | Ratio of Net Profit to Average Shareholder equity |
| RTA | Registrar and Transfer Agents |
| SEBI (LODR) Regulations 2015 | Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015 |
| SEBI Regulations | Securities & Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 |
| SEZ | Special Economic Zone |
| SME | Subject Matter Experts |
| STPI | Software Technology Parks of India |
| "the Act" or "Companies Act" | The Companies Act, 2013 |
| Time-to-market | Duration of time taken from conceiving a product to making it available for sale |
| VLSI | Very Large Scale Integration |
| VR | Virtual Reality |



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, N. M. Marg, Ballard Estate, Mumbai – 400 001

Tel.: +91 22 6752 5656 Fax: +91 22 6752 5893

Email: investor@lts.com • Website: www.lts.com

| | |
|-----------------------|--|
| 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 **Seventh Annual General Meeting** of the Company, to be held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 on Saturday, July 20, 2019 at 3.30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

| Item No. | Resolutions | For | Against |
|----------|---|-----|---------|
| 1. | Adopt the audited financial statements of the Company for the year ended March 31, 2019 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, 2019 | | |
| 2. | Dividend on Equity shares for the financial year 2018-19 | | |
| 3. | Appoint Mr. Amit Chadha (DIN: 07076149) as a Director liable to retire by rotation | | |
| 4. | Appoint Mr. A. M. Naik (DIN: 00001514) as a Director liable to retire by rotation. | | |
| 5. | Re-appointment and continuation of Mr. Samir Desai (DIN:01182256) as an Independent Director | | |
| 6. | Remuneration of Dr. Keshab Panda (DIN:0529642) as the Chief Executive Officer & Managing Director. | | |
| 7. | Remuneration of Mr. Amit Chadha (DIN:07076149) as the President –Sales & Business Development and Whole-Time Director. | | |

Signed thisday of2019

Signature of shareholder.....

Affix
Revenue
Stamp
₹ 1

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 AGM.
- (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 AGM 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 Limited

Registered Office:

L&T House, N. M. Marg, Ballard Estate,
Mumbai-400 001, Maharashtra, India

For Additional Information About
L&T Technology Services Limited, Log on to www.LTTS.com
Reach us at investor@LTTS.com