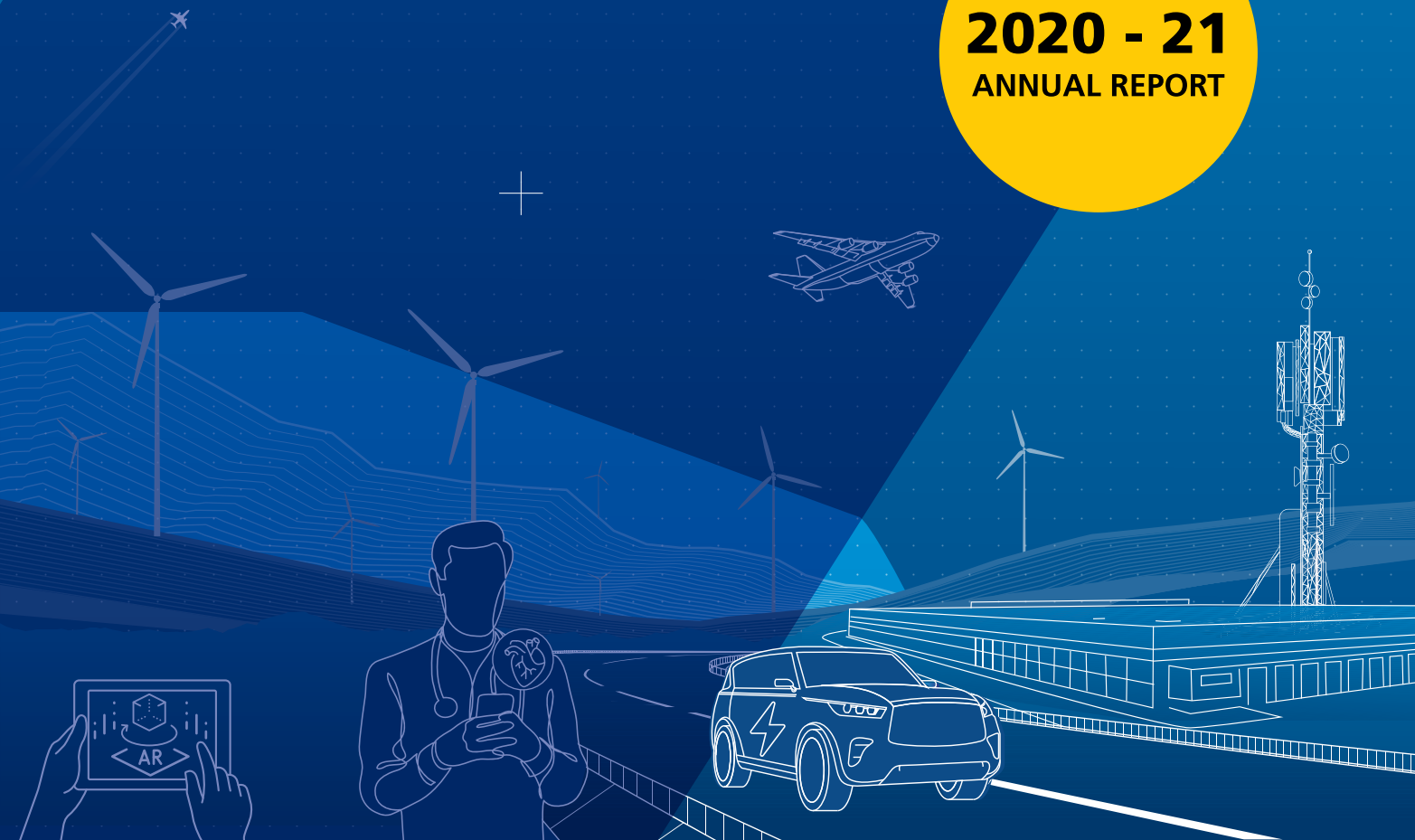


ENGINEERING FOR SCALE

2020 - 21
ANNUAL REPORT



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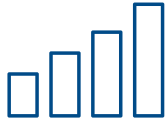


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Disclaimer

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 realized. 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 publicly available sources and has not verified the information independently.

CORPORATE SNAPSHOT



REVENUE IN FY21

**\$737
MILLION**

INR 5,450 CRORE



GLOBAL CLIENTS

300+



GLOBAL PRESENCE

**25
COUNTRIES**



INNOVATION LABS

69



EMPLOYEES

16,000+



PATENTS

650

OUR PILLARS OF SUCCESS



VISION

**TO BE TECHNOLOGY
EXPLORERS, ENGINEERING
BETTER PRODUCTS, SERVICES,
AND LIFE**

**TO BE AMONGST THE TOP 10
GLOBAL ENGINEERING SERVICES
COMPANIES IN THE WORLD**



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**



VALUES

**ETHICAL AND PROFESSIONAL
ORGANIZATION WITH
RESPECT FOR INDIVIDUAL AND
DIVERSIFIED GLOBAL TALENT**

**SOCIAL HARMONY AND
PEACEFUL EXISTENCE**

ENGINEERING FOR SCALE

The rapidly evolving trends in the global economy require technology companies to have a wide range of products and services with the ability to scale up in an agile manner. L&T Technology Services (LTTS) is part of the vanguard in this era, with demonstrated prowess in five key verticals — Transportation, Telecom and Hi-Tech, Industrial Products, Plant Engineering and Medical Devices.

The role of technology, especially the aspects involving digital twins, ASIC, voice-as-a-service and telehealthcare gained prominence in a year dominated by the need for people to maintain social spacing from each other. These technologies have kept enterprises moving for over a year now, with remote work becoming the new norm across. LTTS' expertise in providing integrated services in engineering and technology has helped its customers implement their digital transformation roadmaps in a world that has been forced to transform rapidly with a growing reliance on new-age software-driven technologies.

Working with 69 Fortune 500 companies and 53 of the world's top ER&D companies, LTTS is contributing significantly to trends such as mobility, digital front door and smart machines to maximize productivity and minimize potential errors. LTTS' deep engineering heritage derived from the L&T DNA is helping shape the future of engineering services.

OUR VALUE PROPOSITION



CUSTOMER FOCUS

We cater to a wide range of customers across industries and create targeted partnership models that address specific challenges and business goals



INNOVATION CULTURE

We nurture an innovation-focused mindset which is reflected in our annual technology events, including TECHgium® and TechExpression®, and a portfolio of 650 patents



MULTI-VERTICAL INDUSTRY EXPERTISE

Our deep domain expertise across industries gives us a competitive advantage, helping us win important projects in each of the verticals



CROSSPOLL!NNOVATION

Our in-depth knowledge of multiple industries allows us to transfer and leverage new technologies across verticals, addressing a range of complex business challenges

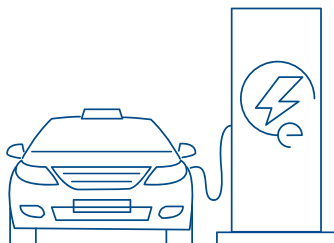
INDUSTRIES WE SERVE

LTTS is present in five main segments: Transportation, Telecom and Hi-Tech, Industrial Products, Plant Engineering and Medical Devices. In each of these business segments, we offer world-class Engineering Research and Development (ER&D) services and digitalization solutions.

TRANSPORTATION



The global customers of LTTS in this business vertical include top OEMs (original equipment manufacturers) and Tier 1 suppliers across the Automotive, Trucks & Off-Highway Vehicles and Aerospace sector. LTTS is actively involved in the future of mobility through its solutions for electrical vehicles (EV), advanced driver assistance system (ADAS), and autonomous drive (AD). The Company's wide range of transportation engineering services enables clients to achieve their go-to-market objectives. LTTS' global expertise encompasses telematics, in-vehicle infotainment, ePowertrain and end-to-end design and development of automotive components.



Technology Trends

- Electric Vehicles
- Advanced Driver Assistance System
- Autonomous Drive



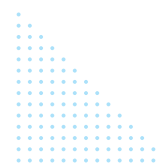
Technology Investments

- EV Lab in Bengaluru
- Dublin Design Center for automotive product design and solutions
- Rockford Design Center for the Aerospace industry
- Munich Center of Excellence for automotive hardware development

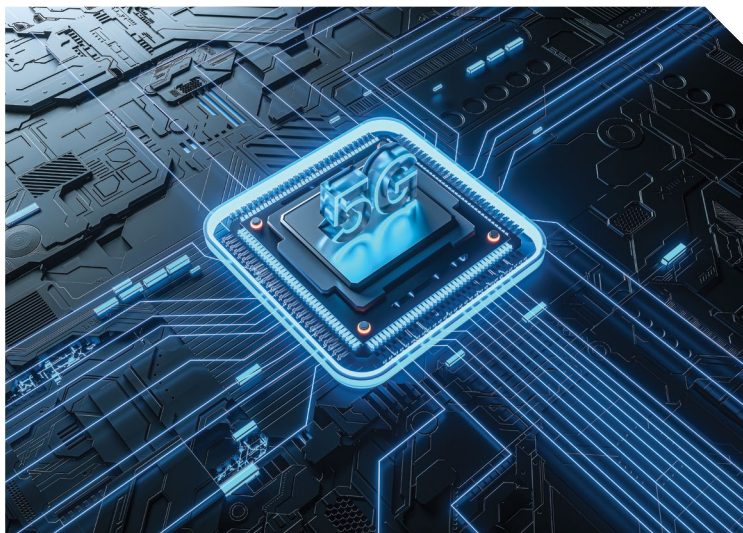


Customer Success

- For a leading European automotive customer, LTTS is setting up a telematics lab for next generation automotive vehicles
- LTTS is building a real-time technology framework for a European automotive components manufacturer to simulate controller design of its ePowertrain systems

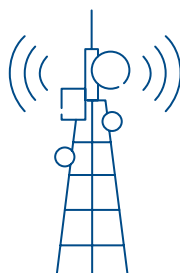


TELECOM AND HI-TECH



In the Telecom and Hi-Tech vertical, LTTS offers engineering services and solutions for five key segments: Telecom, Consumer Electronics, Semiconductor, ISV and Media & Entertainment.

Being a leader in this space, LTTS helps its customers engineer value across the product lifecycle: from design conceptualization to the deployment of products and services. LTTS' team of experts work across the value chain to provide digital services and solutions for Communications Service Providers, Networking and Technology System Operators, OEMs and Chipset Makers.



Technology Trends

- Voice-as-a-Service
- 5G
- DevOps
- ASIC Design
- VLSI IP
- Cloud Engineering
- OTT



Technology Investments

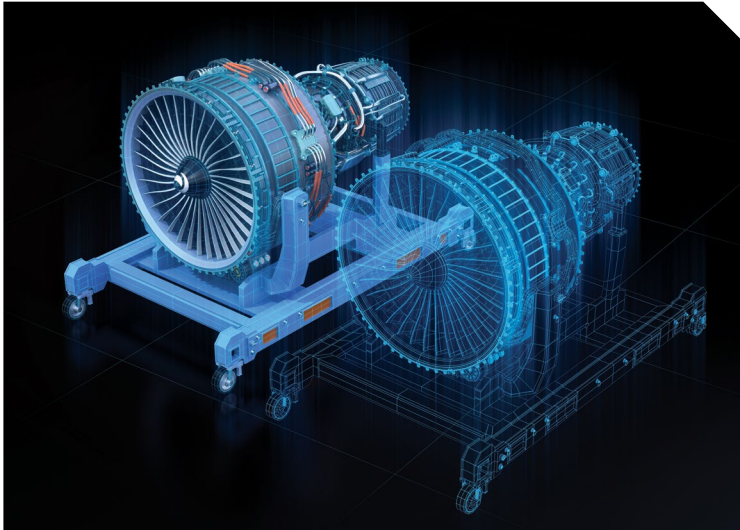
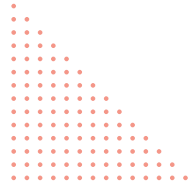
- Santa Clara ASIC Design House
- RF Lab, 5G and Telco Cloud Engineering Lab
- Security Centre of Excellence for Telecom and Hi-Tech, Jerusalem
- Voice-as-a-Service Integration Lab



Customer Success

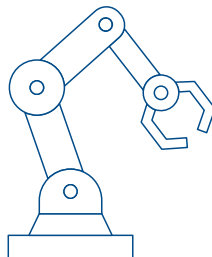
- Technology and innovation partner for a global telecommunications firm covering 5G and end-to-end engineering services
- Dedicated engineering analytics lab to support a global client's new line of server platforms

INDUSTRIAL PRODUCTS



LTTs supports its global customers across industries such as Building Automation, Power & Utilities, Machinery and Test & Measurement through services in the areas of product, digital and value engineering.

The Industrial and Consumer Products practice in LTTs spans the entire value chain from design, development and deployment to monitoring, testing and automation of processes, products and solutions. Our engineers work on product development, customization and product ruggedization, mobility enhancement for cloud services, IoT device integration, enterprise applications and DevOps.



Technology Trends

- Digital Twin
- Sustainability
- Product Ruggedization
- Smart Campus



Technology Investments

- Peoria Center of Excellence in industrial products design
- Think Studio for new product design and development
- Power Electronics Design and Equipment Testing Lab
- Digital PLM Design Center



Customer Success

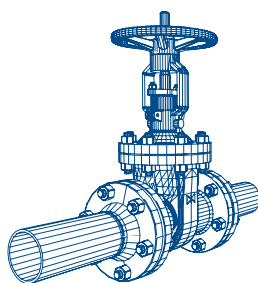
- Key partner for driving digitalization initiatives for a Swiss elevator and walkway manufacturer
- Established a dedicated Global Engineering Hub to power a leading wind turbine manufacturer's worldwide product roadmap

PLANT ENGINEERING



With its world-class expertise in engineering, procurement and construction management, LTTS is involved in every phase of a manufacturer's plant lifecycle – from conceptualization to commissioning. LTTS takes a consulting-led approach to offer state-of-the-art digital solutions that help customers upgrade/integrate their legacy systems to smart platforms for better synergy.

LTTS has created a strong market differentiation with its solutions for efficient, safe and sustainable production facilities, helping clients improve plant productivity. The Plant Engineering business vertical caters to diverse industries, including Consumer Packaged Goods, Chemicals and Energy & Utilities.



Technology Trends

- Digital Engineering
- Contactless Manufacturing
- Laser Scanning
- Low-cost Automation



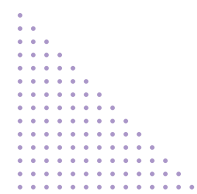
Technology Investments

- High-Value Engineering Center
- AR/VR Innovation Hub
- Integrated 3D Plant Digitization CoE
- Smart Manufacturing Lab



Customer Success

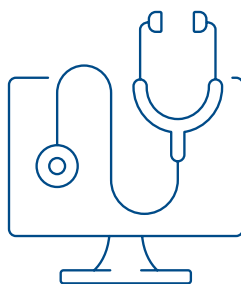
- Digital twin modelling for a chemicals and plastics major across 20+ sites in North America
- 3D modelling and digital twin services for a global oil and gas company across its worldwide asset portfolio



MEDICAL DEVICES



In this fast-growing business vertical, LTTS helps medical OEMs speed up product development cycles and shorten the time-to-market. The Company works with global names in medical devices and healthcare to devise solutions around remote medical care, in-vitro diagnostics, patient mobility services, home healthcare and medical Internet of Things (MIoT).



Technology Trends

- Telehealth
- Digital Front Door
- Servitization
- In-Vitro Diagnostics
- MIoT



Technology Investments

- Microscopy Lab
- Imaging Lab
- Security Centre of Excellence for Medical Devices Industry, Jerusalem
- R&D for Endo-trainer Kit and Chest rAI™



Customer Success

- Design, development and global launch of a new blood cell counter for a leading medical electronics equipment manufacturer
- Product design enhancement and support for a major medical device manufacturer's surgeon console and robotic arm subsystems

FOUNDER CHAIRMAN'S MESSAGE



Led by the twin engines of sustained R&D focus and a culture that encourages innovative and out-of-the-box thinking, LTTS offers a wide canvas of engineering solutions and offerings.

Dear Shareholders,

I am addressing you at a time when the world is gradually coming to grips with the second and more virulent wave of Covid 19. I hope that you and your loved ones are continuing to follow all precautions and ensuring safety and well-being. Looking ahead, with the progressive rollout of vaccines and emergence of new drugs, I am confident that the worst is behind us.

While the past couple of years have undoubtedly witnessed challenges on multiple fronts, it must be said that on the positive side, the crisis has brought out the most empowering aspects of technology, viz., its 'power to do good'. It is technology which has saved lives and livelihoods and made it possible for countries around the world to achieve some measure of business continuity. I believe that technology also holds the key to a robust economic revival.

Engineering for Scale: The 2021 Perspective

As we prepare to mark the fifth year of the Company's listing, I am happy that LTTS has built further on its core engineering legacy drawn from parent company Larsen & Toubro. Led by the twin engines of sustained R&D focus and a culture that encourages innovative and out-of-the-box thinking, your Company now offers a wide canvas of engineering solutions and offerings.

Your Company also continues to expand its footprint in emerging future-facing technologies, such as Voice-as-a-Service. In this segment, LTTS has partnered with Amazon to support voice integration for the Alexa ecosystem spanning different domains and industries.

ER&D sector poised to take-off

The strong and sustained economic stimulus measures already announced by the developed nations, including, USA, Europe and Japan, augur well for the prospects of engineering services companies. The effects of these stimulus packages, including those in the pipeline, could well prove to be a gamechanger for the world economy.

The policy measures announced by the Indian government are in step with the global trends and critical to help industry and the economy recover lost ground.

While some concerns may continue to persist on the scale and speed of the economic recovery, the continued market confidence in India's ER&D sector underscores its ability to leverage global opportunities.

It is becoming clear that the future will see a proliferation of digital tools and practices. This opens a large canvas of opportunity for leading engineering services providers like LTTS. The ability to leverage digital engineering services and solutions will play a part in stimulating recovery and driving growth in a post-pandemic world.

According to analyst projections, the global ER&D market is expected to grow to \$1.9 trillion in the next three years from the current ~\$1.4 trillion on the back of R&D investment by global organizations and the increasing sophistication of the ER&D services industry.

Your Company is India's largest independent engineering services company, and is widely acknowledged to be an industry bellwether. We are well positioned to capitalize on the emerging opportunities in the space.

Performance

Despite a difficult first quarter, LTTS has been able to bounce back with incremental sequential growth, driven by several large deal wins. This includes a \$100 million plus deal win in the plant engineering segment. Your Company registered an annual revenue of INR 54,497 million, equivalent to \$737 million with three successive quarters of continuous topline growth. While net profit for FY21 stood at INR 6,633 million, a 19% decline Y-o-Y, the Q4FY21 net profit levels bounced back to the pre-pandemic levels of close to INR 2,000 million. We are confident that the growth momentum will be sustained.

LTTS is also consciously building on its rich and diverse engineering base. The Company has one of the most diverse set of digital offerings for customers across industries such as its smart campus framework **i-BEMS™**, its predictive maintenance platform **Avertle** and AI-based **Chest rAI™** analysis system to assist radiologists. Such end-to-end platforms and solutions enable global enterprises achieve faster time to-market using accelerators such as machine learning and engineering analytics and also help them move beyond the pilot stage to the entire offerings lifecycle.

These technology investments are being supported by continuous and deep-rooted training initiatives which cover all employees at all levels. Our employees' skillsets and domain knowledge, therefore, remain on the cutting-edge and at par with the best-in-class global standards. The inclusive spirit which prevails within the Company ensures that the whole LTTS family benefits from the Company's growth.

The analyst community continues to rate LTTS as a leading ER&D Company. This ranking is backed by recognition from reputed global consultancies and industry bodies. Your Company was awarded the Frost & Sullivan 2020 Global Customer Value Leadership Award for i-BEMS™ and has been recognized as a 'Leader' in Industry 4.0 for Development and Verification & Validation Services by the Everest Group. Zinnov Zones rated LTTS as a Leader across Digital Engineering, IoT, AI and Digital Thread, and also named LTTS in the Leadership Zone across six major verticals for the fourth consecutive year. These accolades reaffirm the depth of vision and focus of LTTS and its management team.

Last year, we effected a smooth leadership transition with Dr. Keshab Panda handing over the reins to Mr. Amit Chadha, who has been part of the management team for several years and is now primed to take the organization forward. I am happy to inform you that Dr. Panda continues to remain on the Board of Directors to provide continuity and guidance. I am confident that the leadership team under Mr. Chadha will successfully steer the organisation towards its goals.

We are passing through tumultuous times and I must thank all of you, our valuable shareholders, for reposing confidence in our Company and its leadership. I also thank my colleagues on the Board for their contribution.

I wish every one of you and your families a safe, healthy and prosperous future.

A. M. Naik

Founder Chairman

CEO & MANAGING DIRECTOR'S MESSAGE



By virtualizing our labs, we provided an interactive and intuitive 360-degree virtual platform of our India-based design labs for customers. Complete with simulations, tutorials and demos, the platform allows clients to view and virtually experience our innovations at the click of a button.

Dear Shareholders,

I hope you and your families are safe and healthy. I am pleased to present to you LTTS' annual report for the fiscal year ended March 31, 2021, my first as the CEO & Managing Director of this organization. All of you have seen LTTS grow and flourish to become India's #1 pure-play engineering services since our listing in 2016.

The last one year has been unlike any other in recent history, where the industry has been through seismic changes. But I am happy to note that even though the pandemic disrupted the way we live and work, LTTS has demonstrated remarkable resilience throughout the past year, and as a result, the Company continues to be very well-positioned to help global customers navigate through the ever-evolving 'new normal'.

We have been working aggressively to minimize disruptions to our business and proactively communicated our business continuity plans to customers, who have been appreciative of our measures. During the initial phase of the pandemic, our engineers created digital clones of our R&D labs that cater to customers in North America and Europe. By virtualizing our labs, we provided an interactive and intuitive 360-degree virtual platform of our India-based design labs for customers. Complete with simulations, tutorials and demos, the platform allows clients to view and virtually experience our innovations at the click of a button. At the same time, we inaugurated new labs such as the Electric Vehicles testing lab in our Bengaluru campus, dedicated to helping customers across the globe evaluate and verify the performance, endurance and functional testing of EVs.

Undeterred by the myriad disruptions, our engineers continued to file patents in FY21, with the technology patents portfolio crossing the 650 mark. Over the past several months, patents have been filed in exciting new domains including applications related to AI, predictive analytics, digital image processing and marine technology.

Amidst all this, the health and well-being of our employees has been a topmost priority and we have put in place several measures during the financial year including a 24x7 doctor helpline service available to all employees, financial assistance to junior staff and a quarantine leave policy to help alleviate leave-related uncertainties.

Spirit of Resilience

We have also been connecting with our global customers through this challenging phase, to find out how we can support them. While longer term priorities remain unchanged, we partnered with end-customers to address several near-term business challenges around supply chain, reprioritizing product lines and inventory management. Using F.R.U.G.A.L. Manufacturing principles, LTTS' engineers have been helping customers build multiple what-if simulation models to analyze optimum staffing, inventory, warehousing and throughput – keeping in view social distancing, disrupted supply chain and the lack of skilled manpower in a shop floor or warehouse.

LTTS' engineers demonstrated true resilience by continuing to actively engage with clients and pursue strategic opportunities. Their perseverance paid off as LTTS won significant deals even after the pandemic started spreading, reflecting the inherent soundness of our business model. During the financial year, LTTS won its largest ever \$100 million plus deal from an Oil & Gas major, a true testament to our unmatched expertise in the plant engineering space.

LTTS' acquisition of Texas-based Orchestra Technologies last year has allowed us to capture the opportunities in 5G with Telecom service providers and Network OEMs, as they ramp up 5G rollouts and look for solutions to manage and optimize networks.

We are leveraging digital technologies across our diversified portfolio to further our positioning as innovation partners to customers. For example, with LTTS being selected as a Consulting and Professional Services provider to support Amazon Alexa Voice Service (AVS) integration, we can bring our engineering expertise in the connected devices space spanning multiple domains and industries across the globe.

Our performance continues to reflect strong fundamentals over the last four years, LTTS has grown annual revenues at a CAGR of 11% to reach \$ 737 million in FY21.

The Company's EBIT margin stood at 14.5% in FY21 while PAT came in at INR 6,633 million. In line with the dividend distribution policy, the LTTS Board declared a final dividend of INR 14.50 per share, which translates to a Dividend pay-out ratio of 35% for the year.

From where we stand today, I see signs of economic revival in almost all the major markets we operate in. U.S. and Europe which are key markets for LTTS have rolled out major stimulus packages with the potential to provide a big surge to the manufacturing and industrial sector and revive economic growth. I see a distinct opportunity ahead of LTTS

in many of the major markets we operate in to Engineer for Scale and Sustainable growth and become a global leader in the Engineering & Technology space.

Investing for Scale

In the span of a few years, LTTS' technology portfolio has grown, as we successfully combined our strong engineering domain knowledge with expertise in new-age technologies. Currently, LTTS has established itself as the largest pure-play engineering services company out of India, with a leadership position that cuts across major industries. And as we continue on this path, we now aspire to become the world leader in Engineering & Technology Services.

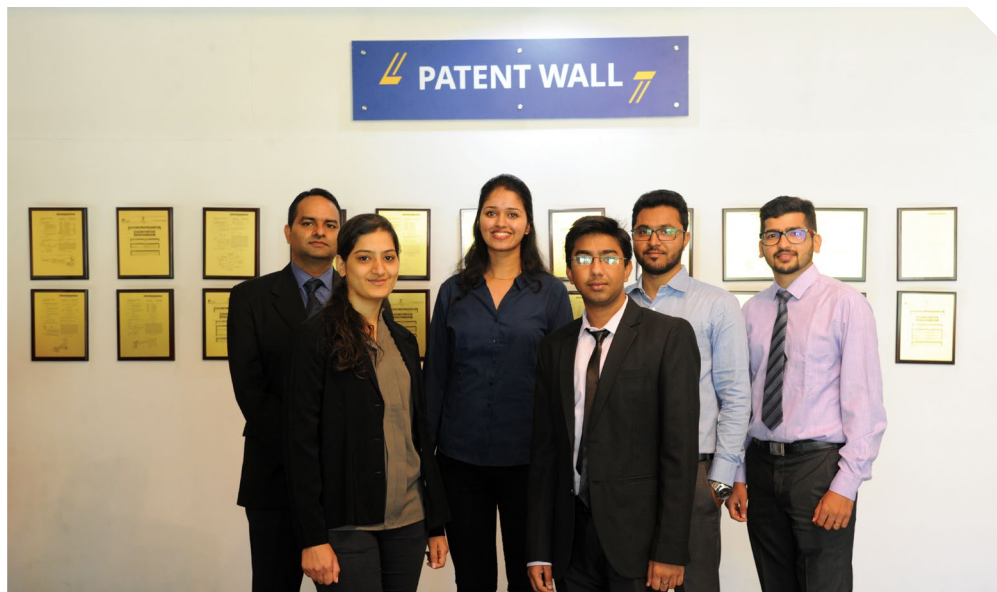
The digital engineering opportunity is large in each of the verticals that we operate in; we are leveraging new-age and digital technologies, which are over half of our revenues, to gain competitive differentiation and market share. Engineering consultancy Zinnov rated LTTS as a leader, not only in the conventional ER&D services, but in newer areas like digital engineering, IoT, AI and digital thread which forms the backbone of new product development today.

Our verticals and horizontals have a clear mandate to improve LTTS' **technology quotient** and build reusable assets that can be our differentiator in the marketplace. To stay relevant in the marketplace for the coming years, we have identified **6 strategic investment areas** including *EACV, 5G, Medtech, Digital Manufacturing, AI&ML driven smart offerings* and Sustainability which will help us to scale and enable our engineers to stay ahead of the curve:

These six technology areas will become the building blocks to support the domains that our engineers are working in and will help take our projects to the next level, benefiting customers.



The digital engineering opportunity is large in each of the verticals that we operate in; we are leveraging new-age digital technologies, which are over half of our revenues, to gain competitive differentiation and market share.



Creating the LTTS of Tomorrow

To achieve growth that is sustainable and scalable, we intend to complement our investments in emerging areas and technologies with redefined structures and processes that empower our colleagues. As an organization, it is clear to us that we need to do capillary force building from within by creating a channel of opportunities for employees.

Training and mentoring platforms incubated within LTTS (such as Leader's League, CEO Club and TechExpression®) offer a level playing field for high potential employees irrespective of rank, gender or hierarchy. Our growth as an organization is mutually tied to the growth of our employees and the leadership team is committed to investing in their career evolution.

We also saw an encouraging response to TECHgrium®, LTTS' unique industry-academia initiative where engineering students across India work on challenges shared by LTTS' global customers cutting across new-age technologies. For the first time held under the virtual mode, the fourth edition of TECHgrium® saw record-breaking participation thereby placing our forum as one of the most sought-after by engineering students in India to gain exposure to solving real-life business challenges.

Last year, we incubated the Global Engineering Academy (GEA) for technology training and we strongly believe that this will be the platform for all our engineers to re-skill and re-orient themselves for keeping up with rapid technology changes. The GEA in just the first year of its operations has had a successful track record in giving engineers the right platform to learn and develop the skills needed to grow their knowledge, advance their careers and play a lasting role in the Company's success.

This is just the beginning of a new phase of our growth, and while there is much more to be done, the impact so far is tangible. Once again, I look forward to your wholehearted support and commitment in making LTTS the world's leading engineering and technology company.

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.

My sincere wishes for good health, happiness and prosperity to you and your loved ones.

Amit Chadha
CEO & MD

BOARD OF DIRECTORS



A. M. Naik
Founder Chairman



Mr. A. M. Naik is the Founder Chairman of LTTS. He is also the Chairman of the L&T Group of Companies – the Group that he has served for over five decades and led for the last two. Mr. Naik is credited with initiating the process of articulating a new vision for the Company with unprecedented weightage for IT and IT-related technology services. He is the architect of a transformation that saw the organization re-structure its portfolio, focusing on carefully curated business lines, accelerating the pace of growth, and boosting shareholder value many times over. In recognition of his role in propagating the development of technical and vocational skills, the Government of India appointed Mr. Naik Chairman of the National Skill Development Corporation. He is the recipient of some of the most prestigious national and international awards, and has won recognition from academia, professional

associations and the media for his leadership, engineering expertise and financial acumen. He has also been honored for his contribution to society and community in the critical sectors of healthcare, education and skill-building.

Awards won by Mr. Naik include the nation's highest civilian honors – the 'Padma Vibhushan' and the 'Padma Bhushan', and the highest award from the state of Gujarat – the 'Gujarat Garima'. He has been named 'Business Leader of the Year' by The Economic Times, 'Asia Business Leader' by the TV channel CNBC Asia and 'Business Leader of the Year (Building India)' by NDTV Profit. He is the Hon. Consul General for Denmark in Mumbai and was honored as a 'Knight of the Order of the Dannebrog', followed by a further honor 'Order of the Dannebrog Knight 1st Class' by Queen Margrethe of Denmark.



S. N. Subrahmanyam
Vice Chairman



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

Mr. Subrahmanyam, or SNS as he is popularly known in industry circles, took over the reins in July 2017 having previously, as Deputy Managing Director and President, L&T, headed the construction business of the group.

At the helm, SNS leads the varied businesses of L&T to chart a new growth trajectory, leveraging the potential of digitalization, big data, and predictive analytics that he drives internally with consistency and meticulous planning. 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.

He was largely responsible for establishing L&T as a significant EPC player in the Middle East, Africa and ASEAN.

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 honored him as the 'Infrastructure Person of the Year – 2012'.

SNS has been conferred the Emergent CEO Award at the CEO Awards 2019 for his exemplary leadership and delivering seamless growth for L&T and recognized as the CEO of the Year by leading Indian news channel, CNBC-Awaaz in 2020.



Amit Chadha
CEO & Managing Director



Mr. Amit Chadha is the Chief Executive Officer & Managing Director of LTTS, responsible for providing business and technology leadership, market direction and strategic vision to drive the Company's performance.

Mr. Chadha was previously Deputy CEO & Whole Time Director, running the gamut of business operations, delivery and sales and marketing at LTTS and preparing the technology roadmap for the Company's future. Mr. Chadha led LTTS' executive management team that oversaw the organization's business and strategy implementation.

Mr. Chadha has always been passionate about helping global R&D customers and Fortune 500 companies leverage LTTS' digital engineering offerings for their strategic differentiation and product development. He joined LTTS in 2009, as the 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.

As a core member of the LTTS leadership team, Mr. Chadha was instrumental in driving the Company through a high-profile Initial Public Offering (IPO) in India and successfully listing it on the National Stock Exchange and the Bombay Stock Exchange.

Mr. Chadha's career which spans over two decades in core engineering and information technology outsourcing, is marked with significant achievements. He has managed P&L for multiple business units, spearheaded organization-wide strategic initiatives and led business development and relationship management activities worldwide.

Mr. Chadha is an electrical and electronics engineer who has done his Global Business Leadership Executive Program with Harvard Business School Publishing. He has also done an Advanced Management Program in Business Leadership from INSEAD, France.

Mr. Chadha is currently based in Washington DC.



Abhishek
Chief Operating Officer
& Whole Time Director

Mr. Abhishek is the Chief Operating Officer (COO) and Whole Time Director at LTTS, focusing on quality, cost-efficient delivery and client and employee satisfaction. Key vertical and horizontal functions roll up to him.

A professional with over two decades of industry experience, Mr. Abhishek has a demonstrated track record in Business Leadership on both Engineering and Enterprise Software areas. His key strengths are making the business competitive through strategy formulation and execution, operational excellence, and talent leadership. Clients, peers, senior leaders and team respect him for his commitment to driving results and transforming concepts to reality.

Prior to joining LTTS, Mr. Abhishek was the Chief Operations & Personnel Officer and Executive Board Member at KPIT, where he was responsible for laying out the operational framework and operational governance of all businesses within KPIT to help in achieving profitable growth. In the past, Mr. Abhishek was the Vice President and Global Head for Product Engineering Services (PES) at KPIT.

After graduating in engineering from the Banaras Hindu University (now IIT-BHU), Mr. Abhishek joined Infosys in 1993 and worked till 2013. During his tenure and leadership, the ER&D business at Infosys witnessed one of the fastest growth periods for its business.





Dr. Keshab Panda
Non-Executive Director



Dr. Panda is a Non-Executive Director on the Board of LTTS. He was previously the Chief Executive Officer and Managing Director of LTTS. Dr. Panda has over 31 years of global industry experience in research, conceptualizing, creating, operationalizing and turning around complex technology and engineering services businesses.

During his stint as the CEO of LTTS, Dr. Panda has won numerous accolades, including being recognized as CEO of the Year by leading news channel CNBC Awaaz as a result of his distinguished contributions to the engineering and technology sectors over the past 3 decades. He was conferred with the title of CEO of the Year by ET NOW as well as the Business Leader of the Year Awards Committee.

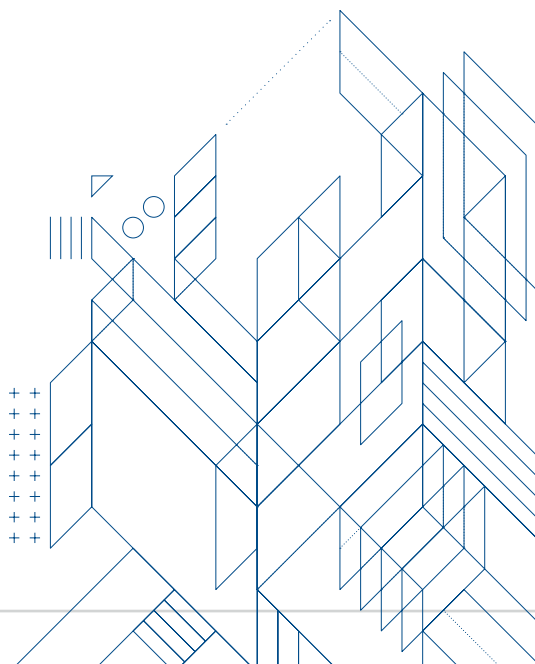
Dr. Panda joined the L&T Group as Chief Executive of L&T IES in 2009. After L&T IES was rechristened as L&T Technology Services in 2012, Dr. Panda was appointed as the Chief Executive; Dr. Panda was later appointed as the Chief Executive Officer and Managing Director of LTTS on January 21, 2016. Dr. Panda led L&T Technology Services through a high-profile Initial Public Offering (IPO) in India and successfully listed the Company on the National Stock Exchange and the Bombay Stock Exchange.

He transformed LTTS into a company focused on innovation and new technology, leading CII to recognize the Company as one of the most innovative Indian companies in the Services category.

Dr. Panda 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.

Dr. Panda started his career as a Research Scientist in Indian Space Research Organization and worked at the Aeronautical Development Agency, Ministry of Defense, Government of India, as a scientist/engineer for over 8 years.

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





Samir Desai
Independent Director

Mr. Samir Desai is an Independent Director of LTTS.

He has 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 the LTTS Board, he worked at Motorola for over 30 years and has also served as the Chief Information Officer at Motorola. He has also served as general manager of iDEN® Networks & Devices. He was appointed as an Independent Director of our Company with effect from April 30, 2014.



Narayanan Kumar
Independent Director

Mr. Narayanan Kumar is an Independent Director of LTTS. He is the Vice Chairman of The Sanmar Group, a multinational US \$ 1 billion conglomerate headquartered in Chennai, India with manufacturing facilities in India, Mexico and Egypt. The Group is engaged in key business sectors - Chemicals (including Specialty Chemicals), Engineering (Products and Steel Castings) and Shipping.

He is the Honorary Consul General of Greece in Chennai. As a spokesman of industry and trade, he is a former President of Confederation of Indian Industry (CII) and has participated in other apex bodies. He is also the Chairman of the Indo-Japan Chamber of Commerce & Industry.

He is also on the Board of various public companies and carries with him over four decades of experience in the spheres of Electronics, Telecommunications, Chemicals, Engineering, Technology, Education, Management and Finance.

Mr. Narayanan Kumar has a wide range of public interests going beyond the confines of corporate management in areas of health, social welfare, education and sports. He is the Managing Trustee of The Indian Education Trust that runs two schools in Chennai. He is also the President of Bala Mandir Kamaraj Trust, Chairman of Madhuram Narayanan Centre for Exceptional Children and a Trustee of WWF-India (World Wide Fund for Nature - India).

Mr. Narayanan Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. He is also a fellow life member of The Institution of Electronics and Telecommunication Engineers and The Institute of Electrical and Electronics Engineers, Inc., New York (IEEE).



Sudip Banerjee
Independent Director

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

Prior to his appointment as an Independent Director in our Company, he held the position of chief executive officer of Larsen & Toubro Infotech Limited between 2008-2011.

Mr. Banerjee 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. Mr. Banerjee worked with Wipro Limited ("Wipro") from 1983 to 2008 and was the President, Enterprise Solutions Division at Wipro and also a 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.



Apurva Purohit
Independent Director



Ms. Apurva Purohit is the President of the Jagran Group, one of India's largest multi-media conglomerates. With over three decades of experience in the media and entertainment industry, she leads digital, print, radio and outdoor in the group.

Ms. Purohit was responsible for creating Lodestar, one of the largest media agencies in the country today and envisioning Times of India's entry strategy into television. She has also worked on famed turnarounds like Zee TV and is also credited with the listing of Radio City on the stock exchanges in 2017, one of the very few successful IPOs at that time.

Under Ms. Purohit's leadership, Music Broadcast Ltd, the company which runs the Radio City FM network, has consistently been ranked as amongst the top 10 Best places to Work at in India and in Asia, in the Great Places to Work survey.

In her tenure at Jagran, Ms. Purohit has pivoted the group from a deep-rooted reliance on its traditional print businesses to a focus on new age emerging businesses. The strategies adopted under her tutelage and her emphasis

on excellence in implementation have increased both the scale and the profitability of these businesses manifold.

Over the last 20 years Ms. Purohit has formed significant partnerships with private equity firms as well as promoters to build and scale up a diverse set of businesses – from early-stage fledgling businesses, to setting up new ventures and to supervising turnarounds in mature and declining organizations.

She is on the board of Mindtree Limited, Midday Infomedia Limited and BD Foundation and is an advisor to the private equity fund Amicus Capital. She actively mentors entrepreneurs across sectors on building and scaling businesses and shaping inspirational work cultures.

Ms. Purohit has won multiple business awards and has been named as one of the Most Powerful Women in Business as per Fortune India in 2018 and 2019 and India Today Group (2016, 2018 and 2019)

Ms. Purohit holds a bachelor's degree in Science (Physics) and completed her PGDM from IIM Bangalore.



R. Chandrasekaran
Independent Director



Mr. R. Chandrasekaran has had an exemplary career spanning over 34 years, in the field of Information Technology. Chandra, as he is popularly known, retired as Executive Vice Chairman of Cognizant, India as of March 2019. He serves as an Independent Director on the Board of PNB Housing Finance Limited, NSEIT Limited and Aujas Networks Limited (subsidiary of NSEIT). He is also part of Chairman's council NASSCOM (National Association of Software and Services Companies). He holds a B.E. (Hons.) degree from R.E.C. Trichy (NITT) and an MBA from IIM Bangalore.

Mr. Chandrasekaran joined Cognizant as a member of the founding team. He has been widely recognized as a significant contributor to growing the company to over 250,000 employees, \$16+ billion in revenue and establishing the global delivery footprint.

He started his career as an engineer with Ashok Leyland, where he spent four years. After his MBA from IIM Bangalore in 1985, he joined TCS, where he held positions of increasing responsibility and stature including stints in UK and USA.

He has received numerous awards including:

- Distinguished Alumni Award from REC Trichy in 2008
- Distinguished Alumni Award from IIM Bangalore in 2015
- CXO of the year from Business Standard
- "For the Sake of Honor", an award given by the Rotary Club of T Nagar, Chennai

He is deeply passionate about Education and serves on the Advisory Board of Thiagarajar College of Engineering, Madurai and on the Post Graduate Program committee of NIT Trichy.

He is an active supporter of social causes, directly supporting education of underprivileged school children, offering Merit Scholarship in NIT Trichy, supporting Research Faculty in IIM Bangalore through a personal endowment, and supporting several healthcare initiatives.

ENGINEERING FOR SCALE

The rapidly changing industrial landscape is being shaped by smart engineering services, emerging alliances and a growing focus on workforce re-skilling. In this dynamic worldwide scenario, LTTS is aiming to strengthen itself with 'Agility', 'Adaptability' and 'Scalability' to future-proof its multi-vertical presence, deep domain expertise and the ability to win and deliver projects across industries and verticals.

AGILITY - THE NAME OF THE GAME

The global industrial scenario is evolving rapidly, and the only way to ensure sustainable growth is through identifying key technology trends well in advance and setting the pace for their subsequent adoption.

Reaffirming its commitment towards helping global customers become more nimble in this dynamic scenario, LTTS has identified six strategic areas to drive business agility. These include:



Electric Autonomous Connected Vehicles (EACV)

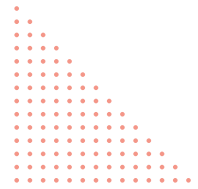
The EACV revolution is speeding up and product lifecycle management plays a pivotal role in this area. By streamlining the process of product design and managing relationships with OEMs, the latest developments in the industry can be leveraged for optimum results. The EACV trend plays a crucial role in driving mobility innovation by making future solutions safe, efficient and durable.



5G

The fifth generation of telecom services aspires to ensure that services based on advanced technologies such as Augmented Reality (AR) or Virtual Reality (VR) become easily available anywhere, anytime. Some of the unique services expected from 5G include gigabit connections, ultra-low latency and widespread IoT connection. Initiatives in this area will become increasingly important, especially for workforce automation on a global scale.





Medtech

To ensure speed, convenience and better care for patients, modern healthcare providers will heavily lean on digital tools to strengthen their delivery models. Digital connectivity will play an essential role in ensuring health and well-being for all. Healthcare providers will strengthen partnerships with engineering and technology companies to offer remote solutions for the benefit of patients.



Digital Manufacturing

The human-and-machine communication ecosystem of Industry 4.0 has enabled manufacturers to increase operational visibility, reduce costs, optimize production time and deliver exceptional customer support. Manufacturers operating in the new normal scenario need remote technologies to assist operations on the shop floor, creating novel opportunities for engineering and technology firms.



AI&ML driven Smart Offerings

Artificial Intelligence is the brain behind the technologies that are changing how we live, work and play. Repetitive and labor-intensive operations can benefit from AI-powered automation, leading to increased uptime and standardized output. The use of Machine Learning is also increasing rapidly as organizations adopt smart systems for better service delivery and higher production efficiency.



Sustainability

The concept of sustainability, increasingly the core of business strategies in the modern era, hinges on minimizing resource consumption, managing waste and mitigating overall environmental impact. Organizations looking to increase competitiveness and maintain stakeholder goodwill are paying attention to the proactive implementation of sustainable practices such as measuring emissions and energy use and then devising the best methods of shrinking the carbon footprint of each business function, from procurement to manufacturing to warehousing.



ADAPTABILITY - THE SOUL

The global pandemic helped highlight the reactive nature of business processes and operations, compelling organizations worldwide to adopt new technology-driven measures for ensuring business continuity. The lesson was clear – the more dynamic we are in our approach to industry needs and the faster we adapt to the changes around us, the more successful we become.



LTTS' Think Design Studio in Bengaluru

Adapting to the new normal, LTTS undertook several key investments to future-proof its workforce and help them thrive and prosper. The Company also undertook an internal realignment of resources to ensure uninterrupted service delivery. This included the setting up of Home Labs, implementing Work from Anywhere (WFX), providing WFX OmniOpus™ certification for remote program management and launching Engineering-as-a-Service to ensure near-zero resource wastage.

Further innovative measures were also adopted to drive sustained upscaling, both in terms of new technologies and revitalized capabilities, with LTTS launching several new service offerings to meet the evolving global demand. The Company unveiled F.R.U.G.A.L Manufacturing, a comprehensive digital framework addressing social distancing and business continuity challenges. It also launched Labs-as-a-Service for quicker testing and validation and introduced Virtual New Product Development Services for expedited product launches.

The Company also took key steps to revitalize its partnership ecosystem in the new normal and entered into several new alliances with global industry leaders.

Re-orienting and re-skilling our workforce

In the past few years, there has been an acceleration in the development and adoption of new technologies. These changes are affecting almost every area of the economy, society and individual lives.

Last year, LTTS incubated the Global Engineering Academy for technology training. The Company strongly believes that this will be the platform for its engineers to re-skill and re-orient themselves.

Innovation Engine

LTTS has added 18 labs this year, including the EV lab, the Sensor lab, the 5G lab and the Voice-as-a-Service lab. Further, LTTS has leveraged virtualization in a big way, setting up several digital clones of existing labs, enabling customers to visit them virtually for an immersive experience. LTTS' Electrical Vehicle lab in Bengaluru was inaugurated virtually during the height of the pandemic, setting the tone for the rising trend.

Alliances

LTTS has partnered with leading enterprises to help customers get the best of their technology investments. These alliances collectively form one of the main components of the Company's strategy of adaptability and enable LTTS to expand its horizon of innovation. Some key partnerships formed during the fiscal year are as follows:

- 1 Selected by **Airbus** to provide technology and digital engineering solutions for Airbus' Skywise platform as part of the '**Skywise Partner Programme**'. With more than 130 airlines around the world already connected to Skywise, the platform is playing a vital role in enabling and accelerating digital transformation of the aviation sector.
- 2 **Amazon** has selected LTTS as its engineering partner to support Amazon Alexa Voice Service (AVS) integration across various connected devices spanning multiple domains and industries.
- 3 LTTS expanded its collaboration with **Microsoft Corporation** and launched its latest and enhanced version of the i-BEMS™ platform on Microsoft Azure to transform buildings into future-ready smart campuses.
- 4 Entered into a strategic partnership with UK's **Exponential-e** to jointly offer workplace transformation solutions to customers working in the post-COVID environment.
- 5 Partnered with **Aspen Technology**, a leader in asset optimization software, for delivering enhanced cloud hosting and virtualization services globally.

SCALABILITY - THE GOAL

With the rise in technology adoption, enterprises need partners with multi-dimensional skills both in the legacy and the digital space. LTTS provides a unique blend of multi-vertical expertise, a traditional engineering DNA and an unmatched digital prowess – which translates into winning and delivering large transformative deals for its clients.



Building on the Digital Advisory Practice (DAP), LTTS has aligned its sales, delivery and operations strategically to pitch for deals across industries. These engagements are diverse in terms of technology scope, domain expertise, nature of engagement, delivery approaches, methodologies and scale. This has helped create the right skillset and mindset for winning and delivering large deals that are a combination of digital and traditional engineering services.

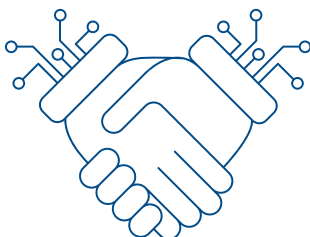
The core objective of DAP was to go beyond selling solutions and services and helping companies to architect and execute their digital roadmap with LTTS as a consulting partner. LTTS has successfully incorporated DAP principles in effective functioning of its two horizontals: Digital Manufacturing Services (DMS) and Digital Products and Services (DPS).

DMS focuses on providing digital solutions for remote manufacturing and digitalization of the entire shopfloor to increase automation and reduce manual intervention. DPS concentrates on successfully deploying AI/ML and other emerging technologies to create intelligent products and services for global enterprises.

LTTS is well poised to cater to the changing needs of the industry and help scale the businesses of its end-customers. These customer needs include supply chain agility, contactless manufacturing with Industry 4.0 expertise and healthcare innovation with technologies supporting remote patient consulting.

In addition, support for next-gen transportation with cutting-edge Battery Management Systems for electric vehicles and AI/ML in consumer devices for a transformed user experience are some other key areas which are in focus.

Over the past year, LTTS has demonstrated its success in enabling enterprises to scale and swiftly adapt to the new normal scenario. **A few notable examples of LTTS' success in the marketplace are mentioned in the following section:**



SUCCESS STORIES

Leveraging the three key strengths of agility, adaptability and scalability, LTTS has continued to make its mark across industries at a global level.

1



\$100+ MILLION DEAL WIN IN THE OIL & GAS SECTOR



LTTS has secured a milestone deal valued at over \$100 million from a global Oil & Gas major. The Company's mandate is to support two of the customer's integrated refining, chemicals and polymer manufacturing facilities located in the United States.

Leveraging its digital engineering capabilities and agile engineering methodologies, LTTS replaced the customer's existing engineering vendors in the US to become its primary engineering partner. Under the deal, LTTS is undertaking multi-discipline plant engineering activities, including site sustenance, discipline engineering and control automation support for both the facilities.

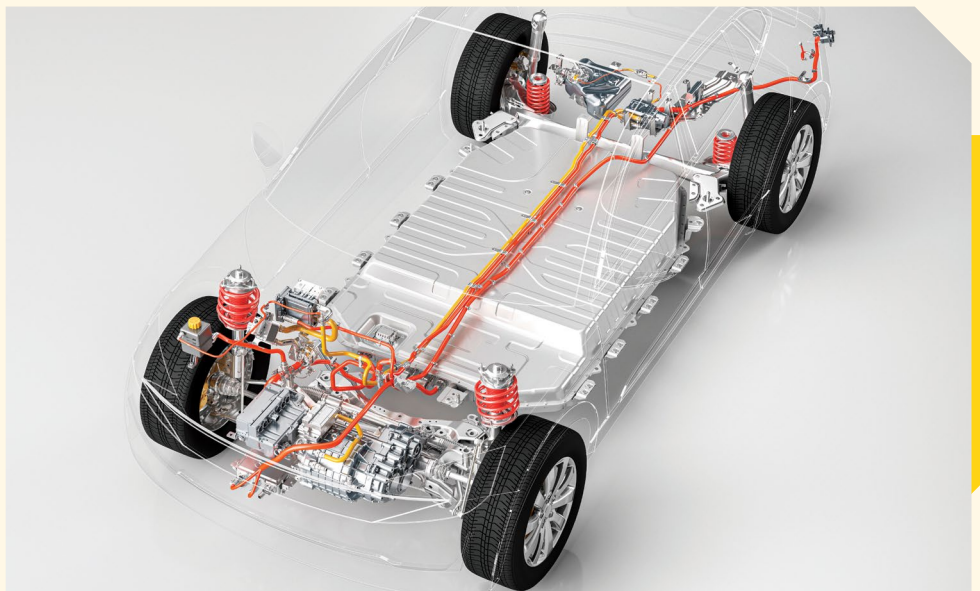
LTTS' domain expertise, resource scalability and the ability to leverage digital and new-age technologies will help improve operational efficiency for the customer. This is the largest ever deal win in the Plant Engineering space for an India-headquartered company.



2



PRESTIGIOUS E-POWERTRAIN PROGRAM FROM A EUROPEAN AUTO COMPONENT MAJOR



A leading European auto components manufacturer was looking to establish a sustainable and scalable technology framework for its Electric Powertrain division. LTTS, due to its expertise in developing cutting-edge electric solutions for sustainable transportation was chosen as the primary engineering and technology partner for the project.

Under the multi-year program, LTTS' engineers will be developing digital solutions for the client's ePowertrain unit. Leveraging on a decade of engineering experience in end-to-end services from design and development to system integration for EVs, LTTS will help the customer set up a real-time technology framework to evaluate the controller design of the ePowertrain systems.

Realizing the future potential of the global ePowertrain business and LTTS' engineering knowhow in this exciting segment, the customer is also looking at the possibility of ramping up LTTS' participation over the next three years.

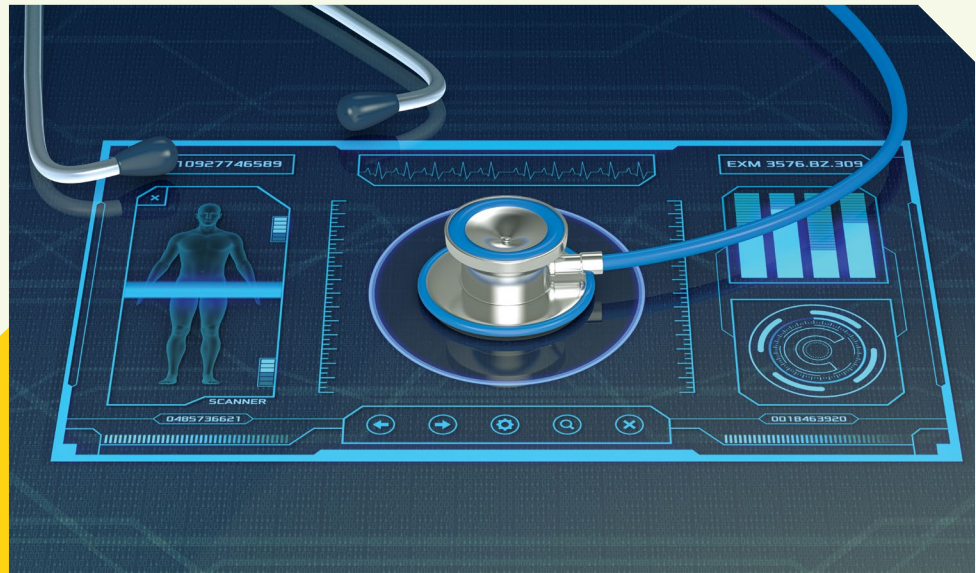
3



STRATEGIC ENGINEERING PARTNERSHIP WITH A GLOBAL TECHNOLOGY AND MEDTECH LEADER TO DRIVE INNOVATION

A renowned global client in the medical and healthcare sector has chosen LTTS as its strategic engineering partner with a view to expedite the go-to-market time-frame for innovative technologies, as compared to its competition.

The client, one of the world's leading medical technology conglomerates, was looking for partners with the engineering depth and agility to help transform its product portfolio. The customer has leveraged LTTS' global footprint and deep domain expertise in lifecycle management, sustained engineering support and product development capabilities. The engagement encompasses both hardware and software development, besides enabling statutory compliance across the customer's product and service offerings.

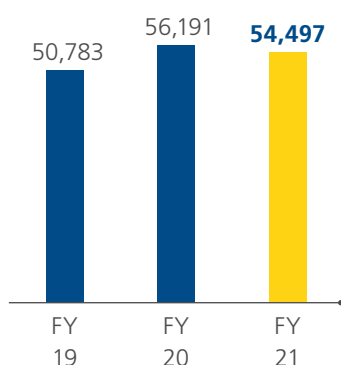


PERFORMANCE HIGHLIGHTS

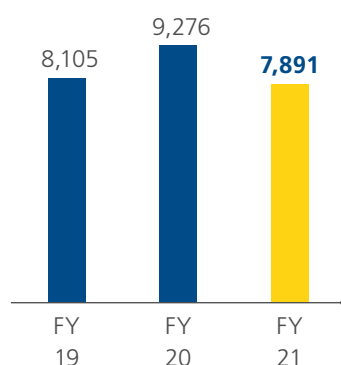
In FY21, the Company delivered a resilient performance, which was driven by significant deal wins and a continued push for digitalization in each of its business verticals.

Financial Results

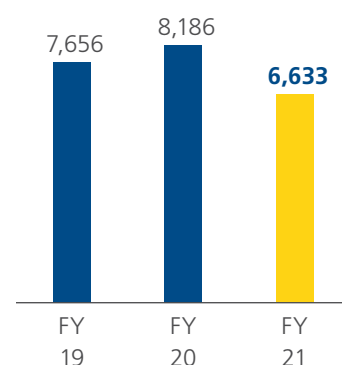
Revenue (₹ in Mn)



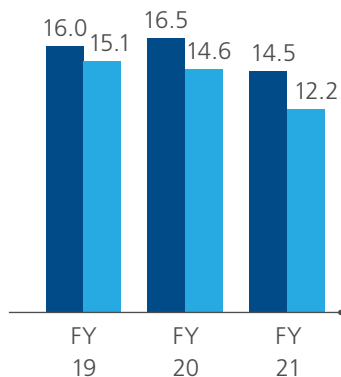
EBIT (₹ in Mn)



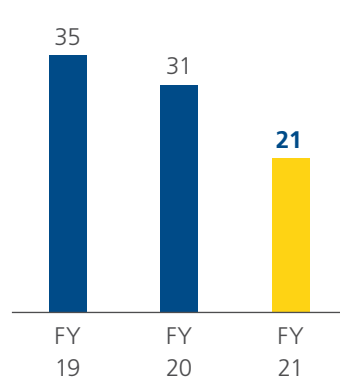
PAT (₹ in Mn)



EBIT Margin and PAT Margin (%)

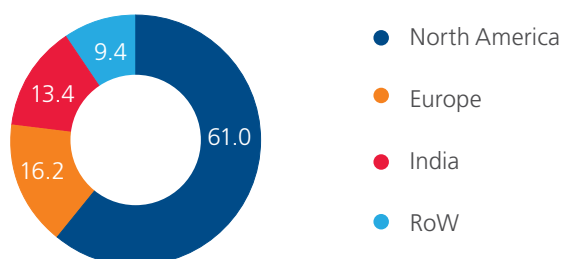


Return on Equity (%)

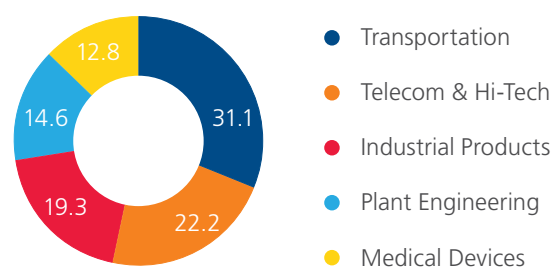


■ EBIT Margin ■ PAT Margin

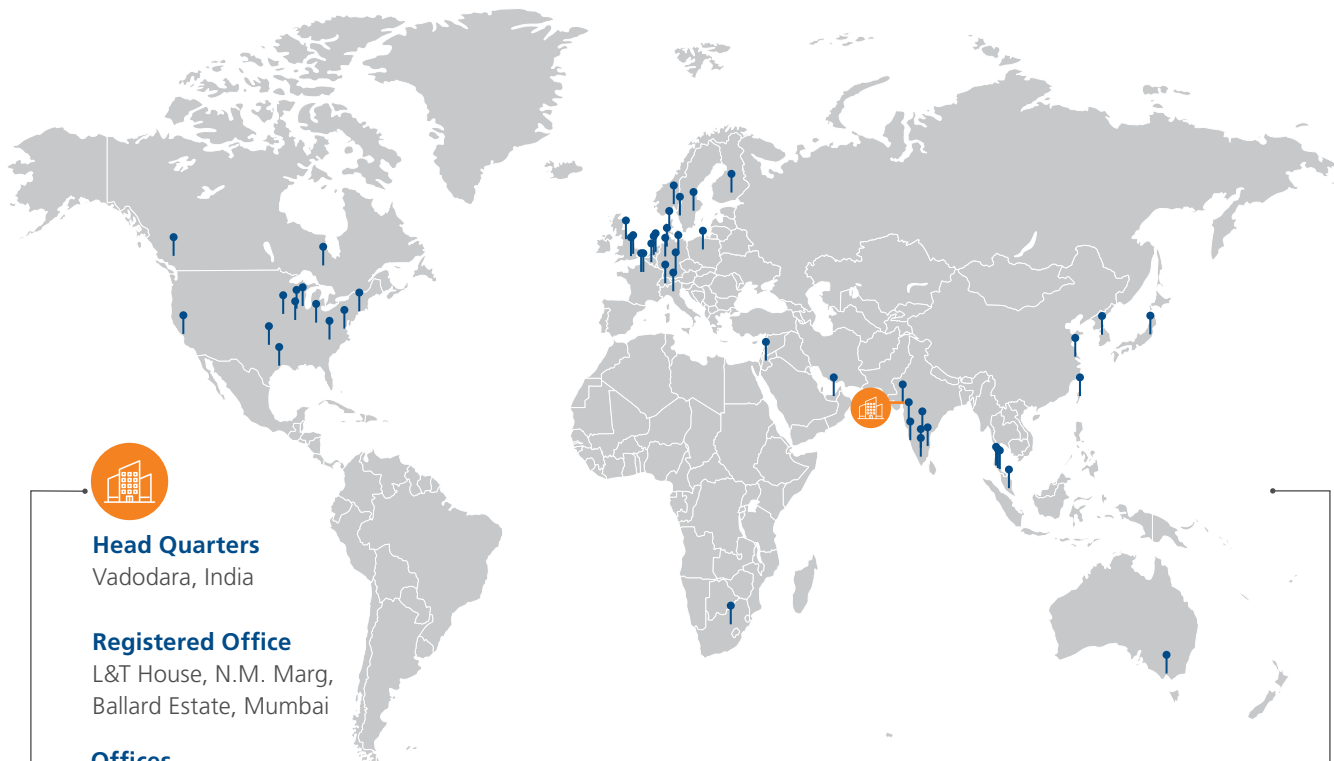
Geography-wise revenue break-up in FY21 (%)



Business-wise revenue break-up in FY21 (%)



GLOBAL PRESENCE



Head Quarters

Vadodara, India

Registered Office

L&T House, N.M. Marg,
Ballard Estate, Mumbai

Offices

• INDIA

Ahmedabad
Bengaluru
Chennai
Hyderabad
Mumbai
Mysuru
Vadodara

• USA

California
Santa Clara
Illinois
Peoria
Rockford
Schaumburg
Iowa
Bettendorf

New Jersey

Edison

Ohio

Dublin

Pennsylvania

New Holland

Texas

Plano
Houston

Connecticut

Windsor Locks

• EUROPE

Belgium

Brussels

Denmark

Copenhagen

Switzerland

Zurich

Finland

Espoo

France

Neuilly-Sur-Seine
Paris

Germany

Leipzig
Munich
Frankfurt
Hamburg

Italy

Milan

Israel

Jerusalem

Netherlands

The Hague
Eindhoven

Norway

Baerum

Poland

Warsaw

Sweden

Stockholm
Gothenburg

United Kingdom

London
Manchester
Welwyn Garden City

• APAC

Japan

Tokyo

UAE

Abu Dhabi

Malaysia

Cyber Jaya (Selangor)
Petaling Jaya (Selangor)

Singapore

South Korea

Suwon

Taiwan

Taipei

China

Shanghai

• REST OF THE WORLD (RoW)

Australia

Victoria (Melbourne)

Canada

British Columbia
Ontario

South Africa

Pretoria

*Map not to scale

HUMAN RESOURCE INITIATIVES

LTTTS shifted over 92% of its workforce to the work from home system within a week of the first wave of lockdowns. As a part of its commitment towards the continuous skill development of its employees, the Company further leveraged its digital expertise in setting up a Global Engineering Academy to re-skill and upskill engineers.



One of the major challenges of the financial year was the extremely rapid transition to work from home (WFH) as the world went into lockdown from March 2020.

At LTTTS, robust human resource policies helped the Company implement WFH for over 92% of its employees within a week across all locations. The Company's core competence in digital solutions had already laid the foundation for a secure and efficient IT system, which was essential for WFH to be a success. In addition to ensuring business continuity and employee productivity, the Company introduced many lifestyle-oriented HR initiatives to help the staff combat stress and remain motivated.

weCare App

As the unlock process began, LTTTS enabled the safe return of a part of its workforce in India by launching the weCare App. This mobile phone application tracked and monitored the safety and health of employees and their immediate family members, while ensuring employee data safety.



Managerial Certification

LTTTS also launched OmniOpus™ WFX Certified Professional, a customized certification program. It enabled managers to effectively handle projects from a remote location and also to lead team members through the digital mode.

'Merci Beaucoup'

One of the notable motivational initiatives of the year was 'Merci Beaucoup' ('Thank you' in French), a program to recognize and thank each employee and their family for their contribution to the Company during the pandemic. The program was rolled out across the organization and every employee received a gift as a token of appreciation from the leadership.

Global Engineering Academy (GEA)

With a mission to make its workforce digitally equipped and ready for the future, LTTTS set up the Global Engineering Academy (GEA) to provide an opportunity for employees to upskill and reboot their technical skills. 15 technology tracks have been created for employees to advance their digital skillsets and leverage new opportunities.

2,000+ industry certification courses have been mapped to 14,000+ employees

COMMUNITY INITIATIVES

As a responsible corporate citizen, LTTS runs community welfare programs that aim to build a more cohesive and prosperous India. The Company acts as a facilitator of people's progress, helping them acquire skills and knowledge that would transform not just individuals but the whole society.

At LTTS, we have worked tirelessly in the past year to address the needs and aspirations of the community. The journey during FY21 includes several strategic CSR initiatives, as outlined below:

Education

As the country-wide lockdown disrupted normal life, it impacted learning, especially for the financially disadvantaged. Distance learning was adopted by schools, colleges and universities, but many students were left because of a lack of resources. To close the learning gap and provide support for e-learning, LTTS partnered with Agastya International Foundation, ARCH Development Foundation and e-Vidyaloka to organize various online learning sessions.

In addition, a Studio Classroom was set up by LTTS at IIT Madras, as part of the National Program on Technology Enhanced Learning (NPTEL). The virtual NPTEL courses will enable thousands of Indians to upskill and cross-skill and become eligible for jobs.

Healthcare

Given the widespread disruption in India's healthcare system due to the COVID-19 pandemic, LTTS focused its health-related interventions on helping the most vulnerable group – the elderly. The Company's CSR efforts here were dedicated to ensuring timely and sustainable geriatric care for the rural elderly population.

Skill Development

A large percentage of young Indian workers are employed in the informal sector and they usually lack formal vocational education and basic digital literacy. LTTS continued to spearhead projects that increase digital awareness among the rural youth. The objective of these skill development programs is to empower the marginalized sections of the society.

Employee Volunteering

In FY21, LTTS volunteers played an important role in the success of both our business and CSR endeavors. They contributed to multiple education-related interventions across India. LTTS employees dedicated over 1,220 hours to volunteer for



education-related activities, aimed at changing the lives of underprivileged children and youth.

Environment

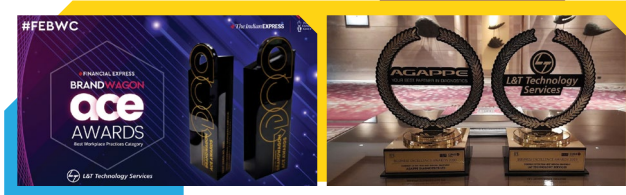
As part of its Go-Green initiative, LTTS has engaged in a number of key projects:

- In collaboration with Swamy Vivekananda Youth Movement, the Company installed solar power panels for the tribal communities near Mysuru, Karnataka. Solar streetlamps were installed across the village, benefiting all villagers. For its solar electrification program, LTTS was conferred with the Mahatma Award for CSR Excellence.
- LTTS helped in the construction of disaster-resilient homes under 'Project Neelachala' for 150 underprivileged families affected by Cyclone Fani in Puri, Odisha. The Company handed over the keys for 51 houses at a virtual ceremony in March 2021.
- LTTS undertook the protection and restoration of public places with the 'Wild Karnataka' themed under-flyover project in Bengaluru, and a road median project in Mumbai.
- LTTS' solid waste management project at Vadodara, in association with the Society for Clean Environment, motivated households to segregate and recycle 4,500 kg plastic waste into benches, bricks and paver blocks.

Water Conservation

The Company partnered with the National Agro Foundation for watershed management projects in many villages in Maharashtra and Tamil Nadu. Besides promoting water conservation, these efforts were also aimed at educating, creating awareness and organizing income generating programs.

AWARDS AND RECOGNITIONS



- LTTs' i-BEMS™ framework was the recipient of Frost & Sullivan's **Customer Value Leadership** Award for Global Smart Building Optimization & Experience Management
- LTTs won the Indian Digital Enabler Awards 2020 in the '**Best Tech for Healthcare**' category for XYZ Synthesizer, a scalable solution that can be easily extended for all kinds of digital and optical microscopes
- CIMS Medica honoured L&T Technology Services as '**Company of the Year**' in the Best Medical Devices Equipment category for the three-part hematology analyzer, built in partnership with Agappe Diagnostics
- Everest Group has positioned LTTs as a **Leader in Industry 4.0 Services** in its PEAK Matrix® Assessment 2020
- Zinnov Zones rated LTTs as a **Leader across Digital Engineering, IoT, AI and Digital Thread** and also positioned LTTs in the Leadership Zone in 6 major verticals for the fourth consecutive year
- Two of LTTs' digital offerings, Chest rAI™ and i-BEMS™, have been recognized with the 2021 **BIG Innovation Awards in the 'Product' category** presented by the Business Intelligence Group, USA
- Confederation of Indian Industry (CII) honored LTTs with the **HR Excellence Awards 2020**
- Honoured with Silver Award for **Best Workplace Practices** at the annual Financial Express BrandWagon Ace Awards 2020
- TechCircle honoured LTTs' HR and IT teams with the **Business Transformation Award** in the 'New Markets' category for leading digital transformation at LTTs with innovative solutions
- LTTs won the **Brandon Hall HCM Excellence Award** for Best Advance in Talent Acquisition Process and Employee Engagement
- LTTs was conferred with the **Mahatma Award** for CSR Excellence for solar electrification of tribal villages

- LTTs won in multiple categories in the 17th Stevie® International Business Awards:
 - o **Most Innovative Tech Company of the Year**
 - o **Most Exemplary Employer in 'COVID-19 response' category**
 - o **Gold Award for Brand Experience of the Year**
 - o **Silver for Most Innovative Workplace Redesign, 'COVID-19 response' category, at the 5th Stevie® Great Employers Awards**



CORPORATE INFORMATION

Board Of Directors

Mr. A. M. Naik	Founder Chairman
Mr. S. N. Subrahmanyam	Vice Chairman
Mr. Amit Chadha	Chief Executive Officer & Managing Director
Mr. Abhishek	COO and Whole-Time Director
Dr. Keshab Panda	Non-Executive Director
Mr. Samir Desai	Independent Director
Mr. Narayanan Kumar	Independent Director
Mr. Sudip Banerjee	Independent Director
Ms. Apurva Purohit	Independent Director
Mr. R. Chandrasekaran	Independent Director

Chief Financial Officer Mr. Rajeev Gupta

Company Secretary Mr. Kapil Bhalla

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

Corporate Office 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 Kfin Technologies Private Limited (www.kfintech.com)



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.LTTS.com

Tel No.: +91 22-67525656 • Fax No.: +91 22-67525893

NOTICE

NOTICE is hereby given that the **NINTH ANNUAL GENERAL MEETING** of **L&T TECHNOLOGY SERVICES LIMITED** will be held through **Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")** on **Friday, July 16, 2021** at **4.30 p.m. (IST)** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the year ended March 31, 2021 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, 2021;
2. To declare a final dividend on equity shares for the financial year 2020-21;
3. To appoint a Director in place of Mr. A. M. Naik (DIN: 00001514) who retires by rotation and is eligible for re-appointment;
4. To appoint a Director in place of Mr. Amit Chadha (DIN: 07076149) who retires by rotation and is eligible for re-appointment;

SPECIAL BUSINESS:

5. **RE-APPOINTMENT OF MR. NARAYANAN KUMAR (DIN: 00007848) 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 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17(1A) and other

applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based upon the recommendation of the Nomination and Remuneration Committee and approval of the Board, Mr. Narayanan Kumar (DIN: 00007848), who was appointed as an Independent Director for a term of five consecutive years upto July 14, 2021 by the shareholders and in respect of whom the Company has received a notice in writing from the Director under Section 160 of the Companies Act, 2013, 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 three years and six months with effect from July 15, 2021 upto and including January 14, 2025 and who shall not be liable to retire by rotation."

6. **REVISION IN REMUNERATION OF MR. AMIT CHADHA (DIN: 07076149) AS THE CHIEF EXECUTIVE OFFICER AND 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 Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the members be and is hereby granted for revision in remuneration of Mr. Amit Chadha as Chief Executive Officer & Managing Director of the Company w.e.f. April 1, 2021.

RESOLVED FURTHER THAT Mr. Amit Chadha in his capacity as Chief Executive Officer & Managing Director of the Company, be paid remuneration as may be fixed by the Board, from time to time, as prescribed under the Companies Act, 2013 and within the limits approved by the members as per the details given in the explanatory statement forming part of the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT save as provided in the Explanatory Statement forming part of this Notice, all other terms and conditions of appointment of Mr. Amit Chadha, as approved by the members on March 3, 2021 by way of Postal Ballot, shall remain unchanged.”

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

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

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

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

KAPIL BHALLA
Company Secretary
(M. No. F 3485)

Date: May 3, 2021

Place: Mumbai

NOTES:

- 1) 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 items 5 to 7 set out above are annexed hereto.
- 2) In view of the continued outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued by the Ministry of Corporate Affairs from time to time (hereinafter referred to as “MCA Circulars”), physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

- 3) Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
- 4) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders’ Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- 5) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 6) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended, from time to time) and Regulation 44 of LODR (as amended, from time to time), and MCA circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting on the date of the AGM will be provided by NSDL.
- 7) In line with the aforesaid MCA Circulars and SEBI Circular dated January 15, 2021, the Notice calling the AGM is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company or CDSL / NSDL (“Depositories”). The Notice can also be accessed from the websites of the Stock Exchanges i.e.

BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com and at the website of the Company at www.lts.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

- 8) 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 alwyn.co@gmail.com with a copy marked to evoting@nsdl.co.in and the Company at investor@lts.com. The scanned image of the above mentioned documents should be in the naming format "L&T Technology Services Limited 9th AGM".
- 9) In terms of the MCA Circulars and in the view of the Board of Directors, all matters included in this Notice are unavoidable and hence are proposed to be approved at this AGM. Relevant documents referred to in the accompanying Notice calling the AGM will be made available for electronic inspection by the Members upon sending the email to the Company at investor@lts.com upto the date of the AGM. The said documents will be available for electronic inspection for the Members without any fee.
- 10) At the 6th AGM held on August 22, 2018, the Members approved appointment of M/s Sharp & Tannan Chartered Accountants (ICAI Registration No.109982W), as Statutory Auditors of the Company to hold office for a period of four years from the conclusion of that AGM till the conclusion of the 10th AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
- 11) Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
- 12) The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, July 10, 2021 to Friday, July 16, 2021 (both days inclusive)**.
- 13) Members holding shares in physical form are requested to furnish bank details, e-mail address, change of address

etc. to the Company's Registrar & Share Transfer Agents: KFin Technologies Private Limited, Selenium Tower B, Plot Nos. 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad, Telangana 500 032, so as to reach them latest by **Friday, July 9, 2021**, 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.

- 14) 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/demand drafts pertaining to the year 2016-17, 2017-18, 2018-19, 2019-20 and interim dividend of 2020-21 may approach the Company/RTA, for obtaining payments thereof.
- 15) Final Dividend if approved by the Members at this Meeting will be directly credited to the bank accounts of the shareholders as on the Record Date i.e. Friday, July 9, 2021 as per the details available with the Company within the prescribed timelines. In case of shareholders who have not registered their bank details with the Company, dividend warrants/cheque/demand drafts will be sent to them in due course of time and upon normalization of postal services.
- 16) The Company has designated an exclusive e-mail id viz. investor@lts.com to enable Investors to register their complaints, if any.
- 17) 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 shares that are held by them in physical form.
- 18) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
- 19) Process for those shareholders whose email ids are not registered with the Depositories for procuring user id and

password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the RTA at einward.ris@kfintech.com with a copy marked to the Company at investor@lts.com.
 2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the RTA at einward.ris@kfintech.com with a copy marked to the Company at investor@lts.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) below i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
 3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- 20) The remote e-voting period begins on Tuesday, July 13, 2021 at 9:00 A.M. and ends on Thursday, July 15, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. Friday, July 9, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 9, 2021.
 - 21) 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.
 - 22) 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.
 - 23) 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 i.e BSE Limited and National Stock Exchange of India Limited, details of the voting results as required under Regulation 44(3) of the LODR.
 - 24) 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 NSDL at www.evoting.nsdl.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.
 - 25) Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode).
 - 26) A Resident shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to by visiting <https://iris.kfintech.com/form15> on or before July 9, 2021.
 - 27) Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
 - 28) Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the duly signed scanned documents by visiting <https://iris.kfintech.com/form15> on or before July 9, 2021.

29) The details of the **process and manner for remote e-voting** are explained below:





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically on NSDL e-voting system.

Details on Step 1 is mentioned below: -

A) Login method for e-Voting and joining virtual meeting

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Alternatively, visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <p>  App Store  Google Play </p> <div style="display: flex; justify-content: space-around;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective e-voting service provider i.e. NSDL where the e-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> 1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. 2. Once logged in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 3. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode	<ol style="list-style-type: none"> 1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. <p><i>Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.</i></p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID Forexample if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

Your Password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned above in **process for those shareholders whose email ids are not registered**.
- d) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - (i) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - (ii) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - (iii) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - (iv) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- e) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- f) Now, you will have to click on "Login" button.
- g) After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is mentioned below: -

How to cast your vote electronically and join AGM on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

How to cast your vote electronically during the AGM on NSDL e-Voting system?

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at voting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Instructions for Members for E-voting and Attending the AGM through VC/OAVM are as under:

1. 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 9, 2021 shall be entitled to avail either the facility of remote e-voting prior to the AGM or voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purposes only.
2. 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 9, 2021 may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
3. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note

that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

4. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
5. Members are encouraged to join the Meeting through Laptops for better experience.
6. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
8. Shareholders who would like to express their views/ have questions may send their speaker registration/ questions before 48 hours from the start of meeting, mentioning their name demat account number/folio number,emailid,mobilenumberat investor@lts.com. Only those Members who register themselves as Speaker will be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.
9. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com.

EXPLANATORY STATEMENT

As required by Section 102(1) of the Companies Act, 2013 the following Explanatory Statement sets out material facts relating to the business under item No. 5 to 7 of the accompanying Notice dated May 3, 2021.

Item No. 5

Mr. Narayanan Kumar (DIN: 00007848) was appointed as Independent Director of the Company w.e.f. July 15, 2016 till July 14, 2021, by the shareholders under the provisions of the Companies Act, 2013 at the Annual General Meeting held on July 15, 2016. Pursuant to the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an Independent Director can hold office for two terms of 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 May 3, 2021, have re-appointed Mr. Narayanan Kumar as an Independent Director for a second term of three years and six months with effect from July 15, 2021 upto and including January 14, 2025.

Brief Profile of Mr. Narayanan Kumar

Mr. Kumar is Vice Chairman of The Sanmar Group, a multinational US \$ 1 billion conglomerate headquartered in Chennai, India with manufacturing facilities in India, Mexico and Egypt. The Group is engaged in key business sectors - Chemicals (including Speciality Chemicals), Engineering (Products and Steel Castings) and Shipping.

Mr. N. Kumar is the Honorary Consul General of Greece in Chennai.

As a spokesman of Industry and Trade, he is a former President of Confederation of Indian Industry (CII) and has participated in other apex bodies. He is also the Chairman of the Indo-Japan Chamber of Commerce & Industry.

Mr. Kumar is on the Board of various public companies and carries with him over four decades of experience in the spheres of Electronics, Telecommunications, Chemicals, Engineering, Technology, Education, Management and Finance.

Mr. Kumar has a wide range of public interests going beyond the confines of corporate management in areas of health, social welfare, education and sports. He is the Managing Trustee of The Indian Education Trust that runs two schools in Chennai. He is also the President of Bala Mandir Kamaraj Trust,

Chairman of Madhuram Narayanan Centre for Exceptional Children and a Trustee of WWF-India (World Wide Fund for Nature - India).

Mr. Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. He is also a fellow life member of The Institution of Electronics and Telecommunication Engineers and The Institute of Electrical and Electronics Engineers, Inc., New York (IEEE).

The Board is also of the opinion that Mr. Narayanan Kumar fulfills the conditions specified in the Companies Act, 2013 and rules made there under and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is eligible for re-appointment as Independent Director of the Company.

The Company has received a notice in writing from Mr. Narayanan Kumar under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Independent Director of the Company. The Board is also of the opinion that Mr. Narayanan Kumar 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. Narayanan Kumar as the Independent Director of the Company. A copy of the draft letter of re-appointment of Mr. Narayanan Kumar as an Independent Director setting out the terms and conditions will be open for electronic inspection without any fees by the Members upto the date of the AGM.

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

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

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

Item No. 6

The shareholders of the Company through a Postal Ballot on March 3, 2021 had approved the appointment of Mr. Amit Chadha as Chief Executive Officer & Managing Director of the Company with effect from April 1, 2021 for a period of three years on the existing terms and conditions.

The Board of Directors in its meeting held on May 3, 2021 have approved the revised compensation structure for 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 Companies Act, 2013 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 General Meeting.

The revised terms and conditions of remuneration of Mr. Amit Chadha, 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 Mr. Amit Chadha with effect from April 1, 2021 are as under:

Particulars	Existing Remuneration (Upto March 31, 2021)	Revised Remuneration (w.e.f. April 1, 2021)
Base Salary	USD 4,55,000/- p.a	USD 5,00,500/- p.a.
Conveyance & Telephone Allowance	USD 10,000/- p.a	-
Variable Remuneration*	Upto USD 3,00,000/-p.a	Upto USD 2,00,000/- p.a.
Commission on Profit at the sole discretion of the Company	-	0.1% of the Standalone Profit after Tax, calculated as per the Companies Act, 2013

*As per the performance criteria mentioned in the contract of employment.

Notes:-

1. The Total Remuneration mentioned above may be revised as per the Company's policy subject to annual increment upto 4%, as may be decided by the Board of Directors upon recommendation of NRC. However, the total remuneration shall not exceed the limits approved by the Members and prescribed under Section 197 read with Schedule V of the Companies Act, 2013.
2. Will be entitled to all other benefits, perquisites, as may be applicable as per Company policy.

Brief Profile of Mr. Amit Chadha:

Mr. Amit Chadha is the Chief Executive Officer & Managing Director of L&T Technology Services Limited and is responsible for providing business & technology leadership, market direction and strategic vision to drive the Company's global performance.

Mr. Amit Chadha was previously the Deputy CEO & Whole Time Director, and was running the gamut of business operations, delivery and sales & marketing at LTTS, and preparing the technology roadmap for the Company's future. Mr. Amit Chadha has been leading the LTTS' executive management team that oversees the organization's business and strategy implementation.

Mr. Amit Chadha has always been passionate about helping global R&D customers and Fortune 500 companies leverage L&T Technology Services' digital engineering offerings for their strategic differentiation and product development.

He joined LTTS 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.

As a core member of the LTTS leadership team, Mr. Amit Chadha has been instrumental in driving the Company through a high-profile Initial Public Offering (IPO) in India and successfully listing it on the National Stock Exchange and the Bombay Stock Exchange.

Mr. Amit Chadha's career which spans over two decades in core engineering & information technology outsourcing, is marked with significant achievements. He has managed P&L for multiple business units, spearheaded organization-wide strategic initiatives and led business development and relationship management activities worldwide.

Mr. Amit Chadha is an electrical & electronics engineer who has done his Global Business Leadership Executive Program with Harvard Business School Publishing. He has also done an Advanced Management Program in Business Leadership from INSEAD, France. Mr. Chadha is currently based in Washington DC.

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

The Addendum Agreement entered into between the Company and Mr. Amit Chadha, Chief Executive Officer and Managing Director of the Company containing the terms and conditions of his remuneration will be open for electronic inspection without any fees by the Members upto the date of the AGM.

The Board recommends approval in the revision of remuneration of Mr. Amit Chadha as Chief Executive Officer and Managing Director by the Members through Ordinary Resolution set forth in Item No. 6 of the Notice.

Except Mr. Amit Chadha, being the 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. 6.

Item No. 7

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

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

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

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

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

The Board recommends approval of the appointment/continuation of Mr. A. M. Naik as the Non-Executive Director by the Members through Special Resolution set forth in Item No. 7 of the Notice.

Except Mr. A. M. Naik, none of the Directors or Key Managerial Personnel of the Company including their relatives are in anyway concerned or interested in the Resolution set out in Item No. 7.

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

KAPIL BHALLA
Company Secretary
(M. No. F 3485)

Date: May 3, 2021
Place: Mumbai

(ANNEXURE TO NOTICE DATED MAY 3, 2021)

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. A. M Naik	Mr. Amit Chadha	Mr. Narayanan Kumar
Date of Birth	June 9, 1942	October 2, 1972	January 28, 1950
Date of first appointment on the Board	June 27, 2014	February 1, 2015	July 15, 2016
Qualifications	B. E. (Mech)	B.E (Electrical and Electronics), Global Business Leadership Executive Program from Harvard Business School Publishing and Advanced Management Program in Business Leadership from INSEAD, France	B.E (Electronics and Communications)
Expertise	Diverse and vast experience in General Management, Technology and Engineering & Construction.	Diversified and vast experience in business development and relationship management activities.	Diverse and vast experience in electronics, engineering and Telecommunication engineering.
Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign companies)	<ol style="list-style-type: none"> 1. Larsen and Toubro Limited 2. Larsen & Toubro Infotech Limited 3. L&T Employees Welfare Foundation Private Limited 4. Mindtree Limited 5. LandT Welfare Company Limited 6. L&T Realty Developers Limited 	<ol style="list-style-type: none"> 1. Graphene Semiconductor Private Limited 	<ol style="list-style-type: none"> 1. Larsen and Toubro Limited 2. Mphasis Limited 3. Take Solutions Limited 4. Entertainment Network (India) Limited 5. Indus Towers Limited (formerly Bharti Infratel Limited) 6. Aegon Life Insurance Company Limited 7. N.K. Trading & Consultancy Private Limited 8. Risk Educators Private Limited 9. Stanley Engineered Fastening India Private Limited
Memberships/ Chairmanships of committees across all companies	Member - Nomination & Remuneration Committee <ol style="list-style-type: none"> 1) L&T Technology Services Limited 2) Larsen & Toubro Limited 3) Larsen & Toubro Infotech Limited 	Member - Risk Management Committee <ol style="list-style-type: none"> 1) L&T Technology Services Limited 	Member - Audit Committee <ol style="list-style-type: none"> 1) Aegon Life Insurance Company Limited 2) Indus Tower Limited Member - Nomination and Remuneration Committee <ol style="list-style-type: none"> 1) Aegon Life Insurance Company Limited 2) Larsen & Toubro Limited 3) Indus Towers Limited (formerly Bharti Infratel Limited) 4) L&T Technology Services Limited Member - Stakeholder Relationship Committee <ol style="list-style-type: none"> 1) Larsen & Toubro Limited Member - Corporate Social Responsibility Committee <ol style="list-style-type: none"> 1) Indus Towers Limited (formerly Bharti Infratel Limited) Member - Risk Governance & Management Committee <ol style="list-style-type: none"> 1) Mphasis Limited Chairman - Audit Committee <ol style="list-style-type: none"> 1) L&T Technology Services Limited 2) Entertainment Network (India) Limited 3) Mphasis Limited Chairman - Stakeholder Relationship Committee <ol style="list-style-type: none"> 1) Take Solutions Limited Chairman - Nomination & Remuneration Committee <ol style="list-style-type: none"> 1) Entertainment Network (India) Limited Chairman - Corporate Social Responsibility Committee <ol style="list-style-type: none"> 1) Mphasis Limited
Number of Meetings attended during the year	5 out of 5 meetings	5 out of 5 meetings	5 out of 5 meeting
Shareholding of Non-Executive Directors as on March 31, 2021	2,00,000	NA	NA
Relationships between directors inter-se	Nil	Nil	Nil

BOARD REPORT (SECTION 134)

Dear Members,

Your Directors have pleasure in presenting the 9th Annual Report along with the Audited Financial Statements of L&T Technology Services Limited for the year ended March 31, 2021.

Financial Results

(₹ million)

	Standalone	
	2020-21	2019-20
Profit Before Depreciation, exceptional and extra ordinary items & tax	10,688	12,084
Less: Depreciation, amortization and obsolescence	1,737	1,534
Profit / (Loss) before exceptional items and tax	8,951	10,550
Add: Exceptional Items	-	-
Profit / (Loss) before tax	8,951	10,550
Less: Provision for tax	2,220	2,650
Profit for the period carried to the Balance Sheet	6,731	7,900
Add: Balance brought forward from previous year	16,704	11,770
Less: Dividend paid for the year (Including dividend distribution tax and deemed dividend)	2,200	2,641
Add: ESOP cancellation impact	-	10
Less: Impact of IND AS 116 in opening reserve	-	335
Less: Impact of Ind AS 115 and ECL on contract asset in opening reserve	-	-
Balance available for disposal (which directors appropriate as follows)	21,235	16,704
Balance to be carried forward	21,235	16,704

Performance of the Company

State of Company Affairs

The gross sales and other income for the financial year under review were ₹ 51,383 million as against ₹ 53,936 million for the previous financial year registering a decrease of 4.7%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 8,951 million and the profit after tax from continuing operations including extraordinary and exceptional items was ₹ 6,731 million for the financial year under review as against ₹ 10,550 million and ₹ 7,900 million respectively for the previous financial year, registering a decrease of 15.16% and 14.80% respectively.

COVID-19 update

The pandemic and the ensuing lock-down in several cities has been an unprecedented situation that required quick and decisive steps to be taken to ensure smooth business operations. A core BCP team comprising of the COO, CHRO, CRO, IT Head, Admin & Facilities Head and BCP Officer has been set up to ensure that all functions continue to run without disruptions. Your Company is amongst the few Engineering Companies that have been able to achieve over 92% WFH for employees working on billable roles. Wherever required, Secured Labs were set up at employees' homes complete with backup power systems and office workstations.

Regular communication with our customers providing updated information on all measures taken to ensure continuity have been well received with many customers appreciating our seamless transition to a WFH model. Project Management Offices setup within the sales organization helped to coordinate client communication and share best practices.

The well-being of employees and the need to maintain their involvement has been a key focus and your Company has taken several steps to address this. Timely email communications on COVID related information, dedicated section on our intranet page, an inhouse Crisis Notification System and virtual town halls by the leadership team to share regular updates and key messages have all contributed to an engaged workforce that has successfully delivered on customer expectation. We have also effectively tracked employee productivity through daily timesheets and all teams ensured that productivity across projects remained high.

Despite a challenging time, the proactive measures taken towards employees, customers, and productivity have resulted in an increase in Customer satisfaction scores and Net promoter scores for FY21 compared to FY20.

Segmental Performance

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

(₹ million)

	Revenue for FY 2020-21	% of overall	Revenue for FY 2020-21	% of overall
Transportation	14,740	29.7%	17,014	32.8%
Telecom & Hi Tech	10,050	20.3%	9,872	19.0%
Industrial Products	10,048	20.2%	10,717	20.7%
Plant Engineering	7,930	16.0%	9,101	17.6%
Medical Devices	6,872	13.8%	5,109	9.9%
Total	49,640	100%	51,813	100%

The detailed segmental performance is referred in Note No. 40 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	FY 2020-21	% of overall	FY 2019-20	% of overall
1.	North America	28,439	57.3%	30,258	58.4%
2.	Europe	8,603	17.3%	8,256	15.9%
3.	India	7,526	15.2%	7,457	14.4%
4.	Rest of the World	5,072	10.2%	5,842	11.3%
	Total	49,640	100%	51,813	100%

Capital & Finance

During the year under review, the Company had allotted 5,34,265 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, 2021 the total paid up equity share capital of the Company was ₹ 21,00,91,646/-consisting of 10,50,45,823 equity shares of ₹ 2 each, fully paid up.

As on March 31, 2021, Larsen & Toubro Limited, Promoter of the Company holds 7,79,86,899 shares constituting 74.24% of the paid- up share capital of the Company.

Capital Expenditure

As at March 31, 2021, the gross fixed and intangible assets including leased assets, stood at ₹ 15,465 million (previous year ₹ 13,527 million) and the net fixed and intangible assets, including leased assets, at ₹ 10,197 million (previous year ₹ 9,595 million). Capital Expenditure during the year is ₹ 753 million (previous year 1,347 million).

Deposits

During the year ended March 31, 2021, 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.

In compliance with the MCA notification dated January 22, 2019 and Companies (Acceptance of Deposits) Rules, 2014, the Company is required to file with registrar of companies, annual return in Form DPT-3 for receipts of money or loan by the Company, which are not considered as deposits outstanding as on March 31, 2021.

The Company would be complying with this requirement within the prescribed timelines.

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form only. As on March 31, 2021, 99.99% of the Company's total paid up capital representing 10,50,25,952 shares are in dematerialized form. Pursuant to the provisions of LODR w.e.f. April 1, 2019 all transfer of shares except transmission and transposition are mandatorily required to be carried out only in dematerialized form.

In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories. The Company has not accepted any physical transfer of shares during the year under review.

Further in adherence to SEBI's circular to enhance the due-diligence for dematerialization of the physical shares, the Company has provided the static database of the shareholders holding shares in physical form to the depositories which would augment the integrity of its existing systems and enable the depositories to validate any dematerialization request.

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 the 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 or Demand Drafts to the shareholders.

Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has appointed the Company Secretary as the Nodal Officer for carrying out the necessary functions under the applicable provisions of the Act and the rules made thereunder.

Subsidiary/ Associate/ Joint Venture Companies

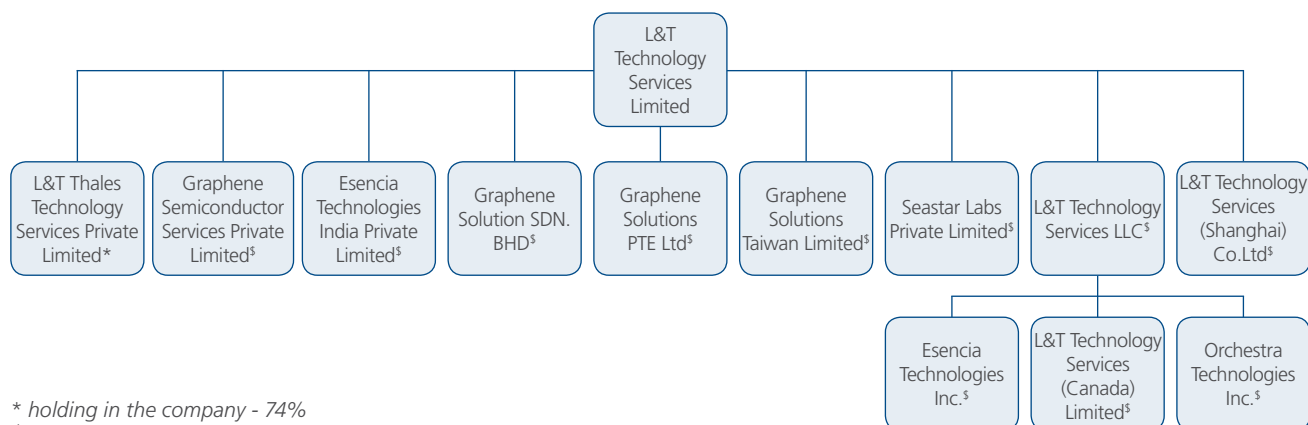
During the year under review, the Company acquired Orchestra Technology Inc. incorporated in Texas, USA through its wholly owned subsidiary, L&T Technology Services LLC. Orchestra Technology Inc. is a US based company providing engineering services and solutions in the Telecom & Hitech industry segment.

The details of investment in Orchestra Technology Inc. during the year are as under:

A. Shares acquired during the year:

Name of the Company	Type of Shares	No. of shares
Orchestra Technology Inc	Equity	46,00,000

Post the said acquisition, the following is the Group structure of the Company:-



* holding in the company - 74%

\$ holding in the company - 100%

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. 255.

The Company has formulated a policy on identification of material subsidiaries in line with Regulation 16(c) of 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 2020-21 and estimated transactions for FY 2021-22 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 19, 2020 declared an interim dividend of ₹ 7.50 (375%) per equity share amounting to ₹ 725 million (the total payout including Tax Deducted at

Source amounted to ₹ 787 million). The dividend was paid on November 10, 2020.

Further, the Board of Directors, in its meeting held on May 3, 2021 have recommended the payment of dividend of ₹ 14.50 (725%) per equity share of ₹ 2 each for the financial year ended March 31, 2021. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) to be held on July 16, 2021.

The final dividend on equity shares, if approved by the members, would involve a cash outflow (including Tax Deducted at Source) of ₹ 1523 million.

The Dividend is based upon the parameters mentioned in the Dividend Distribution Policy approved by the Board of Directors of the Company 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 <https://www.lts.com/investors/corporate-governance>

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. R. Chandrasekaran, Mr. Amit Chadha and Mr. Rajeev Gupta. Mr. R. Chandrasekaran is the Chairman of the Committee.

The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. 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'** Report on Corporate Governance 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. 109 and 114 of the Annual Report.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) Committee comprises of Mr. Sudip Banerjee, Mr. R. Chandrasekaran and Dr. Keshab Panda as its Members. Mr. Sudip Banerjee 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, as amended from time to time are provided in **Annexure 'C'** to the Board report.

The CSR Policy framework is available on its website https://www.lts.com/sites/default/files/investors/corporate-gov/pdf/Corporate_Social_Responsibility_Policy.pdf

The Board on recommendation of the CSR Committee of the Company have amended the CSR Policy of the Company in line with the recent CSR amendments.

The Chief Financial Officer of the Company has certified that CSR funds disbursed for the projects have been utilized for the purposes and in the manner as approved by the Board.

Contribution Towards CSR Activities

During the year ended March 31, 2021, the Company has spent an amount of ₹157.19 million on CSR activities as against the budgeted amount of ₹ 156 million for FY 2020-21.

During the FY 2019-20, the Company had contributed to PM CARES Fund ₹ 183.09 million, which was in excess of its CSR obligation for FY 2019-20. Pursuant to the amendments to the Companies (Corporate Social Responsibility Policy) Rules, 2014, a Company which spends in excess of the prescribed requirements shall be allowed to set off the excess amount upto immediately succeeding three financial years. However, the Company has not taken any set off during the FY 2020-21.

Policy of 'Work From Home' implemented for fighting the threat of Covid-19 Pandemic

In line with the Govt of India's directive, State wise guidelines and directives issued by respective countries, and as a protective step for the welfare and safety of all its employees, the Company had put in place a Policy of "Work From Home" for all its employees from March 23, 2020 at all its Centers and Offices in India and overseas. With the objective of well-

being and safety of all its employees, the Senior Management and BCP Team took lot of initiatives and implemented various policies for the benefit of employees. The Human Resource team was constantly in touch with all the employees and regularly gave instructions to be followed by employees to face this Pandemic through advisory emails. The same policy was continued in FY 2020-21 keeping in mind the safety of all the employees.

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 LODR and are placed on the website of the Company <https://www.lts.com/investors/corporate-governance>.

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

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

- a. Mr. R. Chandrasekaran was appointed as an Independent Director of the Company with effect from October 19, 2020 for a term of five years up to and including October 18, 2025; same was approved by way of Postal Ballot by the shareholders of the Company on March 3, 2021.
- b. Dr. Keshab Panda's tenure as Chief Executive Officer & Managing Director of the Company which was originally upto January 9, 2021 was extended up to March 31, 2021 and further he was appointed as a Non-Executive Director of the Company with effect from April 1, 2021; same was approved by way of Postal Ballot by the shareholders of the Company on March 3, 2021.
- c. Mr. Amit Chadha's tenure as Deputy Chief Executive Officer and Whole-Time Director of the Company which was originally upto January 31, 2021 was extended upto March 31, 2021 and further he was appointed as the Chief Executive Officer & Managing Director of the Company with effect from April 1, 2021; same was approved by way of Postal Ballot by the shareholders of the Company on March 3, 2021.
- d. Mr. Sudip Banerjee was re-appointed as an Independent Director for a term of five years with effect from January 21, 2021 upto and including

January 20, 2026; same was approved by way of Postal Ballot by the shareholders of the Company on March 3, 2021.

- e. Mr. N. Kumar was re-appointed as an Independent Director for a term of three years and six months with effect from July 15, 2021 upto and including January 14, 2025, subject to the approval of the shareholders.

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

- f. Mr. Rajeev Gupta was appointed as the Chief Financial Officer (CFO) of the Company with effect from July 20, 2020.
- g. Mr. A. M. Naik and Mr. Amit Chadha, Directors, are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

Pursuant to the amendments in the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Company have registered themselves with the Databank of Independent Directors. The Directors who were not exempted from the requirement of appearing in the online proficiency test, have successfully qualified in the same.

The Board opines that all the Independent Directors on the Board possess integrity, necessary expertise and experience for performing their functions diligently.

B. Resignation of Directors & Key Managerial Personnel:

- a. Mr. Arjun Gupta ceased to be Independent Director of the Company on October 27, 2020 on account of completion of his term as an Independent Director.
- b. Dr. Keshab Panda ceased to be as CEO & Managing Director of the Company with effect from March 31, 2021 on account of completion of his term as CEO & Managing Director.
- c. Mr. P. Ramakrishnan resigned as Chief Financial Officer of the Company on July 19, 2020. He moved back to the parent company i.e Larsen & Toubro Limited as part of a pre-defined career progression plan and role rotation policy.

The Board places on record its appreciation for the contribution made by the aforesaid Directors and the KMP.

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

The Company has also disclosed on its website <https://www.lts.com/investors/corporate-governance> 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. 67 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 LODR.

Currently, the Committee comprises of 3 Independent Directors namely, Mr. N. Kumar-Chairman, Mr. Samir Desai and Ms. Apurva Purohit as Members.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder and Regulation 18 and Schedule II of the LODR.

During the year under review 4 meetings were held on May 14, 2020, July 16, 2020, October 19, 2020 and January 20, 2021.

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. 71 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 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. 74 of this Annual Report.

NRC has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and senior management personnel 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 'H'.

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. 77 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 <https://www.lts.com/investors/corporate-governance>. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

Adequacy of Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2021, 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 that:

- a. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

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

Performance Evaluation of Board, its Committees and Directors

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

All Directors responded through a structured questionnaire giving feedback about the performance of the Board, its Committees, Individual directors and the Chairman.

The Company had engaged an external agency to facilitate the process of annual evaluation of the performance of the Board, Committees, Chairman and the individual Directors. The said external agency was responsible to receive the responses from the Directors, to consolidate and analyze their responses and present the same to the Chairman of the Nomination and Remuneration Committee. The external agency used its IT platform for the entire board evaluation process right from initiation till conclusion in order to ensure that the entire process is done in a confidential, transparent and independent manner without the involvement of the Management or the Company's IT system to ensure an unbiased feedback.

The questionnaires cover the Board composition, its structure, its culture, its effectiveness, its 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.

Evaluation of Independent Directors was done by Board including assessment of their performance and their independence of management.

The Board Performance Evaluation activity was discussed in the Independent Directors Meeting held on April 30, 2021; this included areas of improvement for the Directors, Board processes and related issues for enhanced Board effectiveness. The performance evaluation of the Board, its Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors, in their meetings held on May 3, 2021, which showcased the strengths of the Board and areas of improvement that had taken place in comparison to the evaluation findings of FY2020. The observations made during FY2020 were acted upon appropriately. Overall the Board expressed its satisfaction on the performance evaluation process as well as performance of Chairman, Directors, Committees and Board as a whole.

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 are 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 said Act, to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, 3 cases of sexual harassment were received on POSH (Policy on prevention of Sexual Harassment) of Women at Workplace. 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 requirement of the rotation of Auditors' and in accordance with the provisions of the 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.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company and their appointment would be within the limits as prescribed under Section 141 of the Act.

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

The 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.

For the financial year 2020-21, the total fees paid by the Company and its subsidiaries, on a consolidated basis, to the Auditors and all entities in the network firm/entity of which the Auditors are a part thereof for all the services provided by them is ₹ 4.69 million.

The Auditors attend the Annual General Meeting of the Company. Also see page 80 forming part of **Annexure 'D'** of the 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 2020-21. The Board at its meeting held on May 3, 2021 have appointed Alwyn Jay & Co. Company Secretaries, Practicing Company Secretary as the Secretarial Auditor for FY2021-22

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.

Annual Return

As per the provisions of Section 92(3) of the Act, the Annual Return of the Company for the financial year 2020-21 is available on the website of the Company <https://www.lts.com/investors/corporate-governance>.

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.lts.com/investors/>.

The Statutory Auditors' certificate confirming compliance with the Act and the SBEB Regulations is provided in Annexure 'D' forming part of this Board Report.

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 AAA/stable and CRISIL A1+ rating for its long term and short-term financial instruments 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 to report any instances of leak of unpublished price sensitive information.

The Company has disclosed information about the establishment of the Whistle-Blower Policy on its website <https://www.lts.com/investors/corporate-governance>. 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 LODR, a separate section on Business Responsibility Reporting forms a part of the Annual Report (refer pages 118 to 126) 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 2020-21 are covered in the same.

8. Statutory Compliance

The Company complies with all applicable laws, rules and regulations, pays applicable taxes on time, ensures taking care of all its stakeholders and initiates sustainable activities and ensures statutory CSR Spend.

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 Act, 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 has registered itself on TReDS through KredX Early.

The Company has complied 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 LTTS family globally.

For and on behalf of the Board

Amit Chadha

CEO & Managing Director
(DIN: 07076149)

Place: Washington, USA
Date : May 3, 2021

S. N. Subrahmanyam

Vice Chairman
(DIN: 02255382)

Place: Mumbai, India
Date : May 3, 2021

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 continuously explores new technology to optimize energy consumption in its office infrastructure setup.

Some of the conservation measures undertaken by the Company at all its office locations are stated below:

- Solar panels for street lighting. These solar panels generate 453.6 KW of power annually
- Double glazing façade, which reduces heat radiation thereby reducing HVAC requirement
- 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).
- Started ODD/EVEN Floor Lift operations & keeping 2 Lifts OFF during NON-PEAK hours, to reduce power consumption by approx. 4500 Units per annum.
- Optimizing HVAC/Chiller Parameters Setting to achieve power saving.

Measures introduced during the year in response to the COVID-19 pandemic have resulted in reduced attendance in offices. This has, in addition to ensuring safety and health of employees, also helped in significantly reducing energy consumption. The details of the savings on energy as compared to last year are given below: -

Comparison	FY 2020-21	FY 2019-20
Unit Consumed per Annum (in KWH)	13,40,508.4	26,43,108
Saving in terms of power consumption (KWH)	17,54,692	68,223
AVG per unit Rate per Annum in INR	9.49	7.90
Savings in terms of INR	1,23,61,670	5,38,961

Water Conservation:

The Company is acutely aware of the problem of water scarcity faced by communities and has taken the following measures for water conservation at all its office locations:

- Sewage treatment plants and rain water harvesting ponds developed to minimize the consumption of freshwater
- 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 usage
- Installed aerators in all taps to reduce usage of water
- Terrace runaway water is collected in UG sumps and reused

B. TECHNOLOGY ABSORPTION:

The Company has always adopted the latest trends and best practices to build capability and capacity in new and emerging technologies. To encourage a culture of innovation in solving industry challenges, we continue to strengthen our collaboration with academia. We have institutionalized programs that encourage employees to file patents and contribute ideas. We have also invested in some of these ideas with the objective of building product / service offerings for our customers as well as for use in executing internal / customer projects.

Some of the current engagements with leading academic institutions are listed below

- Indian Institute of Technology Kanpur's Center for Cyber Security and Cyber Defense of Critical Infrastructures, C3i for research in industrial and infrastructure cybersecurity.

- Designing a low cost, reliable and high-performance ventilator along with a leading science institute in India
- Memorandum of understanding with a university in Europe for collaboration on vehicle dynamics, AV/ADAS, connected vehicles and 5G

As part of workflow automation, we have developed a few process automation tools and solutions for inhouse engineering activities. These tools help reduce high power machine computing and help in reducing energy consumption. Some of the tools developed are listed below :-

1. Digital LEAN assessment of plant through custom built applications
2. Smart Fixture Design tool to automate and thereby compress the long cycle time of fixture design, fabrication, and testing
3. Make Vs Buy Decision analysis tool for evaluating competencies, optimize utilization of machines & manpower and to suggest new process sequences / machines to improve productivity and reduce costs
4. Kinematic Process Simulation tool for simulation of multibody mechanical systems to assist in early detection and communication of product design issues, reduce the number of physical prototypes and optimize cycle times

HR Digitisation

The Company has always believed automation is the key to an engaged and productive workforce. The changes brought about by the worldwide pandemic (Covid-19) significantly accelerated the HR Digitalization journey with a purpose to enrich employee experience.

A five-step approach as enumerated below has helped in achieving our digitalization objectives :-

1. Reimagining Employee Experience
2. Re-engineering HR Processes
3. Coherence between Digital HR and Business impact
4. Tracking and Monitoring Mechanism
5. Adoption Plan

We introduced BLeND – Our enriching new joiner experience, wherein we strengthened the hi-tech with hi-touch. Special initiatives to hand-hold and provide peer support were introduced to ensure every new joiner feels included.

Other digital interventions include:

- Attendance Management System for 30+ Countries
- Payroll Automation for Onsite
- Workforce Analytics
- Digitalization to support Virtual Exit & Offboarding
- MyTS App for accessible information anytime
- ASK GENIE – LTTS Virtual Assistant

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	50,039
Foreign exchange used	26,009

Annexure C

Annual Report on Corporate Social Responsibility Activities

1. Brief outline on CSR Policy of the Company

L&T Technology Services Limited has a rich legacy of building India's social infrastructure using the twin forces of technology and innovation. Our Corporate Social Responsibility (CSR) activities have been focused on addressing the problems faced by the underprivileged sections of society that have no or limited access to basic amenities such as health, education, water, electricity, and employment.

The CSR policy of the Company is guided by the core values of its parent Larsen & Toubro Limited. The CSR activities identified, evaluated and undertaken are carried out by partnering with credible NGOs and by involving the community at large, in the following areas which have been the main thrust areas for the CSR activities:

- a. Health
- b. Education & Skill Development
- c. Water
- d. Environment
- e. Corporate Volunteering Program

A. Health

The Covid-19 pandemic has thrown an unprecedented challenge to the global healthcare system. India's healthcare infrastructure, particularly rural healthcare, has been hit hard by an overwhelming number of cases.

The anxiety of the pandemic has added to the woes of the rural population. Elderly people who are especially at a higher risk of contracting the infection, have been wary of visiting overcrowded healthcare centers.

To aid the rural elderly population during these trying times, LTTS continued its partnership with HelpAge India, to deliver healthcare facilities at their doorsteps, through a Mobile Health Unit (MHU). The unit made visits to villages in and around Vadodara, treating elderly people for their health issues.

The Mobile Health Unit conducted 446 medical camps for 234 days through the year.

As many as 22,359 elderly people in rural areas in and around Vadodara benefitted from this programme

B. Education and Skill Development

Education: The National Education Policy (NEP) was rolled out by the Government of India to keep up with the rapid changes seen in the knowledge ecosystem. With focus on technology, data management, artificial intelligence and vocational training, India plans to bridge the gap between the current state of learning outcomes and what is required to build a quality education system.

LTTS through its CSR programmes, supported a range of projects, some of which are listed below, focusing on digital education, practical experiment-based science learning, career guidance and scholarships to aspiring students and capacity building for teachers. The projects particularly aimed at benefitting the rural population, where access to quality education had been limited.

- 2262 students from rural areas benefitted from 98 online Science workshops, implemented by ARCH Development Foundation.
- 2833 online sessions covering over 359 topics from a wide range of science subjects, science fairs and teachers' training programmes were conducted by Agastya International Foundation.
- To support women pursuing higher education with an affordable place of stay within their campus, we have partly funded IISc Bangalore for construction of ladies hostel comprising 172 rooms.
- 690 students were given scholarships for pursuing a B.Sc course in Data Sciences, 4854 students benefitted from the Career Guidance Programme, 100 physically challenged people were provided

easier mobility through customized wheelchairs and a fully equipped National Programme on Technology Enhanced Learning (NPTEL) digital studio to aid learning was constructed in IIT Madras.

- 744 students benefitted through 732 hours of online classes, designed by e-Vidyaloka.

Overall 8550 students benefitted from our education programmes

Skill Development: The development of skills, especially in the younger population, can contribute to the structural transformation and economic growth of a nation. In India, 65% of the youth are in working age groups and it is imperative to empower them with the right skills that would make them employable and more productive in their work environment, thereby contributing to the development of the nation.

LTTS has been partnering with NGOs for several years towards developing necessary skills in the target population. This year too, we continued our skill development program in training rural youth to enhance their employability.

- Skills training was provided on digital literacy and office assistantship courses.
- Rural youth from Kharel, Gujarat were benefitted through our implementing partner L&T Public Charitable Trust

Overall 307 rural youth benefitted from skill development projects

C. Water Conservation

Access to clean water and proper sanitation is a fundamental right. However, a large number of people in India lack access to safe drinking water. Erratic rainfall patterns, climate change, plummeting groundwater levels, increased levels of water pollution, deforestation and a lack of water conservation initiatives have further aggravated the problem. Age old farming methods consuming large volumes of water, often leave the water bodies parched. Rural India has been facing an

unprecedented water crisis over the years and the only way to mitigate this problem is through a holistic water conservation initiative that would not only recharge groundwater levels, but would also ensure sustainable management of water resources.

LTTS has partnered with National Agro Foundation to holistically replenish water resources, rejuvenate agricultural communities and envision a comprehensive village development in select districts of Maharashtra and Tamil Nadu.

Watershed Project

The integrated watershed management projects in Kokkranthangal (Tamil Nadu) focuses on better management of and increasing the ground water table to ensure adequate water availability for domestic and agricultural use. This year,

- 4364 meters clearance channel was dug
- 4635 agro-forestry saplings were planted along the bund of the Water Absorption Trench
- Productivity enhancement trainings were conducted for various grains, pulses and fruits.
- 201 people benefitted from the programme this year

Watershed +

The Watershed+ project in Kathwadi, Maharashtra, for comprehensive village development, aims at developing opportunity for additional income generation for the village community through awareness programmes, exposure visits, livestock health camps, better agriculture production systems, crop management practices and by providing access to improved sanitation.

Key achievements of the project

- 2234 meters drainage facility constructed for improved sanitation.
- 867 people benefited through other awareness programmes, trainings, exposure visits, livestock health camps and other activities.
- 380 animals and 151 chicks were treated at the camp.

D. Environment

Degeneration of natural landscapes, ever increasing levels of pollution, hazardous daily life practices and overconsumption and improper management of resources have caused an irreversible damage to the environment.

LTTS has endeavoured to take steps towards a cleaner and greener planet through:

- Rural electrification using solar power
- Protection and restoration of Public Places
- Solid waste management
- Disaster recovery support

Rural Electrification:

As we move towards lighting up distant corners of our country, choosing cleaner forms of energy should be our priority. This will empower people and their surroundings to be self-reliant, sustainable, and economically viable.

LTTS with its partner Swami Vivekananda Youth Movement (SVYM) has reached out to vulnerable tribal groups in Karnataka with a view to bring about a comprehensive village development. This includes providing electricity through solar lights to households and common areas like streets, anganwadi etc, training youth for the repair and maintenance of the lights and creating various Self-Help Groups (SHGs) for sustainable development of the community.

This year, a total of 69 solar lights were maintained in common areas, benefitting 488 people, 145 SHG meetings, 29 community meetings and trainings were conducted by adhering to Covid-19 guidelines.

Protection and restoration of Public Places

Urban forestry and preventing public places from turning into dump yards are key to sustainable development. LTTS has been supporting projects on maintaining public places, restoring them sustainably, while retaining their aesthetic appeal. This year,

- 35000 sq. ft area below Veeranapalya flyover in Bengaluru was maintained by our partner India Rising Trust
- Through Meta Design, we maintained a 6.5Km Median in Navi Mumbai

Solid Waste Management

Lack of proper waste disposal and management leads to several diseases and an unhygienic environment. LTTS, with its partner SOCLEEN, has been working with households in Dumad village, Vadodara, collecting, segregating, and processing waste into reusable products. This year too, we were able to collect, segregate and process waste into products and catered to the following:

- Total households covered: 1730
- Total waste collected: 28886 kg
- Segregated plastic waste: 4579 kg
- No. of bricks produced from recycled plastic waste: 1500
- No. of paver blocks produced from recycled plastic waste: 300
- No. of benches produced from recycled plastic waste: 16

Disaster recovery support

Natural disasters wreak havoc and sometimes cause irreparable losses. People who lose their homes to disasters are left helpless and stranded. LTTS with its partner Habitat for Humanity India launched project Neelachala in Puri, Odisha, to construct 150 disaster resilient homes for the people who lost their homes to Cyclone Fani. People who lost their jobs due to economic impact of Covid-19, were engaged to work on this project and by the end of the year, the first lot of 51 homes were handed over to the beneficiaries.

E. Corporate Volunteering Programme (CVP):

LTTS employees have always shown willingness in coming forward to help the society. This year, through the CVP, employees provided mentorship on employability to engineering students, created learning videos and virtually taught students who were confined to their homes due to the pandemic. Employees who volunteer to spare their available time for social cause are named as "Samaritans"

111 Samaritans dedicated 1221 hours to volunteering work for 991 beneficiaries across LTTS locations during the year.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Sudip Banerjee	Chairman/ Independent Director	1	1
2	Mr. R. Chandrasekaran*	Member/Independent Director	1	NA
3	Dr. Keshab Panda**	Member/Executive Director	1	1

* Mr. R. Chandrasekaran was appointed as the member of the Committee with effect from October 19, 2020.

** Dr. Keshab Panda was appointed as the Non-Executive Director of the Company with effect from April 1, 2021. Earlier CEO & Managing Director of the Company upto and including March 31, 2021.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee -

https://www.lts.com/sites/default/files/investors/corporate-gov/pdf/Composition_of_Committees_LTTS.PDF

CSR Policy & CSR projects - <https://www.lts.com/about-us/csr>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

There are no projects that qualify for impact assessment report for FY2020-21, hence no impact assessment has been carried out.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ MN)	Amount required to be set-off for the financial year, if any (in ₹ MN)
1.	2020-21	145.19	Nil
	TOTAL	145.19	

6. Average net profit of the Company as per section 135(5): ₹ 7800 million

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 156 million

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - NIL

(c) **Amount required to be set off for the financial year, if any:** Although, the Company was eligible to set off the amount mentioned in the table 5 above, it was decided not to avail this set off in FY 2020-21. The Company may avail this set off in subsequent financial years as per the provisions under the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

(d) **Total CSR obligation for the financial year (7a+7b-7c):** ₹ 156 million

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the FY 2020-21 (in ₹ MN)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount ₹ MN	Date of transfer	Name of the Fund	Amount	Date of transfer
142.08	15.11	April 29, 2021	Not applicable	Not Applicable	Not applicable

(b) Details of CSR amount spent against ongoing projects for the financial year:

(₹ in Mn)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project.		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implemen- tation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Construction of Shelter	XII	No	Odisha	Puri	Oct 19 to Mar 20	18.46	NIL	NIL	No	Habitat for	CSR00000402
2.	Construction of Shelter	XII	No	Odisha	Puri	Apr 20 to Mar 21	59.82	44.71	15.11	No	Humanity India	
TOTAL of 8b								44.71	15.11			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ in Mn)

(1)	(2)	(3)	(4)	(5)		(7)	(8)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent or the project (in ₹)	Mode of implemen- tation - Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Multiple Educational Projects	II	No	Tamilnadu	Chennai	41.51	No	Indian Institute of Technology- Madras	CSR00004320
2.	Construction of Woman Research Scholar's hostel	II	No	Karnataka	Bangalore	31.5	No	Indian Institute of Science Bangalore	CSR00007370
3.	Water	IV	No	Maharashtra and Tamilnadu	Pune and Kanchipuram	11.52	No	National Agro Foundation	CSR00000610
4.	Solid Waste Management	IV	No	Gujarat	Vadodara	2.10	No	SOCLEEN	CSR00007585
5.	Public Place Maintenance	IV	Yes	Maharashtra	Mumbai	2.05	Yes	Direct	NA
6.	Online Education through Digital Platform	II	No	Andhra Pradesh, West Bengal and Jharkhand	Srikakulam, Krishna, Puruliya, Bankura, Ranchi	1.5	No	eVidyaloka	CSR00000867
7.	Mobile Health Unit	I	No	Gujarat	Vadodara	1.41	No	HelpAge India	CSR00000901

(1)	(2)	(3)	(4)	(5)		(7)	(8)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent or the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
8.	Mobile Science Lab	II	Yes	Maharashtra, Karnataka and Tamilnadu	Mumbai, Mysuru and Kanchipuram	1.24	No	Agastya International Foundation	CSR00003442
9.	Solar Electrification	IV	No	Karnataka	Mysuru	1.14	No	Swami Vivekananda Youth Movement	CSR00002215
10.	Public Place Maintenance	IV	No	Karnataka	Bangalore	1	No	India Raising Trust	CSR00003744
11.	Skill Development	II	No	Gujarat	Navsari	0.80	No	L&T Public Charitable Trust	CSR00004501
12.	Mini Science Lab & Science Club Activities	II	No	Gujarat	Vadodara	0.38	No	ARCH Development Foundation	CSR00001215
TOTAL of 8c						96.15			

(d) **Amount spent in Administrative Overheads:** ₹ 1.22 Mn

(e) **Amount spent on Impact Assessment, if applicable:** NIL

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 157.19 Mn

(g) **Excess amount for set off, if any**

(₹ in Mn)

Sl. No.	Particular	FY 2020-21	FY 2019-20
(i)	Two percent of average net profit of the Company as per section 135(5)	156	127
(ii)	Total amount spent for the Financial Year	157.19	272.19
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.19	145.19
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.19	145.19

9. (a) **Details of Unspent CSR amount for the preceding three financial years:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) the Act (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	FY 18	NA	NA	NA	NA	NA	Unspent amount of FY 18 spent in FY 20
2.	FY 19	NA	NA	NA	NA	NA	Unspent amount of FY 19 spent in FY 20
3.	FY 20	NA	NA	NA	NA	NA	No unspent amount in FY 20
	TOTAL						

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(₹ in Mn)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
1.	NIL	Puri	FY 20	18 Months	78.28	59.82	78.28	Ongoing
	TOTAL							

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):**

- Date of creation or acquisition of the capital asset(s): **Not Applicable**
- Amount of CSR spent for creation or acquisition of capital asset: **Not Applicable**
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: **Not Applicable**
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not Applicable**

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable.

Sd/-

Amit Chadha

(CEO & Managing Director)

Sd/-

Sudip Banerjee

(Chairman CSR Committee)

Annexure D

CORPORATE GOVERNANCE REPORT

Corporate Governance

Corporate Governance is one of the essential pillars for building an efficient and sustainable environment. 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 helps in maximizing value for all Stakeholders, i.e. investors, employees, shareholders, customers, suppliers, environment and the community at large. Ethical business conduct, integrity and commitment to values, which enhance and retain stakeholders' trust are the traits of your Company's Corporate Governance.

The Company has established systems and procedures to ensure that its Board of Directors are 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 emanates its values from the rich governance and disclosure practices followed by L&T Group.

Company's Corporate Governance Philosophy

Our corporate governance reflects LTTs value system and culture. The Company recognizes that good governance is a continuing exercise and hence your Company is committed to continuously scaling up its corporate governance standards. 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. The Company has adopted a consolidated Code of Conduct, wherein Part A is for its employees including the Managing Director and the Executive Directors and Part B is for members of board and senior management. 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 Companies Act, 2013 ("the Act").

Corporate Governance Guidelines

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. The Company is committed towards maximizing shareholders value, ensuring fairness and building trust with

shareholders, employees, customers, service providers and other stakeholders. 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, training and awareness program on Corporate Governance and related policies for employees is also initiated by the Company since 2017-18. 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 possess varied skills and expertise and have diverse background which enables them to provide 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, 2021, 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. Further, w.e.f. April 1, 2021, the Board comprises of 10 Directors, of which, 2 are Executive Directors, 3 are Non-Executive Directors and 5 are Independent Directors.

The Board Members are not related to each other. The number of Directorships held by Executive, Non-Executive and Independent Directors are within the permissible limits under LODR and Act. The Directors have provided necessary disclosures regarding change in Committee positions, if any, during the year. Further, none of the Directors on the Company's Board is a member of more than 10 Committees and chairperson of more than 5 Committees across all public limited companies during the year.

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. For the smooth conduct of business, additional meetings are held whenever deemed necessary. During the year under review, 5 board meetings were held on May 15, 2020, July 16, 2020, October 19, 2020, January 20, 2021 and March 16, 2021.

The Independent Directors met on April 30, 2021 to discuss, inter alia, the performance evaluation of the Board, Committees, Chairman and the individual Directors.

The Company Secretary prepares the agenda and the explanatory notes and finalizes the same in consultation with the Chairman. The agenda and the explanatory notes are circulated in advance to the Directors. As a green initiative, the agenda is circulated to the Directors through a secured web-based application. Every Director is free to suggest the inclusion of any item(s) on the agenda. The yearly calendar of meetings is finalized before the beginning of the year to make it convenient for the Directors to make themselves available for the meeting. 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. Considering the Covid-19 pandemic situation and exemptions granted by the MCA, all the meetings

during the year were held through video conferencing. Presentations were made on business operations to the Board by the CEO & Managing Director of the Company. Senior Management Personnel are invited, as and when necessary, to the meetings to provide additional inputs for the items being discussed by the Board of Directors. The respective Chairman of the Board Committees apprise the Board Members of the important issues and discussions in the Committee Meetings. The minutes of Committee meetings are also circulated to the Board. In case of urgent matters, resolutions are also passed by circulation, for such matters as permitted by law and taken on record in the immediate next meeting.

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

The Board of Directors takes note of the minutes of the committee meetings held in the previous quarter, at its meetings. The Board also takes note of the gist of discussions/decisions taken in the meetings of the subsidiary companies.

The following is the composition of the Board of Directors as on March 31, 2021. The Directors strive to attend all the Board/Committee meetings. Their attendance at the Meetings held during the year and at the last Annual General Meeting was as under:

Name of Director	Category	Meetings held during the year	No. of Board Meetings Attended	Attendance at last AGM
Mr. A. M. Naik	Non-Executive Chairman	5	5	YES
Mr. S. N. Subrahmanyam	Non-Executive Vice-Chairman	5	5	YES
Dr. Keshab Panda ¹	Chief Executive Officer & Managing Director	5	5	YES
Mr. Amit Chadha ²	Deputy Chief Executive Officer & Whole Time Director	5	5	YES
Mr. Abhishek	Chief Operating Officer and Whole-Time Director	5	5	YES
Mr. Samir T. Desai	Independent Director	5	5	YES
Mr. Narayanan Kumar	Independent Director	5	5	YES
Mr. Sudip Banerjee ³	Independent Director	5	5	YES

Name of Director	Category	Meetings held during the year	No. of Board Meetings Attended	Attendance at last AGM
Mr. Arjun Gupta ⁴	Independent Director	3	3	YES
Ms. Apurva Purohit	Independent Director	5	5	YES
Mr. R. Chandrasekaran ⁵	Independent Director	3	3	NA

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

¹Appointed as Non-Executive Director w.e.f. April 1, 2021. Earlier CEO & Managing Director upto and including March 31, 2021.

²Appointed as Chief Executive Officer & Managing Director w.e.f. April 1, 2021. Earlier Deputy CEO & Whole-Time Director upto and including March 31, 2021.

³Re-appointed as Independent Director w.e.f. January 21, 2021.

⁴Ceased to be Independent Director w.e.f. October 27, 2020.

⁵Appointed as Independent Director w.e.f. October 19, 2020.

Notes:

1. None of the above Directors are related inter-se.
2. 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.

During the year under review, Mr. Arjun Gupta ceased to be Independent Director of the Company on account of completion of his term of office.

The names of the listed entities (whose equity and debt securities are listed) wherein the Director holds directorships as on March 31, 2021 are as follows:

Name of Director	Names of Listed entities where the Director holds Directorship	Category of Directorship
Mr. A. M. Naik	Larsen & Toubro Limited Larsen & Toubro Infotech Limited L&T Technology Services Limited Mindtree Limited	Non-Executive Chairman Non-Executive Chairman Non-Executive Chairman Non-Executive Chairman
Mr. S. N. Subrahmanyam	Larsen & Toubro Limited Larsen & Toubro Infotech Limited L&T Technology Services Limited Mindtree Limited L&T Metro Rail (Hyderabad) Limited	Chief Executive Officer & MD Non-Executive Vice-Chairman Non-Executive Vice-Chairman Non-Executive Vice-Chairman Chairman
Dr. Keshab Panda ¹	L&T Technology Services Limited	CEO & Managing Director
Mr. Amit Chadha ²	L&T Technology Services Limited	Dy. CEO & Whole Time Director
Mr. Abhishek	L&T Technology Services Limited	COO & Whole-Time Director
Mr. Samir T. Desai	Larsen & Toubro Infotech Limited L&T Technology Services Limited	Independent Director Independent Director
Mr. Narayanan Kumar	Larsen and Toubro Limited Mphasis Limited Take Solutions Limited Entertainment Network (India) Limited Indus Towers Limited (formerly Bharti Infratel Limited) L&T Technology Services Limited	Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director

Name of Director	Names of Listed entities where the Director holds Directorship	Category of Directorship
Mr. Sudip Banerjee ³	IFB Industries Limited Kesoram Industries Limited Larsen & Toubro Infotech Limited L&T Technology Services Limited	Non-Executive Director Independent Director Independent Director Independent Director
Ms. Apurva Purohit	Music Broadcast Limited Mindtree Limited L&T Technology Services Limited	Non-Executive Director Independent Director Independent Director
Mr. R. Chandrasekaran ⁴	Mindtree Limited PNB Housing Finance Ltd L&T Technology Services Limited	Independent Director Independent Director Independent Director

¹ CEO & Managing Director upto and including March 31, 2021. Appointed as Non-Executive Director w.e.f. April 1, 2021.

² Deputy CEO & Whole-Time Director upto and including March 31, 2021. Appointed as Chief Executive Officer & Managing Director w.e.f. April 1, 2021.

³ Re-appointed as Independent Director w.e.f. January 21, 2021.

⁴ Appointed as Independent Director w.e.f. October 19, 2020.

As on March 31, 2021, 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	5	0	0
Mr. S. N. Subrahmanyam	5	0	0
Dr. Keshab Panda ¹	0	1	0
Mr. Amit Chadha ²	0	0	0
Mr. Abhishek	0	0	0
Mr. Samir T. Desai	1	2	0
Mr. Narayanan Kumar	7	3	4
Mr. Sudip Banerjee ³	3	2	0
Ms. Apurva Purohit	3	3	1
Mr. R. Chandrasekaran ⁴	5	1	0

¹ CEO & Managing Director upto and including March 31, 2021. Appointed as Non-Executive Director w.e.f. April 1, 2021.

² Deputy CEO & Whole-Time Director upto and including March 31, 2021. Appointed as Chief Executive Officer & Managing Director w.e.f. April 1, 2021.

³ Re-appointed as Independent Director w.e.f. January 21, 2021.

⁴ Appointed as Independent Director w.e.f. October 19, 2020.

Notes:

- Other Company Directorship includes directorship in all entities whose securities are listed, public limited Companies (whether listed or not) and excludes private limited Companies, foreign Companies and Section 8 Companies.
- The Committee Chairmanships/ Memberships are disclosed as per Regulation 26 of the LODR, 2015.

c. Information to the Board:

The Board of Directors has complete access to the information within the Company, which inter alia includes -

- Annual revenue budgets and capital expenditure plans
- Quarterly results and results of business segments
- Financing plans of the Company
- Minutes of meeting of Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- 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
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material

d. Board Skill Matrix:

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company along with the name of directors who possess such skills/expertise/competencies:

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. Be a thought leader for the Company and a role model in good governance and ethical conduct of business, while encouraging the organisation to maximise shareholder value.
Strategy and Planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Has a Knack to offer a solution based approach in developing the effective strategies in the context of the strategic objectives of the Company.
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. Ability to identify key risks associated with the operations of the Company including broad legal and regulatory framework and its mitigation plans.
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. Having knowledge of the industry wherein the Company operates through its various verticals such as Transportation, Industrial Products, Telecom & Hi-tech, Medical Devices and Plant Engineering. Understanding of the current drivers of innovation in the technology market. Experience in delivering services in response to market demand.

Skill Area	Description
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; contribute to strategic financial planning and oversee budgets and the efficient use of available resources and ability to analyze adequacy of internal financial controls.
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. Ability to develop professional relationship with the Policy makers and Regulators for contributing to the shaping of Government policies in the areas of Company business and experience in managing government relations and industry advocacy strategies.
Contributor and Collaborator	The ability to critically analyze complex and detailed information, deal appropriately with key issues and suggest solutions to problems. Have ability to work as part of a team and demonstrate the passion and time to make a genuine and active contribution in the Board decision making.

Name of the Director	Leadership	Strategy & Planning	Global Experience/ International Exposure	Governance, Risk Management and Compliance	Engineering Research & Development	Finance, Accounts & Audit	Relationship with Clients/ Customers	Stakeholder Engagement & Industry advocacy	Contributor and Collaborator
Mr. A.M. Naik	√	√	√	√	√	√	√	√	√
Mr. S.N. Subrahmanyam	√	√	√	√	√	√	√	√	√
Dr. Keshab Panda	√	√	√	√	√	√	√	√	√
Mr. Amit Chadha	√	√	√	√	√	√	√	√	√
Mr. Abhishek	√	√	√	√	√	√	√	√	√
Mr. Samir Desai	√	√	√	√	√	√	√	√	√
Mr. Narayanan Kumar	√	√	√	√	√	√	√	√	√
Mr. Sudip Banerjee	√	√	√	√	√	√	√	√	√
Ms. Apurva Purohit	√	√	√	√	√	√	√	√	√
Mr. R. Chandrasekaran	√	√	√	√	√	√	√	√	√

As evaluated by constituent Board of Directors

Board Committees

The Board currently has the following five Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders' Relationship Committee, 4) Corporate Social Responsibility Committee and 5) Risk Management Committee.

The terms of reference of the Board Committees are 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. Based on the recommendation, suggestions and observations of the Committee, the Board of Directors take an informed decision. Draft minutes of the committee meetings are circulated to the members of the respective 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 minutes of the committee meetings are also placed in the Board meeting of the Company. 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 thereon;
 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;

20. 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;
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; and
27. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") or by any other regulatory authority.

- **Composition**

The Audit Committee has been in place since 2014. As on March 31, 2021 the Audit Committee was comprising of three Independent Directors. The Chairman of the Committee is an Independent Director. During the year under review, the Audit Committee was re-constituted wherein, Mr. S. N. Subrahmanyam ceased to be the member of the Committee and Mr. R. Shankar Raman, Chief Financial Officer & Whole-time Director of Larsen & Toubro Limited was appointed as a Permanent Special Invitee to the Audit Committee Meeting.

- **Meetings**

During the year ended March 31, 2021, Audit Committee met 4 (Four) times on May 14, 2020, July 16, 2020, October 19, 2020 and January 20, 2021.

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
Mr. S. N. Subrahmanyam ¹	Member	1	0
Ms. Apurva Purohit	Member	4	4

¹ Ceased to be a member of the Committee w.e.f. May 15, 2020.

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 management expertise.

Additionally, CFO & Whole-Time Director of Larsen & Toubro Limited, CEO & Managing Director, COO & Whole-Time Director and CFO of the Company are permanent invitees to the Meetings of Audit Committee. Statutory and Internal Auditors or their representatives are permanent invitees to the meetings of the Committee. Further, Senior Management Personnel are invited, as and when necessary to the meetings to provide additional inputs for the items being discussed by the Audit Committee. The Company Secretary is the Secretary to the Committee. The Chairman of the Audit Committee also has discussions with Internal Auditors and Statutory Auditors without presence of the management.

- **Internal Audit:**

M/s. Aneja Associates are the Internal Auditors of the Company. From time to time, they review Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. and presentations are made to the Audit Committee on quarterly basis covering the scope of their audit and their findings. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee and significant audit observations, comments and corrective actions thereon are presented to the Audit Committee in its meeting. The Board of Directors had appointed M/s. Aneja Associates as the Internal Auditors of the Company for a period of 3 years commencing from May 3, 2017 to May 2, 2020. During the year under

review, on the recommendation of the Audit Committee, the Board of Directors have re-appointed M/s. Aneja Associates as the Internal Auditors of the Company for a further period of 3 years commencing from May 3, 2020 till May 2, 2023.

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;
7. Any other terms of reference as may be referred by the Board or as may be provided under the Companies Act, or the LODR or by any other regulatory authority; and
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, 2021 the NRC comprised of three Members including two Independent Directors and the Non-Executive Chairman of the Board. The Chairman of the Committee is an Independent Director. During the year under review, NRC was re-constituted by inducting Mr. Narayanan Kumar as a member. Mr. Arjun Gupta ceased to be a

member of NRC on account of completion of his term as an Independent Director of the Company.

Meetings

During the year ended March 31, 2021, the NRC met 4 (Four) times May 15, 2020, July 16, 2020, October 19, 2020 and January 20, 2021.

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 ¹	Member	3	3
Mr. Narayanan Kumar ²	Member	1	1

¹Ceased to be a member of the Committee w.e.f. October 19, 2020.

²Appointed as member of the Committee w.e.f. October 19, 2020.

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 and other applicable provisions, if any. 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 LODR.

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

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

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

The Board is of the opinion that the Independent Directors fulfill the conditions specified in the LODR and are independent of the management.

- **Remuneration Policy**

The remuneration of the Board members is based on various factors viz. 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 payable 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 paid to them is subject to a limit of 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 Non-Executive Chairman provides leadership to the Board and guidance and mentorship to the leadership team for implementing the strategy plan and business objectives. The Chairman is paid a fixed commission which is recommended by the NRC and is approved by the Board.

The commission to Independent Directors is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings and Chairmanship of Committees etc.

The Company also has in place the Nomination and Remuneration Policy as per the provisions of the Act, as amended from time to time. The said Policy also forms part of this Annual Report. The Policy is amended from time to time in line with amendments in the applicable provisions of the Act.

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.LTTS.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 Company has appointed an external agency to carry out the performance evaluation of the Board of Directors, its Committees, individual Directors and Chairman of the Company. The external agency had received the responses of the Directors and consolidated and analyzed the said responses.

The Board Performance Evaluation inputs were highlighted by the Chairman of Nomination and Remuneration Committee in the Nomination and Remuneration Committee Meeting as well as in the Board Meeting held on May 3, 2021.

Members are also requested to refer to page no. 51 of the Board Report.

• **Details of Remuneration Paid/Payable to Directors for the Year Ended March 31, 2021**

(a) Executive Directors:

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

(₹ million)

Name of Director	Salary	Perquisites	Perquisites related to ESOPs*	Commission	Variable Pay	Total
Dr. Keshab Panda ¹ , CEO and Managing Director ⁵	42.05	-	92.37	13.12	3.29	150.83
Mr. Amit Chadha ² , Deputy Chief Executive Officer and Whole Time Director ⁵	28.03	-	57.72	-	9.14	94.89
Mr. Abhishek, COO and Whole Time Director	9.05	0.14	2.94	-	1.49	13.62

* Represents the perquisite value related to ESOPs exercised during the year in respect of stock options granted over the past several years by the Company and includes tax on ESOPs borne by the Company wherever applicable.

⁵Dr. Keshab Panda and Mr. Amit Chadha have been paid remuneration in USD. Accordingly, the figures mentioned in INR are equivalent to USD.

¹Appointed as a Non-Executive Director w.e.f. April 1, 2021.

²Appointed as Chief Executive Officer & Managing Director w.e.f. April 1, 2021.

The above amount does not include gratuity, leave encashment and perquisite on ESOP allotment.

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 https://www.lts.com/sites/default/files/investors/corporate-gov/pdf/ESOP_Disclosure_in_accordance_with_SEBI_2021.pdf

(b) Independent Directors/Non-Executive Directors:

The details of remuneration paid/payable to the Independent Directors/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	0.25	0.10	11.00	11.35
Mr. S. N. Subrahmanyam	Non-Executive	-	-	-	-
Mr. Samir T Desai*	Independent Director	0.25	0.20	5.48	5.93
Mr. Narayanan Kumar	Independent Director	0.25	0.15	1.83	2.23
Mr. Sudip Banerjee ¹	Independent Director	0.25	0.05	1.33	1.63
Mr. Arjun Gupta ²	Independent Director	0.15	0.10	3.03	3.28
Ms. Apurva Purohit	Independent Director	0.25	0.12	1.63	2.00
Mr. R. Chandrasekaran ³	Independent Director	0.15	-	0.68	0.83

¹Mr. Sudip Banerjee was re-appointed as Independent Director w.e.f. January 21, 2021.

²Mr. Arjun Gupta ceased to be Independent Director w.e.f. October 27, 2020.

³Mr. R. Chandrasekaran was appointed as an Independent Director w.e.f. October 19, 2020.

*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 held by the Non-Executive Directors as on March 31, 2021 are as follows:

Names	No. of Shares held
Mr. A.M. Naik	2,00,000
Mr. S.N. Subrahmanyam	1,60,000

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, 2021, comprised of two Independent Directors and one Executive Director as its members. The Chairperson of the Committee is an Independent Director of the Company. SRC with effect from April 1, 2021 comprised of two Independent Directors and one Non-Executive Director as its members.

• Meetings

During the year ended March 31, 2021, the SRC committee met 1 (One) time on October 16, 2020. The attendance of Members at the Meeting was as follows:

Name of Director	Position in the Committee	No. of Meeting held during the year	No. of Meeting Attended
Ms. Apurva Purohit	Chairperson	1	1
Mr. Sudip Banerjee	Member	1	1
Dr. Keshab Panda	Member	1	1

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
Statutory Complaints: SEBI/Stock Exchange	NIL	2	2	NIL
Shareholder Queries	NIL	43	43	NIL
Dividend/Dividend Tax related queries	NIL	260	260	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 CEO, CFO and Company Secretary. Pursuant to SEBI press release dated December 3, 2018, requests for transfer of

securities after April 1, 2019, were to be executed only in dematerialised form and hence the Share Transfer Committee had not approved any request for transfer of shares in physical form during the year under review.

Corporate Social Responsibility Committee

• Terms of Reference

The terms of reference of the Corporate Social Responsibility (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, 2021 the CSR Committee comprised of two Independent Directors and one Executive Director as its members. The Chairman of the Committee is an Independent Director. During the year under review, the CSR Committee was re-constituted by inducting Mr. R. Chandrasekaran as the Member of the Committee. Further, Mr. Arjun Gupta ceased to be the Chairman of the Committee due to cessation of his term as an Independent Director of the Company. Further, Mr. Sudip Banerjee has been appointed as the Chairman of the Committee. CSR Committee with effect from April 1, 2021 comprised of two Independent Directors and one Non-Executive Director as its members.

• Meetings

During the year, the Committee met 1 (One) time on October 16, 2020.

The attendance of Members at the Meeting was as follows:

Name of Director	Position in the Committee	No. of Meeting held during the year	No. of Meeting Attended
Mr. Arjun Gupta ¹	Chairman	1	1
Mr. Sudip Banerjee ²	Member/ Chairman	1	1
Dr. Keshab Panda	Member	1	1
Mr. R. Chandrasekaran ³	Member	0	0

¹ Ceased to be a member of the Committee w.e.f. October 19, 2020.

² Appointed as Chairman of the Committee w.e.f. October 19, 2020.

³ Appointed as Member of the Committee w.e.f. October 19, 2020.

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

During the financial year 2020-21, the Company was required to spend a total amount of ₹ 156 million (being 2% of the average net profits for the last three years) on CSR activities and the Company has spent more than the said amount on the various CSR projects undertaken by the Company in partnership with various NGOs and Agencies. Out of the said amount, an amount of ₹ 15.11 million was transferred to Unspent CSR Account of the Company on April 29, 2021 for the Ongoing Project "Neelachala". Necessary approval of the CSR Committee and the Board was taken by the Company to declare the Neelachala Project as an Ongoing Project, in terms of the recent notifications on CSR.

Pursuant to the amendments to the Companies (Corporate Social Responsibility Policy) Rules, 2014, a Company which spends in excess of the prescribed requirements under section 135 of the Act shall be allowed to set off the excess amount upto immediately succeeding three financial years. However, although the Company had spent an excess amount during the FY 2019-20, the Company has not taken any set off during the FY 2020-21.

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 no. 59 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; and
7. Review of risks specifically associated with cyber security.

• Composition

The Risk Management Committee (RMC) as on March 31, 2021 comprised of Mr. R. Chandrasekaran, Independent Director as the Chairman, Dr. Keshab Panda, Chief Executive Officer & Managing Director and Mr. Rajeev Gupta, Chief Financial Officer as its members. The majority of members including the Chairman of the Committee are Board members. During the year under review, the RMC was re-constituted by inducting Mr. R. Chandrasekaran as a Chairman, Mr. Amit Chadha and Mr. Rajeev Gupta as Members. The said re-constitution was done due to the changes in the board structure/CFO.

• Meetings

During the year the Risk Management Committee met 2 (Two) times on May 14, 2020 and October 16, 2020.

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. S. N. Subrahmanyam ¹	Chairman	1	1
Mr. Narayanan Kumar ²	Chairman	1	1
Mr. R. Chandrasekaran ³	Chairman	0	0
Dr. Keshab Panda ⁴	Member	2	2
Mr. Amit Chadha ⁵	Member	0	0
Mr. P. Ramakrishnan ⁶	Member	1	1
Mr. Rajeev Gupta ⁷	Member	1	1

¹ Ceased to be the Chairman of the Committee w.e.f. July 16, 2020.

² Appointed as Chairman of the Committee w.e.f. July 16, 2020 and ceased to be Chairman of the Committee w.e.f. October 19, 2020.

³ Appointed as the Chairman of the Committee w.e.f. October 19, 2020.

⁴ Ceased to be a member of the Committee w.e.f. April 1, 2021.

⁵ Appointed as a member of the Committee w.e.f. April 1, 2021.

⁶ Ceased to be a member of the Committee w.e.f. July 16, 2020.

⁷ Appointed as a member of the Committee w.e.f. July 16, 2020.

Other Information:

• Directors' Familiarization Program

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

The internal newsletters of the Company are circulated to all the directors and 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 regards 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 and summary of the minutes of the subsidiaries 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.

Information and data are shared with the Directors in an orderly manner so that the Directors are able to contribute effectively to the Board discussions. Presentations are made regularly to the Board/NRC/Audit Committee

where Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, HR policy, succession planning, quarterly and annual results, budgets, review of Internal Audit, Corporate Social Responsibility and risk management framework etc.

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

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

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

- **Risk Management Framework:**

Please refer page no. 108 of Board Report

- **Vigil Mechanism/Whistle Blower Policy:**

The Company has a Whistle Blower Policy in place since October 2014. The Company has a Whistle Blowing Investigation Committee (WBIC) to manage complaints under the said Policy. The WBIC consists of the Senior Executives of the Company. The WBIC is responsible for end to end management of the investigations from receipt of complaints to bringing them to a logical conclusion, keeping in mind the interest of the Company.

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

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 the constant endeavors is to promote "ZERO TOLERANCE" for values violation & unethical conduct at the workplace. To promote this culture, "Ethics Line" plays an important role.

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

During the year, the Company received total 5 complaints under Ethics Line. Appropriate actions, wherever required, were taken by the Company on the same.

Please refer page no. 53 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 the Audit 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 2020-21, the total fees paid by the Company and its subsidiaries on a consolidated basis, to Sharp & Tannan, Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors are part thereof for all the services provided by them is ₹ 4.69 million.

Also refer to Page 52 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.LTTS.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 and Senior Management Personnel.

Amit Chadha
CEO & Managing Director

Date: May 3, 2021
Place: Washington, USA

- General Body Meeting**

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

Financial Year	Date	Venue	Time
2019-20	July 17, 2020	Held through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")	4.30 PM
2018-19	July 20, 2019	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400020	3.30 PM
2017-18	August 22, 2018	Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Nariman Point Mumbai 400021	11.00 AM

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

Annual General Meeting held on July 17, 2020:

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

Annual General Meeting held on July 20, 2019:

- To approve Re-appointment and Continuation of Mr. Samir Desai (DIN:01182256) as an Independent Director of the Company.

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.

Postal Ballot

During the year, the Company sought the approval of shareholders through postal ballot in accordance with Section 110 of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and MCA circulars issued from time to time, for the following businesses:

- Extension of term of Dr. Keshab Panda (DIN: 05296942), as the Chief Executive Officer & Managing Director of the Company upto March 31, 2021 and his appointment as Non-Executive Director of the Company w.e.f. April 1, 2021;
- Extension of term of Mr. Amit Chadha (DIN: 07076149), as the Deputy CEO & Whole-Time Director of the Company upto March 31, 2021 and his appointment as the CEO & Managing Director of the Company for a term of three years w.e.f. April 1, 2021 till March 31, 2024;
- Appointment of Mr. Chandrasekaran Ramakrishnan (DIN: 00580842) as an Independent Director of the Company for a period of 5 years w.e.f. October 19, 2020;
- Re-appointment of Mr. Sudip Banerjee (DIN: 05245757) as an Independent Director of the Company for a period of 5 years w.e.f. January 21, 2021.

The Notice of Postal Ballot was approved by the Board of Directors at their meeting held on January 20, 2021. The aforesaid resolutions were duly passed and the results of postal ballot through remote e-voting were announced on March 4, 2021. Mr. Alwyn D'souza, Practicing Company Secretary (Membership No. FCS 5559) was appointed as the Scrutinizer to scrutinize the postal ballot via remote e-voting process in a fair and transparent manner.

Resolution	No. of Votes Polled	No. of Votes Cast in Favour	No. of Votes Cast Against	% of Votes Cast in Favour on Votes Polled	% of Votes Cast Against on Votes Polled
Extension of term of Dr. Keshab Panda (DIN: 05296942) as Chief Executive Officer and Managing Director of the Company up to March 31, 2021 and his appointment as Non- Executive Director of the Company w.e.f. April 1, 2021	92731752	92606943	124809	99.87	0.13
Extension of term of Mr. Amit Chadha (DIN: 07076149) as the Deputy CEO and Whole Time Director of the Company up to March 31, 2021 and his appointment as the CEO and Managing Director for a term of three years w.e.f. April 1, 2021 till March 31, 2024	92731752	92651759	79993	99.91	0.09
Appointment of Mr. Chandrasekaran Ramakrishnan (DIN: 00580842) as an Independent Director of the Company	92463184	92346533	116651	99.88	0.12
Re-appointment of Mr. Sudip Banerjee (DIN: 05245757) as an Independent Director of the Company	92463099	88213695	4249404	95.40	4.60

Disclosures:

- A. During the year, there were no transactions of material nature with the Directors or the Management or relatives or the subsidiaries or related parties that had potential conflict with the interests of the Company.
- B. Details of all related party transactions form a part of the accounts as required under IND AS 24 and the same are given on page no. 183 of the Annual Report.
- C. The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.
- D. The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.
- E. The 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. The said Certificate is part of the Corporate Governance Report.
- 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 107 of this Annual Report.
- H. Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 form a part of the Board Report. Please refer to page no. 52 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 .
News 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 are available on the websites of the Stock Exchanges. The Annual Report and Accounts of the Company and its subsidiaries are also available on the website of the Company in downloadable format.
Filing with Stock Exchanges	Information to Stock Exchanges is being filed online on NEAPS for NSE and BSE Listing Centre for BSE.
Annual Report	Annual Report is circulated to all the members and all others like auditors, secretarial auditor, equity analysts, etc.
SEBI Complaints Redress System (SCORES)	Investor complaints are processed at SEBI in a centralized web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaints and their current status.
Management Discussion & Analysis	This forms a part of the Annual Report which is sent 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. During the year under review, the Company has enhanced the existing Statutory Compliance Monitoring system to extend the scope of the system by including all overseas locations of the Company as well to monitor the compliance more effectively and make it more user-friendly.

Unclaimed Shares

During the year under review none of the shareholders had approached for transfer of shares out of the said shares lying in the escrow account. As on March 31, 2021, the Company has 16 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 Annual General Meeting of the Company to be convened on Friday, July 16, 2021 at 4.30 p.m. through Video conferencing.

In view of the situation caused by Covid-19 pandemic and in line with the exemption granted to all the Companies by the MCA vide its Circular No. 20/2020 dated May 5, 2020, Circular No. 39/2020 dated December 31, 2020 & Circular No. 02/2021 dated January 13, 2021, the 9th Annual General Meeting of the Shareholders is being held through Video Conferencing mode only. In line with the aforesaid Notifications issued by MCA, the Company shall provide Video-conferencing Facility for Shareholders to enable them to attend the Annual General Meeting on first-come-first-serve basis.

Financial calendar:

Annual Results of 2020-21	3 rd May 2021
E-Mailing of Annual Reports to the registered email ids of the shareholders whose email ids are registered with the Company**	Third week of June, 2021*
First Quarter Results	During third week of July, 2021*
Annual General Meeting	16 th July 2021
Payment of Dividend	On or before July 31, 2021*
Second Quarter results	During third week of October, 2021*
Third Quarter results	During third week of January, 2022*

*Tentative dates

**In view of the situation caused by Covid-19 Pandemic, MCA vide its Circular No. 20/2020 dated May 5, 2020, Circular No. 39/2020 dated

December 31, 2020 & Circular No. 02/2021 dated January 13, 2021 and by SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 & SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, granting exemption to all the Companies for the current calendar year i.e. 2021 from sending physical copies of the Annual Report to the shareholders. Accordingly, the Annual Report for FY 20-21 along with the Notice for the 9th Annual General Meeting is sent only through email.

Book Closure:

The dates of Book Closure are from Saturday, July 10, 2021 to Friday, July 16, 2021 (both days inclusive) to determine the members entitled to the dividend for 2020-2021.

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 2020-2021 to the above Stock Exchanges.

Custodial Fees to Depositories:

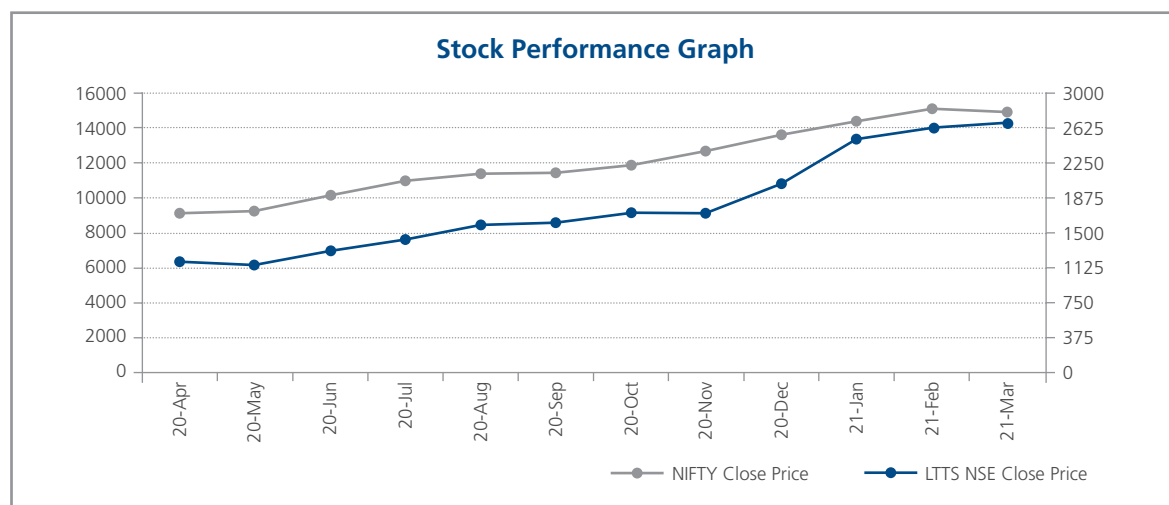
The Company has paid custodial fees for the year 2020-2021 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code/Symbol:

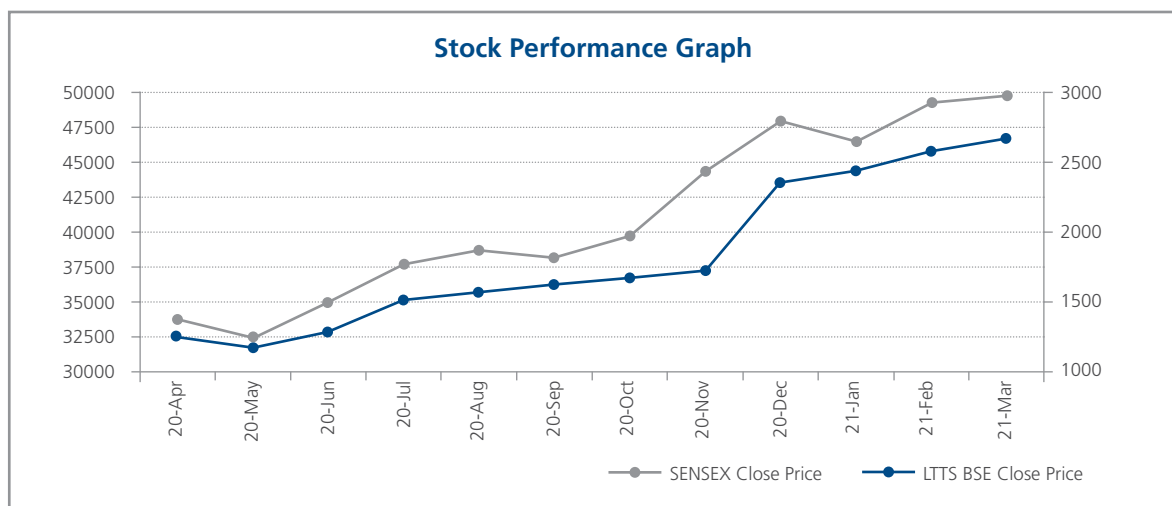
BSE Limited (BSE)	Scrip Code: 540115
National Stock Exchange of India Limited (NSE)	Scrip Code: LTTS
ISIN	INE010V01017
Corporate Identification Number	L72900MH2012PLC232169

Stock market data for the year 2020-2021:

Month	LTTS NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
2020						
April	1,211.30	1,150.89	1,180.07	9,185.06	8,939.19	9,063.58
May	1,170.22	1,127.86	1,141.94	9,312.47	9,107.86	9,192.01
June	1,323.73	1,272.75	1,298.02	10,209.11	10,010.18	10,116.45
July	1,430.25	1,382.42	1,409.38	10,966.39	10,822.33	10,897.70
August	1,594.54	1,544.30	1,567.16	11,392.13	11,260.97	11,318.57
September	1,616.17	1,561.66	1,587.92	11,415.40	11,264.02	11,336.70
October	1,739.98	1,668.68	1,699.04	11,864.84	11,710.66	11,789.71
November	1,715.16	1,663.15	1,686.71	12,654.10	12,501.34	12,602.32
December	2,062.83	1,962.08	2,021.93	13,597.66	13,442.10	13,550.44
2021						
January	2,571.61	2,422.90	2,487.13	14,394.89	14,194.15	14,284.60
February	2,640.81	2,552.19	2,600.32	15,066.64	14,834.46	14,956.84
March	2,713.73	2,598.12	2,644.63	14,956.19	14,719.28	14,835.10



Month	LTTS BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2020						
April	1,300.00	1,086.25	1,233.95	33,887.25	27,500.79	33,717.62
May	1,238.00	1,066.45	1,166.80	32,845.48	29,968.45	32,424.10
June	1,415.30	1,166.00	1,284.20	35,706.55	32,348.10	34,915.80
July	1,528.00	1,251.50	1,509.65	38,617.03	34,927.20	37,606.89
August	1,652.50	1,502.05	1,563.00	40,010.17	36,911.23	38,628.29
September	1,697.50	1,465.10	1,615.90	39,359.51	36,495.98	38,067.93
October	1,879.00	1,575.10	1,667.20	41,048.05	38,410.20	39,614.07
November	1,747.80	1,602.00	1,724.00	44,825.37	39,334.92	44,149.72
December	2,435.20	1,725.00	2,338.80	47,896.97	44,118.10	47,751.33
2021						
January	2,780.00	2,301.40	2,428.95	50,184.01	46,160.46	46,285.77
February	2,760.00	2,402.20	2,566.60	52,516.76	46,433.65	49,099.99
March	2,858.35	2,475.85	2,654.80	51,821.84	48,236.35	49,509.15


Registrar and Share Transfer Agent:

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

a) Share Transfer System:

The Company's investor services are handled by KFin Technologies 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, have not been processed by the Company unless the securities were 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.

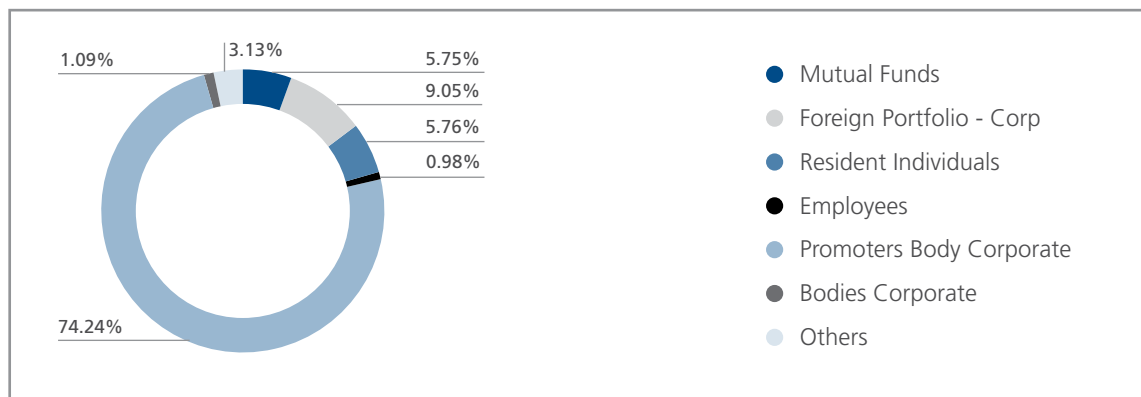
As required under Regulation 40 of the LODR, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

Distribution of Shareholding as on March 31, 2021:

No. of shares	Shareholders		Shareholding	
	Number	Percentage	Number	Percentage
Upto 500	1,12,856	98.38	42,23,412	4.02
501-1000	877	0.76	6,35,311	0.60
1001-2000	417	0.36	5,91,612	0.56
2001-3000	122	0.11	2,97,676	0.28
3001-4000	77	0.07	2,68,694	0.26
4001-5000	46	0.04	2,06,235	0.20
5001-10000	120	0.10	8,41,874	0.80
10001 & above	212	0.18	9,79,81,009	93.28
Total	1,14,727	100.00	10,50,45,823	100.00

Category of Shareholder is as under:

Category	31.03.2021		31.03.2020	
	No of shares	%	No of shares	%
Mutual Funds	60,36,159	5.75	42,90,363	4.11
Foreign Portfolio - Corp	95,11,426	9.05	87,44,894	8.37
Resident Individuals	60,45,758	5.76	71,90,167	6.88
Employees	10,26,239	0.98	8,08,623	0.77
Promoters Body Corporate	7,79,86,899	74.24	7,79,86,899	74.62
Bodies Corporate	11,43,540	1.09	18,21,074	1.74
Others	32,95,802	3.13	36,69,538	3.51
Total:	10,50,45,823	100.00	10,45,11,558	100.00

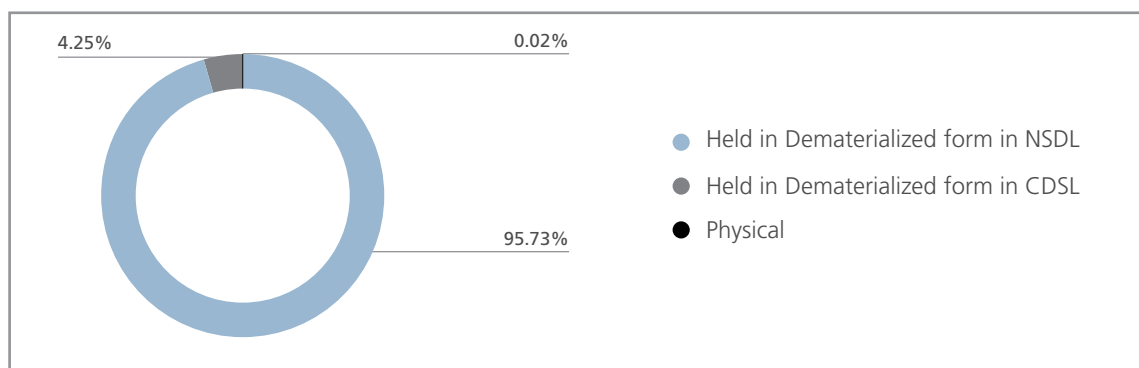


b) Dematerialization of Shares:

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

As on March 31, 2021, 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	10,05,62,073	95.73
Held in Dematerialized form in CDSL	44,63,879	4.25
Physical	19,871	0.02
Total	10,50,45,823	100.00



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

Members holding shares in dematerialized form can intimate all changes viz. pertaining to change of address, change in e-mail id, bank details etc. to their Depository Participants whilst those holding shares in physical form can intimate such changes to the Company's Register and Share Transfer Agent (RTA). The Company collected PAN and bank account details of securities holders whose dividend remained 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)	KFin Technologies Private Limited Unit: L&T Technology Services Limited Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad, Telangana 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Toll free no.: 1800 419 8283 Email: einward.ris@kfintech.com Website: https://www.kfintech.com
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Address of the Compliance Officer	Kapil Bhalla L&T Technology Services Limited 2 nd Floor, Tower B, L&T Business Park, TC2, North-East Wing, Gate No. 5, Saki Vihar Road, Powai, Mumbai – 400072 Tel: (91 22) 6705 9200 Fax: (91 22) 6705 9695 E-mail: investor@lts.com
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Global Locations:

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

India Locations:

As on March 31, 2021, the Company has delivery centers located at Mumbai, Vadodara, Chennai, Bengaluru, Mysuru and Hyderabad.

The Registered Office of the Company is located at L&T House, Ballard Estate, N.M. Marg, Fort, Mumbai- 400001 and the Corporate Office of the Company 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 stringent guidelines for the Designated Persons and creates the necessary framework for transacting in the Company's securities, after 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 employees falling in the Designated Persons category are also required to disclose related information periodically as defined in the Code. Directors and Designated Persons who buy and sell shares of the Company are prohibited from entering into a contra transaction i.e. enter into an opposite transaction i.e. sell or buy any shares of 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. Further, the Company modifies the Code as and when there are amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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

The Company has also formulated the 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 have submitted the same to the Stock Exchanges within the prescribed timelines.

Group Governance:

All the subsidiaries of the Company 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, 2021 and that to the best of our knowledge and belief, we state that:

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

Yours Sincerely,

Rajeev Gupta
Chief Financial Officer

Place: Mumbai, India
Date: May 3, 2021

Amit Chadha
CEO & Managing Director

Place: Washington, USA
Place: May 3, 2021

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 2021, as stipulated in regulations 17 to 27 and clauses (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.

Auditors' responsibility

4. Our responsibility is to examine 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 is 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 regulations 17 to 27, clauses (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 2021.
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

UDIN: 21038332AAAALZ1608

Mumbai, 3 May 2021

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

Management's responsibility

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 to examine 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 Scheme in accordance with the Regulations and the resolutions passed at the general meeting held on 21 January 2016 and as per postal ballot dated 15 December 2016.

Restriction on use

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
UDIN: 21038332AAAAAMA7764

Mumbai, 3 May 2021

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To:

The Members of L&T Technology Services Limited

I have examined the relevant records of the L&T Technology Services Limited for the purpose of certifying compliance of requirements in Schedule V (C) 10(i) under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2021.

In my opinion, to the best of my knowledge and belief, according to the explanations and information furnished to me and based on the confirmation received from the Company and each of the Directors of the Company, I certify that, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies, by the Board / Ministry of Company Affairs or any such statutory authority.

NAINA R DESAI

Practising Company Secretary

Membership No. F1351

Certificate of Practice No.13365

Peer Review Certificate No.590/2019

UDIN F001351C000162479

Place: Mumbai

Date: April 23, 2021

Annexure E

A) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21, the percentage increase in remuneration of each Director & Key Managerial Personnel (KMP) during the financial year 2020-21

(₹ million)

Name of the Director/KMP	2020-2021			
	Designation	Total Remuneration	Ratio of Remuneration the median remuneration	Percentage increase in Remuneration
Mr. A. M. Naik	Founder Chairman	11.35	12.93	61.6%
Mr. S. N. Subrahmanyam	Vice Chairman	-	-	NA
Dr. Keshab Panda ¹	CEO & Managing Director	150.83 [®]	171.76	2.7%
Mr. Amit Chadha ²	Deputy Chief Executive Officer and Whole-Time Director	94.89 [®]	108.06	-5.9%
Mr. Abhishek ³	Chief Operating Officer & Whole-Time Director	13.62	15.51	100.5%
Mr. Samir T Desai	Independent Director	5.93	6.76	4.2%
Mr. Narayanan Kumar	Independent Director	2.23	2.53	23.6%
Mr. Sudip Banerjee	Independent Director	1.63	1.85	-17.7%
Ms. Apurva Purohit ⁴	Independent Director	2.00	2.28	281.0%
Mr. Arjun Gupta ⁵	Independent Director	3.28	3.74	-19.6%
Mr. R. Chandrasekaran ⁶	Independent Director	0.83	0.94	NA
Mr. P. Ramakrishnan ⁷	Chief Financial Officer	1.24	1.41	-82.2%
Mr. Rajeev Gupta ⁸	Chief Financial Officer	7.79	8.87	NA
Mr. Kapil Bhalla	Company Secretary	5.94	6.76	3.8%

Notes:-

¹Appointed as Non-Executive Director w.e.f. April 1, 2021. Earlier CEO & Managing Director upto and including March 31, 2021.

²Appointed as Chief Executive Officer & Managing Director w.e.f. April 1, 2021. Earlier Deputy CEO & Whole-Time Director upto and including March 31, 2021.

³Appointed as COO & WTD on October 18, 2019.

⁴Appointed as Independent Director w.e.f. December 11, 2019.

⁵Ceased to be Independent Director w.e.f. October 27, 2020.

⁶Appointed as Independent Director w.e.f. October 19, 2020.

⁷Ceased to be Chief Financial Officer w.e.f. July 19, 2020.

⁸Appointed as the Chief Financial Officer w.e.f. July 20, 2020

[®]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.

B) Percentage increase in the median remuneration of all employees in the financial year 2020-21:

The median remuneration of employees of the Company during the financial year was ₹ 8,78,111. In the financial year, there was an increase of 0.96% in the median remuneration of employees;

C) Number of permanent employees on the rolls of Company as on March 31, 2021

There were 15,953 permanent employees on the rolls of Company as on March 31, 2021;

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

There was no Average Annual increase in the salaries of India-based and overseas employees. The average increase in managerial remuneration was 4%. The average increase in Managerial remuneration 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

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED March 31, 2021

[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 Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, 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, 2021 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, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **presently, 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, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **presently, 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, as amended from time to time and the Listing Agreements entered into by the Company with Stock Exchange(s), applicable, as follows:**
 - **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. like -

- (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 Orchestra Technology Inc., a Company incorporated in Texas, USA on October 2, 2020.**

NAINA R DESAI

Practising Company Secretary

Membership No. F1351

Certificate of Practice No.13365

Place: Mumbai

Peer Review Certificate No.590/2019

Date: April 13, 2021

UDIN F001351C000078439

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

To,
The Members

L&T TECHNOLOGY SERVICES LIMITED

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

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

NAINA R DESAI

Practising Company Secretary

Membership No. F1351

Certificate of Practice No.13365

Peer Review Certificate No.590/2019

UDIN F001351C000078439

Place: Mumbai

Date: April 13, 2021

Annexure H

NOMINATION & REMUNERATION POLICY

The Board of Directors of L&T Technology Services Limited ("the Company") had constituted the "Nomination and Remuneration Committee" which is in compliance with the requirements of the Companies Act, 2013 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/ NRC 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 hold maximum directorship as prescribed under LODR, as amended from time to time.

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 prior approval of shareholders and other appropriate authorities, if required

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 approval, 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 approved by the shareholders of the Company by passing a special resolution within 2 years from the date of sum become refundable.

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.

c) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive, Independent 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 prior approval of shareholders and other appropriate authorities, if required.

d) 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. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration/ commission to its Independent Director and Non-Executive Directors in accordance with the provisions of Schedule V of the Act, as amended from time to time 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.

e) 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.

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 Meeting or by the Chairman 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. Business Profile

L&T Technology Services Limited (LTTS) is a leading global pure-play Engineering Research & Development (ER&D) services company. It offers consultancy, design, development and testing services across the product and process development life cycle. LTTS provides services and solutions in the areas of product software, mechanical and manufacturing engineering, embedded systems, engineering analytics and plant engineering. LTTS' customer base includes 69 Fortune 500 companies and 53 of the world's top ER&D companies across transportation, telecom & hi-tech, industrial products, plant engineering and medical devices. Our technologists work with global firms to offer smart solutions & services that can accelerate new product development, facilitate remote asset management and enable virtual Product Design & Prototyping. The key differentiators for LTTS' business are its customer-centric industry innovations, domain expertise, and multi-vertical presence spanning major industry segments.

Transportation

LTTS' transportation engineering services are enabling OEMs across the globe to achieve faster time to market using digital technologies and is helping them to build innovative next-generation vehicles and aircrafts. 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 the Automotive, Trucks & Off-Highway Vehicles and Aerospace sectors.

In the Automotive sector, LTTS helps its customers through best-in-class platforms and solutions in rapidly emerging areas such as Electrical Vehicles (EV) technologies, Advanced Driver Assistance System (ADAS) and Autonomous Drive (AD). LTTS' global expertise also spans Telematics and connectivity, Infotainment Powertrain and end-to-end design & development of automotive components.

LTTS has over a decade of domain expertise in the Trucks and Off-highway segment, and offers services across industries like Construction & Mining, Cranes & Material

Handlers, Commercial Vehicles, Agricultural & Gardening Equipment, Powersports and Polymer.

In the Aerospace sector, LTTS' offerings encompass a wide spectrum, including aero engine, aero structure & systems, avionics, air traffic management and new-age disruptive digital transformation solutions, which cater to all phases of the Aircraft Lifecycle – design, manufacturing, and aftermarket services. The Company's engineering and digital solutions help Aerospace OEMs and Tier 1's maximize ROI, meet compliance standards, increase quality and stay competitive in an ever-changing Aerospace sector.

Telecom & Hi-tech

LTTS' Telecom and Hi-tech vertical provides engineering services and solutions that cater to five key sectors: Telecom, Consumer Electronics, Semiconductor, ISV, and Media & Entertainment.

LTTS is a leader in Telecom Product Engineering and helps customers engineer value across the product lifecycle from design conceptualization to the deployment of products and services. It provides services including product variant design & development, maintenance, testing, support, optimization, system integration and professional services (pre-deployment, deployment & post-deployment).

For the Semiconductors industry, the Company's futuristic solutions and IC designs offer cutting edge VLSI IP for camera, storage, display and interface solutions and also provides hardware system design, platform software, modem services, verification & validation, multimedia, connectivity, storage, mechanical engineering, and customer engineering support.

For the Consumer Electronics segment, LTTS provides services in the areas of product conceptualization, design & development, platform software, testing & certification, manufacturing support, product maintenance, and product launch support.

For the Media & Entertainment industry, LTTS provides services in product engineering, product

conceptualization, design & development, testing & certification, manufacturing support, product maintenance, and value engineering. And in ISV, LTTS undertakes application engineering, VLSI, Cloud engineering, product uplift, platform development & migration, product support, testing and certification.

Industrial Products

LTTS supports global customers across building automation, home and office products, energy, process control and machinery with its deep domain expertise across software, electronics, connectivity, mechanical engineering, industrial networking protocols, User Interface/User Experience (UI/UX), test frameworks and enterprise control solutions. LTTS is working with customers in this space on important initiatives like Energy Sustainability to help them achieve net carbon zero status; Supply Chain optimization and standardization as customers look for alternate sourcing; and Digital Manufacturing to manufacture products in a smarter way. LTTS' team of experts works across segments to help OEMs as well as operators drive innovation and efficiency. The Industrial Products practice spans the entire value chain from design, development, and deployment to monitoring, testing, and automation of processes, products, and solutions.

Plant Engineering

Plant Engineering is a very differentiated practice at L&T Technology Services with a business objective to provide high end engineering services that enable manufacturers to efficiently run projects and plants. LTTS has created a strong market differentiation with its offerings on efficient, safe, and sustainable production facilities for clients to improve their plant productivity, efficiency and safety. Through these offerings the Plant Engineering practice caters to diverse industries, from Owner Operators to EPC Companies and Original Equipment Package Suppliers in the domains such as Consumer Packaged Goods, Chemicals, and Energy & Utilities.

LTTS provides end-to-end solutions in the areas of design, engineering, project management, and handover operation and maintenance and offers custom digital solutions over the plant lifecycle. As an engineering, procurement, and construction management (EPCM) services specialist, LTTS supports every phase of a plant's lifecycle from concept to commissioning. The Company enables its customers to address all their engineering requirements to streamline their processes, resolve

downtime issues, and adhere to statutory, human safety, machine safety, regulatory compliance as well as local and global standards. The Company's consulting led approach and digital solutions enable manufacturers to upgrade/integrate their legacy systems to smart platforms that drive connectivity and synergy.

Medical Devices

LTTS helps medical device OEMs address various industry challenges, including acceleration of the product development cycle, reduction of time-to-market, value engineering, and product launches in various geographies in compliance with the regional regulatory requirements. The Company works with global medical devices and healthcare companies to offer solutions around remote medical care, regulatory compliances and approvals, in-vitro diagnostics, patient mobility services, surgical services, home healthcare and medical Internet of Things. LTTS also provides pre-compliance testing and validation support, including product/compliance remediation, compliance management, and regulatory documentation support.

LTTS has designed, developed and helped manufacture 200,000+ medical devices for global enterprises which are sold across 3 continents.

2. Business Environment

According to Zinnov, ER&D has borne the brunt of the pandemic impact with almost all crucial verticals seeing de-growth. Global ER&D spend in 2020 stood at ~\$1.4 trillion, a 6% de-growth over 2019, the first time since 2012, reflecting the impact of decreased demand from end consumers in verticals like Automotive, Aerospace, Energy & Industrials that translated to corresponding R&D budget cuts.

While Manufacturing verticals were impacted, Hi-tech and services-led verticals have stayed resilient and further accelerated investments in R&D initiatives to drive digitalization journeys of their end customers. Zinnov states that Digital engineering continues to drive ER&D spend, with enterprises across verticals increasingly prioritizing their R&D efforts towards building new age digital products and services.

Everest group states that while there will be significant variations in the recovery trajectories, global ER&D spending will reach pre-COVID levels by end of 2021. Digital engineering investments in optimization of

engineering and manufacturing operations and enhancing the robustness of service delivery platforms will be a key ER&D investment theme in 2021. Industry analysts also predict that the rapid adoption of intelligent, connected and smart initiatives such as Tele-X, Intelligent workplaces, Contactless commerce, leveraging new age technologies such as Artificial Intelligence, AR/VR, IoT is set to further fuel ER&D spend across verticals and make enterprises anti-fragile.

As per Zinnov, global ER&D spend is likely to grow at a CAGR of 11% over the period 2020-2023 and touch ~\$1.9 trillion by 2023, with Digital Engineering being the key driver. 5G, Digital Thread, and Sustainable engineering will be the key catalysts supporting higher Digital Engineering spends. IDC too highlights the faster pace of Digital Engineering and states that by 2025, 30% of G2000 manufacturers will use as-a-service Digital Engineering marketplaces, improving operational efficiency by 20%.

LTTS benefits from having well-defined offerings in the ER&D sector. The Company's expertise in traditional and core engineering along with its strength in Digital Engineering and new age technologies like Cloud, AI/ML helps LTTS position itself as an innovation partner to its customers. With established credentials as innovation provider and leveraging the cross-industry experience, the Company is poised to provide a unique proposition to the clients across industries. LTTS' strength in Engineering and Technology has been recognized by industry experts such as Zinnov, Everest, ISG, ARC, IDC and NelsonHall who have rated LTTS as a Leader across various categories.

3. Major Achievements

In spite of a challenging period due to the pandemic, LTTS had deal wins across all the verticals. Large deal bookings were also high, helped by a marquee USD100mn plus deal in the Oil & Gas sector.

Order Wins

Transportation

- LTTS has entered into the new area of Telematics with a leading European OEM. As part of this deal, LTTS will be testing the automobile maker's next generation of Telematics Unit. The scope of work includes setting up a lab in Munich dedicated for the customer.

- LTTS has been selected by a European automotive components manufacturer for providing engineering solutions for their Electronic Powertrain unit. Under the multi-year program, LTTS would be responsible for providing a real-time technology framework to evaluate the controller design of the e-Powertrain systems.
- A leading global OEM awarded LTTS the ownership of Digital Product Management for all its automotive component design data across categories like Chassis, Interior, Exteriors, Electrical wire harness. This will also entail co-Investment for Automation and Productivity Improvement tools which would further lead to overall cost optimization for design & development.
- An Aerospace and Defense conglomerate awarded LTTS a program to provide in-field product insights using LTTS' proprietary Industrial AI platform Alkno®. LTTS will also support the customer for engineering supply chain optimization, upgrades and improvement through should costing.
- LTTS won a deal from one of the world's leading mobility OEM for a marine digital solution to provide solutions in areas including Hardware-IoT Platform, Cloud Infra, Mobile App and Customer Support Managed Services.
- LTTS has won a multi-million-dollar deal in the Powertrain domain to support a leading Automotive Tier-1 Company. LTTS will support end-to-end OEM Programs encompassing System engineering, Software development, HIL Test & Validation.
- For an American Industrial conglomerate, LTTS is leveraging its ITAR facility in North America to develop electrical and mechanical systems for military vehicles.
- LTTS was awarded a product engineering services deal to develop autonomous solutions for a global provider of Automotive technology and set up a CoE for the development and sustenance of legacy engineering software applications.
- LTTS won a project to take ownership of multi-disciplinary engineering design activities for an OEM involved in Energy generation solutions.

- A leading global Tier1 firm has partnered with LTTS to build a hybrid unified business engagement that will drive engineering process harmonization across their global locations enabling shorter time to market.
- A leading Aerospace company selected LTTS as its strategic engineering partner to provide engineering and digital support across multiple domains including Avionics, PLM, Structures and Systems.

Telecom and Hi-Tech

- LTTS was selected as a strategic technology partner by one of the world's leading technology companies to carry out Platform Validation for its high-performance Data centres which is part of a joint CoE set up.
- A European Telecommunications company has awarded LTTS a program to orchestrate its vast core network across Europe consisting of various routers, switches and gateways for video streaming and other data services.
- A global Telecommunications company has selected LTTS as its engineering services partner to perform end-to-end system integration and allied engineering services for its global operations.
- LTTS won a deal to set up a dedicated engineering analytics lab for one of the world's leading technology companies. The lab to be set up in Bangalore, India will be providing system validation and software engineering for the customer's new line of server platforms.

Industrial and Consumer Products

- Schindler selected LTTS as its key partner to provide innovative digital engineering capabilities. LTTS is providing product development, innovation and engineering services & solutions to help Schindler accelerate its digitalization and connectivity initiatives.
- LTTS won a deal in Infotainment Systems from the automotive component business of one of the largest multinational electronics companies. LTTS will support the customer in system validation for multiple OEM programs in a managed services engagement model.

- LTTS has been chosen as the Integration and Migration partner by a global wind turbine manufacturer to support the client in migration of PLM & CAD data from a joint venture to the parent company's platform. Showcasing its end-to-end engineering expertise in Data Migration and Digital domain, LTTS conducted a thorough feasibility study of the migration, and developed the complete analytics solution, architecture and requisite engineering support for Cloud to On-premise PLM application.

- A leading Chemical and Consumer goods company has chosen LTTS as its Engineering Partner in the North America region for design, engineering & turnkey support for installation and commissioning of packaging lines.
- A leading Industrial Automation company has awarded LTTS a project for creating a low-cost variant of their popular power drive and fast track its release to market.
- LTTS has won an Engineering Application Modernization program from a diversified American conglomerate to support the client's software driven modernization initiative. LTTS engineers will maintain and upgrade the company's existing suite of applications to make them mobile and cloud enabled.
- For a major wind turbine manufacturer LTTS is setting up a dedicated Global Engineering Hub which will drive the client's global product roadmap. LTTS will be supporting its product design and development, manufacturing and PLM and analytics roadmap.

Plant Engineering

- LTTS won its biggest deal ever with a TCV of USD 100 million plus from a global O&G major to be the primary engineering partner to support two of the customer's integrated refining and chemicals manufacturing facilities in USA.
- LTTS is setting up an India Software Engineering Centre (ISEC) for a global oilfield services company, to support all its product services lines. The engineering centre will focus on data analytics platform development, validation and testing services.

- One of the world's top plastics, chemicals and refining manufacturers has awarded LTTS a multi-year plant engineering engagement to implement digital twin modelling for its capital projects spread across 20+ sites in North America.
- LTTS was chosen as a strategic partner by a world leading engineering & construction Oilfield Services company to carry out multi-disciplinary Engineering activities for its capex & opex projects globally.
- LTTS has been selected as an engineering partner by a multinational Oil and Gas company to provide 3D modelling and digital twin services for its oil and gas assets. Under the multi-year agreement LTTS will carry out data preparation, conversion & modelling activities for the customer's global portfolios across both upstream and downstream assets.

Medical Devices

- A U.S.-based Medical Devices company has awarded LTTS a program to design equipment for intraocular lens manufacturing. The LTTS engineering team is also involved in next generation cataract surgical product development.
- A Leader in Healthcare devices and homecare has selected LTTS as a strategic global engineering supplier to assist in transforming its product portfolio. LTTS will bring its deep engineering domain expertise to support the customer on workstreams for Lifecycle Management, New Product Development, Digital Engineering and Quality & Regulatory needs.
- LTTS won a project from a Medical Electronics equipment maker to design and develop a new blood cell counter product and launch it in the international market. LTTS will also help conduct technical feasibility of systems hardware, and testing and benchmarking of the product for the customer.
- A Medical Devices company has awarded LTTS a design enhancement project for its surgeon console and robotic arm subsystems. LTTS will offer Product Design Services in the customer's Surgical Robotics operating unit. LTTS will also be providing engineering support and maintenance for the customer's range of robotic subsystems.

4. Significant Initiatives

LTTS has been investing its time and effort in strategic initiatives that will propel its technology footprint, engineering infrastructure and human resources with an end goal to provide a differentiated experience to its customers.

Partnerships/Alliances/Technology Investments

- Amazon selected LTTS as a Consulting and Professional Services partner to support Alexa integration in various connected devices spanning multiple domains and industries.
- L&T Technology Services set up a dedicated engineering hub for Airbus after the global aerospace manufacturer selected LTTS to provide technology and digital engineering solutions for its Skywise platform
- LTTS launched a virtual clone of the Think Studio where its engineers are involved in various activities from design ideation to engineering excellence to prototyping samples and patenting design rights for mass production.
- LTTS, in association with Tenneco's DRiV™ Ride Performance Division, inaugurated the DRiV HUB Development Center at LTTS' Bangalore delivery center. LTTS is creating engineering tools to support DRiV in developing intelligent suspension technologies to build next-generation ride control solutions.
- In partnership with LTTS, diagnostics reagents and equipment manufacturer Agappe Diagnostics in September launched Mispacount X, India's first indigenously developed blood cell counter.
- LTTS set-up and virtually launched a state-of-the-art Electric Vehicle (EV) Lab at the Bengaluru design centre which would help customers across the globe to evaluate and verify the performance, endurance and electromagnetic compatibility of EVs.
- LTTS' team of engineers developed Chest-rAI™ which is an AI based chest X-Ray radiology suite for diagnosis and reporting intelligence. The suite has the potential to detect 34 of the most common lung-related abnormalities, covering more than 85% of diagnosis encountered at medical institutions.

- LTTS' engineers created and launched the virtual clone of its Wet Lab where chemicals and potential hazardous material are handled in a controlled environment.
- Exponential-e, a UK-based leading & innovative CSP of enterprise connectivity & unified communications services, entered into a strategic partnership with LTTS to jointly offer workplace transformation solutions to customers working in the post-COVID environment. LTTS deployed latest solution i-BEMST[™] Shield, built on the Company's award-winning i-BEMST[™] framework, and anchored on Exponential-e's next-gen composite SDN carrier grade network & Cloud infrastructure.
- LTTS also expanded its collaboration with Microsoft Corporation and launched its latest and enhanced version of the state-of-the-art i-BEMST[™] solution on Microsoft Azure to transform buildings into future-ready smart campuses.

Merger & Acquisition

LTTS through its wholly owned subsidiary L&T Technology Services LLC, acquired 100% stake in Orchestra Technology Inc., a specialist technology solutions provider for the Telecom industry, effective October 2, 2020. Orchestra is based in Texas, USA and will bolster LTTS' offerings in the areas of Network Engineering & Enterprise Mobility. It will also provide LTTS strategic access to Telecom service providers who are investing in next generation digital systems for 5G and IoT networks.

5. Environment Health & Safety

LTTS has aligned its sustainability goals with that of its parent, L&T, with the objective of contributing to the creation of a sustainable world by minimizing environmental impact, maximizing social outreach and offering sustainable solutions. As part of this roadmap, LTTS is constantly undertaking various initiatives in the areas of water and energy conservation as well as efforts to reduce the carbon footprint.

From water-cooled chillers, occupancy sensors, LED lighting, and elevator operation optimization to pressmatic taps, wastewater treatment and usage of technology to reduce travel and logistics, LTTS ensures optimal measures to safeguard the environment. The

Company also follows and implements all the industry standards, protocols, and best practices to ensure the workplace health, safety, and well-being of its workforce of over 16,000 employees.

- Over the past year, LTTS has taken several important measures to protect the health and well-being of its employees in the face of the pandemic. The LTTS BCP team has put in place multiple safety measures to ensure adequate sanitization of office premises, social distancing and mandatory screening of employees. Such safety measures have been communicated to employees through online sessions, webinars and virtual townhalls by the management.
- To ensure workplace safety, LTTS launched a mobile app named weCare that monitors safety and health of employees, enables contact tracing and keeps employees updated on important communication & medical advisories.
- As part of LTTS' series of wellness initiatives, LTTS brought in a medical expert to hold sessions with managers & leadership team as well as with all employees & their families and children. The doctor presented best practices on how to deal with COVID situation and emphasized the importance of physical & mental health. In India, iCALL awareness sessions were also conducted to provide psychological support and counselling to employees and ensuring that their mental health was not impacted.

6. Risks & Concerns

The Company has a well-defined Risk Management framework for assessment, monitoring, and treatment of risks. This framework is administered by the Enterprise Risk Management organization. The year has been one of global disruption due to the impact of COVID 19 and the risks faced by the Company have also been significantly impacted and in some ways magnified by the pandemic. The need to pivot from our set processes and be nimble enough to change and adapt to the new normal has been challenging. Safety and health of employees has been a key concern and the Company has taken several steps to address the risks pertaining to welfare of employees.

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

Key Risks	Mitigation
Impact of pandemic on key segments may continue for an extended period and this could materially affect revenue growth and profitability. Further there would also be certain segments that may face cyclical downturns.	<ul style="list-style-type: none"> • Expand presence in segments that are relatively unaffected by the pandemic • Diversified revenue mix covering different segments and geographies to address cyclical downturn • Cross selling across industry segments capitalizing on the technology expertise and capabilities developed thereby limiting dependence on any particular industry segment.
Cyber Security risks that could lead to data leakage, malware or ransomware attacks, hacking etc. This risk also comes into focus in the context of large number of employees working from home	<ul style="list-style-type: none"> • Deployment of enhanced security software and controls across the organization to further strengthen cyber security • Strict implementation of all protocols, policies relating to Work From Home and VPN access • Conduct of Cyber Security awareness campaign for all employees • Periodic assessment of cybersecurity maturity and conduct of threat hunting exercises to identify gaps
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 Centers 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
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
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

In addition to the above risks the following immediate concerns are being adequately addressed:

The Company is expecting increased attrition levels in line with trends observed in the industry. Various measures of employee engagement and professional enrichment are being implemented to ensure that the Company maintains its attrition levels below industry benchmarks.

In the previous year, the U.S. Department of Homeland Security followed by the Assistant United States Attorney's office had initiated an investigation concerning non-immigrant worker visas of the company. The Company is fully cooperating with the U.S. government agencies and responding to the government's requests for information. The Company has appointed legal counsel in the U.S. to represent itself. U.S. authorities have not filed any formal allegations or complaints against the Company in connection with the aforesaid matters.

7. 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.

8. Outlook

Engineering and Technology is LTTS' heritage, and the Company will further strengthen this by leveraging new-age and advanced technologies to stay relevant in the marketplace for the coming years. The Company has identified 6 focus areas that will determine the scale of operations across industries over the next five years. These are:

- 1) **EACV (Electric Autonomous Connected Vehicles)**
- 2) **5G**
- 3) **Medtech**
- 4) **Digital Manufacturing**
- 5) **AI/ML driven Smart Offerings**
- 6) **Sustainability**

Increasing maturity and applications of technologies like AI/ML, IoT/Edge, industrial robotics, additive manufacturing, etc. has led to a shift in ER&D spend from the more conventional engineering (electric, mechanical) to digital. The wave of adoption of new age tech across verticals will help enterprises be anti-fragile.

During these uncertain times, enterprises are searching for engineering partners who can help them to improve operating efficiency, finetune sourcing and production plans, and prepare for faster go-to-market. LTTS with its highly differentiated skillsets is rightly positioned

to provide solutions which enable business continuity and drive scale.

Expertise in digital manufacturing and in digital products & services enables LTTS to roll-out end-to-end platforms and solutions for enterprises enabling faster time to-market using accelerators such as machine learning and automation. LTTS' expertise in these technologies enables clients to move beyond the pilot stage and migrate their entire offerings lifecycle from ideation to design to supply chain and aftermarket services.

Research firm IDC predicts that by 2022 industry ecosystems will see a 40% greater innovation rate of new digital and physical products/services brought to market compared with traditional innovation approaches.

With a firmly established innovation and technology practice, LTTS aims to provide digital products and services to industry players to enable them to become ready for the future.

9. Significant Factors affecting Our Results

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, ability to command higher bill rates for its offerings, 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 and compliance 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.

10. Financial Conditions (Consolidated)

1. Equity Capital

(₹ Million)

Equity Capital	As at 31-03-2021	As at 31-03-2020
Authorised :		
5,250,000,000 equity shares of ₹ 2 each	10,500	10,500
(previous year 5,250,000,000 equity shares of ₹ 2 each)		
Issued, subscribed and fully paid up		
105,045,823 equity shares of ₹ 2 each	210	209
(previous year: 104,511,558 of ₹ 2 each)		
EQUITY SHARE CAPITAL	210	209

2. Other Equity

(₹ Million)

Other Equity	As at 31-03-2021	As at 31-03-2020
Retained Earnings	21,777	17,344
Hedging reserve	1,156	(1,332)
Securities premium	11,229	11,043
Foreign currency translation reserve	131	189
Employee stock options outstanding (Net of deferred compensation)	297	354
Other Items of other comprehensive income	(69)	(121)
Total other equity	34,521	27,477

Other equity at the end of March 31, 2021 stood at ₹ 34,521 Million as against ₹ 27,477 Million at the end of at March 31, 2020, mainly due to increase in Retained Earnings.

3. Long Term and Short Term Borrowings

(₹ Million)

Long Term and Short Term Borrowings	As at 31-03-2021			As at 31-03-2020		
	Non-current	Current	Total	Non-current	Current	Total
Long Term Borrowings						
Secured Loans			-			-
Term Loans from bank			-			-
Short Term Borrowings			-			-
Secured Loans			-			-
Unsecured loans from bank		-	-		303	303
Total	-	-	-	-	303	303

The Company's short-term borrowings stood at Nil at March 31, 2021 from ₹ 303 Million as at March 31, 2020 on account of repayment of loans.

4. Current liabilities (other than borrowings)

(₹ Million)

Current liabilities	As at 31-03-2021	As at 31-03-2020
Trade payables	2,352	1,975
Other financial liabilities	3,617	3,752
Other current liabilities	2,958	2,376
Short-term provisions	1,584	1,654
Current tax liabilities	471	328
Total	10,982	10,085

Current liabilities consisting of Trade payables, other financial liabilities, other current liabilities, short term provisions and current tax liabilities stood at ₹ 10,982 Million as of March 31, 2021 from ₹ 10,085 Million as of March 31, 2020.

5. Non-Current liabilities (other than borrowings)

(₹ Million)

Non-Current liabilities	As at 31-03-2021	As at 31-03-2020
Lease Liability	4,015	3,268
Other financial liabilities	322	1,622
Total	4,337	4,890

Non- Current liabilities consisting of Lease Liability and other financial Liabilities stood at ₹ 4,337 Million as of March 31, 2021 from ₹ 4,890 Million as of March 31, 2020.

6. Property, plant and equipment

(₹ Million)

Property, plant and equipment	As at 31-03-2021	As at 31-03-2020
Property, plant and equipment	2,063	2,099
Right of Use Assets	4,197	3,490
Capital work-in-progress	119	87
Goodwill	5,827	5,460
Other Intangible assets	737	686
Total	12,943	11,822

Additions:

Additions to the gross block in the year ended March 31, 2021 amounted to ₹ 2,263 Million & ₹ 792 Million in Right of Use & Plant property and equipment and Intangible Assets respectively; apart from that Addition of ₹ 405 Million under Goodwill and ₹ 517 Million under Other Intangible Assets is on account of Business Combination. 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 ₹ 1060 Million.

7. Trade Receivables

Trade Receivables amounted to ₹ 12,346 Million as at March 31, 2021, compared to ₹ 13,807 Million as at March 31, 2020. On account of better collections, the Company's day's sales outstanding improved to 83 days as at March 31, 2021 as compared to 90 days as at March 31, 2020.

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 ₹ 2,327 Million as at March 31, 2021 from ₹ 2,439 Million as at March 31, 2020.

9. Current assets (other than Cash and Trade Receivables)

(₹ Million)

Current assets	As at 31-03-2021	As at 31-03-2020
Investments	15,149	6,110
Other Financial assets	1,685	1,731
Other Current assets	3,519	5,015
Total	20,353	12,856

Investments comprises of Investments in mutual funds & Corporate Deposits, which improved from ₹ 6,110 Million as at March 31, 2020 to ₹ 15,149 Million as at March 31, 2021 on account of better free cash flow generation.

Other financial assets consisting advance to employees, security deposits, forward contract receivable, etc. which decreased from ₹ 1,731 Million as at March 31, 2020 to ₹ 1,685 Million as at March 31, 2021 primarily on account of Unbilled Revenue (T&M accruals).

Other current assets decreased primarily on account of Unbilled Revenue.

Loans have been regrouped.

10. Non-current assets (other than Property, plant and equipment, Goodwill and Deferred Tax)

(₹ Million)

Non-current assets	As at 31-03-2021	As at 31-03-2020
Investments	-	310
Other financial assets	1,644	827
Other non-current assets	1,049	661
Total	2,693	1,798

Other Financial assets as at March 31, 2021 increased by ₹ 817 Million primarily on account of increase in forward contract receivable.

11. Net Deferred tax assets / liabilities

(₹ Million)

Deferred tax asset	As at 31-03-2021	As at 31-03-2020
Deferred tax asset	(67)	(311)
Deferred tax liability	578	-

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.

12. Results of our operations

The following table shows a breakdown of our consolidated results of operations and each item as a percentage of total income for the years indicated:

	FY 21		FY 20	
	(₹ Million)	% of total income	(₹ Million)	% of total income
Income				
Revenue from operations	54,497	100.0%	56,191	100.0%
Expenses				
Employee benefit expenses	33,550	61.6%	32,516	57.9%
Other Operating expenses	10,873	20.0%	12,570	22.4%
Depreciation and amortisation expenses	2,183	4.0%	1,829	3.3%
Operating Profit (EBIT)	7,891	14.5%	9,276	16.5%
Other Income	1,537	2.8%	2,091	3.7%
Finance Costs	455	0.8%	365	0.7%
Profit before tax	8,973	16.5%	11,002	19.6%
Tax Expenses				
- Current tax	2,300	4.2%	2,269	4.0%
- Deferred tax	8	0.0%	509	0.9%
	2,308	4.2%	2,778	4.9%
Profit after Tax	6,665	12.2%	8,224	14.6%
Non-controlling interest	32	0.1%	38	0.1%
PROFIT FOR THE YEAR	6,633	12.2%	8,186	14.6%

11. Financial Year 2021 compared to Financial Year 2020 (Consolidated)

1. Income

Our revenue from continuing operations decreased by 3.0% to ₹ 54,497 Million for the year ended March 31, 2021 from ₹ 56,191 Million for the year ended March 31, 2020.

Our USD revenue from continuing operations comprise revenues denominated in USD, in addition to amounts in foreign currencies across our operations, that are converted into USD using the day-end exchange rates for the relevant period. Such revenues decreased by 6.3% to USD 736.6 Million for the year ended March 31, 2021 from USD 786.2 Million for the year ended March 31, 2020.

2. Employee benefit expenses

Employee benefit expenses comprise salaries (including overseas staff expenses), share based payment,

staff welfare, contributions to provident funds and contributions to gratuity funds.

Our employee benefit expenses increased by 3.2% to ₹ 33,550 Million for the year ended March 31, 2021 (which represented 61.6% of our revenue from operations for such year) from ₹ 32,516 Million for the year ended March 31, 2020 (which represented 57.9% of our revenue from operations for such year). This is primarily due to expenses of Orchestra Technology Inc. and other employee costs, including overseas staff expenses. Employee benefit expenses earlier included travel cost of Billable Employees which in FY 21 has been regrouped under Other Operating Expenses and FY 20 figures are regrouped accordingly.

3. Other Operating expenses

Other operating expenses primarily comprises of sub-contracting, technical & consultancy charges, computer software, rent and establishment expenses, travelling

& conveyance, legal & professional charges, overheads charges & miscellaneous expenses.

Our other operating expenses decreased by 13.5% to ₹ 10,873 Million for the year ended March 31, 2021 (which represented 20.0% of our revenue from operations for such year) from ₹ 12,570 Million for the year ended March 31, 2020 (which represented 22.4% of our revenue from operations for such year). This decrease is primarily due to curtailing of travelling, administrative and other cost control measures implemented by the Company.

4. 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 ₹ 2,183 Million for the year ended March 31, 2021 (out of which ₹ 915 Million accounted as Depreciation on ROU created as per IND AS 116) from ₹ 1,829 Million for the year ended March 31, 2020 primarily due to Ind AS 116 and addition of property, plant and equipment.

5. Other income

Our other income primarily consists of income from foreign exchange gains, investment income from mutual funds, interest received, net gain on fair value of investment and miscellaneous income. Other income also includes Export benefits which decreased by ₹ 383 Million in FY 21 (FY 21 - ₹ 548 Million and in FY 20 - ₹ 931 Million) leading to decrease in our other income to ₹ 1,537 Million for the year ended March 31, 2021 from ₹ 2,091 Million for the year ended March 31, 2020.

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.

6. Finance costs

Finance costs comprise bank interest paid and Interest accounted towards IND AS116. Exchange losses on borrowings are also accounted for as part of finance costs.

Our finance costs increased to ₹ 455 Million for the year ended March 31, 2021 from ₹ 365 Million for the year ended March 31, 2020.

7. Profit before tax

As a result of the above-mentioned factors, our profit before tax decreased by 18.4% to ₹ 8,973 Million for the year ended March 31, 2021 (which represented 16.5% of our revenue from operations for such year) and ₹ 11,002 Million for the year ended March 31, 2020 (which represented 19.6% of our revenue from operations for such year).

8. Tax expenses

Tax expenses comprise of current tax and deferred tax. Current income tax is the amount expected to be paid to the tax authorities in accordance with the applicable tax laws in relevant jurisdictions. Deferred income tax reflects the impact of timing differences between taxable income and accounting income.

Our current tax increased by 1.4% to ₹ 2,300 Million for the year ended March 31, 2021 from ₹ 2,269 Million for the year ended March 31, 2020. Our deferred tax charge for the year ended March 31, 2021 was ₹ 8 Million as against our deferred tax charge for the year ended March 31, 2020 of ₹ 509 Million.

Our total tax expense has decreased by 16.9% to ₹ 2,308 Million for the year ended March 31, 2021 from ₹ 2,778 Million for the year ended March 31, 2020. The decrease in current tax is mainly on account of lower profit before tax.

9. Profit after tax

As a result of the above-mentioned factors, our profit after tax decreased by 19.0% to ₹ 6,665 Million for the year ended March 31, 2021 from ₹ 8,224 Million for the year ended March 31, 2020.

10. Earnings per share (EPS)

Our Basic EPS before extraordinary items has decreased by 19.4% to ₹ 63.32 per share in the year ended March 31, 2021 from ₹ 78.56 per share in the year ended March 31, 2020. The diluted EPS has decreased by 19.0% to ₹ 62.90 per share in the year ended March 31, 2021 from ₹ 77.7 per share in the year ended March 31, 2020.

12. Key Financial Ratios (Consolidated)

Ratio	FY 21	FY 20
Days Sales Outstanding (in days)	83	90
Interest Coverage Ratio	376	1,120
Current Ratio	3.2	2.8
Debt Equity Ratio	0.0	0.0
Operating Profit Margin (%)	14.5	16.5
Net Profit Margin (%)	12.2	14.6
Return on Net Worth (%)	21	31

Explanations for changes in ratios:

- Days Sales Outstanding for the year ended March 31, 2021 improved to 83 days as compared to 90 days for the year March 31, 2020, because of improved collections which led to Trade receivables reducing to ₹ 12,346 Million as at March 31, 2021, compared to ₹ 13,807 Million as at March 31, 2020.
- Interest Coverage ratio for the year ended March 31, 2021 reduced due to lower Operating profit.
- Current Ratio improved to 3.2 in FY21 compared to 2.8 in FY20 driven by increase in Investments to ₹ 15,149 Million as of March 31, 2021 compared to ₹ 6,110 Million as of March 31, 2020.
- Operating profit margin reduced to 14.5% in FY21 compared to 16.5% in FY20 primarily on account of the drop in revenue because of Covid-19 pandemic.

- Net profit margin declined to 12.2% in FY21 as compared to 14.6% in FY20, on account of lower Operating profit margin and Other Income.
- Return on Net Worth for the year ended March 31, 2021 declined to 21% on account of lower Profit for the year at ₹ 6,633 Million as compared to ₹ 8,186 Million for the year ended March 31, 2020.

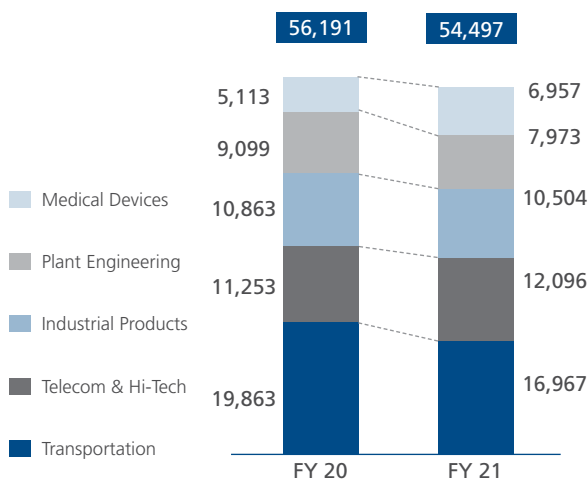
13. Segment reporting (Consolidated)

Our segmental reporting comprises business and geographic segmentation.

Business segmentation

LTTs operates in five industry segments namely Transportation, Telecom & Hitech, Industrial products, Plant Engineering and Medical Devices.

Revenue Contribution By Segments
(₹ million)



Transportation:

Transportation segment is our largest segment by revenue and contributed 31.1% of the company's total revenue in FY'21 vs 35.4% of the total revenue in FY'20. The operating margin of this segment has decreased from 17.7% in FY'20 to 14.7% in FY'21. Decrease in operating margin is due to Covid-19 outbreak and drop in revenue because of ramp down in large projects.

Telecom & Hi-tech:

Telecom segment is the second largest segment. The segment has contributed 22.2% of the company's total revenue in FY'21 vs 20.0% of the total revenue in FY'20. Revenue has grown by 7.5% in INR terms. The operating margin of this segment has decreased to 12.0% in FY'21 from 16.5% in FY'20.

Industrial Products:

The Industrial Products segment is the third largest segment and has contributed 19.3% of the company's total revenue in FY'21, same as that in FY'20. The segment has shown a dip in Revenue by 3.3% Y-o-Y in INR terms. The operating margin of this segment has improved from 26.1% in FY'20 to 27.0% in FY'21 due to continued focus on improving operations.

Plant Engineering:

Plant Engineering contributed 14.6% of the company's total revenue in FY'21 vs 16.2% of the total revenue in FY'20. The segment has shown decline in revenue by 12.4% Y-o-Y. The operating margin of this segment has declined from 25.4% in FY'21 to 20.9% in FY'20.

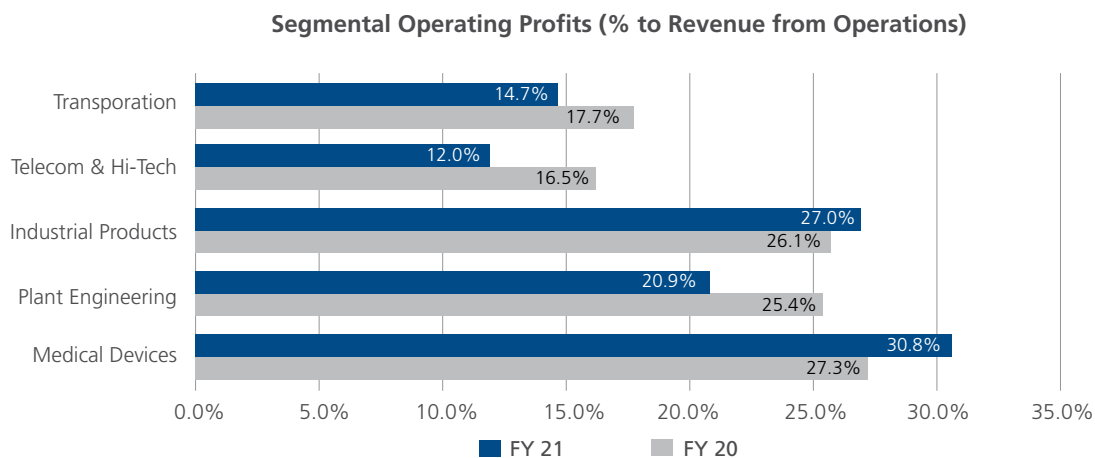
Medical Devices:

Medical Devices segment is the smallest segment and contributed 12.8% of the company's total revenue in FY'21 whereas in FY'20 it was 9.1%. The segment is showing a growth in revenue by 36.1% Y-o-Y. The operating margin of this segment has improved from 27.3% in FY'20 to 30.8% in FY'21.

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

Segments	FY 21		FY 20	
	(₹ Million)	% of total revenue	(₹ Million)	% of total revenue
Transportation	16,967	31.1%	19,863	35.4%
Telecom & Hi-Tech	12,096	22.2%	11,253	20.0%
Industrial Products	10,504	19.3%	10,863	19.3%
Plant Engineering	7,973	14.6%	9,099	16.2%
Medical Devices	6,957	12.8%	5,113	9.1%
Total operating revenue	54,497	100.0%	56,191	100.0%

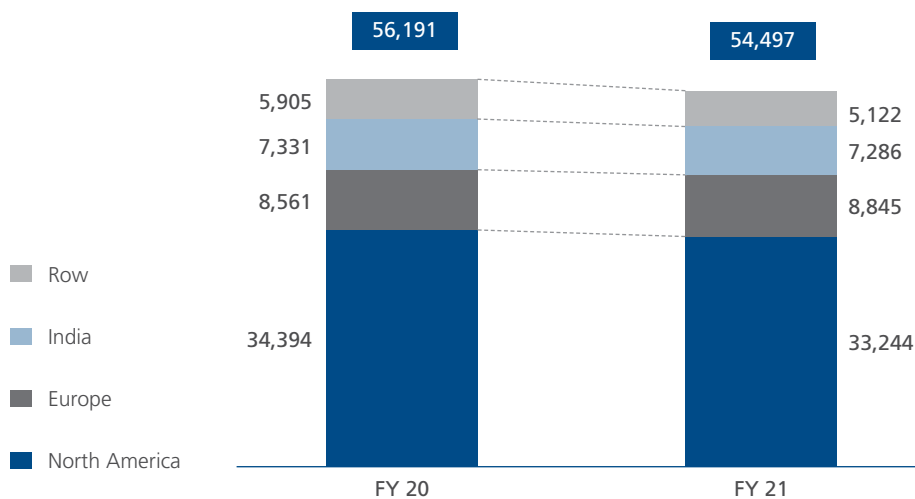
Further, the segment wise operating profits as a percentage to respective segment revenue has been depicted below for the periods indicated:



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

2020-2021

We are happy to present the Business Responsibility Report of the Company for the financial year ended as on 31st March 2021, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Business Responsibility Report covers the responses across environment, governance and stakeholder relationships of all the business. This report conforms to Business Responsibility Reporting (BRR) requirement of SEBI based on the National Voluntary Guidelines (NVG) released by the Ministry of Corporate Affairs, India.

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 : **1st April 2020- 31st March 2021**

Sector(s) that the Company is engaged in (industrial activity code- Group)	Class	Sub-Class	Description
620	6209	62099	Other information technology and computer services

- List three key products/services that the Company manufactures/provides (as in balance sheet)
Engineering and Research & Development Services in chosen verticals viz Industrial Products, Telecom & Hi-Tech, Plant Engineering, Transportation and Medical Devices.
- Total number of locations where business activity is undertaken by the Company
I. Number of International Locations - 44
II. Number of National Locations - 7
- Markets served by the Company – Local/State/National/International: **All**

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital: **₹ 210 million**
- Total Turnover: **₹ 49,640 million**
- Total profit after taxes: **Rs. 6,731 million**
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax: **more than 2%**
- List of activities in which expenditure in 4 above has been incurred: -
(a) Education
(b) Skill development
(c) Healthcare
(d) Water Conservation
(e) Environment

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%]

Yes. At present, less than 30% of the suppliers/distributors participate in BR initiatives

SECTION D: BR INFORMATION

1. (a) Details of Director/Directors responsible for BR

1. DIN Number: **07076149**
2. Name: **Mr. Amit Chadha**
3. Designation: **CEO & Managing Director**

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	Not applicable
2	Name	Mr. K. N. Prabhakaran
3	Designation	CSR Head
4	Telephone number	+91 22 6705 9200
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 being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? Signed by the CEO & MD	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						https://www.lts.com/investors/corporate-governance	Available on Company's Intranet	
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sr. No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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 to 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?

Yes. BRR is a part of our annual report. It is published on the website of the Company.

The Company's consolidated CoC mandates all the employees, including board members, to remain consistently vigilant and ensure that operations adhere to our ethics and values. The Chief Executive Officer & Managing Director makes an Annual Declaration to the shareholders regarding the senior management's compliance with the CoC.

The Company expects its associates to uphold highest standards of business conduct across all sites where the Company has its presence, as customer, supplier or as consultant. All employees are guided by the vision statement & values that reinforce success & reputation of the organization. Each employee of the Company is required to provide an annual declaration of his/her adherence to CoC. The said CoC is also displayed on the website of the Company. Awareness on CoC is a crucial part of induction program for new joiners and due notification on introduction of any amendments. Any non-compliance is addressed by a disciplinary committee and subsequently handled with suitable disciplinary actions.

The Company's CoC addresses bribery, corruption and tax evasion which extends to all the group companies, suppliers, contractors, NGOs and other stakeholders. Additionally, the Company has drafted a separate CoC which has to be followed by its suppliers, customers and consultants in order to uphold business standards.

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE :1

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

The Company's philosophy of corporate governance originates from L&T Group's unique heritage which recognises Corporate Governance as a fundamental for existence of business. Our philosophy on Corporate Governance is founded by a legacy built on ethics, transparency, intellectual integrity, dependability and disclosure practice. Our culture values accountability and fairness in our business dealings and our unwavering respect for values and equality, which is defined and detailed in the Company's institutionalized Code of Conduct (CoC).

The Company recognizes and respects the individuals in regard to protection of their personal data, which might be accessed by the Company and its employees during the course of business with its stakeholders, from any unauthorized disclosure and usage. The Company has a Privacy Policy, based on the principles set out in the European General Data Protection Regulations (GDPR), duly approved by the Management, to emphasize the Company's commitment to comply with data privacy and security regulations across various geographies, in which the Company operates. The Privacy Policy of the Company covers key areas such as Data Protection Principles as well as Data Use Guidelines. The Privacy Policy is applicable to all LTTS employees as well as third parties who may be involved in collection, processing, retention, transfer, disclosure and destruction of personal data collected by or on behalf of LTTS. The Company's Compliance Officer has been authorised for monitoring and updation of the said Privacy Policy.

A vigilance mechanism is in place to report the concerns by the directors and associates about actual or suspected frauds, unethical behaviour or violation of the Company's values or CoC. This is ensured through the Whistle Blower Policy which has been in effect since 2014 and under which a Whistle Blower Investigation Committee is constituted. The Whistle Blower Policy is also displayed on the website of the Company. As per the amendments in SEBI (Prohibition of Insider Trading) Regulations in 2018, the Company has implemented a Policy and Procedure 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. Further as per the recent SEBI Circular, the Company had already amended the Securities Dealing Code of the Company, in order to enable any Informant to raise concerns, if any, about alleged violation of insider trading laws by the Company.

The Company has created an online platform 'Ethics Line' as a Whistle Blower mechanism. Ethics Line offers an independent multi-channel interface to employees to report unethical conduct/malpractice they may see around them, which are addressed by the Company. Complete anonymity is ensured by the management of those who raise their concerns. It promotes 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 process the given information with the right actions. One of our constant

endeavours is to promote 'ZERO TOLERANCE' for values violation & unethical conduct at the workplace.

During the financial year 2020-21, the Company received total 5 complaints via Ethics Line. All the complaints were resolved through appropriate actions taken by the Company.

PRINCIPLE: 2

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

The Company facilities that across all its locations there is an abundance of green spaces and plantations to ensure the well-being of employees. The Company 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. The Company constantly works on health, safety and providing conducive environment.

The water conservation effort alone has resulted in recycling up to 6,50,000 litres of water per day. We also have a sewage treatment plant to recycle waste water which is put to use for various purposes. The plants have increased in numbers steadily from 4 plants in 2010 to 7 plants. Our Vadodara office in Knowledge City has been certified by CII's Indian Green Building Council (IGBC) under the LEED guidelines.

As an initiative towards Green environment, usage of single use plastic (SUP) is banned in the Company premises. Instead of SUP, glass and stainless-steel bottles are used. Apart from this, we have also stopped the usage of plastic stirrers. Solar panels have been introduced for street lighting at Vadodara office. These solar panels generate 453.6 KW of power annually.

The Company has set up rain water pump in Bengaluru 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. The Company has pressmatic taps installed across its facilities which close automatically after usage and are installed with aerators to reduce wastage of water.

The Company has 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. These efforts have helped us in saving huge amount of power.

In Bengaluru, the Company has implemented double glazing façade that facilitates less transfer of heat and puts less pressure on the HVAC systems. This helps to efficiently consume electricity. 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).

PRINCIPLE: 3

BUSINESS SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES:

The Company's growth lies in the growth of employees within the organization. The Company's well-being practices create a working environment that supports work-life balance while fulfilling business needs. The traditional ways of people management have been transformed through contemporary and competency-based hiring, training & development, rewards & awards and career management with equal opportunity to all irrespective of caste, creed, gender or nationality. Our processes are designed to seamlessly serve the stakeholders and society at large.

We understand internal development of resources is pivotal in improving culture, knowledge, longevity with clients giving the desired confidence, focused career management resulting into lower attrition. As a result, we have reduced cost of hiring and improved financial performance. We foster a healthy work culture and work place free of any harassment. All our facilities are ergonomically equipped by state of the art infrastructure and a vibrant work environment.

While the journey of investing in our assets started in FY 2017-18, FY 2018-19 saw robust implementation of these initiatives. During the FY 2019-20, we were able to institutionalize many of these initiatives at organization level. FY 20-21 introduced new opportunities to recognize those who served during the ongoing pandemic, especially as our employees are our most important assets. We have undertaken the following initiatives:

Accelerated Leadership Program (ALP) for Account Delivery Managers & Program Managers is a 12 months intervention program that hones the competencies required to perform the jobs with complete business acumen. Our high potentials associates have gone through this program and subsequently delivered 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 recognize them at an early age. **Young Leadership Program (YLP)** aims at providing knowledge, essential skills and attitudes which are required for effective transition to leadership role. A select few Project Leaders & Managers across the globe have undergone this 10 months long intervention and raised the bar with their career growth.

Potential lies everywhere, irrespective of level, function, location, gender, qualification, experience etc. It is important to provide a platform to allow them to surface. **CEO Club** aims to create future leaders – while the initiative 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. The shortlisted candidates are driving unique projects, assignments, job enrichment, vertical career movement and investment in their continuous learning. The third edition of CEO club saw a huge surge in the participation from across the organization.

At LTTS, we have a very structured process, **Gladiate**, for identification of High Potentials and their development in the Delivery organization for each career stage. There was a need to establish a similar process for the Human Resource Function since HR has been at the center of various Transformation programs implemented to steer the organization to the next level.

Our mentoring initiative – **Illuminate** taps into the leadership potential in our people. 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; even in a virtual environment in FY 2020-21, our training workshop continued to use unique methods like theatrics, AR/VR based, ATL, overseas classroom programs leveraging webinars, 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, Pluralsight and Simplilearn 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.

666 of our associates are now proficient in foreign languages like French, German, Japanese, Mandarin & Spanish under our initiative **GLOBAL** ensuring ease in communication with clients. This has helped us to break communication barriers, strengthen relationships with our clientele and act as a bridge between the teams and the clients.

Our initiative **PRISM** aims to create a pool of Internal trainers by leveraging their knowledge & skills to enhance capability of our employees.

Work From Home was introduced to LTTS by the COVID-19 pandemic, which required our style of management and operations to change drastically. In order to adapt effectively, **Omni Opus™ - WFX Certified™** Professional, was carved out at LTTS to evolve the ways we engage with our Customers and deliver Projects seamlessly in virtual environment. Based on the inputs and conversations with Leadership team, ADMs & Project Managers, we have indigenously conceptualized a LTTS proprietary certification program on “**WFX Certified™ Professional**”. The main purpose of the certification framework is to equip our PMs/ADMs in managing projects effectively that are delivered remotely in a hybrid model. The entire framework has been conceptualised and developed internally considering the LTTS business context and WFX Models that are implemented.

During the year, there were 3 sexual harassment complaints, which were duly addressed and closed. The demographical bifurcation of our total workforce for the year 2020-21 is provided below:

1.	Total number of employees on standalone basis	15953
2.	Total number of employees hired on temporary/contractual/casual basis	1560
3.	Number of permanent women employees	3347
4.	Number of permanent employees with disabilities	None
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?	NA
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.	3

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 stakeholders. The Company maps both internal and external stakeholders along with vulnerable, marginalized and disadvantaged stakeholders. This enables us to understand that our stakeholders comprise of a large and mixed community with varied and extended expectations, and LTTS always strives to match their expectations.

LTTS cherishes a rich legacy of building India's social infrastructure using the twin forces of technology and innovation. Our Corporate Social Responsibility (CSR) activities have always been focused on addressing the problems faced by the people of the nation, especially those in underprivileged areas that have no or limited access to basic amenities such as health, education, water, electricity, and employment.

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	
	Engagement modes
Employees	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' legacy of engineering quality and excellence is rooted its innate respect for human values. Respecting, promoting and protecting human rights at workplace is an absolute necessity and remains an unwavering responsibility of an organization. Our efficient grievance redressal system is supplemented by various organizational policies and boosted by an efficient whistle blower mechanism, our online Ethics Line. It 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 (UPSI) without compromising on need for anonymity. Our Code of Conduct, covering Prohibition of Human trafficking and Slavery and Bonded Labour, 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, the Company strictly prohibits involvement of its suppliers, contractors, vendors and any third parties involved directly or indirectly with Company's business for such practices, including protection of women's rights. Our policies also deal with complaints of sexual harassment, where suitable action is taken to ensure safety and security for the complainants.

Our Code of Conduct reflects 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 channels, policy manuals and posters. New employees are made aware of these policies via an elaborate induction plan.

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

PRINCIPLE :6

BUSINESS SHOULD RESPECT PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT:

The Company recognizes the need to preserve and nurture our environment. The Company aligns its business performance to Environment, Social and Governance (ESG) aspects. The

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

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

Under the Water & Environment themes, the Company has carried out certain CSR projects, for restoration of environment.

Over the years, we have undertaken strategic social projects to protect and care for the environment. Over the past few months, LTTS has closely worked with a number of partners who have helped boost our environment protection initiatives. A few of the projects that we've undertaken include:

Beautification of a garbage-dumping area under a flyover in Hebbal, Bangalore:

The garbage-dumping area was given a major turnover and has now become a wildlife-themed arena.

Solar power project in tribal hamlets in Mysore, Karnataka:

This project involved the installation of solar lamps or streetlights to improve the residents' quality of life.

A solid waste management project in Vadodara, Gujarat:

The project created awareness about waste management and segregation among local community. The collected plastic waste was recycled and used to create benches, Paver blocks and bricks.

In addition to caring for the environment, LTTS has also taken measures to uplift and empower communities affected by natural calamities. For instance, through our collaboration with Habitat for Humanity India, we built disaster-resistant homes in Odisha and provided training on how to protect oneself during a disaster.

Water

Replenishing Parched Lands

Since 2016, LTTS' holistic development programs have helped replenish parched lands across localities in Maharashtra and Tamil Nadu. Working with National Agro Foundation (NAF), we were able to integrate watershed projects to help conserve

water and construct drainage facilities, toilets and compost pits for villagers.

PRINCIPLE: 7

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

The Company 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). The Company 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). The Company actively works with the premiere industry body to promote innovation & engineering excellence in the industry and scientific communities
- 4) The Company strengthened its collaboration with the IEEE (Institute of Electrical and Electronics Engineers) and took part in a number of events organized by the technology body
- 5) We have ongoing relationship with FICCI for various measures to promote trade & commerce

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. In compliance with ISO 26262 we 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:

The Company 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 labour
- Whistle Blower Policy

The Company's CSR Programs focus on contributing to the society and making a meaningful, sustainable and positive impact. The CSR interventions of the Company are based on the CSR Policy of the Company and are in line with the Companies Act, 2013 and the rules made thereunder. The Government and NGO partners enable us to effectively implement our CSR programs. The objective is to contribute positively to society, improve the quality of life, provide sustainable solutions and make a meaningful impact. In order to support inclusive growth and equitable development, we focus on uplifting the quality of life, empowering the marginalised and enhancing the green cover.

As a responsible corporate citizen, LTTS strives for the betterment of the community and environment. The key objective of our CSR Policy is to harness our technological expertise and passionate workforce to create a visible impact on society. It is in our DNA to constantly care for people, both within and outside our organization.

Since our inception, we have fostered a culture of caring for our communities. Our CSR program has already touched the lives of many people from economically backward sections of our society and will continue to do so in future. Our CSR Policy framework details the mechanism for undertaking various programs in accordance with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

PRINCIPLE: 9

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

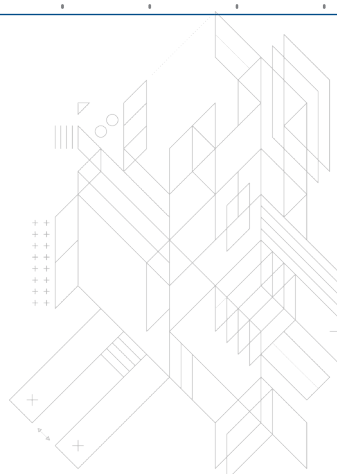
The Company offers design and development solutions throughout the product development chain and provide solutions in the areas of mechanical and manufacturing engineering, embedded systems, process engineering and digital engineering. Ever since our establishment, we have made consistent investments in innovation labs and currently the Company has 69 innovation labs. These include design tear down labs, digital and communication labs, design studios, automotive 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. As a recent practice, the Company is bringing R&D innovations closer to the customer by launching virtual clones of our labs starting with the Think Studio in Bengaluru. The virtual walkthrough of our labs allows the customer to view our technologies and capabilities while sitting at home.

In 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 90%. We are continuously on an upward trajectory in terms of customer satisfaction and key attributes like quality and delivery. Our customers are satisfied with our product development efforts and over 99% of our customers have 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.

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 the Company a competitive advantage.



FINANCIAL STATEMENTS



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 2021, 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 2021, 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
Revenue recognition	
The Company is primarily in the business of providing technology and engineering services to third parties.	Our revenue testing included both testing of the Company's controls as well as substantive audit procedures.
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.	Our procedures included: <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;

Key audit matter	How the matter was addressed in our audit
<p>For the year ended 31 March 2021, revenue from services amounts to ₹ 49,640 million (refer note 26 to the standalone financial statements).</p>	<ul style="list-style-type: none"> • 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 notes 26 and 47 to the standalone 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; iii. We evaluated management's estimates and assumptions in recognition of the revenue; iv. We verified the revenue based on the stage of completion of the projects; and v. We obtained appropriate evidence based on the circumstances to conclude whether the proportion of completion of projects was appropriate. <p>Based on the procedures performed we consider the amount of revenue recognised to be fairly stated in the standalone financial statements.</p>
<p>Valuation of goodwill</p> <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 Standard, 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) and 5 to the standalone financial statements, there are some sensitive key judgements made in determining the inputs into these models which include:</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;

Key audit matter	How the matter was addressed in our audit
<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>In addition, the impact of Covid-19 is also considered in the current year.</p> <p>Accordingly, the impairment test of goodwill is considered to be a key audit matter.</p> <p>As at 31 March 2021, goodwill amounts to ₹ 3,891 million (refer note 5 to the standalone financial statements).</p>	<ul style="list-style-type: none"> We compared the current year actual results included in the impairment model to consider whether forecasts included assumptions that, with hindsight, had been appropriate; We evaluated management's assumptions on the impact of Covid-19 on the above matters; and We considered the appropriateness of disclosures in relation to impairment assessment as detailed in note 2(k) and 5 to the standalone financial statements. <p>Based on the procedures performed we consider the goodwill to be fairly stated in the standalone 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 as 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>In addition, the impact of Covid-19 is also considered for the current year.</p> <p>As at 31 March 2021, the Company has derivative financial assets at fair value of ₹ 1,941 million and derivative financial liabilities at fair value of ₹ 340 million (refer note nos. 8, 16, 20, 23, 41(i) and 41(iii) to the standalone financial statements).</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 Company'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; We tested on a sample basis the applicability and accuracy of hedge accounting; We evaluated management's assumptions on the impact of Covid-19 on the above matters; and We considered the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting to the standalone financial statements. <p>Based on the procedures performed the derivative financial instruments and hedge accounting are fairly stated in the standalone financial statements.</p>

Key audit matter	How the matter was addressed in our audit
Investment in subsidiaries <p>The Company has investments in subsidiaries and the carrying amount of the investments may be affected on account of the impact of the Covid-19 pandemic on their businesses.</p> <p>As at 31 March 2021, the investments in subsidiaries amounted to ₹ 2,076 million (refer note 6 to the standalone financial statements).</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • 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 evaluated management's assumptions on the future cash flows, in the changed circumstances; and • We considered the appropriateness of disclosures in relation to impairment assessment as detailed in note 6 to the standalone financial statements. <p>Based on the procedures performed we consider the investments to be fairly stated in the standalone 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 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 50 to the standalone financial statements.

For **Sharp & Tannan**
Chartered Accountants
Firm's registration no.109982W

Firdosh D. Buchia
Partner

Membership no. 38332

UDIN: 21038332AAAAALW4981

Mumbai, 3 May 2021

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, the Company has complied with the provisions of sections 185 and 186 of the Companies Act 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (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, employee's state insurance, 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 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 and other material statutory dues were in arrears as at 31 March 2021 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 2021 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
The Income-tax Act, 1961	Disallowance of amortisation of goodwill on acquisition of Product Engineering Services (PES) business and nominal disallowance under section 14A. @	72.33	2016-17	Commissioner of Income-tax (Appeals)

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

@ Amount unpaid is the outstanding demand as per the Department's record without considering the effect of rectification application.

- (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

UDIN: 21038332AAAAALW4981

Mumbai, 3 May 2021

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 2021 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 ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 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 2021,

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

UDIN: 21038332AAAAALW4981

Mumbai, 3 May 2021

Balance Sheet

as at March 31, 2021

	Note No.	As at 31-03-2021	(₹ million) As at 31-03-2020
ASSETS:			
I. Non-current assets			
(a) Property, plant and equipment	4	2,001	2,039
(b) Right-of-use assets	4	4,117	3,391
(c) Capital work-in-progress	4	119	87
(d) Goodwill	5	3,891	3,891
(e) Other intangible assets	5	187	274
(f) Financial assets			
(i) Investments	6	2,076	1,574
(ii) Trade receivables	7	-	-
(iii) Other financial assets	8	1,636	816
(g) Deferred tax assets (net)	9	-	366
(h) Other non current assets	10	1,035	581
Total non-current assets		15,062	13,019
II. Current assets			
(a) Financial assets			
(i) Investments	11	14,930	6,078
(ii) Trade receivables	12	11,751	13,212
(iii) Cash and cash equivalents	13	1,426	2,011
(iv) Other bank balances	14	576	260
(v) Loans	15	-	92
(vi) Other financial assets	16	1,382	1,678
(b) Other current assets	17	3,074	4,467
Total current assets		33,139	27,798
TOTAL ASSETS		48,201	40,817
EQUITY AND LIABILITIES:			
I. Equity			
(a) Equity share capital	18	210	209
(b) Other equity	19	33,191	25,991
Total equity		33,401	26,200
II. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	20	3,956	3,189
(ii) Other financial liabilities	20	207	1,622
(b) Deferred tax liabilities (net)	9	530	-
Total non-current liabilities		4,693	4,811
Current liabilities			
(a) Financial liabilities			
(i) Short-term borrowings	21	-	239
(ii) Trade payables			
Due to micro enterprises and small enterprises	22	66	27
Due to others	22	2,136	1,843
(iii) Lease liability	23	760	658
(iv) Other financial liabilities	23	2,402	2,893
(b) Other current liabilities	24	2,820	2,292
(c) Provisions	25	1,550	1,625
(d) Current tax liabilities (net)		373	229
Total current liabilities		10,107	9,806
Total liabilities		14,800	14,617
TOTAL EQUITY AND LIABILITIES		48,201	40,817
Notes forming part of the financial statements	1-51		

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

RAJEEV GUPTA
Chief Financial Officer

KAPIL BHALLA
Company Secretary
Membership no.F3485

AMIT CHADHA
Chief Executive Officer &
Managing Director
(DIN: 07076149)

ABHISHEK
Chief Operating Officer &
Whole-Time Director
(DIN: 07596644)

Place: Mumbai
Date: May 03, 2021

Place: Mumbai
Date: May 03, 2021

Place: Mumbai
Date: May 03, 2021

Place: Washington, USA
Date: May 03, 2021

Place: Bangalore
Date: May 03, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

(₹ million except stated otherwise)

	Note No.	Year ended 31-03-2021	Year ended 31-03-2020
Income:			
I. Revenue from operations	26	49,640	51,813
II. Other income (net)	27	1,743	2,123
III. Total income		51,383	53,936
IV. Expenses:			
(a) Employee benefits expenses	28	30,012	29,263
(b) Depreciation and amortisation expenses		1,737	1,534
(c) Other expenses	29	10,248	12,238
(d) Finance costs	30	435	351
Total expenses		42,432	43,386
V. Profit before tax (III - IV)		8,951	10,550
VI. Tax expense:			
(a) Current tax		2,096	2,083
(b) Deferred tax		124	567
Total tax expense	31	2,220	2,650
VII. Profit for the year (V - VI)		6,731	7,900
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)		70	(127)
(b) Income tax on remeasurements of the defined benefit plans (net)		(18)	27
(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		3,260	(3,231)
(b) Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge		(772)	728
Total other comprehensive income (net of tax)		2,540	(2,603)
IX. Total comprehensive income for the year		9,271	5,297
X. Earnings per equity share	32		
Equity share of face value of ₹ 2 each			
- Basic (₹)		64.25	75.82
- Diluted (₹)		63.83	74.99
XI. Notes forming part of the financial statements	1-51		

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

RAJEEV GUPTA
 Chief Financial Officer

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Place: Mumbai
 Date: May 03, 2021

Place: Mumbai
 Date: May 03, 2021

Place: Mumbai
 Date: May 03, 2021

Place: Washington, USA
 Date: May 03, 2021

Place: Bangalore
 Date: May 03, 2021

Statement of Cash Flows

for the year ended March 31, 2021

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
A. Cash flow from operating activities		
Profit before tax	8,951	10,550
Adjustments for:		
Depreciation and amortisation	1,737	1,534
Interest received	(150)	(185)
Interest paid	435	351
(Profit)/ loss on sale of property, plant and equipment	(31)	-
Employee stock option forming part of staff expenses	126	199
Bad debts written off, allowances for bad and doubtful debts and ECL	(142)	322
Income from investments	(493)	(169)
Unrealised foreign exchange loss/(gain)	508	(617)
Operating profit before working capital changes	10,941	11,985
Changes in working capital		
(Increase)/decrease in trade and other receivables	1,995	(2,950)
Increase/(decrease) in trade and other payables	2,118	(457)
(Increase)/decrease in working capital	4,113	(3,407)
Cash generated from operations	15,054	8,578
Direct taxes paid	(2,383)	(1,935)
Net cash (used in)/from operating activities	12,671	6,643
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangibles	(724)	(1,492)
Sale of property, plant and equipment and intangibles	14	16
(Purchase)/ sales of current investments (net)	(8,427)	(388)
(Purchase)/ sales of non-current investments	-	(310)
Deposits/loans (given) - subsidiaries and third parties	(223)	(251)
Consideration paid on acquisition of subsidiaries	-	(508)
Capital infusion in subsidiaries	(812)	-
Consideration paid for acquiring Graphene business	-	(206)
Income received from current investments	197	164
Dividend from subsidiary	180	-
Interest received	149	170
Net cash (used in)/from investing activities	(9,646)	(2,805)

Statement of Cash Flows

for the year ended March 31, 2021

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
C. Cash flow from financing activities		
Equity share capital issued	1	1
Proceeds from/(repayment of) borrowings	(239)	(186)
Interest paid	(435)	(351)
Lease liability paid	(667)	(600)
Dividend paid	(2,198)	(2,187)
Dividend tax	-	(449)
Net cash (used in) / from financing activities	(3,538)	(3,772)
Net (decrease) / increase in cash and cash equivalents	(513)	66
Cash and cash equivalents at beginning of year	1,965	1,899
Cash and cash equivalents at end of year	1,452	1,965

Notes:

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of property, plant and equipment and intangibles 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 the statement of cash flows comprise the following:

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
a) Cash and cash equivalents disclosed under current assets [Note 13]	1,426	2,011
b) Other bank balances disclosed under current assets [Note 14]	576	260
c) Cash and cash equivalents disclosed under non-current assets [Note 8]	2	2
Total cash and cash equivalents as per balance sheet	2,004	2,273
Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents [Note 13]	26	(46)
Less: (ii) Other bank balances disclosed under current assets [Note 14]	576	260
Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 8]	2	2
Total cash and cash equivalents as per cash flow statement	1,452	1,965

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

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

FIRDOSH D. BUCHIA
 Partner
 Membership no. 38332

Place: Mumbai
 Date: May 03, 2021

RAJEEV GUPTA
 Chief Financial Officer

Place: Mumbai
 Date: May 03, 2021

KAPIL BHALLA
 Company Secretary
 Membership no. F3485

Place: Mumbai
 Date: May 03, 2021

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

AMIT CHADHA
 Chief Executive Officer &
 Managing Director
 (DIN: 07076149)

Place: Washington, USA
 Date: May 03, 2021

ABHISHEK
 Chief Operating Officer &
 Whole-Time Director
 (DIN: 07596644)

Place: Bangalore
 Date: May 03, 2021

Statement of Changes in Equity

for the year ended March 31, 2021

A. Equity share capital

(₹ million except stated otherwise)

	01-04-2020 to 31-03-2021		01-04-2019 to 31-03-2020	
	Number of shares	₹ million	Number of shares	₹ million
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	104,511,558	209	104,013,325	208
Add: Shares issued on exercise of employee stock options during the period	534,265	1	498,233	1
Issued, subscribed and fully paid up equity shares outstanding at the end of the period	105,045,823	210	104,511,558	209

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	Capital reserve	Hedging reserve	Others	
Balance as at 01-04-2020	11,043	353	16,704	(653)	(1,332)	(124)	25,991
Profit for the year (a)	-	-	6,731	-	-	-	6,731
Other comprehensive income (net of taxes) (b)	-	-	-	-	2,488	52	2,540
Total comprehensive income for the period (a+b)	-	-	6,731	-	2,488	52	9,271
Deemed dividend - ESOP	-	-	(2)	-	-	-	(2)
Dividends	-	-	(2,198)	-	-	-	(2,198)
Employees shares options outstanding	-	(208)	-	-	-	-	(208)
Deferred employee compensation expense	-	151	-	-	-	-	151
Addition/(deduction) during the year	186	-	-	-	-	-	186
Balance as at 31-03-2021	11,229	296	21,235	(653)	1,156	(72)	33,191
Balance as at 01-04-2019	10,890	344	11,770	-	1,171	(24)	24,151
Impact of Ind AS 116 in opening reserve	-	-	(335)	-	-	-	(335)
Graphene investment in S&A	-	-	-	(653)	-	-	(653)
ESOP cancellation impact	-	-	10	-	-	-	10
Profit for the year (c)	-	-	7,900	-	-	-	7,900
Other comprehensive income (net of taxes) (d)	-	-	-	-	(2,503)	(100)	(2,603)
Total comprehensive income for the year (c+d)	-	-	7,900	(653)	(2,503)	(100)	5,297
Deemed dividend - ESOP	-	-	(5)	-	-	-	(5)
Dividends	-	-	(2,187)	-	-	-	(2,187)
Dividend tax	-	-	(449)	-	-	-	(449)
Employees shares options outstanding	-	31	-	-	-	-	31
Deferred employee compensation expense	-	(22)	-	-	-	-	(22)
Addition/(deduction) during the year	153	-	-	-	-	-	153
Balance as at 31-03-2020	11,043	353	16,704	(653)	(1,332)	(124)	25,991

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

RAJEEV GUPTA
 Chief Financial Officer

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AMIT CHADHA
 Chief Executive Officer &
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 (DIN: 07076149)

ABHISHEK
 Chief Operating Officer &
 Whole-Time Director
 (DIN: 07596644)

Place: Mumbai
 Date: May 03, 2021

Place: Mumbai
 Date: May 03, 2021

Place: Mumbai
 Date: May 03, 2021

Place: Washington, USA
 Date: May 03, 2021

Place: Bangalore
 Date: May 03, 2021

Notes forming part of the Standalone 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 listed 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, 2021, Larsen & Toubro Limited, the holding company owns 74.24% of the Company's equity share capital.

2 Significant accounting policies

a) Statement of compliance

These standalone 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 under 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, 2021.

b) Basis of accounting

These standalone financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values or at amortised cost 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. Fair value measurements are categorised as below, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer.

Accounting policies have been consistently applied except where a new accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

c) Presentation of standalone financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in schedule III to the Act. The statement of cash flows has been prepared under indirect method and presented as per the requirements of Ind AS 7 "Statement of cash flows". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in 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.

Amounts in the standalone financial statements are presented in Indian Rupees in million [1 million = 10 lakhs] rounded off to two decimal places as permitted by schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

Notes forming part of the Standalone Financial Statements

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

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services:

- i. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.
- ii. 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.
- iii. 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).
- iv. 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.
- v. 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) Other income

- i. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- ii. Dividend income is accounted in the period in which the right to receive the same is established.
- iii. 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.

g) Exceptional items

Exceptional items are those items that management considers, by virtue of its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company.

h) Property, plant and equipment

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the Company 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.

Notes forming part of the Standalone Financial Statements

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

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

* The useful lives for these assets are different from the useful lives as prescribed under part C of schedule II of the Act. 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.

- (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	8	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) Right-of-use asset

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate

of costs to be incurred by the lessee in dismantling, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and accumulated impairment losses if any, and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term life of right-of-use asset.

j) 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 (in years)
Specialised software	5
Technical knowhow	4

k) Goodwill

Goodwill represents the excess of consideration paid over the net value of assets acquired. Goodwill is not amortised; however, it is tested for impairment on an annual basis. Refer note I (ii) for accounting policy on impairment of assets.

l) Impairment of assets

i) Trade receivables

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default by customers. In making this assessment, the

Notes forming part of the Standalone Financial Statements

Company has considered current and anticipated future economic conditions relating to industries/business verticals that the company deals with and the countries where it operates.

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 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 employee provident fund schemes are managed by board of trustees established by the Larsen & Toubro Limited, employees' gratuity fund schemes managed by LIC and post-retirement medical benefit scheme are the Company's defined benefit plans. 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, for eligible employees.

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, 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.

Notes forming part of the Standalone Financial Statements

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 and compensated absences generated for overseas employees is recognized as per entitlement.

(iv) Social security plans for overseas employees

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

For defined benefit plans for overseas employees, the Company provides for post-employment benefits payable as per the laws applicable in the respective countries.

n) Leases

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset and the Company has not restated comparative figures and the cumulative effect of initially applying this Standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019. 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.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts

The Company has elected not to apply the requirements of Ind AS 116 leases to short-term leases where lease term is 12 months or less and leases for which the underlying asset is of low value. The lease payments related to these leases are recognised as an expense.

o) 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

Notes forming part of the Standalone Financial Statements

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.

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.

Notes forming part of the Standalone Financial Statements

(iv) De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance with banks, 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.

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.

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

r) Government grants

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.

s) 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.

t) 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.

u) 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.

v) 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

Notes forming part of the Standalone Financial Statements

income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences

between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

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.

w) 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.

Notes forming part of the Standalone Financial Statements

x) 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.

y) Statement of cash flows

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 Company segregate the cash flows in operating, investing and financing activities.

z) Use of estimates and judgements

The preparation of these standalone 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 standalone 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.

aa) Investment in subsidiaries

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

bb) 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.

cc) Business combination

Common control business combination where the Company is transferee is accounted using the pooling of interest method. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new assets is recognised. The difference between the amount of consideration paid and the net worth of the transferor company is recognised as capital reserve on business combination and is separately disclosed from other capital reserves.

dd) Accounting and reporting information for operating segments

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. The Company evaluates performance and allocates resources based on an analysis

Notes forming part of the Standalone Financial Statements

of various performance indicators by business segments. Accordingly, information has been presented along business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the accounting policies.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Revenue for 'all other segments' represents revenue generated by the Company. Allocated expenses of segments include expenses incurred for rendering services (offsite and onsite). Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The management believes that it is not practical to provide

segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Company.

Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments and it is not practicable to provide segment disclosures relating to total assets and liabilities.

3 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its financial statements.

Notes forming part of the Standalone Financial Statements

4 Property, plant and equipment

Particulars	Gross block			Depreciation/amortisation			Net block as at		(₹ million)		
	As at 01-04-2020	Pursuant to Graphene Business Transfer	Disposals	As at 31-03-2021	As at 01-04-2020	Pursuant to Graphene Business Transfer	For the year disposals	On disposals		As at 31-03-2021	As at 31-03-2020
Leasehold improvements	406	-	49	-	455	167	-	65	-	232	239
Plant and equipment	70	-	-	8	62	60	-	1	8	53	10
Computers	1,822	-	420	82	2,160	887	-	472	82	1,277	935
Furniture and fixtures	267	-	21	40	248	141	-	20	39	122	126
Vehicles	320	-	33	37	316	59	-	51	22	88	261
Office equipments	317	-	17	54	280	207	-	44	54	197	110
Electrical installations	188	-	4	21	171	77	-	18	21	74	111
Aircondition and refrigeration	147	-	14	14	147	52	-	11	13	50	95
Laboratory equipments	225	-	143	-	368	74	-	41	-	115	151
Canteen equipments	2	-	1	-	3	1	-	-	-	1	1
Total	3,764	-	702	256	4,210	1,725	-	723	239	2,209	2,039
Previous year figures	2,572	17	1,231	56	3,764	1,171	13	587	46	1,725	1,401
Capital Work-in-progress										119	87

Right-of-use assets

Particulars	Gross block			Depreciation/amortisation			Net block as at	
	As at 01-04-2020	Pursuant to Ind AS 116	As at 31-03-2021	As at 01-04-2020	For the year disposals	On disposals	As at 31-03-2021	As at 31-03-2020
Right of use	4,136	-	5,576	745	876	162	1,459	4,117
Total	4,136	-	5,576	745	876	162	1,459	3,391
Previous year figures	-	3,270	4,136	-	747	2	745	3,391

5 Goodwill and other intangible assets

Particulars	Gross block			Depreciation/amortisation			Net block as at	
	As at 01-04-2020	Additions	Disposals	As at 01-04-2020	For the year disposals	On disposals	As at 31-03-2021	As at 31-03-2020
Goodwill*	3,891	-	-	-	-	-	3,891	3,891
Specialised softwares	1,593	51	-	1,319	138	-	1,457	187
Technical knowhow	143	-	-	143	-	-	143	-
Total	5,627	51	-	1,462	138	-	1,600	4,165
Previous year figures	5,515	112	-	1,262	200	-	1,462	4,165

* Goodwill has been tested for impairment.

Notes forming part of the Standalone Financial Statements

6 Investments - non-current

	(₹ million)	
	As at 31-03-2021	As at 31-03-2020
Unquoted		
a) 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	60	60
- Company's holding * - 74% (previous year 74%)		
- Principal place of business: India		
2,601,000 (previous year 1,501,000) common stock of nominal value of USD 10 each, fully paid in L&T Technology Services LLC	1,783	971
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: USA		
1,431,736 (1,431,736) equity shares of nominal value of ₹ 10 each, fully paid in Graphene Semiconductor Services Private Limited	177	177
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: India		
60,501 (previous year 60,501) equity shares of nominal value of SGD 1 each, fully paid in Graphene Solutions PTE Ltd.	3	3
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: Singapore		
1,00,000 (previous year 1,00,000) equity shares of nominal value of MYR 1 each, fully paid in Graphene Solutions SDN. BHD	2	2
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: Malaysia		
Capital investment (previous year holding 100%) in Graphene Solutions Taiwan Limited	11	11
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: Taiwan		
50,000 (previous year 50,000) equity shares of nominal value of ₹ 10 each, fully paid in Seastar Labs Private Limited	1	1
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: India		
10,000 (previous year 10,000) equity shares of nominal value of ₹ 10 each, fully paid in Esencia Technologies India Private Limited	6	6
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: India		
Capital investment (previous year holding 100%) in L&T Technology Services (Shanghai) Co. Ltd	33	33
- Company's holding * - 100% (previous year 100%)		
- Principal place of business: China		
	2,076	1,264
Aggregate amount of quoted investment		
At book value	-	-
At market value	-	-
Aggregate amount of unquoted investment		
At book value	2,076	1,264
<i>* Voting power is same as the Company's holding % in respective subsidiaries</i>		
b) Corporate Deposits		
Bajaj Finance Ltd.	-	131
HDFC Ltd.	-	80
LIC Housing Finance Ltd.	-	99
	-	310
	2,076	1,574

Notes forming part of the Standalone Financial Statements

7 Trade receivables - non current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Increase in credit risk	37	69
Credit impaired	-	189
	37	258
Less: Allowance for bad and doubtful debt	(37)	(258)
	-	-

8 Other financial assets - non-current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Security deposits	485	444
Fixed deposits*	2	2
Foreign currency forward and options contracts	1,149	370
	1,636	816

* Fixed deposits are margin money deposits against bank guarantees

9 Deferred tax (net)

(₹ million)

Description	DTL/(DTA) As at 01-04-2020	Charge/ (credit) to P&L	Charge/ (credit) to OCI	DTL/(DTA) As at 31-03-2021
Property, plant and equipment and other intangible assets	681	(30)	-	651
Branch profit tax	593	(7)	-	586
Net gain/(loss) on fair valuation of investments	(1)	30	-	29
Provision for employee benefits	(284)	(17)	-	(301)
Allowances for doubtful debts	(133)	86	-	(47)
Cash flow hedges	(385)	-	772	387
IND AS-116 impact	(128)	(50)	-	(178)
Other items giving rise to timing differences	(77)	45	-	(32)
MAT credit entitlement	(410)	96	-	(314)
Branch deferred tax	(222)	(29)	-	(251)
Total	(366)	124	772	530

Notes forming part of the Standalone Financial Statements

10 Other non-current assets

	As at 31-03-2021	As at 31-03-2020
Prepaid expenses	43	22
Income tax receivable (net)	992	559
	1,035	581

(₹ million)

11 Investments

Financial assets: investments - current	As at 31-03-2021	As at 31-03-2020
a) Quoted mutual funds		
Investment carried at fair value through profit and loss		
Axis Banking & PSU Debt Fund - Direct - Growth	504	-
Axis Liquid Fund - Direct - Growth	150	-
Axis Treasury Advantage Fund - Direct - DDR	-	406
Axis Treasury Advantage Fund - Direct - Growth	714	-
Aditya Birla Sun Life Floating Rate Fund -Direct - DDR	-	303
Aditya Birla SunLife Liquid Fund - Direct - Growth	251	-
Aditya Birla Sun Life Savings Fund - Direct - Growth	590	-
Aditya Birla Sun Life Money Manager Fund - Direct - DDR	-	318
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	482	-
DSP Liquidity Fund - Direct - Growth	656	250
DSP Low Duration Fund - Direct - Growth	358	-
DSP Ultra Short Fund - Direct - Growth	324	-
Franklin India Liquid Fund – Direct - DDR	-	100
Franklin India Savings Fund – Direct – Daily Dividend	-	352
HSBC Cash Fund - Direct - Growth	421	-
HDFC Ultra Short Term Fund -Direct - DDR	612	-
HDFC Ultra Short Term Fund -Direct - Growth	-	445
ICICI Prudential Savings Fund - Direct - Growth	708	-
ICICI Prudential Money Market Fund - Direct Growth	-	402
ICICI Prudential Liquid - Direct - DDR	341	-
Invesco India Corporate Bond Fund - Direct - Growth	316	-
Invesco India Money Fund - Direct Growth	-	101
Invesco India Treasury Advantage Fund -Direct - Growth	225	-
Invesco India Treasury Advantage Fund -Direct - DDR	-	132
Kotak Corporate Bond Fund -Direct - MDR	-	405
Kotak Liquid Fund - Direct - Growth	650	-
Kotak Money Market Fund - Direct - Growth	578	-
L&T Liquid Fund - DDR	-	440
L&T Ultra Short Fund - Direct - Growth	204	-
LIC MF Liquid Fund – Direct Growth	650	300
Nippon India Liquid Fund - Direct - Growth	656	-
Nippon Money Market Fund - Direct - DDR	-	409
SBI Magnum Ultra Short Duration Fund - Direct - Growth	458	-

(₹ million)

Notes forming part of the Standalone Financial Statements

(₹ million)

Financial assets: investments - current	As at 31-03-2021	As at 31-03-2020
SBI Liquid Fund - Direct - Growth	487	-
Sundaram Banking And PSU Debt Fund - Direct - Growth	112	-
Sundaram Money Fund -Direct - Growth	376	-
Tata Treasury Advantage Fund - Direct - Growth	152	-
Tata Liquid Fund - Direct - DDR	650	250
UTI Money Fund - Direct Growth	-	458
UTI Floater Fund - Direct - QDR	-	101
UTI Treasury Advantage Fund - Direct - Growth	205	-
	11,830	5,172
b) Corporate Deposits		
Bajaj Finance Ltd.	1,101	300
HDFC Ltd.	1,300	307
LIC Housing Finance Ltd.	699	299
	3,100	906
	14,930	6,078
Aggregate amount of quoted investment at cost	14,815	6,073
Aggregate amount of quoted investment at market value	14,930	6,078

12 Trade receivables

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Current		
Unsecured, considered good	11,836	13,438
	11,836	13,438
Less: Allowance for bad and doubtful debt	(85)	(226)
	11,751	13,212

13 Cash and cash equivalents

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Balances with banks	1,192	1,919
Cheques on hand	43	56
Cash on hand	-	-
Remittance in transit	191	36
	1,426	2,011

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

Notes forming part of the Standalone Financial Statements

14 Other bank balances

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Fixed deposits with banks		
Maturity more than 3 months but less than 12 months	574	258
Earmarked balances with banks - unclaimed dividend	2	2
	576	260

15 Loans

(₹ million)

Current	As at 31-03-2021	As at 31-03-2020
Unsecured, considered good		
Intercompany deposits with related parties	-	92
	-	92

16 Other financial assets

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Advances to employees	41	237
Security deposits	9	7
Foreign currency forward and options contracts	792	271
Loans and advances to related parties	35	360
Other receivables	16	31
Premium receivable on financial guarantee contracts	5	1
Unbilled revenue	503	802
Less: ECL on unbilled revenue	(19)	(31)
	484	771
	1,382	1,678

17 Other current assets

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Unbilled revenue	1,385	2,233
Less: ECL on unbilled revenue	(53)	(85)
	1,332	2,148
Retention money not due	20	10
Advance to suppliers	103	222
Prepaid expenses	905	857
Service tax/GST recoverable	64	49
GST receivable	263	404
Other receivables	387	777
	1,722	2,309
	3,074	4,467

Notes forming part of the Standalone Financial Statements

18 Equity share capital

(₹ million)

	As at 31-03-2021	As at 31-03-2020
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
18.2 Issued, subscribed and fully paid up		
Issued, subscribed and fully paid up equity shares outstanding at the end of the year [10,45,11,558 (previous year: 10,40,13,325) equity shares of ₹ 2 each]	209	208
Add: shares issued on exercise of employee stock options during the period [5,34,265 (previous year: 4,98,233) equity shares of ₹ 2 each]	1	1
Issued, subscribed and fully paid up equity shares outstanding at the end of the period [10,50,45,823 (previous year: 10,45,11,558) equity shares of ₹ 2 each]	210	209
Total issued, subscribed and paid up capital	210	209

18.3 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. They entitle the holder to participate in the dividends, and to share in the proceeds of the winding up the Company in proportion to the number of and amounts paid on the shares held. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

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

Equity shares	31-03-2021		31-03-2020	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	77,986,899	74.24%	77,986,899	74.62%
	77,986,899		77,986,899	

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, 2021:

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 31-3-2020: 0:1)

Notes forming part of the Standalone Financial Statements

18.8 Share based payments

- i) The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent. The options are vested equally over a period of 5 years subject to the discretion of the management and fulfillment of certain conditions.
- ii) The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years (84 months) from the date of grant of options or six years from the date of first vesting or three years (36 months) from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI (Share Based Employee Benefits) Regulations, 2014 and shall be subject to compliance with accounting policies under the said regulation. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.
- iii) Details of grant under ESOP Scheme, 2016 is summarised below:

Series reference	ESOP scheme, 2016	
	2020-21	2019-20
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	1,322,434	1,738,667
Options lapsed during the year	76,200	84,000
Options granted during the year	20,500	166,000
Options exercised during the year	534,265	498,233
Options granted and outstanding at the end of the year-(a)	732,469	1,322,434
of (a) above - vested outstanding options	146,929	105,074
of (a) above - unvested outstanding options	585,540	1,217,360
Weighted average remaining contractual life of options (in years)	1.99	2.99

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

Particulars	2020-21		2019-20	
	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	1,322,434	2	1,738,667	2
Options granted during the year	20,500	2	166,000	2
Options allotted during the year	534,265	2	498,233	2
Options lapsed during the year	76,200	2	84,000	2
Options granted and outstanding at the end of the year -(a)	732,469	2	1,322,434	2
Options exercisable at the end of the year out of -(a) above	146,929	2	105,074	2

Notes forming part of the Standalone Financial Statements

- v) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 1763.19 per share (previous year ₹ 1619.53 per share).
- vi) No options expired during the periods covered in the above table.
- vii) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2020-21 is ₹ 126 million (previous year: ₹ 207 million).
- viii) The fair value at grant date of options granted during the year ended 31-03-2021 was ₹ 1,378.40 (previous year: ₹ 1,588.88 & ₹ 1527.59). 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:

Particulars	2020-21	2019-20	
Weighted average exercise price	2	2	2
Grant date	16-Jul-20	19-Jul-19	18-Oct-19
Expiry date	16-Jul-27	18-Jul-26	17-Oct-26
Weighted average share price at grant date	₹ 1441.70 per option	₹ 1660.45 per option	₹ 1593.30 per option
Weighted average expected price volatility of company's share	30.42%	24.01%	23.21%
Weighted average expected dividend yield over life of option	5.12%	5.30%	5.08%
Weighted average risk-free interest	4.55%	6.22%	6.03%
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

- (a) During the year ended March 31, 2021, the Company paid the final dividend of ₹ 13.50 per equity share for the year ended March 31, 2020.
- (b) On November 10, 2020, the Company paid an interim dividend of ₹ 7.50 per equity share for the year ended March 31, 2021.
- (c) On May 03, 2021, the Board of Directors of the Company have recommended the final dividend of ₹ 14.50 per equity share for the year ended March 31, 2021 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, 2021 is expected to be ₹ 1,523 million.

Notes forming part of the Standalone Financial Statements

19 Other equity

(₹ million)

	As at 31-03-2021		As at 31-03-2020	
Securities premium account [note 2(q)]		11,229		11,043
Share options outstanding account [note 2(t)]				
Employee share options outstanding	442		650	
Deferred employee compensation expense	(146)	296	(297)	353
Retained earnings		21,235		16,704
Cash flow hedge reserve [note 2(o)(iii)]		1,156		(1,332)
Capital reserve on business combination*		(653)		(653)
Other items of other comprehensive income		(72)		(124)
		33,191		25,991

* Capital reserve on business combination: It arises on transfer of business between entities under common control. It represents the difference, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor.

20 Other financial liabilities - non-current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Lease liability	3,956	3,189
Liability towards employee compensation	-	47
Foreign currency forward and options contracts	207	1,575
	4,163	4,811

21 SHORT-TERM BORROWINGS

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Short term borrowings - inter-company	-	239
	-	239

22 Trade payable

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Due to micro and small enterprises#	66	27
Due to related parties*	726	539
Due to others	1,410	1,304
	2,202	1,870

Refer note 49

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

Notes forming part of the Standalone Financial Statements

23 Other financial liabilities - current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Lease liability	760	658
Unclaimed dividend	2	2
Due to others		
Liability towards employee compensation	2,142	2,105
Other payables	13	-
Foreign currency forward and options contracts	133	739
Financial guarantee contract	5	1
Suppliers ledger - capital goods/services	107	46
	3,162	3,551

24 Other current liabilities

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Unearned revenue	510	467
Other payables	2,193	1,711
Liability - employee car schemes	117	114
	2,820	2,292

25 Provisions

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Provisions for employee benefits		
Leave encashment	1,482	1,554
Post retirement medical benefits	68	71
	1,550	1,625

Notes forming part of the Standalone Financial Statements

26 Revenue from operations

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Engineering and technology services	49,640	51,813
	49,640	51,813

27 Other income

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Export license under SEIS	548	931
Foreign exchange gain/ (loss)*	391	738
Profit/(loss) on sales of fixed asset	31	-
Dividend income and gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	124	190
Dividend income from subsidiaries	180	-
Interest income	150	185
Miscellaneous income	130	100
Net gain/(loss) on sale of investment	189	(21)
	1,743	2,123

* The foreign exchange gain reported above includes gain of ₹ 591 million (previous year: ₹ 58 million loss) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

28 Employee benefits expenses

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Salaries including overseas staff expenses	28,820	28,145
Contribution to and provision for:		
Contribution to provident and pension fund	514	450
Contribution to gratuity fund	163	103
Share based payments to employees	126	207
Staff welfare expenses	389	358
	30,012	29,263

29 Other expenses

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Subcontracting and component charges	2,827	2,939
Engineering, professional, technical and consultancy fees	1,792	2,251
Cost of computer software	1,396	1,043
Travelling and conveyance	1,082	2,572
Rent and establishment expenses	149	161

Notes forming part of the Standalone Financial Statements

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Communication expenses	298	275
Legal and professional charges	733	466
Advertisement and sales promotion expenses	146	269
Recruitment expenses	248	262
Repairs to buildings & machineries	361	352
General repairs and maintenance	166	149
Power and fuel	179	161
Equipment hire charges	21	16
Insurance charges	108	76
Rates and taxes	382	212
Bad debts written off	265	1
Less : Allowance for doubtful debts written back	-	-
Allowances for doubtful debts on trade receivable	(363)	239
ECL on unbilled revenue	(43)	84
Overheads charged by group companies	120	129
Trademark fees	82	84
Corporate social responsibility expenditure	157	326
Commission to Directors	25	12
Miscellaneous expenses	117	159
	10,248	12,238

30 Finance costs

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Bank interest paid	2	-
Interest expense	7	5
Interest on bill discounting	4	6
Interest on lease liability	422	340
	435	351

31 Provision for taxation

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Current tax		
Current tax on profits for the year	2,096	2,081
Tax expenses for prior periods	-	2
Deferred tax	124	567
	2,220	2,650

Notes forming part of the Standalone Financial Statements

32 Basic and diluted EPS

(₹ million except stated otherwise)

	Year ended 31-03-2021	Year ended 31-03-2020
Basic EPS		
Profit after tax	6,731	7,900
Profit attributable to equity shareholders	6,731	7,900
Weighted average no. of equity shares outstanding	104,760,275	104,198,134
Basic EPS (₹)	64.25	75.82
Diluted EPS		
Profit after tax	6,731	7,900
Profit attributable to equity shareholders	6,731	7,900
Weighted average no. of equity shares outstanding	104,760,275	104,198,134
Add - No. of potential equity shares	689,253	1,156,615
Weighted average no. of equity shares outstanding	105,449,528	105,354,749
Diluted EPS (₹)	63.83	74.99

33 Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 209 million (previous year: ₹ 288 million).

34 Contingent liability

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Corporate guarantee	1,206	1,309
	1,206	1,309

Corporate bank guarantee of USD 16.5 million (previous year: USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA

35 Details of payment to auditors

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Payment to auditors (net of taxes)		
As auditor:		
Audit fee	0.96	0.96
Taxation matters	0.29	0.29
Company law matters	0.02	0.02
Other services :		
- Limited review	0.68	0.68
- Other services including certification work	1.82	1.59
Re-imbursement of expenses	0.56	0.38
	4.33	3.92

Notes forming part of the Standalone 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 ₹ 156 million (previous year: ₹ 127 million).
- c) Amount spent during the year:

(₹ million)

	Year ended 31-03-2021			Year ended 31-03-2020		
	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)	141	16	157	308	18	326
Total	141	16	157	308	18	326

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:

Name of the company	Balance as at		Maximum outstanding during	
	Year ended 31-03-2021	Year ended 31-03-2020	2020-21	2019-20
L&T Thales Technology Services Private Limited	-	90	90	90
Seastar Labs Private Limited	-	2	2	2

Note:

- i) 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 the disclosure requirements.

38 Business Combination :

During the previous year, the Company entered into agreement with its wholly owned subsidiary, Graphene Semiconductor Services Private Limited ('Graphene'), for purchase of its business. The agreement was effective from 1st October 2019 and a cash consideration of ₹ 206 million was paid to Graphene under this agreement.

Graphene provides end to end solutions – from chip design and embedded software, through providing support to mass manufacturing, thereby being a one-stop service and solution provider. Further, the transfer has been accounted using pooling of interest method, involving the following:

- a. The assets and liabilities of Graphene has been recognised at their carrying amounts. No adjustment has been made to reflect the fair values or recognize any new asset or liability.

Notes forming part of the Standalone Financial Statements

- b. The excess amount of investment by the Company in Graphene over the Net assets of Graphene as on acquisition date has been treated as Capital reserve in Company's Financial statements and presented separately from other Capital reserve [Refer Note no. 2(cc)]

The Company entered into agreement with its subsidiaries for purchase of investments in step-down subsidiaries.

39 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 31-03-2021				As at 31-03-2020			
	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	60,949	80.77	27,210	33,738	73,894	77.09	31,171	42,723
EURO	6,587	95.46	2,792	3,795	7,435	91.80	3,427	4,008
(b) Payable hedges								
US Dollar	6,180	79.28	2,385	3,795	9,081	77.44	5,479	3,602
EURO	2,739	85.61	1,062	1,677	2,906	82.00	1,317	1,589

*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 31-03-2021			As at 31-03-2020		
	Current	Non- current	Total	Current	Non- current	Total
Other financial assets	792	1,148	1,940	271	370	641
Other financial liabilities	133	207	340	(739)	(1,575)	(2,314)
Total	925	1,355	2,280	(468)	(1,205)	(1,673)

iii) Break up of hedging reserve

(₹ million)

Cash flow hedging reserve	As at 31-03-2021	As at 31-03-2020
Balance towards continuing hedge	1,004	(1,534)
Balance for which hedge accounting discontinued	152	202
Total	1,156	(1,332)

Notes forming part of the Standalone Financial Statements

iv) Movement of hedging reserve

(₹ million)

Hedging reserve	As at 31-03-2021	As at 31-03-2020
Opening Balance	(1,332)	1,171
Changes in fair value of forward and options contracts designated as hedging instruments	3,336	(2,822)
Amount reclassified to statement of profit and loss where hedge item has become on-balance sheet	(76)	(409)
Tax impact on above	(772)	728
Closing Balance	1,156	(1,332)

40 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 original equipment manufacturer '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. The Company's domain expertise, globalized and customer centric approach, proprietary solutions and a repository of over 150 co-authored patents drive innovation and sustained business growth. The adherence to safety protocols, design and processes and use of cross-disciplinary engineering facilitates superlative experience to the Company's customers.
- 2: Industrial products:** Industrial products practice helps original equipment manufacturer (OEM) customers across building automation, home and office products, energy, process control and machinery. The Company's expertise in engineering industrial products helps customer drive innovation and efficiency, and retain a competitive edge. The Company helps streamline the product development value chain, enabling customers spearhead business growth.

This Industrial Products segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

- 3: Telecom & Hi-tech:** The Company's expertise in digital engineering such as the cloud, internet of things (IoT), artificial intelligence, data analytics and other areas in telecom domain enables its partners to leverage the right telecommunications strategy. With expertise in product variant development, 5G capabilities, simulations and automation, and product and mid of life support, the Company is a one stop-solution for the clients. It also provides futuristic solutions and IP Cores that address some of the pressing needs of the semiconductor industry. The Company's narrow band IoT (nBIoT) solution provides the complete IoT device management designed with low memory and low power footprint enabling easy integration to custom target platforms. The Company's experience in product development, digitalization, user experience engineering, and testing

Notes forming part of the Standalone Financial Statements

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.

- 4: Plant engineering:** The plant engineering practice provides end to end engineering services for leading plant operators across the globe. The Company provides services in E/EPCM, engineering reapplication and global rollouts, plant sustenance and management, regulatory compliance engineering along with chemical, consumer packaged goods (FMCG) and energy and utility sector clients. The Company specializes in traditional engineering procurement construction management (EPCM) and operational maintenance projects, as well as contemporary digital engineering enterprises. The Company is advancing its engineering footprint to encompass the digital sphere and working with customers on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR).
- 5: Medical devices:** The Company's domain expertise, supported by robust technological capabilities, helps medical device OEMs address industry challenges, accelerate time to market, and optimize costs. The Company focuses on delivering solutions in diagnostics, patient mobility services, musculoskeletal services, life sciences, surgical services, cardiovascular, home healthcare and general medical.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

(₹ million)						
Particulars	Transportation	Industrial Products	Telecom and Hi-tech	Plant Engineering	Medical Devices	Total
Revenue	14,740	10,048	10,050	7,930	6,872	49,640
% to Total	29.7%	20.2%	20.3%	16.0%	13.8%	100.0%
	17,014	10,717	9,872	9,101	5,109	51,813
% to Total	32.8%	20.7%	19.0%	17.6%	9.9%	100.0%
Segment operating profits	2,081	2,837	1,177	1,651	2,125	9,871
% to Revenue	14.1%	28.2%	11.7%	20.8%	30.9%	19.9%
	3,064	2,695	1,649	2,315	1,397	11,120
% to Total	18.0%	25.1%	16.7%	25.4%	27.3%	21.5%
Un-allocable expenses (net)						491
						808
Other income						1,743
						2,123
Operating profit						11,123
						12,435
Finance cost						435
						351
Depreciation						1,737
						1,534
Profit before extraordinary items and tax						8,951
						10,550

Notes forming part of the Standalone Financial Statements

(ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

(₹ million)

Particulars	North America	Europe	India	Rest of World	Total
External revenue by location of customers	28,439	8,603	7,526	5,072	49,640
	<i>30,258</i>	<i>8,256</i>	<i>7,457</i>	<i>5,842</i>	<i>51,813</i>

Numbers in italics are for the previous year.

Property, plant and equipment used and liabilities contracted for performing the Company's Business have not been identified to any of the above reported segments as the property, plant and equipment and services are used inter-changeably among segments.

(iii) No single customer represents 10% or more of the Company's total revenue for the year ended 31st March 2021 and 2020 respectively.

41 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 +/- ₹ 19.24 million as of March 31, 2021, and +/- ₹ 8 million as of March 31, 2020. 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 the Standalone Financial Statements

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 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 ₹ 316 million as of March 31, 2021 and ₹ 205 million as of March 31, 2020.

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, 2021 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 ₹ 123 million as at March 31, 2021 and ₹ 484 million as at March 31, 2020. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

Notes forming part of the Standalone Financial Statements

(₹ million)

	2020-21	2019-20
Opening balance of allowances for doubtful accounts	484	245
Allowances recognized (reversed)	(361)	238
Closing balance of allowances for doubtful accounts	123	484

The percentage of revenue from its top five customers is 16% for 2020-21 (19.95% for 2019-20).

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.

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-21 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	As at 31-03-2021			As at 31-03-2020		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Investments	14,930	-	14,930	6,078	310	6,388
Trade receivables	11,751	-	11,751	13,212	-	13,212
Other financial assets	590	485	1,075	1,499	444	1,943
Total	27,271	485	27,756	20,789	754	21,543

(₹ million)

Financial liabilities	As at 31-03-2021			As at 31-03-2020		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Short-term borrowings	-	-	-	239	-	239
Trade payables	2,202	-	2,202	1,870	-	1,870
Lease liabilities	760	3,956	4,716	658	3,189	3,847
Other financial liabilities	2,269	-	2,269	2,154	47	2,201
Total	5,231	3,956	9,187	4,921	3,236	8,157

Notes forming part of the Standalone Financial Statements

42 Fair value measurements

Financial instruments by category

(₹ million)

	As at 31-03-2021			As at 31-03-2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments (other than those held in subsidiary)						
- Mutual funds	11,830	-	-	5,172	-	-
- Bank fixed deposits	-	-	2	-	-	2
- Corporate deposits	-	-	3,100	-	-	1,216
Loans	-	-	-	-	-	92
Trade receivables	-	-	11,751	-	-	13,212
Cash and cash equivalents	-	-	1,426	-	-	2,011
Other bank balances	-	-	576	-	-	260
Derivative financial instruments	-	1,941	-	-	641	-
Security deposits	-	-	494	-	-	451
Premium receivable on financial guarantee contracts	-	-	5	-	-	1
Loans - related parties	-	-	35	-	-	360
Advances - to employees	-	-	41	-	-	237
Other receivables	-	-	500	-	-	802
Total financials assets	11,830	1,941	17,930	5,172	641	18,644
Financial liabilities						
Borrowings	-	-	-	-	-	239
Trade payables	-	-	2,202	-	-	1,870
Derivative financial instruments	-	340	-	-	2,314	-
Lease liability	-	-	4,717	-	-	3,847
Supplier ledger - capital goods/services	-	-	107	-	-	46
Liability towards employee compensation	-	-	2,142	-	-	2,152
Financial guarantee contract	-	-	5	-	-	1
Unclaimed dividend	-	-	2	-	-	2
Other payables	-	-	13	-	-	-
Total financials liabilities	-	340	9,188	-	2,314	8,157

(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.

Notes forming part of the Standalone Financial Statements

(₹ million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31-03-2021				As at 31-03-2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial investment at FVPL	-	-	-	-	-	-	-	-
Mutual funds	11,830	-	-	11,830	5,172	-	-	5,172
Financial investment at FVOCI	-	-	-	-	-	-	-	-
Derivative financial instruments	-	1,941	-	1,941	-	641	-	641
Total financial assets	11,830	1,941	-	13,771	5,172	641	-	5,813
Financial liabilities								
Derivative financial instruments	-	340	-	340	-	2,314	-	2,314
Total financial liabilities	-	340	-	340	-	2,314	-	2,314

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

(iii) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (net asset value) considered for the fair valuation of the current investment i.e Mutual fund. Gain/(loss) on fair valuation is recognised in statement of profit and loss.

Notes forming part of the Standalone Financial Statements

- 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.

43 Tax reconciliation statement

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

		(₹ million)	
Sr. no.	Particulars	Year ended 31 March,	
		2021	2020
(a)	Profit before tax	8,951	10,550
(b)	Corporate tax rate as per Income tax Act, 1961	34.94%	34.94%
(c)	Tax on accounting profit (c)=(a)*(b)	3,128	3,686
(d)	(i) Tax effect of exempt non-operating income	(63)	(64)
	(ii) Tax effect due to non-taxable income for Indian tax purposes	(785)	(1,433)
	(iii) Effect of non-deductible expenses	24	59
	(iv) Overseas taxes	57	275
	(v) Tax effect on various other items	(141)	127
	Total effect of tax adjustments [(i) to (v)]	(908)	(1,036)
(e)	Tax expense recognised during the year (e)=(c)-(d)	2,220	2,650
(f)	Effective tax rate (f)=(e)/(a)	24.80%	25.12%

The applicable Indian statutory tax rate for fiscal 2021 and fiscal 2020 is 34.94%.

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.

Notes forming part of the Standalone Financial Statements

44 Disclosure pursuant to Ind AS 19 "Employee benefits"

i) Defined Contribution Plan

The Company has recognised ₹ 1,340 million (PY ₹ 1,383 million) towards defined contribution plan as an expense, which includes contribution to social security and employee state insurance scheme in the Profit and Loss Account.

a) The amounts recognised in Balance Sheet are as follows:

(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
A. Present value of defined benefit obligation						
Wholly funded	952	861	-	-	5,643	4,618
Wholly unfunded	-	-	68	71	-	-
Total (a)	952	861	68	71	5,643	4,618
Less: Fair value of plan assets (b)	841	691	-	-	6,163	4,894
Amount to be recognised as liability or (asset) (a-b)	111	170	68	71	(520)	(276)
B. Amounts reflected in the balance sheet						
Liabilities	111	170	68	71	82	78
Assets						
Net liability / (asset)	111	170	68	71	82	78

b) The amounts recognised in Statement of Profit and Loss are as follows:

(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
1 Current service cost	153	101	24	24	315	270
2 Interest cost	7	3	4	4	414	355
3 Expected return on plan assets	-	-	-	-	(414)	(355)
4 Actuarial losses / (gains)	-	-	-	-	(249)	(284)
5 Past service cost	-	-	-	-	-	-
6 Actuarial Gain/loss not recognized in books	-	-	-	-	249	284
Total expense for the year included in staff cost	160	104	28	28	315	270

Notes forming part of the Standalone Financial Statements

c) Amount recorded In other comprehensive income :

(₹ million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Opening amount recognized in OCI	238	93	(80)	(63)
Remeasurement during the period due to				
a Changes in financial assumptions	47	43	6	11
b Changes in demographic assumptions	(4)	-	(12)	-
c Experience adjustments	(80)	108	(25)	(28)
d Actual return on plan assets less interest on plan assets	(1)	(6)	-	-
e Adjustment to recognize the effect of asset ceiling	-	-	-	-
Closing amount recognized in OCI outside profit and loss account	200	238	(111)	(80)

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		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Opening balance of the present value of defined benefit obligation	861	627	71	59	4,618	4,138
Transfer in/(out)	-	-	-	-	174	191
Current service cost	153	101	24	24	315	270
Past service cost	-	-	-	-	-	-
Interest on defined benefit obligation	49	41	4	4	414	355
Remeasurements due to :						
Actuarial loss/(gain) arising from change in financial assumptions	47	43	6	12	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	(4)	-	(12)	-	-	-
Actuarial loss/(gain) arising on account of experience changes	(80)	107	(25)	(28)	-	-
Contribution by Plan Participants	-	-	-	-	639	578
Benefits paid	(74)	(66)	-	-	(516)	(912)
Due to Members Unclaimed	-	-	-	-	-	(2)
Liabilities assumed / (settled)	-	8	-	-	-	-

Notes forming part of the Standalone Financial Statements

(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Liabilities extinguished on settlements						
Closing balance of the present value of defined benefit obligation	952	861	68	71	5,644	4,618

The Company expects to contribute ₹ 100 million towards its gratuity plan in FY 2021-22 (₹ 100 million in FY 2020-21)

- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ million)

	Gratuity plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Opening balance of the fair value of the plan assets	691	540	4,894	4,164
Expected return on plan assets	-	-	414	355
Add / (less) : transfer in/(out)	-	-	174	191
Add/(less) : actuarial gains/(losses)	-	-	249	284
Employer contributions	181	173	313	263
Contributions by plan participants	-	-	636	549
Interest on plan assets	41	38	-	-
Remeasurements due to :				
Actual return on plan assets less interest on plan assets	1	6	-	-
Benefits paid	(73)	(66)	(516)	(912)
Closing balance of the plan assets	841	691	6,164	4,894

Notes forming part of the Standalone Financial Statements

f) Sensitivity analysis:

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Impact of increase in 100 bps on defined benefit obligation				
Discount rate	-5.14%	-5.49%	-	-
Salary escalation rate	5.54%	6.12%	-	-
Impact of decrease in 100 bps on defined benefit obligation				
Discount rate	5.68%	6.11%	-	-
Salary escalation rate	-5.13%	-5.60%	-	-
Discount rate				
Impact of increase in 100 bps on defined benefit obligation	-	-	-17.47%	-17.54%
Impact of decrease in 100 bps on defined benefit obligation	-	-	23.37%	23.44%
Healthcare costs rate				
Impact of increase in 100 bps on defined benefit obligation	-	-	14.33%	15.14%
Impact of decrease in 100 bps on defined benefit obligation	-	-	-11.55%	-12.15%
Life expectancy				
Impact of increase in 1 year on defined benefit obligation	-	-	1.07%	0.97%
Impact of decrease by 1 year on defined benefit obligation	-	-	-1.11%	-1.01%

- 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:

	Gratuity plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Government of India securities	Scheme with LIC	Scheme with LIC	22.17%	21.53%
State government securities			23.13%	25.41%
Corporate bonds			29.38%	28.88%
Public sector bonds			12.60%	16.07%
Mutual Funds			5.42%	3.07%
Fixed deposits under Special Deposit Scheme & other investments framed by central government for provident funds			7.30%	5.04%

Notes forming part of the Standalone Financial Statements

h) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-03-2021	As at 31-03-2020
1. Discount rate:		
(a) Gratuity plan	5.70%	6.15%
(b) Post retirement medical benefit plan	5.70%	6.15%
Annual increase in healthcare costs	5.00%	5.00%
2. Salary growth rate	5.50%	5.00%
3. Attrition rate	14% to 23% for various age groups	14% to 19% 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.

i) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Gratuity plan (wholly funded/ unfunded)		
1. Defined benefit obligation	952	861
2. Plan assets	841	691
3. (Surplus) / deficit	111	170
Post retirement medical benefit plan (wholly unfunded)		
1. Defined benefit obligation	68	71
Self - managed provident fund plan (wholly funded)		
1. Defined benefit obligation	5,643	4,618
2. Plan assets	6,163	4,894
3. (Surplus) / deficit	(520)	(276)

Notes forming part of the Standalone Financial Statements

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 Provident Fund trust managed by the holding company

the Company's provident fund plan is managed by its holding company through a trust permitted under The Employees' Provident Funds and Miscellaneous Provisions 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 the L&T Technology Services 401k 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 of L&T Technology Services Limited, L&T Technology Services LLC and Esencia Technologies Inc. The Plan allows the employee and Company's contributions to vest 100% immediately. During the year ended March 31, 2021, the Company contributed ₹ 111 million towards the Plan (Previous year: ₹ 37 million)

45 Lease

Particulars	(₹ million)	
	Year ended 31 March,	
	2021	2020
1. Classwise right of use assets (office premises)		
Opening balance	3,391	3,270
Addition during the year (net of deletion)	1,602	868
Depreciation during the year	(876)	(747)
Closing balance	4,117	3,391
2. Repayment during the year (lease payment towards lease liability net of finance cost)	(667)	(595)
3. Maturity analysis of lease liability (undiscounted)		
Less than 1 year	1,114	967
1 to 5 years	3,533	2,912
More than 5 years	1,962	1,554
Total	6,609	5,433
Closing balance		
Current liability	760	658
Non -current liability	3,956	3,189
	4,716	3,847

Notes forming part of the Standalone Financial Statements

(₹ million)

Particulars	Year ended 31 March,	
	2021	2020
4. Amount recognised in statement of profit and loss		
Interest on lease liability	422	340
Rent expense - Short term lease	96	93
Closing balance of lease liability as on date of derecognition	628	-
Less: Closing balance of right-of-use assets as on date of derecognition	594	-
5. Gain/(loss) on derecognition of right-of-use	34	-
6. Lease commitment		
No such lease commitment entered by the company. (PY ₹ 180 million)		

46 Related party disclosures

46 (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
Orchestra Technology Inc	Wholly owned subsidiary of L&T Technology Services LLC**
Esencia Technologies Inc	Wholly owned subsidiary of L&T Technology Services LLC
Esencia Technologies India Private Limited	Wholly owned subsidiary
Graphene Semiconductor Services Private Limited	Wholly owned subsidiary
Graphene Solutions Pte. Ltd.	Wholly owned subsidiary*
Graphene Solution SDN. BHD.	Wholly owned subsidiary*
Graphene Solutions Taiwan Limited	Wholly owned subsidiary*
Seastar Labs Private Limited	Wholly owned subsidiary*
L&T Technology Services (Shanghai) Co. Ltd.	Wholly owned subsidiary
L&T Technology Services (Canada) Ltd.	Wholly owned subsidiary of L&T Technology Services LLC

*Wholly owned subsidiary w.e.f October 01, 2019. Earlier wholly owned by Graphene Semiconductor Services Private Limited.

**Wholly owned subsidiary of L&T Technology Services LLC w.e.f October 02, 2020.

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 director	Status
Dr. Keshab Panda*	Chief Executive Officer & Managing Director
Mr. Amit Chadha**	Deputy Chief Executive Officer and Whole Time Director
Mr. Abhishek	Chief Operating Officer & Whole Time Director
Mr. P Ramkrishnan	Chief Financial Officer (upto July 19, 2020)
Mr. Rajeev Gupta	Chief Financial Officer (w.e.f July 20, 2020)
Mr. Kapil Bhalla	Company Secretary

*Appointed as Non-Executive Director w.e.f. April 01, 2021. Earlier CEO & Managing Director upto and including March 31, 2021.

**Appointed as Chief Executive Officer & Managing Director w.e.f. April 01, 2021. Earlier Deputy CEO & Whole-Time Director upto and including March 31, 2021.

Notes forming part of the Standalone Financial Statements

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
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Technologies INC	Fellow subsidiary
Larsen Toubro Arabia LLC	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
L&T Construction Equipment Limited	Fellow subsidiary
Servowatch Systems Limited	Fellow subsidiary
L&T Valves Limited	Fellow subsidiary
L&T Overseas Projects Nigeria Limited	Fellow subsidiary
Tamco Switchgear (Malaysia) SDN BHD	Fellow subsidiary
Mindtree Limited	Fellow subsidiary
L&T-Sargent & Lundy Limited	Fellow subsidiary
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Esencia Technologies INC	Subsidiary
Graphene Semiconductor Services Private Limited	Subsidiary
Seastar Labs Private Limited	Subsidiary
Graphene Solutions Taiwan Limited	Subsidiary
L&T Technology Services (Shanghai) Co. Ltd.	Subsidiary
L&T Technology Services (Canada) Ltd.	Subsidiary
Orchestra Technology Inc	Subsidiary
L&T Chiyoda Limited	Associate

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

Notes forming part of the Standalone Financial Statements

46 (1) (vi) Disclosure of related party transactions

(₹ million)

Particulars	31-03-2021	31-03-2020
Revenue from services :		
Holding company	161	412
- Larsen & Toubro Limited	161	412
Fellow subsidiaries	722	1,075
- L&T Hydrocarbon Engineering Limited	41	40
- Larsen & Toubro Infotech Limited	672	1,032
- L&T Metro Rail (Hyderabad) Limited	-	1
- L&T Construction Equipment Limited	-	2
- Mindtree Limited	9	-
Associates	16	-
- L&T Chiyoda Limited	16	-
Subsidiaries	918	945
- L&T Thales Technology Services Private Limited	368	643
- L&T Technology Services LLC	518	269
- Esencia Technologies Inc	2	1
- Graphene Semiconductor Services Private Limited	-	32
- L&T Technology Services (Shanghai) Co. Ltd.	28	-
- L&T Technology Services (Canada) Ltd.	2	-
Purchase of services :		
Holding company	-	1
- Larsen & Toubro Limited	-	1
Fellow subsidiaries	839	1,150
- L&T Hydrocarbon Engineering Limited	287	81
- Larsen & Toubro Infotech Limited	532	1,046
- Larsen & Toubro Infotech GMBH	-	22
- L&T-Sargent & Lundy Limited	1	1
- Mindtree limited	19	-
Subsidiaries	681	662
- L&T Thales Technology Services Private Limited	3	24
- L&T Technology Services LLC	643	527
- Esencia Technologies Inc	10	44
- Graphene Semiconductor Services Private Limited	-	67
- Graphene Solutions Taiwan Limited	3	-
- Orchestra Technologies Inc	22	-
Rent paid :		
Holding company	226	234
- Larsen & Toubro Limited	226	234
Fellow subsidiaries	30	31
- Larsen & Toubro Infotech Limited	18	22
- Larsen & Toubro Infotech GMBH	11	8
- Larsen & Toubro (East Asia) Sdn. Bhd.	1	1
Subsidiaries	15	17
- Graphene Semiconductor Services Private Limited	-	4
- L&T Technology Services LLC	15	13

Notes forming part of the Standalone Financial Statements

	(₹ million)	
Particulars	31-03-2021	31-03-2020
Commission paid :		
Fellow subsidiaries	-	1
- Larsen & Toubro Infotech Limited	-	1
Interest receivable		
Holding Company	-	113
- Larsen & Toubro Limited	-	113
Subsidiaries	-	9
- L&T Thales Technology Services Private Limited	-	8
- Graphene Semiconductor Services Private Limited	-	1
Interest payable		
Subsidiaries	7	5
- Graphene Semiconductor Services Private Limited	7	5
Services availed by the Company :		
Holding company	180	257
- Larsen & Toubro Limited	180	257
Fellow subsidiaries	34	39
- Larsen & Toubro Infotech Limited	34	26
- L&T Hydrocarbon Engineering Limited	-	1
- L&T Information Technology Services (Shanghai) Co. Ltd.	-	12
Subsidiaries	8	8
- L&T Thales Technology Services Private Limited	-	1
- L&T Technology Services LLC	-	6
- Esencia Technologies Inc	8	-
- Graphene Semiconductor Services Private Limited	-	1
Services rendered by the Company :		
Holding company	1	1
- Larsen & Toubro Limited	1	1
Fellow subsidiaries	1	7
- Larsen & Toubro Infotech Limited	-	4
- L&T Hydrocarbon Engineering Limited	-	1
- Servowatch Systems Limited	1	2
Subsidiaries	571	716
- L&T Thales Technology Services Private Limited	108	199
- L&T Technology Services LLC	451	499
- Esencia Technologies Inc	12	11
- Graphene Semiconductor Services Private Limited	-	6
- L&T Technology Services (Shanghai) Co. Ltd.	-	1
Trademark fees :		
Holding company	82	84
- Larsen & Toubro Limited	82	84
Inter corporate deposit to		
Subsidiaries	-	92
- L&T Thales Technology Services Private Limited	-	90
- Seastar Labs Private Limited	-	2

Notes forming part of the Standalone Financial Statements

(₹ million)

Particulars	31-03-2021	31-03-2020
Inter corporate borrowing from		
Subsidiaries	-	239
- Graphene Semiconductor Services Private Limited	-	239
Trade receivable		
Holding Company	87	168
- Larsen & Toubro Limited	87	168
Fellow subsidiaries	191	356
- Larsen & Toubro Infotech Limited	179	342
- L&T Metro Rail (Hyderabad) Limited	-	2
- L&T Construction Equipment Limited	-	1
- L&T Hydrocarbon Engineering Limited	9	11
- Mindtree Limited	3	-
Associates	1	-
- L&T Chiyoda Limited	1	-
Subsidiaries	377	627
- L&T Thales Technology Services Private Limited	57	220
- L&T Technology Services LLC	284	277
- Graphene Semiconductor Services Private Limited	2	127
- Graphene Solutions Taiwan Limited	3	3
- L&T Technologies Services (Shanghai)L	29	-
- L&T Technology Services (canada) Ltd.	2	-
Trade payable		
Holding Company	80	152
- Larsen & Toubro Limited	80	152
Fellow subsidiaries	454	298
- Larsen & Toubro Infotech Limited	406	135
- L&T Hydrocarbon Engineering Limited	27	133
- Larsen & Toubro Infotech GmBH	6	2
- Larsen & Toubro Saudi Arabia LLC	9	28
- Mindtree Limited	6	-
Subsidiaries	192	89
- Esencia Technologies INC	4	19
- Graphene Semiconductor Services Private Limited	-	70
- Seastar Labs Private Limited	2	-
- Graphene Solutions Taiwan Limited	1	-
- L&T Technology Services LLC	164	-
- Orchestra Technologies Inc	21	-
Investments in Subsidiaries		
Subsidiaries	812	-
- L&T Technology Services LLC	812	-
Loans and advances recoverable		
Fellow subsidiaries	1	6
- L&T Infotech Financial Services Technologies Inc.	-	1
- L&T Valves Limited	-	4

Notes forming part of the Standalone Financial Statements

(₹ million)		
Particulars	31-03-2021	31-03-2020
- L&T INFORMATION TECHNOLOGY SERVICES(SHANGHAI) CO. LTD	1	-
- Tamco Switchgear (Malaysia) SDN BHD	-	1
Subsidiaries	34	354
- L&T Thales Technology Services Private Limited	8	243
- L&T Technology Services LLC	-	99
- Graphene Semiconductor Services Private Limited	1	-
- Graphene Solution PTE Limited	12	-
- L&T Technology Services (Shanghai) Co. Ltd.	13	12
Corporate guarantee outstanding as on respective balance sheet date		
Subsidiaries	1,206	1,309
- L&T Technology Services LLC	1,206	1,248
- Esencia Technologies INC	-	61
(Corporate bank guarantee of USD 16.5 million (previous year USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA)		
Interim/final dividend paid - equity		
Holding Co.	1,640	1,638
- Larsen & Toubro Limited	1,640	1,638
Dividend Received		
Subsidiaries	180	-
- Graphene Semiconductor Services Private Limited	180	-
Compensation to key managerial personnel		
Short-term employee benefits	121	124
Post-employment benefits	1	1
Share-based payment	153	143
Total compensation**	275	268

***Mr. P. Ramakrishnan (previous Chief Financial Officer) resigned on July 19, 2020 his proportionate compensation has been included in calculation of remuneration of FY21.

Mr. Rajeev Gupta joined LTTS on April 02, 2020 and appointed as Chief Financial Officer in Board meeting on July 20, 2020. His proportionate compensation has been included above calculation of FY21.

Compensation to non-executive directors

(₹ million)		
	2020-21	2019-20
Sitting fees	2	2
Commission	25	20
Total compensation	27	22

Notes forming part of the Standalone Financial Statements

Transactions with trust managed employees provident fund

(₹ million)

	2020-21	2019-20
Towards employer's contribution	313	263
Paid during the year	879	813
Due to trust (year end liability)	82	78

Transactions with approved gratuity fund

(₹ million)

	2020-21	2019-20
Towards employer's contribution	181	173
Paid during the year	181	173
Due to trust (year end liability)	111	170

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)

	For year ended March 31, 2021	For year ended March 31, 2020
Fixed price contracts	19,189	20,989
Time and materials contracts	30,451	30,824
Total	49,640	51,813

ii) Refer note 40 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, 2021, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 9,923 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.

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.

Notes forming part of the Standalone Financial Statements

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)

	For year ended March 31, 2021		For year ended March 31, 2020	
	Unbilled revenue	Unearned revenue	Unbilled revenue	Unearned revenue
Opening balance	2,919	467	2,191	224
Revenue recognised during period	1,785	(419)	2,943	(221)
Invoiced during period	(2,932)	462	(2,131)	464
ECL movement	43	-	(84)	-
Closing balance	1,815	510	2,919	467

48 Government grant :

- A. During the year ended March 31, 2021, the Company has received Government grant against export of services, amounting to ₹ 548 million. (PY ₹ 931 million.) which is disclosed as export incentive as part of other income.
- B. The Company has received government grants amounting to ₹ 57 million. (PY ₹ Nil) from governments of various countries on compliance with several employment-related conditions consequent to the outbreak of COVID-19 pandemic and accordingly, accounted it as a credit to employee benefits expense.

49 The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2021. The disclosure pursuant to the said act is as under:

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Principal amount due to suppliers under MSMED Act, 2006	66	27
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	-	-

Notes forming part of the Standalone Financial Statements

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.

50 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2021 (previous year: ₹ Nil).

51 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

RAJEEV GUPTA

Chief Financial Officer

KAPIL BHALLA

Company Secretary
Membership no.F3485

AMIT CHADHA

Chief Executive Officer &
Managing Director
(DIN: 07076149)

ABHISHEK

Chief Operating Officer &
Whole-Time Director
(DIN: 07596644)

Place: Mumbai

Date: May 03, 2021

Place: Mumbai

Date: May 03, 2021

Place: Mumbai

Date: May 03, 2021

Place: Washington,USA

Date: May 03, 2021

Place: Bangalore

Date: May 03, 2021

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 2021, 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 2021, 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
Revenue recognition	
The Group is primarily in the business of providing technology and engineering services to third parties.	Our revenue testing included both testing of the Company's controls as well as substantive audit procedures.
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.	Our procedures included: <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;

Key audit matter

For the year ended 31 March 2021, revenue from services amounts to ₹ 54,497 million (refer note 25 to the consolidated financial statements)

How the matter was addressed in our audit

- For time and material based contracts:
 - 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 44 to the consolidated financial statements.
- For fixed price contracts:
 - 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;
 - iv. We verified the revenue based on the stage of completion of the projects; and
 - v. We obtained appropriate evidence based on the circumstances to conclude whether the proportion of completion of projects was appropriate.

Based on the procedures performed we consider the amount of revenue recognised to be fairly stated in the consolidated financial statements.

Valuation of goodwill

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 notes 2(m)(ii) and 5 to the consolidated financial statements, there are some sensitive key judgements made in determining the inputs into these models which include:

- Revenue forecasts;
- Operating margins;
- Cash flow forecasts; and
- The discount rate applied to the projected future cash flows.

Our procedures included:

- 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;

Key audit matter	How the matter was addressed in our audit
<p>In addition, the impact of Covid-19 is also considered in the current year.</p> <p>Accordingly, the impairment test of the goodwill is considered to be a key audit matter.</p> <p>As at 31 March 2021, goodwill amounts to ₹ 5,827 million (refer note 5 to the consolidated financial statements).</p>	<ul style="list-style-type: none"> • We evaluated management's assumptions on the impact of Covid-19 on the above matters; and • We considered the appropriateness of disclosures in relation to impairment assessment as detailed in note 2(m)(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>
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>In addition, the impact of Covid-19 is also considered for the current year.</p> <p>As at 31 March 2021, the Company has derivative financial assets at fair value of ₹ 1,941 million and derivative financial liabilities at fair value of ₹ 340 million (refer note nos. 8, 15, 19, 22, 37(i) and 37(iii) to the consolidated financial statements).</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; • We tested on a sample basis the applicability and accuracy of hedge accounting; • We evaluated management's assumptions on the impact of Covid-19 on the above matters; and • We considered the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting to the consolidated financial statements. <p>Based on the procedures performed the derivative financial instruments and hedge accounting are fairly stated in the consolidated 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 six subsidiaries whose financial statements reflect Group's share of total assets of ₹ 4,726 million as at 31 March 2021, Group's share of total revenues of ₹ 5,582 million, Group's share of total net profit after tax of ₹ 629 million, total comprehensive income of ₹ 529 million and net cash inflows amounting to ₹ 104 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.

Three 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 other auditors 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 the other auditors and the conversion adjustments prepared by management of the Holding Company and audited by us.

The consolidated financial statements include the financial information of five subsidiaries which have not been audited by their auditors, whose financial information reflect Group's share of total assets of ₹ 98 million as at 31 March 2021, Group's share of total revenues of ₹ 87 million, Group's share of total net loss after tax of ₹ 16 million, Group's share of total comprehensive loss of ₹ 15 million, and net cash inflows of ₹ 9 million for the year ended on that date. The financial information of these subsidiaries is unaudited and has 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 is based solely on such unaudited financial

information which is certified by the management. In our opinion and according to the information and explanations given to us by the management, the financial information of these subsidiaries are not material to the Group.

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 and the financial statement certified by the management.

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 2021 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 2021 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 and its subsidiary companies incorporated in India – refer note 47 to the consolidated financial statements.

For **Sharp & Tannan**
Chartered Accountants
Firm's registration no.109982W

Firdosh D. Buchia
Partner

Mumbai, 3 May 2021

Membership no. 038332
UDIN: 21038332AAAALY5733

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 2021 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 ('Guidance note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 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 2021, 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.

Other matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of such other auditors.

For **Sharp & Tannan**
Chartered Accountants
Firm's registration no.109982W

Firdosh D. Buchia
Partner
Membership no. 038332
UDIN: 21038332AAAALY5733

Mumbai, 3 May 2021

Consolidated Balance Sheet

as at March 31, 2021

	Note No.	As at 31-03-2021	(₹ million) As at 31-03-2020
ASSETS:			
I. Non-current assets			
(a) Property, plant and equipment	4	2,063	2,099
(b) Right-of-use assets	4	4,197	3,490
(c) Capital work-in-progress	4	119	87
(d) Goodwill	5	5,827	5,460
(e) Other intangible assets	5	737	686
(f) Financial assets			
(i) Investments	6	-	310
(ii) Trade receivables	7	-	-
(iii) Other financial assets	8	1,644	827
(g) Deferred tax assets (net)	9	67	311
(h) Other non current assets	10	1,049	661
Total non-current assets		15,703	13,931
II. Current assets			
(a) Financial assets			
(i) Investments	11	15,149	6,110
(ii) Trade receivables	12	12,346	13,807
(iii) Cash and cash equivalents	13	1,751	2,179
(iv) Other bank balances	14	576	260
(v) Other financial assets	15	1,685	1,731
(b) Other current assets	16	3,519	5,015
Total current assets		35,026	29,102
TOTAL ASSETS		50,729	43,033
EQUITY AND LIABILITIES:			
I. Equity			
(a) Equity share capital	17	210	209
(b) Other equity	18	34,521	27,477
Equity attributable to equity holders of the Company		34,731	27,686
Non-controlling interest		101	69
Total equity		34,832	27,755
II. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	19	4,015	3,268
(ii) Other financial liabilities	19	322	1,622
(b) Deferred tax liabilities (net)	9	578	-
Total non-current liabilities		4,915	4,890
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	-	303
(ii) Trade payables			
Due to micro enterprises and small enterprises	21	66	28
Due to others	21	2,286	1,947
(iii) Lease liability	22	790	693
(iv) Other financial liabilities	22	2,827	3,059
(b) Other current liabilities	23	2,958	2,376
(c) Provisions	24	1,584	1,654
(d) Current tax liabilities (net)		471	328
Total current liabilities		10,982	10,388
Total liabilities		15,897	15,278
TOTAL EQUITY AND LIABILITIES		50,729	43,033
Notes forming part of the consolidated financial statements	1-48		

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

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

FIRDOSH D. BUCHIA
Partner
Membership no. 38332

RAJEEV GUPTA
Chief Financial Officer

KAPIL BHALLA
Company Secretary
Membership no.F3485

AMIT CHADHA
Chief Executive Officer &
Managing Director
(DIN: 07076149)

ABHISHEK
Chief Operating Officer &
Whole-Time Director
(DIN: 07596644)

Place: Mumbai
Date: May 03, 2021

Place: Mumbai
Date: May 03, 2021

Place: Mumbai
Date: May 03, 2021

Place: Washington, USA
Date: May 03, 2021

Place: Bangalore
Date: May 03, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ million except stated otherwise)

	Note No.	Year ended 31-03-2021	Year ended 31-03-2020
Income:			
I. Revenue from operations	25	54,497	56,191
II. Other income (net)	26	1,537	2,091
III. Total income		56,034	58,282
IV. Expenses:			
(a) Employee benefits expenses	27	33,550	32,516
(b) Depreciation and amortisation expenses		2,183	1,829
(c) Other expenses	28	10,873	12,570
(d) Finance costs	29	455	365
Total expenses		47,061	47,280
V. Profit before tax (III - IV)		8,973	11,002
VI. Tax expense:			
(a) Current tax		2,300	2,269
(b) Deferred tax (net)		8	509
Total tax expense	30	2,308	2,778
VII. Profit for the year (V - VI)		6,665	8,224
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)		70	(126)
(b) Income tax on remeasurements of the defined benefit plans		(18)	27
(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		3,260	(3,231)
(b) Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge		(772)	728
(c) Exchange differences on the translation of foreign operation		(58)	123
Total other comprehensive income (net of tax)		2,482	(2,479)
IX. Total comprehensive income for the year		9,147	5,745
Profit for the year attributable to:			
- Owners of the Company		6,633	8,186
- Non-controlling interest		32	38
Other comprehensive income for the year attributable to :			
- Owners of the Company		2,482	(2,479)
- Non-controlling interest		-	-
Total comprehensive income for the year attributable to :			
- Owners of the Company		9,115	5,707
- Non-controlling interest		32	38
X. Earnings per equity share	31		
Equity share of face value of ₹ 2 each			
- Basic (₹)		63.32	78.56
- Diluted (₹)		62.90	77.70
XI. Notes forming part of the financial statements	1-48		

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

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

FIRDOSH D. BUCHIA
 Partner
 Membership no. 38332

RAJEEV GUPTA
 Chief Financial Officer

KAPIL BHALLA
 Company Secretary
 Membership no.F3485

AMIT CHADHA
 Chief Executive Officer &
 Managing Director
 (DIN: 07076149)

ABHISHEK
 Chief Operating Officer &
 Whole-Time Director
 (DIN: 07596644)

Place: Mumbai
 Date: May 03, 2021

Place: Mumbai
 Date: May 03, 2021

Place: Mumbai
 Date: May 03, 2021

Place: Washington, USA
 Date: May 03, 2021

Place: Bangalore
 Date: May 03, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
A. Cash flow from operating activities		
Profit/(loss) before tax (excluding exceptional and extraordinary items)	8,973	11,002
Adjustments for:		
Depreciation and amortisation	2,183	1,829
Interest income	(155)	(173)
Interest paid	455	365
(Profit)/Loss on sale of property, plant and equipment	(35)	-
Employee stock option forming part of staff expenses	126	199
Bad debts written off, allowances for bad and doubtful debts and ECL	(111)	326
Investment income	(315)	(170)
Unrealised foreign exchange loss/(gain)	430	(591)
Operating profit before working capital changes	11,551	12,787
Changes in working capital		
(Increase)/decrease in trade and other receivables	2,070	(5,310)
Increase/(decrease) in trade and other payables	2,175	1,023
(Increase)/decrease in working capital	4,245	(4,287)
Cash generated from operations	15,796	8,500
Direct taxes paid	(2,523)	(2,119)
Net cash (used in)/from operating activities	13,273	6,381
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangibles	(771)	(1,527)
Sale of property, plant and equipment and intangibles	15	16
(Purchase)/ sales of current investments (net)	(8,613)	(350)
Deposits/loans (given) - subsidiaries and third parties	(315)	(253)
Consideration paid on acquisition of subsidiaries	(795)	(436)
Cash and cash equivalents acquired pursuant to acquisition of subsidiaries	70	-
Income received from current investments	200	166
Interest received	155	162
Net cash (used in)/from investing activities	(10,054)	(2,222)

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
C. Cash flow from financing activities		
Equity share capital issued	1	1
Proceeds from/(repayment of) borrowings	(287)	(426)
Interest paid	(455)	(365)
Lease liability paid	(688)	(634)
Dividend paid	(2,198)	(2,186)
Dividend tax paid	-	(450)
Net cash (used in) / from financing activities	(3,627)	(4,060)
Net (decrease) / increase in cash and cash equivalents	(408)	99
Cash and cash equivalents at beginning of the period	2,133	2,034
Cash and cash equivalents at end of the period	1,725	2,133

Notes:

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of property, plant and equipment and intangibles 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 31-03-2021	Year ended 31-03-2020
a) Cash and cash equivalents disclosed under current assets [Note 13]	1,751	2,179
b) Other bank balances disclosed under current assets [Note 14]	576	260
c) Cash and cash equivalents disclosed under non-current assets [Note 8]	5	5
Total cash and cash equivalents as per balance sheet	2,332	2,444
Add: (i) Unrealised exchange (gain)/loss on cash and cash equivalents [Note 13]	(26)	(46)
Less: (ii) Other bank balances disclosed under current assets [Note 14]	576	260
Less: (iii) Cash and cash equivalents disclosed under non-current assets [Note 8]	5	5
Total cash and cash equivalents as per cash flow statement	1,725	2,133

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

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

FIRDOSH D. BUCHIA
 Partner
 Membership no. 38332

Place: Mumbai
 Date: May 03, 2021

RAJEEV GUPTA
 Chief Financial Officer

Place: Mumbai
 Date: May 03, 2021

KAPIL BHALLA
 Company Secretary
 Membership no.F3485

Place: Mumbai
 Date: May 03, 2021

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

AMIT CHADHA
 Chief Executive Officer &
 Managing Director
 (DIN: 07076149)

Place: Washington, USA
 Date: May 03, 2021

ABHISHEK
 Chief Operating Officer &
 Whole-Time Director
 (DIN: 07596644)

Place: Bangalore
 Date: May 03, 2021

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

A. Equity share capital

(₹ million except stated otherwise)

	01-04-2020 to 31-03-2021		01-04-2019 to 31-03-2020	
	Number of shares	₹ million	Number of shares	₹ million
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	104,511,558	209	104,013,325	208
Add: Shares issued on exercise of employee stock options during the period	534,265	1	498,233	1
Issued, subscribed and fully paid up equity shares outstanding at the end of the period	105,045,823	210	104,511,558	209

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 01-04-2020	11,043	354	17,344	189	(1,332)	(121)	27,477	69	27,546
Profit for the year (a)	-	-	6,633	-	-	-	6,633	32	6,665
Other comprehensive income (net of taxes) (b)	-	-	-	(58)	2,488	52	2,482	0	2,482
Total comprehensive income for the year (a+b)	-	-	6,633	(58)	2,488	52	9,115	32	9,147
Deemed dividend - ESOP	-	-	(2)	-	-	-	(2)	-	(2)
Dividends	-	-	(2,198)	-	-	-	(2,198)	-	(2,198)
Dividend distribution tax	-	-	-	-	-	-	-	-	-
Employees shares options outstanding	-	(208)	-	-	-	-	(208)	-	(208)
Deferred employee compensation expense (net)	-	151	-	-	-	-	151	-	151
Addition/(deduction) during the year	186	-	-	-	-	-	186	-	186
Balance as at 31-03-2021	11,229	297	21,777	131	1,156	(69)	34,521	101	34,622
Balance as at 01-04-2019	10,890	344	12,132	66	1,171	(20)	24,583	31	24,614
Impact of Ind AS 116	-	-	(345)	-	-	-	(345)	-	(345)
Profit for the year (c)	-	-	8,186	-	-	-	8,186	38	8,224
Other comprehensive income (net of taxes) (d)	-	-	-	123	(2,503)	(99)	(2,479)	-	(2,479)
Total comprehensive income for the year (c+d)	-	-	8,186	123	(2,503)	(99)	5,707	38	5,745
Deemed dividend - ESOP	-	-	(5)	-	-	-	(5)	-	(5)
Dividends	-	-	(2,186)	-	-	-	(2,186)	-	(2,186)
Dividend distribution tax	-	-	(450)	-	-	-	(450)	-	(450)
Employees shares options outstanding	-	32	-	-	-	-	32	-	32
Deferred employee compensation expense	-	(22)	-	-	-	-	(22)	-	(22)
Addition/(deduction) during the year	153	-	12	-	-	(2)	163	-	163
Balance as at 31-03-2020	11,043	354	17,344	189	(1,332)	(121)	27,477	69	27,546

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

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ABHISHEK
Chief Operating Officer &
Whole-Time Director
(DIN: 07596644)

Place: Mumbai
Date: May 03, 2021

Place: Mumbai
Date: May 03, 2021

Place: Mumbai
Date: May 03, 2021

Place: Washington,USA
Date: May 03, 2021

Place: Bangalore
Date: May 03, 2021

Notes forming part of the Consolidated Financial Statements

1 Corporate information

L&T Technology Services Limited (the “Company”) along with its subsidiaries (the “Group”), is a leading global pure-play Engineering Research and Development (ER&D) services company. ER&D services are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers.

The Company is a listed 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, 2021, Larsen & Toubro Limited, the holding company, owns 74.24% of the Company’s equity share capital.

2 Significant accounting policies

a) Statement of compliance

These consolidated 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 under 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, 2021.

b) Basis of accounting

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values or at amortised cost 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. Fair value measurements are categorised as below, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer.

Accounting policies have been consistently applied except where a new accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

c) Presentation of consolidated financial statements

The consolidated balance sheet and the consolidated statement of profit and loss are prepared in the format prescribed in the schedule III to the Act. The consolidated statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in consolidated balance sheet and consolidated 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.

Amounts in the consolidated financial statements are presented in Indian Rupees in million [1 million = 10 lakhs] rounded off to two decimal places as permitted by schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

Notes forming part of the Consolidated Financial Statements

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 consolidated 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 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 m (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

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

Notes forming part of the Consolidated Financial Statements

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 Group 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.

h) Other income

- a) Interest income is accrued on a time proportion basis by reference to the principal outstanding and the effective interest rate.
- b) Dividend income is accounted in the period in which the right to receive the same is established.
- c) Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

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 Group is treated as an exceptional item and the same is disclosed in the notes to accounts.

j) Property, plant and equipment (PPE)

Property, plant and equipment 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

* The useful lives for these assets are different from the useful lives as prescribed under part C of schedule II of the Act. 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.

- 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	8	7

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

Notes forming part of the Consolidated Financial Statements

k) Right-of-use asset

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term life of right-of-use asset.

l) 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.

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

m) Impairment of assets

i) Trade receivables

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-

looking estimates. In addition to the historical pattern of credit loss, the Group has considered the likelihood of increased credit risk and consequential default by customers. In making this assessment, the Group has considered current and anticipated future economic conditions relating to industries/business verticals that the Group deals with and the countries where it operates.

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.

n) 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

Notes forming part of the Consolidated Financial Statements

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 board of trustees established by the Larsen & Toubro Limited, employee's gratuity fund scheme managed by LIC and post-retirement medical benefit scheme are the Group's defined benefit plans. 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, for eligible employees.

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, 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 and compensated absences generated for overseas employees is recognized as per entitlement.

iv) Social security plans for overseas employees

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.

For overseas employees, for defined benefit plans, the Company provides for post-employment benefits payable as per the laws applicable in respective countries.

o) Leases

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

The Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset and the Group has not restated comparative figures and the cumulative effect of initially applying this Standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019. The standard, however, does not require an entity to recognize assets and liabilities for (a) short- term leases

Notes forming part of the Consolidated Financial Statements

(for a period of twelve months or less) and (b) leases of low value assets.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts

The Group has elected not to apply the requirements of Ind AS 116 leases to short-term leases where lease term is 12 months or less and leases for which the underlying asset is of low value. The lease payments related to these leases are recognised as an expense.

p) 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 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.

Notes forming part of the Consolidated Financial Statements

(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.

(iv) De-recognition:

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balance with banks, 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.

r) 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.

s) Government grants

The Group 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 Group if grant had not been available.

Notes forming part of the Consolidated Financial Statements

t) **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.

u) **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.

v) **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.

w) **Income-tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Group and its branches in India and overseas. The current tax payable by the Group in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Group is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Group's worldwide income.

Notes forming part of the Consolidated Financial Statements

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 assets 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.

x) 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
- 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.

y) 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,

Notes forming part of the Consolidated Financial Statements

- 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.

z) Statement of Cash flows

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.

aa) Use of estimates and judgements

The preparation of these consolidated 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 consolidated financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful

lives of property, plant and equipment & 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.

bb) 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.

- 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	
			2021	2020
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	100
6	Graphene Solutions Pte. Ltd.##	Singapore	100	100
7	Graphene Solution SDN. BHD.##	Malaysia	100	100

Notes forming part of the Consolidated Financial Statements

	Name of the subsidiary company	Country of incorporation	Proportion of ownership (%) as at March 31	
			2021	2020
8	Graphene Solutions Taiwan Limited##	Taiwan	100	100
9	Seastar Labs Private Limited##	India	100	100
10	L&T Technology Services (Shanghai) Co. Limited^	China	100	100
11	L&T Technology Services (Canada) Limited^^	Canada	100	100
12	Orchestra Technology, Inc@	USA	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.

The Company acquired 100% stake effective October 01, 2019 from 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.

** The Company acquired 100% stake effective January 01, 2020 from Esencia Technologies, Inc.

^ The Company has been incorporated on August 06, 2019.

^^ The Company has been incorporated on August 22, 2019, which is 100% subsidiary of L&T Technology Services LLC.

@ On October 02, 2020 L&T Technology Services LLC, subsidiary of the Parent Company, acquired Orchestra Technology, Inc.

cc) Accounting and reporting information for operating segments

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. The Group evaluates performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business segments. The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the accounting policies.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Revenue for 'all other segments' represents revenue generated by the Group. Allocated expenses of segments include expenses

incurred for rendering services (offsite and onsite) Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Group.

Assets and liabilities used in the Group's business are not identified to any of the reportable segments, as these are used interchangeably between segments and it is not practicable to provide segment disclosures relating to total assets and liabilities.

3 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Group is evaluating the effect of the amendments on its financial statements.

Notes forming part of the Consolidated Financial Statements

4 Property, plant and equipment

Particulars	Gross block			Depreciation/amortisation			Net block as at	
	As at 01-04-2020	Pursuant to business combination*	Additions	Foreign currency fluctuation	Disposals	As at 31-03-2021	As at 01-04-2020	As at 31-03-2021
Leasehold improvements	408	-	49	-	-	457	167	225
Plant and equipment	70	-	-	-	8	62	61	54
Computers	1,904	-	438	(2)	82	2,258	931	1,341
Furniture and fixtures	268	-	21	-	40	249	138	120
Vehicles	320	-	35	-	38	317	59	88
Office equipments	338	-	30	(1)	54	313	214	211
Electrical installations	189	-	4	-	21	172	77	74
Aircondition and refrigeration	147	-	14	-	14	147	51	49
Laboratory equipments	226	-	144	-	-	370	75	116
Canteen equipments	3	-	1	-	-	4	1	1
Total	3,873	-	736	(3)	257	4,349	1,774	2,286
Previous year figures	2,656	-	1,271	4	58	3,873	1,213	1,774
Capital Work-in-progress								119
								87

*Orchestra Technology, Inc. acquired w.e.f. 2nd Oct'20

Right-of-use assets

Particulars	Gross block			Depreciation/amortisation			Net block as at	
	As at 01-04-2020	Pursuant to business combination*	Additions	Foreign currency fluctuation	Disposals	As at 31-03-2021	As at 01-04-2020	As at 31-03-2021
Right of use assets	4,274	-	2,263	(4)	802	5,731	784	1,534
Total	4,274	-	2,263	(4)	802	5,731	784	1,534
Previous year figures	3,332	-	940	10	8	4,274	-	784

*Orchestra Technology, Inc. acquired w.e.f. 2nd Oct'20

5 Goodwill and other intangible assets

Particulars	Gross block			Depreciation/amortisation			Net block as at	
	As at 01-04-2020	Pursuant to business combination*	Additions	Foreign currency fluctuation	Disposals	As at 31-03-2021	As at 01-04-2020	As at 31-03-2021
Goodwill	4,251	-	-	(38)	-	4,213	-	4,213
Goodwill on consolidation	1,209	405	-	-	-	1,614	-	1,614
Goodwill subtotal (a)	5,460	405	-	(38)	-	5,827	-	5,460
Specialised softwares	1,628	-	56	-	-	1,684	1,353	1,493
Technical knowhow	143	-	-	-	-	143	143	-
Customer Contracts and relationships *	1,343	517	-	(33)	-	1,827	932	1,281
Tradename	106	-	-	-	-	106	106	-
Other intangibles subtotal (b)	3,220	517	56	(33)	-	3,760	2,534	3,023
Total (a+b)	8,680	922	56	(71)	-	9,587	2,534	6,564
Previous year figures	8,386	-	113	181	-	8,680	2,029	2,534

* includes assets acquired through business combination refer note 34(iii), (Orchestra Technology, Inc. acquired w.e.f. 2nd Oct'20)

Goodwill has been tested for impairment

Notes forming part of the Consolidated Financial Statements

6 Investments - non-current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Corporate Deposits		
Bajaj Finance Ltd.	-	131
HDFC Ltd.	-	80
LIC Housing Finance Ltd.	-	99
	-	310

7 Trade receivables - non-current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Non current		
Increase in credit risk	37	69
Credit impaired	-	189
	37	258
Less: Allowance for bad and doubtful debt	(37)	(258)
	-	-

8 Other financial assets - non-current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Security deposits	490	452
Fixed deposits*	5	5
Foreign currency forward and options contracts	1,149	370
	1,644	827

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

Notes forming part of the Consolidated Financial Statements

9 Deferred tax (net)

Particulars	DTL/(DTA) As at 01-04-2020	Regrouping Opening DTA/DTL	Charge/ (credit) to P&L	Charge/ (credit) to OCI	Foreign currency translation reserve	Business combination	DTL/(DTA) As at 31-03-2021
Deferred tax assets:							
Property, plant and equipment and other intangible assets	757	(734)	(40)	-	(2)	155	136
Branch profit tax - US Branch	593	(593)	-	-	-	-	-
Net gain/(loss) on fair valuation of investments	(1)	1	-	-	-	-	-
Provision for employee benefits	(290)	268	(50)	-	(1)	-	(73)
Allowances for doubtful debts	(138)	133	(8)	-	-	-	(13)
Cash flow hedges	(383)	383	-	-	-	-	-
IND AS-116 impact	(128)	125	1	-	-	-	(2)
Other items giving rise to timing differences	(312)	295	11	-	1	(110)	(115)
MAT credit entitlement	(409)	409	-	-	-	-	-
Net deferred tax assets	(311)	287	(86)	-	(2)	45	(67)
Deferred tax liabilities:							
Property, plant and equipment and other intangible assets	25	734	(61)	-	-	-	698
Branch profit tax	-	593	(7)	-	-	-	586
Net gain/(loss) on fair valuation of investments	-	(1)	30	-	-	-	29
Provision for employee benefits	(17)	(268)	(17)	-	-	-	(302)
Allowances for doubtful debts	(1)	(133)	86	-	-	-	(48)
Cash flow hedges	-	(383)	-	772	-	-	389
IND AS-116 impact	(3)	(125)	(50)	-	-	-	(178)
Other items giving rise to timing differences	(4)	(295)	16	-	-	-	(283)
MAT credit entitlement	-	(409)	96	-	-	-	(313)
Net deferred tax liabilities	-	(287)	93	772	-	-	578

Notes forming part of the Consolidated Financial Statements

10 Other non-current assets

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Prepaid expenses	43	22
Income tax receivable (net)	1,006	639
	1,049	661

11 Investments

(₹ million)

Financial assets: investments - current	As at 31-03-2021	As at 31-03-2020
a) Quoted mutual funds		
Investment carried at fair value through profit and loss		
Axis Banking & PSU Debt Fund - Direct - Growth	504	-
Axis Liquid Fund - Direct - Growth	150	-
Axis Treasury Advantage Fund - Direct - DDR	-	406
Axis Treasury Advantage Fund - Direct - Growth	715	-
Aditya Birla Sun Life Floating Rate Fund -Direct - DDR	-	303
Aditya Birla SunLife Liquid Fund - Direct - Growth	251	-
Aditya Birla Sun Life Savings Fund - Direct - Growth	590	-
Aditya Birla Sun Life Money Manager Fund - Direct - DDR	-	318
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	482	-
DSP Liquidity Fund - Direct - Growth	656	250
DSP Low Duration Fund - Direct - Growth	358	-
DSP Ultra Short Fund - Direct - Growth	324	-
Franklin India Liquid Fund – Direct - DDR	-	100
Franklin India Savings Fund – Direct – Daily Dividend	-	352
HSBC Cash Fund - Direct - Growth	421	-
HDFC Ultra Short Term Fund -Direct - DDR	612	-
HDFC Ultra Short Term Fund -Direct - Growth	-	445
ICICI Prudential Savings Fund - Direct - Growth	708	-
ICICI Prudential Money Market Fund - Direct Growth	-	402
ICICI Prudential Liquid - Direct - DDR	341	-
Invesco India Corporate Bond Fund - Direct - Growth	316	-
Invesco India Money Fund - Direct Growth	-	101
Invesco India Treasury Advantage Fund -Direct - Growth	225	-
Invesco India Treasury Advantage Fund -Direct - DDR	-	132
Kotak Corporate Bond Fund -Direct - MDR	-	405
Kotak Liquid Fund - Direct - Growth	650	-
Kotak Money Market Fund - Direct - Growth	578	-
L&T Liquid Fund - DDR	218	472
L&T Ultra Short Fund - Direct - Growth	204	-
LIC MF Liquid Fund – Direct Growth	650	300
Nippon India Liquid Fund - Direct - Growth	656	-
Nippon Money Market Fund - Direct - DDR	-	409
SBI Magnum Ultra Short Duration Fund - Direct - Growth	458	-

Notes forming part of the Consolidated Financial Statements

(₹ million)

Financial assets: investments - current	As at 31-03-2021	As at 31-03-2020
SBI Liquid Fund - Direct - Growth	487	-
Sundaram Banking And PSU Debt Fund - Direct - Growth	112	-
Sundaram Money Fund -Direct - Growth	376	-
Tata Treasury Advantage Fund - Direct - Growth	152	-
Tata Liquid Fund - Direct - DDR	650	250
UTI Money Fund - Direct Growth	-	458
UTI Floater Fund - Direct - QDR	-	101
UTI Treasury Advantage Fund - Direct - Growth	205	-
b) Corporate Deposits		
Bajaj Finance Ltd.	1,101	300
HDFC Ltd.	1,300	307
LIC Housing Finance Ltd.	699	299
	15,149	6,110
Aggregate amount of quoted investment at cost	15,034	6,106
Aggregate amount of quoted investment at market value	15,149	6,110

12 Trade receivables - current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Current		
Unsecured, considered good	12,474	14,042
Considered doubtful	-	-
	12,474	14,042
Less: Allowance for bad and doubtful debts	(128)	(235)
	12,346	13,807

13 Cash and Cash equivalents - current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Balances with banks	1,517	2,086
Cheques on hand	43	56
Cash on hand	-	-
Remittance in transit	191	37
	1,751	2,179

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

Notes forming part of the Consolidated Financial Statements

14 Other bank balances - current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Fixed deposits with banks		
Maturity more than 3 months but less than 12 months	574	258
Earmarked balances with banks - unclaimed dividend	2	2
	576	260

15 Others financial assets - current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Advances to employees	54	245
Security deposits	16	22
Foreign currency forward and options contracts	792	271
Loans and advances to related parties	5	13
Other receivables	16	30
Unbilled revenue	821	1,181
Less: ECL on unbilled revenue	(19)	(31)
	1,685	1,731

16 Other current assets

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Unbilled revenue	1,668	2,448
Less: ECL on unbilled revenue	(55)	(88)
	1,613	2,360
Retention money not due	20	9
Advances to suppliers	115	233
Prepaid expenses	931	881
Service tax/GST recoverable	93	175
GST receivable	335	551
Other receivables	412	806
	1,886	2,646
	3,519	5,015

Notes forming part of the Consolidated Financial Statements

17 Equity share capital

(₹ million)

	As at 31-03-2021	As at 31-03-2020
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
17.2 Issued, subscribed and fully paid up		
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year [10,45,11,558 (previous year: 10,40,13,325) equity shares of ₹ 2 each]	209	208
Add: shares issued on exercise of employee stock options during the period [5,34,265 (previous year: 4,98,233) equity shares of ₹ 2 each]	1	1
Issued, subscribed and fully paid up equity shares outstanding at the end of the period [10,50,45,823 (previous year: 10,45,11,558) equity shares of ₹ 2 each]	210	209
Total issued, subscribed and paid up capital	210	209

17.3 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. They entitle the holder to participate in the dividends, and to share in the proceeds of the winding up the Company in proportion to the number of and amounts paid on the shares held. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

17.4 Shareholders holding more than 5% of equity shares as at the end of the year

Equity shares	31-03-2021		31-03-2020	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	77,986,899	74.24%	77,986,899	74.62%
	77,986,899		77,986,899	

17.5 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 17.8

17.6 In the period of five years immediately preceding March 31, 2021:

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 bought back - Nil (previous year: Nil)

17.7 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 31-3-2020: 0:1)

Notes forming part of the Consolidated Financial Statements

17.8 Share based payments

- i) The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent. The options are vested equally over a period of 5 years subject to the discretion of the management and fulfillment of certain conditions.
- ii) The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years (84 months) from the date of grant of options or six years from the date of first vesting or three years (36 months) from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI (Share Based Employee Benefits) Regulations, 2014 and shall be subject to compliance with accounting policies under the said regulation. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.
- iii) Details of grant under ESOP Scheme, 2016 is summarised below:

Series reference	ESOP scheme, 2016	
	2020-21	2019-20
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	1,322,434	1,738,667
Options lapsed during the year	76,200	84,000
Options granted during the year	20,500	166,000
Options exercised during the year	534,265	498,233
Options granted and outstanding at the end of the year-(a)	732,469	1,322,434
of (a) above - vested outstanding options	146,929	105,074
of (a) above - unvested outstanding options	585,540	1,217,360
Weighted average remaining contractual life of options (in years)	1.99	2.99

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

Particulars	2020-21		2019-20	
	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	1,322,434	2	1,738,667	2
Options granted during the year	20,500	2	166,000	2
Options allotted during the year	534,265	2	498,233	2
Options lapsed during the year	76,200	2	84,000	2
Options granted and outstanding at the end of the year -(a)	732,469	2	1,322,434	2
Options exercisable at the end of the year out of -(a) above	146,929	2	105,074	2

Notes forming part of the Consolidated Financial Statements

- v) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 1763.19 per share. (previous year ₹ 1619.53 per share).
- vi) No options expired during the periods covered in the above table.
- vii) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2020-21 is ₹ 126 million (previous year: ₹ 207 million)
- viii) The fair value at grant date of options granted during the year ended 31-03-2021 was ₹ 1,378.40 (previous year: ₹ 1,588.88 & ₹ 1527.59). 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:

Particulars	2020-21	2019-20	
Weighted average exercise price	2	2	2
Grant date	16-Jul-20	19-Jul-19	18-Oct-19
Expiry date	16-Jul-27	18-Jul-26	17-Oct-26
Weighted average share price at grant date	₹ 1441.70 per option	₹ 1660.45 per option	₹ 1593.30 per option
Weighted average expected price volatility of company's share	30.42%	24.01%	23.21%
Weighted average expected dividend yield over life of option	5.12%	5.30%	5.08%
Weighted average risk-free interest	4.55%	6.22%	6.03%
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

- (a) During the year ended March 31, 2021, the Company paid the final dividend of ₹ 13.50 per equity share for the year ended March 31, 2020.
- (b) On November 10, 2020, the Company paid an interim dividend of ₹ 7.50 per equity share for the year ended March 31, 2021.
- (c) On May 03, 2021, the Board of Directors of the Company have recommended the final dividend of ₹14.50 per equity share for the year ended March 31, 2021 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, 2021 is expected to be ₹ 1,523 million.

Notes forming part of the Consolidated Financial Statements

18 Other equity

(₹ million)

	As at 31-03-2021		As at 31-03-2020	
Securities premium account [note 2(v)]		11,229		11,043
Share options outstanding account [note 2(i)]				
Employee share options outstanding	442		650	
Deferred employee compensation expense	(145)	297	(296)	354
Retained earnings		21,777		17,344
Cash flow hedge reserve [note 2(m)(iii)]		1,156		(1,332)
Foreign currency translation reserve		131		189
Other items of other comprehensive income		(69)		(121)
		34,521		27,477

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.

19 Other financial liabilities - non-current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Lease liability	4,015	3,268
Liability towards employee compensation	115	47
Foreign currency forward and options contracts	207	1,575
	4,337	4,890

20 Borrowing - current

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Unsecured:		
Short term unsecured loans from banks	-	303
	-	303

Notes forming part of the Consolidated Financial Statements

21 Trade payable - current

	(₹ million)	
	As at 31-03-2021	As at 31-03-2020
Micro and small enterprises [#]	66	28
Due to related parties [*]	542	469
Due to others	1,744	1,478
	2,352	1,975

[#] Refer note 46

^{*} Includes dues to subsidiaries and fellow subsidiaries (refer note 43)

22 Other financial liabilities - current

	(₹ million)	
	As at 31-03-2021	As at 31-03-2020
Lease liability	790	693
Unclaimed dividend	2	2
Due to others		
Liability towards employee compensation	2,465	2,267
Other payables	114	5
Foreign currency forward and options contracts	133	739
Suppliers ledger - capital goods	107	46
Liability - employee car schemes	6	-
	3,617	3,752

23 Other current liabilities

	(₹ million)	
	As at 31-03-2021	As at 31-03-2020
Unearned revenue	555	512
Other payables	2,286	1,749
Liability - employee car schemes	117	115
	2,958	2,376

24 Current liabilities : provisions

	(₹ million)	
	As at 31-03-2021	As at 31-03-2020
Provisions for employee benefits		
Leave encashment	1,516	1,583
Post retirement medical benefits	68	71
	1,584	1,654

Notes forming part of the Consolidated Financial Statements

25 Revenue from operations

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Engineering and technology services	54,497	56,191
	54,497	56,191

26 Other income

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Export license under SEIS	548	931
Foreign exchange gain*	409	739
Profit/(loss) on sales of fixed asset	35	-
Dividend income and gain/(loss) from mutual fund	127	191
Interest received	155	173
Miscellaneous income	75	78
Net gain/(loss) on fair valuation of investment	188	(21)
	1,537	2,091

* The foreign exchange gain reported above includes gain of ₹ 591 million (previous year: loss of ₹ 58 million) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

27 Employee benefits expenses

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Salaries including overseas staff expenses	32,348	31,375
Contribution to and provision for:		
Contribution to provident and pension fund	519	464
Contribution to gratuity fund	164	106
Share based payments to employees	126	207
Staff welfare expenses	393	364
	33,550	32,516

28 Other expenses

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Subcontracting and component charges	2,307	2,366
Engineering, professional, technical and consultancy fees	2,593	2,702
Cost of computer software	1,423	1,083
Travelling and conveyance	1,156	2,705
Rent and establishment expenses	183	189

Notes forming part of the Consolidated Financial Statements

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Communciation expenses	316	291
Legal and professional charges	803	541
Advertisement and sales promotion expenses	150	270
Recruitment expenses	263	342
Repairs to buildings and machineries	370	363
General repairs and maintenance	167	149
Power and fuel	182	166
Equipment hire charges	25	16
Insurance charges	112	82
Rates and taxes	371	258
Bad debts written off	265	1
Less : Allowance for doubtful debts written back	27	-
Allowances for doubtful debts on trade receivable	(358)	239
ECL on unbilled revenue	(45)	86
Overheads charged by group companies	130	126
Trademark fees	82	84
Corporate social responsibility expenditure	161	327
Commission to Directors	25	12
Miscellaneous expenses	165	172
	10,873	12,570

29 Finance costs

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Interest Expense		
Interest Expense	21	8
Interest on bill discounting	4	7
Interest on lease liability	430	350
	455	365

30 Provision for taxation

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Current tax		
Current tax on profits for the year	2,300	2,267
Tax expenses for prior periods	-	2
Deferred tax		
Decrease/(increase) in deferred tax assets	39	565
(Decrease)/increase in deferred tax liabilities	(31)	(56)
	2,308	2,778

Notes forming part of the Consolidated Financial Statements

31 Basic and diluted EPS

(₹ million except stated otherwise)

	Year ended 31-03-2021	Year ended 31-03-2020
Basic EPS		
Profit after tax	6,633	8,186
Profit attributable to equity shareholders	6,633	8,186
Weighted average no. of equity shares outstanding	104,760,275	104,198,134
Basic EPS (₹)	63.32	78.56
Diluted EPS		
Profit after tax	6,633	8,186
Profit attributable to equity shareholders	6,633	8,186
Weighted average no. of equity shares outstanding	104,760,275	104,198,134
Add - No. of potential equity shares	689,253	1,156,615
Weighted average no. of equity shares outstanding	105,449,528	105,354,749
Diluted EPS (₹)	62.90	77.70

- 32** Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 209 million (previous year: ₹ 288 million).

33 Corporate Guarantee

(₹ million)

	Year ended 31-03-2021	Year ended 31-03-2020
Corporate guarantee	1,206	1,309
	1,206	1,309

Corporate Bank Gurantee of USD 16.5 million (previous year: USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA.

34 Disclosures pursuant to Indian accounting standard (IND AS) 103 "Business combinations":

On 2nd of October 2020 the Group acquired 100% stake in Orchestra Technology, Inc (Orchestra). Orchestra is Dallas, Texas based company provides specialists Technology solutions to the clients, mainly in Telecom industry. Orchestra will help bolster Group's offerings in the areas of Network engineering & Enterprise Mobility and next generation digital systems for 5G and IoT networks.

i) Details of purchase consideration:	INR million
Cash paid	795
Less: Purchase consideration paid towards assumed liabilities included above	(491)
Present value of contingent consideration payable under Share Purchase Agreement (SPA)	185
Total purchase consideration	489

Notes forming part of the Consolidated Financial Statements

ii) Assets acquired and liabilities recognised on date of acquisition:	INR million
Current Assets	
Trade & other receivables	294
Cash and cash equivalents	70
Current liabilities	
Trade & other payables	(642)
Assumed liabilities	-
Borrowings	215
Option termination	276
Identifiable intangibles and tax thereon	
Developed Technologies	40
Customer relationships	395
Customer contracts	35
Trade name	46
Deferred tax liabilities on intangibles	(155)
Net assets	84

iii) Calculation of goodwill	INR million
Purchase consideration paid / payable as per (i) above	489
Less: fair value of net assets acquired	(84)
Goodwill (Group's share) as on date of acquisition*	405

* 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:	INR million
Cash consideration	795
Less: Cash and Cash equivalents balance acquired	(70)
Net Cash outflow	725

- v) The gross amount of trade receivable acquired and its fair value is ₹82 million and the amount has been substantially collected.
- vi) The Group has recognised contingent consideration in accordance with terms of share purchase agreement. The maximum contingent consideration under Share Purchase Agreement is ₹ 272 million. Present value of ₹ 272 million is payable to the promoters of Orchestra upon the achievement of financial targets over a period of 3 years.
- vii) The acquired business of Orchestra Technology Inc contributed revenues of ₹ 625 million and loss of ₹ 0.1 million to the group from acquisition date to March 31, 2021. If Orchestra was acquired from April 01, 2020, they would have reported revenue of ₹ 1,250 million and loss of ₹ 0.2 million during 2020-21.
- viii) The transaction costs of ₹ 29 million related to the acquisition have been included in the Statement of Profit & Loss for the year ended March 31, 2021

Notes forming part of the Consolidated Financial Statements

35 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 31-03-2021				As at 31-03-2020			
	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	60,949	80.77	27,210	33,738	73,894	77.09	31,171	42,723
EURO	6,587	95.46	2,792	3,795	7,435	91.80	3,427	4,008
(b) Payable hedges								
US Dollar	6,180	79.28	2,385	3,795	9,081	77.44	5,479	3,602
EURO	2,739	85.61	1,062	1,677	2,906	82.00	1,317	1,589

*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 31-03-2021			As at 31-03-2020		
	Current	Non- current	Total	Current	Non- current	Total
Other financial assets	792	1,148	1,940	271	370	641
Other financial liabilities	133	207	340	(739)	(1,575)	(2,314)
Total	925	1,355	2,280	(468)	(1,205)	(1,673)

iii) Break up of hedging reserve

(₹ million)

Cash flow hedging reserve	As at March 31, 2021	As at March 31, 2020
Balance towards continuing hedge	1,004	(1,534)
Balance for which hedge accounting discontinued	152	202
Total	1,156	(1,332)

iv) Movement of hedging reserve

(₹ million)

Hedging reserve	2020-21	2019-20
Opening Balance	(1,332)	1,171
Changes in fair value of forward and options contracts designated as hedging instruments	3,336	(2,822)
Amount reclassified to statement of profit & loss where hedge item has become on-balance sheet	(76)	(409)
Tax impact on above	(772)	728
Closing Balance	1,156	(1,332)

Notes forming part of the Consolidated Financial Statements

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: 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.
- 3: Telecom & Hi-tech:** 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 (nBIoT) 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.
- 4: Plant engineering:** The plant engineering practice provides end to end engineering services for leading plant operators across the globe. The Group provides services in E/EPCM, engineering reapplication and global rollouts, plant sustenance and management, regulatory compliance engineering along with chemical, consumer packaged goods (FMCG) and energy and utility sector clients. The Company specializes in traditional engineering procurement construction management (EPCM) and operational maintenance projects, as well as contemporary digital engineering enterprises. The Group is advancing its engineering footprint to encompass the digital sphere and working with customers on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR).
- 5: 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.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

Notes forming part of the Consolidated Financial Statements

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

(₹ million)

Particulars	Transportation	Industrial Products	Telecom and Hi-tech	Plant Engineering	Medical Devices	Total
Revenue	16,967	10,504	12,096	7,973	6,957	54,497
% to Total	31.1%	19.3%	22.2%	14.6%	12.8%	100.0%
	<i>19,863</i>	<i>10,863</i>	<i>11,253</i>	<i>9,099</i>	<i>5,113</i>	<i>56,191</i>
% to Total	<i>35.4%</i>	<i>19.3%</i>	<i>20.0%</i>	<i>16.2%</i>	<i>9.1%</i>	<i>100.0%</i>
Segment operating profits	2,495	2,833	1,456	1,668	2,142	10,594
% to Revenue	14.7%	27.0%	12.0%	20.9%	30.8%	19.4%
	<i>3,510</i>	<i>2,837</i>	<i>1,857</i>	<i>2,313</i>	<i>1,396</i>	<i>11,913</i>
% to Total	<i>17.7%</i>	<i>26.1%</i>	<i>16.5%</i>	<i>25.4%</i>	<i>27.3%</i>	<i>21.2%</i>
Un-allocable expenses (net)						520
						808
Other income						1,537
						2,091
Operating profit						11,611
						13,196
Finance cost						455
						365
Depreciation						2,183
						1,829
Profit before extraordinary items and tax						8,973
						11,002

- (ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

(₹ million)

Particulars	North America	Europe	India	Rest of World	Total
External revenue by location of customers	33,244	8,845	7,286	5,122	54,497
	<i>34,394</i>	<i>8,561</i>	<i>7,331</i>	<i>5,905</i>	<i>56,191</i>

Numbers in italics are for the previous year.

Property, plant and equipment used and liabilities contracted for performing the Group's business have not been identified to any of the above reported segments as the property, plant and equipment and services are used inter-changeably among segments.

- (iii) No single customer represents 10% or more of the group's total revenue for the year ended 31st March 2021 & 2020 respectively.

Notes forming part of the Consolidated Financial Statements

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 +/- ₹ 19.63 million as of March 31, 2021, and +/- ₹ 8 million as of March 31, 2020. 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

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

Notes forming part of the Consolidated Financial Statements

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 ₹ 309 million as of March 31, 2021 and ₹ 196 million as of March 31, 2020.

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, 2021 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.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ₹ 165 million as at March 31, 2021 and ₹ 493 million as at March 31, 2020. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

	(₹ million)	
	2020-21	2019-20
Opening balance of allowances for doubtful accounts	493	254
Allowances recognized (reversed)	(328)	239
Closing balance of allowances for doubtful accounts	165	493

The percentage of revenue from its top five customers is 14.89% for 2020-21 (19.18% for 2019-20).

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.

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The contractual maturities of financial assets and financial liabilities is as follows:

(₹ million)

Financial assets	As at 31-03-2021			As at 31-03-2020		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Investments	15,149	-	15,149	6,110	310	6,420
Trade receivables	12,346	-	12,346	13,807	-	13,807
Other financial assets	893	490	1,383	1,460	452	1,912
Total	28,388	490	28,878	21,377	762	22,139

(₹ million)

Financial liabilities	As at 31-03-2021			As at 31-03-2020		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Borrowings	-	-	-	303	-	303
Trade payables	2,352	-	2,352	1,975	-	1,975
Lease liabilities	790	4,015	4,805	693	3,268	3,961
Other financial liabilities	2,694	115	2,809	2,320	47	2,367
Total	5,836	4,130	9,966	5,291	3,315	8,606

38 Fair value measurements

Financial instruments by category

(₹ million)

	As at 31-03-2021			As at 31-03-2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	-	-	-	-	-
-Mutual funds	12,049	-	-	5,204	-	-
-Bank fixed deposits	-	-	5	-	-	5
-Corporate deposits	-	-	3,100	-	-	1,216
Loans	-	-	-	-	-	-
Trade receivables	-	-	12,346	-	-	13,807
Cash and cash equivalents	-	-	1,751	-	-	2,179
Other bank balances	-	-	576	-	-	260
Derivative financial instruments	-	1,941	-	-	641	-
Security deposits	-	-	506	-	-	474
Loans - related parties	-	-	5	-	-	13
Advances - to employees	-	-	54	-	-	245
Other receivables	-	-	818	-	-	1,180
Total financial assets	12,049	1,941	19,161	5,204	641	19,379

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(₹ million)

	As at 31-03-2021			As at 31-03-2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial liabilities						
Short-term borrowings	-	-	-	-	-	303
Trade payables	-	-	2,352	-	-	1,975
Derivative financial instruments	-	340	-	-	2,314	-
Lease liability	-	-	4,805	-	-	3,961
Supplier ledger - capital goods/services	-	-	107	-	-	46
Liability towards employee compensation	-	-	2,580	-	-	2,314
Unclaimed dividend	-	-	2	-	-	2
Other payables	-	-	120	-	-	5
Total financial liabilities	-	340	9,966	-	2,314	8,606

(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 31-03-2021				As at 31-03-2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial investment at FVPL	-	-	-	-	-	-	-	-
Mutual funds	12,049	-	-	12,049	5,204	-	-	5,204
Financial investment at FVOCI	-	-	-	-	-	-	-	-
Derivative financial instruments	-	1,941	-	1,941	-	641	-	641
Total financial assets	12,049	1,941	-	13,990	5,204	641	-	5,845
Financial liabilities								
Derivative financial instruments	-	340	-	340	-	2,314	-	2,314
Total financial liabilities	-	340	-	340	-	2,314	-	2,314

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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.

(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:

		(₹ million)	
Sr. no.	Particulars	Year ended 31 March,	
		2021	2020
(a)	Profit before tax	8,973	11,002
(b)	Corporate tax rate as per Income tax Act, 1961	34.94%	34.94%
(c)	Tax on accounting profit	3,136	3,844
	(c)=(a)*(b)		

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(₹ million)

Sr. no.	Particulars	Year ended 31 March,	
		2021	2020
(d)	(i) Tax effect of exempt non-operating income	(63)	(69)
	(ii) Tax effect due to non-taxable income for Indian tax purposes	(785)	(1,433)
	(iii) Effect of non-deductible expenses	35	61
	(iv) Overseas taxes	69	292
	(v) Tax effect on various other items	(84)	83
	Total effect of tax adjustments [(i) to (v)]	(828)	(1,066)
(e)	Tax expense recognised during the year	2,308	2,778
(f)	Effective tax rate	25.72%	25.25%

The applicable Indian statutory tax rate for fiscal 2021 and fiscal 2020 is 34.94%

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.

40 Disclosure pursuant to Ind AS 19 "Employee benefits"

i) Defined Contribution Plan

The Company has recognised ₹ 1,505 million (PY ₹ 1,487 million) towards defined contribution plan as an expense, which includes contribution to social security, state governed provident fund scheme and employee state insurance scheme in the Profit and Loss Account.

ii) Defined Benefit Plan

a) The amounts recognised in Balance Sheet are as follows:

(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
A. Present value of defined benefit obligation						
Wholly funded	952	861	-	-	5,643	4,618
Wholly unfunded	6	5	68	71	-	-
Total (a)	958	866	68	71	5,643	4,618

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(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Less: Fair value of plan assets (b)	841	691	-	-	6,163	4,894
Amount to be recognised as liability or (asset) (a-b)	117	175	68	71	(520)	(276)
B. Amounts reflected in the balance sheet						
Liabilities	117	175	68	71	82	78
Assets						
Net liability / (asset)	117	175	68	71	82	78

b) The amounts recognised in Statement of Profit and Loss are as follows:

(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
1 Current service cost	154	104	24	24	315	270
2 Interest cost	8	3	4	4	414	355
3 Expected return on plan assets	-	-	-	-	(414)	(355)
4 Actuarial losses / (gains)	-	-	-	-	(249)	(284)
5 Past service cost	-	-	-	-	-	-
6 Actuarial Gain/loss not recognized in books	-	-	-	-	249	284
Total expense for the year included in staff cost	162	107	28	28	315	270

c) Amount recorded In other comprehensive income :

(₹ million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Opening amount recognized in OCI Profit and Loss Account	232	88	(80)	(63)
Remeasurement during the period due to				
a Changes in financial assumptions	46	43	6	11
b Changes in demographic assumptions	(4)	-	(13)	-
c Experience adjustments	(80)	105	(24)	(28)
d Actual return on plan assets less interest on plan assets	(1)	(6)	-	-
Closing amount recognized in OCI outside profit and loss account	193	230	(111)	(80)

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- 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		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Opening balance of the present value of defined benefit obligation	866	640	70	59	4,617	4,138
Transfer in/(Out)	-	-	-	-	174	191
Current service cost	154	104	24	24	315	270
Past service cost	-	-	-	-	-	-
Interest on defined benefit obligation	49	41	4	4	414	355
Remeasurements due to :					-	-
Actuarial loss/(gain) arising from change in financial assumptions	46	43	6	11	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	(3)	-	-	-	-	-
Actuarial loss/(gain) arising on account of experience changes	(80)	106	(24)	(28)	-	-
Contribution by Plan Participants					639	577
Benefits paid	(74)	(68)	-	-	(516)	(912)
Due to Members Unclaimed					-	(2)
Liabilities assumed / (settled) Business combination /acquisition Liabilities extinguished on settlements	-	-	-	-	-	-
Closing balance of the present value of defined benefit obligation	958	866	80	70	5,643	4,617

The Company expects to contribute ₹ 100 million towards its gratuity plan in FY 2021-22 (₹ 100 million in FY 2020-21)

- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ million)

	Gratuity plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Opening balance of the fair value of the plan assets	691	540	4,894	4,164
Expected return on plan assets	-	-	414	355
Add / (less) : transfer in/(out)	-	-	174	191

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(₹ million)

	Gratuity plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Add/(less) : actuarial gains/(losses)	-	-	249	284
Employer contributions	183	175	313	263
Contributions by plan participants	-	-	636	549
Interest on plan assets	42	38	-	-
Remeasurements due to :	-	-	-	-
Actual return on plan assets less interest on plan assets	1	6	-	-
Benefits paid	(76)	(68)	516	(912)
Closing balance of the plan assets	841	691	7,196	4,894

f) Sensitivity analysis:

(₹ million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Impact of increase in 100 bps on defined benefit obligation				
Discount rate	-5.14% to -6.70%	-5.49% to -8.22%	-	-
Salary escalation rate	5.54% to 7.55%	6.12% to 9.43%	-	-
Impact of decrease in 100 bps on defined benefit obligation				
Discount rate	5.68% to 7.58%	6.11% to 9.49%	-	-
Salary escalation rate	-5.13% to -6.80%	-5.60% to -8.31%	-	-
Discount rate				
Impact of increase in 100 bps on defined benefit obligation	-	-	-17.47%	-17.54%
Impact of decrease in 100 bps on defined benefit obligation	-	-	23.37%	23.44%
Healthcare costs rate	-	-		
Impact of increase in 100 bps on defined benefit obligation	-	-	14.33%	15.14%
Impact of decrease in 100 bps on defined benefit obligation	-	-	-11.55%	-12.15%
Life expectancy				
Impact of increase in 1 year on defined benefit obligation	-	-	1.07%	0.97%

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(₹ million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Impact of decrease by 1 year on defined benefit obligation			-1.11%	-1.01%

- 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:

	Gratuity plan		Provident fund trust managed by the holding company	
	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
Government of India securities	Scheme with LIC	Scheme with LIC	22.17%	21.53%
State government securities			23.13%	25.41%
Corporate bonds			29.38%	28.88%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds			7.30%	5.04%
Public sector bonds			12.60%	16.07%
Mutual Funds			5.42%	3.07%

h) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-03-2021	As at 31-03-2020
1. Discount rate:		
(a) Gratuity plan	5.70% to 6.15%	6.15% to 6.35%
(b) Post retirement medical benefit plan	5.70%	6.15%
Annual increase in healthcare costs	5.00%	5.00%
2. Salary growth rate	5% to 6%	5% to 6%
3. Attrition rate	1% to 25% for various age groups	1% to 25% for various age groups

Notes forming part of the Consolidated Financial Statements

Risk exposure

i Gratuity

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

ii. Post retirement medical benefits plan

The Post-retirement medical care plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

i) The amounts pertaining to defined benefit plans for the current year are as follows:

	(₹ million)	
	As at 31-03-2021	As at 31-03-2020
Gratuity plan (wholly funded/ unfunded)		
1. Defined benefit obligation	958	866
2. Plan assets	841	691
3. (Surplus) / deficit	117	175
Post retirement medical benefit plan (wholly unfunded)		
1. Defined benefit obligation	68	71
Self - managed provident fund plan (wholly funded)		
1. Defined benefit obligation	5,643	4,618
2. Plan assets	6,163	4,894
3. (Surplus) / deficit	(520)	(276)

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 permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at

Notes forming part of the Consolidated Financial Statements

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 the L&T Technology Services 401k 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 of L&T Technology Services Limited, L&T Technology Services LLC and Esencia Technologies Inc. The Plan allows the employee and Company's contributions to vest 100% immediately. During the year ended March 31, 2021, the Group contributed ₹ 136 million towards the Plan (Previous year: ₹ 50 million)

41 Lease

(₹ million)

Particulars	Year ended 31 March,	
	2021	2020
1. Classwise right of use assets (in our case it will be only office premise)		
Opening balance	3,490	3,332
Addition during the year (net of deletion)	1,626	934
Depreciation during the year	(915)	(783)
FCTR impact	(4)	7
Closing balance	4,197	3,490
2. Repayment during the year (lease payment towards lease liability net of finance cost)	(688)	(629)
3. Maturity analysis of lease liability (undiscounted)		
Less than 1 year	1,148	1,014
1 to 5 years	3,596	2,997
More than 5 years	1,962	1,554
Total	6,706	5,565
Closing balance		
Current liability	790	693
Non -current liability	4,015	3,268
	4,805	3,961
4. Amount recognised in P&L account		
Interest on lease liability	430	350
Rent expense - Short term lease	112	106
5. Gain / (loss) on derecognition of lease		
Closing balance of Lease Liability as on date of Derecognition	645	-
Less: Closing balance of Right to Use as on date of Derecognition	606	-
Gain /(loss)on derecognition of Right to Use	39	-
6. Lease commitment		
No such lease commitment entered by the company. (PY ₹ 180 million)		

Notes forming part of the Consolidated Financial Statements

42 Additional information required by schedule III

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at 31-03-2021

(₹ 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	91.87%	33,401	97.52%	6,731	102.32%	2,540	98.79%	9,271
B - Subsidiaries								
(i) Indian subsidiaries								
L&T Thales Technology Services Private Limited	1.04%	379	1.81%	125	-	-	1.33%	125
Graphene Semiconductor Services Private Limited	0.30%	108	0.10%	7	-	-	0.07%	7
Esencia Technologies India Private Limited	0.02%	6	-	-	-	-	-	-
Seastar Lab Private Limited	-	1	0.05%	4	-	-	0.04%	4
(ii) Foreign subsidiary								
L&T Technology Services LLC (Consolidated)	6.71%	2,441	0.75%	52	-2.32%	(58)	-0.06%	(6)
Graphene Solutions PTE Ltd.	0.02%	6	-0.05%	(4)	-	-	-0.04%	(4)
Graphene Solutions SDN. BHD	-	1	-	-	-	-	-	-
Graphene Solutions Taiwan Limited	0.01%	3	-0.06%	(4)	-	-	-0.04%	(4)
L&T Technology Services (Shanghai) Co. Ltd	0.03%	11	-0.12%	(9)	-	-	-0.09%	(9)
Subtotal (A+B)	100%	36,357	100%	6,902	100%	2,482	100%	9,384
a. Adjustments arising out of consolidation		(1,525)		(237)		-		(237)
b. Non-controlling interests in all subsidiaries		(101)		(32)		-		(32)
Total owners's share		34,731		6,633		2,482		9,115

Notes forming part of the Consolidated Financial Statements

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at 31-03-2020

(₹ 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	92.22%	26,200	95.16%	7,900	105.00%	(2,603)	90.97%	5,297
B - Subsidiaries								
(i) Indian subsidiaries								
L&T Thales Technology Services Private Limited	0.89%	254	1.76%	146	-0.04%	1	2.53%	147
Graphene Semiconductor Services Private Limited	0.99%	281	0.84%	69	-	-	1.19%	69
Esencia Technologies India Private Limited	0.02%	6	-0.01%	(1)	-	-	-0.01%	(1)
Seastar Lab Private Limited	-0.01%	(3)	-	-	-	-	-	-
(ii) Foreign subsidiary								
L&T Technology Services LLC (Consolidated)	5.75%	1,635	2.61%	216	-4.83%	120	5.77%	336
Graphene Solutions PTE Ltd.	0.03%	10	-0.07%	(6)	-	-	-0.09%	(5)
Graphene Solutions SDN. BHD	0.01%	2	-	-	-	-	-	-
Graphene Solutions Taiwan Limited	0.02%	7	-0.09%	(7)	-0.04%	1	-0.10%	(6)
L&T Technology Services (Shanghai) Co. Ltd	0.07%	19	-0.18%	(15)	-0.06%	1	-0.24%	(14)
Subtotal (A+B)	100%	28,411	100%	8,302	100%	(2,479)	100%	5,823
a. Adjustments arising out of consolidation		(794)		(78)		-		(78)
b. Non-controlling interests in all subsidiaries		69		(38)		-		(38)
Total owners's share		27,686		8,186		(2,479)		5,707

Notes forming part of the Consolidated Financial Statements

43 Related party disclosures

43 (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
Orchestra Technology Inc	Wholly owned subsidiary of L&T Technology Services LLC**
Esencia Technologies Inc	Wholly owned subsidiary of L&T Technology Services LLC
Esencia Technologies India Private Limited	Wholly owned subsidiary
Graphene Semiconductor Services Private Limited	Wholly owned subsidiary
Graphene Solutions Pte. Ltd.	Wholly owned subsidiary*
Graphene Solution SDN. BHD.	Wholly owned subsidiary*
Graphene Solutions Taiwan Limited	Wholly owned subsidiary*
Seastar Labs Private Limited	Wholly owned subsidiary*
L&T Technology Services (Shanghai) Co. Ltd.	Wholly owned subsidiary
L&T Technology Services (Canada) Ltd.	Wholly owned subsidiary of LTTS LLC

*Wholly owned subsidiary w.e.f October 01, 2019. Earlier wholly owned by Graphene Semiconductor Services Private Limited.

**Wholly owned subsidiary of L&T Technology Services LLC w.e.f October 02, 2020.

43 (1) (ii) List of related parties which can exercise control:

Name	Relationship
Larsen and Toubro Limited	Holding company

43 (1) (iii) Key management personnel :

Executive director	Status
Dr. Keshab Panda*	Chief Executive Officer & Managing Director
Mr. Amit Chadha**	Deputy Chief Executive Officer and Whole Time Director
Mr. Abhishek	Chief Operating Officer & Whole Time Director
Mr. P Ramkrishnan	Chief Financial Officer (upto July 19, 2020)
Mr. Rajeev Gupta	Chief Financial Officer (w.e.f July 20, 2020)
Mr. Kapil Bhalla	Company Secretary

*Appointed as Non-Executive Director w.e.f. April 01, 2021. Earlier CEO & Managing Director upto and including March 31, 2021.

**Appointed as Chief Executive Officer & Managing Director w.e.f. April 01, 2021. Earlier Deputy CEO & Whole-Time Director upto and including March 31, 2021.

Non-executive directors
Mr. A.M. Naik
Mr. S.N. Subrahmanyam

43 (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

Notes forming part of the Consolidated Financial Statements

Name	Relationship
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Technologies INC	Fellow subsidiary
Larsen Toubro Arabia LLC	Fellow subsidiary
Larsed &Toubro (East Asia) SDN.BHD	Fellow subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow subsidiary
L&T Hydrocarbon Engineering Limited	Fellow subsidiary
L&T Construction Equipment Limited	Fellow subsidiary
Servowatch Systems Limited	Fellow subsidiary
L&T Valves Limited	Fellow subsidiary
L&T Overseas Projects Nigeria Limited	Fellow subsidiary
Tamco Switchgear (Malaysia) SDN BHD	Fellow subsidiary
Mindtree Limited	Fellow subsidiary
L&T-Sargent & Lundy Limited	Fellow subsidiary
L&T Chiyoda Limited	Associate

43 (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

43 (1) (vi) Disclosure of related party transactions

Particulars	(₹ million)	
	31-03-2021	31-03-2020
Revenue from services :		
Holding company	161	412
- Larsen & Toubro Limited	161	412
Fellow subsidiaries	722	1,075
- L&T Hydrocarbon Engineering Limited	41	40
- Larsen & Toubro Infotech Limited	672	1,032
- L&T Metro Rail (Hyderabad) Limited	-	2
- L&T Construction Equipment Limited	-	1
- Mindtree Limited	9	-
Associates	16	-
- L&T Chiyoda Limited	16	-
Purchase of services :		
Holding company	-	1
- Larsen & Toubro Limited	-	1
Fellow subsidiaries	891	1,176
- L&T Hydrocarbon Engineering Limited	287	82
- Larsen & Toubro Infotech Limited	540	1,071
- Larsen & Toubro Infotech GMBH	-	22
- L&T-Sargent & Lundy Limited	1	1
- Mindtree Limited	63	-

Notes forming part of the Consolidated Financial Statements

		(₹ million)	
Particulars	31-03-2021	31-03-2020	
Rent paid :			
Holding company	226	234	
- Larsen & Toubro Limited	226	234	
Fellow subsidiaries	30	31	
- Larsen & Toubro Infotech Limited	18	22	
- Larsen & Toubro Infotech GMBH	11	8	
- Larsen & Toubro (East Asia) Sdn. Bhd.	1	1	
Rent Received :			
Fellow subsidiaries	2	-	
- Larsen & Toubro Infotech Limited	2	-	
Commission paid :			
Fellow subsidiaries	-	1	
- Larsen & Toubro Infotech Limited	-	1	
Guarantee Charges:			
Holding company	3	-	
- Larsen & Toubro Limited	3	-	
Interest receivable :			
Holding company	-	113	
- Larsen & Toubro Limited	-	113	
Services availed by the Company :			
Holding company	181	260	
- Larsen & Toubro Limited	181	260	
Fellow subsidiaries	44	42	
- Larsen & Toubro Infotech Limited	44	29	
- L&T Hydrocarbon Engineering Limited	-	1	
- L&T Information Technology Services (Shanghai) Co. Ltd.	-	12	
Services rendered by the Company :			
Holding company	2	1	
- Larsen & Toubro Limited	2	1	
Fellow subsidiaries	1	9	
- Larsen & Toubro Infotech Limited	-	6	
- L&T Hydrocarbon Engineering Limited	-	1	
- Servowatch Systems Limited	1	2	
Trademark fees :			
Holding company	82	84	
- Larsen & Toubro Limited	82	84	
Trade receivable :			
Holding company	87	168	
- Larsen & Toubro Limited	87	168	
Fellow subsidiaries	191	356	
- Larsen & Toubro Infotech Limited	179	342	
- L&T Metro Rail (Hyderabad) Limited	-	2	
- L&T Construction Equipment Limited	-	1	
- L&T Hydrocarbon Engineering Limited	9	11	
- Mindtree Limited	3	-	

Notes forming part of the Consolidated Financial Statements

(₹ million)		
Particulars	31-03-2021	31-03-2020
Associate	1	-
- L&T Chiyoda Limited	1	-
Trade payable :		
Holding company	81	156
- Larsen & Toubro Limited	81	156
Fellow subsidiaries	458	315
- Larsen & Toubro Infotech Limited	410	152
- L&T Hydrocarbon Engineering Limited	27	134
- Larsen & Toubro Infotech GmBH	6	2
- Larsen & Toubro Saudi Arabia LLC	9	27
- Mindtree Limited	6	-
Loans and advances recoverable :		
Fellow subsidiaries	2	6
- L&T Infotech Financial Services Technologies Inc.	-	1
- L&T Valves Limited	-	4
- Tamco Switchgear (Malaysia) SDN BHD	-	1
- L&T INFORMATION TECHNOLOGY SERVICES(SHANGHAI) CO. LTD	1	-
- Larsen & Toubro Infotech Limited	1	-
Interim dividend paid - Equity :		
Holding company	1,640	1,638
- Larsen & Toubro Limited	1,640	1,638
Compensation to key managerial personnel		
Short-term employee benefits	121	124
Post-employment benefits	1	1
Employee share-based payment	153	143
Total compensation**	275	268

**Mr. P. Ramakrishnan (previous Chief Financial Officer) resigned on July 19, 2020 his proportionate compensation has been included in calculation of remuneration of FY21.

Mr. Rajeev Gupta joined LTTS on April 02, 2020 and appointed as Chief Financial Officer in Board meeting on July 20, 2020. His proportionate compensation has been included above calculation of FY21.

Compensation to non-executive directors

(₹ million)		
Particulars	2020-21	2019-20
Sitting fees	2	2
Commission	25	20
Total compensation	27	22

Notes forming part of the Consolidated Financial Statements

Transactions with trust managed employees provident fund

(₹ million)

Particulars	2020-21	2019-20
Towards employer's contribution	313	263
Paid during the year	879	813
Due to trust (year end liability)	82	78

Transactions with approved gratuity fund

(₹ million)

Particulars	2020-21	2019-20
Towards employer's contribution	181	173
Paid during the year	181	173
Due to trust (year end liability)	111	170

44 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)

	For year ended March 31, 2021	For year ended March 31, 2020
Fixed price contracts	20,495	23,295
Time and materials contracts	34,002	32,896
Total	54,497	56,191

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, 2021, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 10,497 million (for previous year ₹ 10,398 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 revaluations, 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.

Notes forming part of the Consolidated Financial Statements

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

(₹ million)

	For year ended March 31, 2021		For year ended March 31, 2020	
	Unbilled revenue	Unearned revenue	Unbilled revenue	Unearned revenue
Opening balance	3,510	512	2,421	242
Revenue recognised during period	2,303	(470)	3,942	(239)
Invoiced during period	(3,524)	506	(2,791)	509
ECL movement	45	-	(86)	-
Reversal / (Provision)*				
Translation Gain/loss	(14)	-	24	-
Due to business combination	95	7	-	-
Closing balance	2,415	555	3,510	512

45 Government grant

- A. During the year ended March 31, 2021, the Group has received Government grant against export of services, amounting to ₹ 548 million. (PY ₹ 931 million.) which is disclosed as export incentive as part of other income.
- B. The Group has received government grants amounting to ₹ 57 million. (PY ₹ Nil) from governments of various countries on compliance with several employment-related conditions consequent to the outbreak of COVID-19 pandemic and accordingly, accounted it as a credit to employee benefits expense.

46 The Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2021. The disclosure pursuant to the said act is as under:

(₹ million)

	As at 31-03-2021	As at 31-03-2020
Principal amount due to suppliers under MSMED Act, 2006	66	28
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	-	-

Notes forming part of the Consolidated Financial Statements

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.

47 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2021 (PY ₹ Nil).

48 Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

For and on behalf of the Board of Directors of

L&T Technology Services Limited

FIRDOSH D. BUCHIA

Partner

Membership no. 38332

RAJEEV GUPTA

Chief Financial Officer

KAPIL BHALLA

Company Secretary

Membership no.F3485

AMIT CHADHA

Chief Executive Officer &

Managing Director

(DIN: 07076149)

ABHISHEK

Chief Operating Officer &

Whole-Time Director

(DIN: 07596644)

Place: Mumbai

Date: May 03, 2021

Place: Mumbai

Date: May 03, 2021

Place: Mumbai

Date: May 03, 2021

Place: Washington,USA

Date: May 03, 2021

Place: Bangalore

Date: May 03, 2021

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127-255

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

Sr no	Particulars	L&T Thales Technology Services Private Limited	L&T Technology Services LLC	Esencia Technologies Inc.	Orchestra Technology Inc.	L&T Technology Services (Canada) Limited	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	L&T Technology Services (Shanghai) Co. Ltd
	The date since when subsidiary was acquired	June 26, 2014	June 26, 2014	June 1, 2017	October 2, 2020	August 20, 2019	June 1, 2017	October 15, 2018	October 15, 2018	October 15, 2018	October 15, 2018	October 15, 2018	August 06, 2019
	Financial year ending on	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	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 L&T Technology Services LLC	Wholly owned subsidiary of L&T Technology Services LLC	Wholly owned subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services Limited	Wholly owned subsidiary of L&T Technology Services Limited
	Currency	INR	US\$	US\$	US\$	CAD	INR	INR	SGD	MYR	TWD	INR	CNY
	Exchange rate on the last day of financial year	1.00	73.11	73.11	73.11	58.03	1.00	1.00	54.35	17.63	2.60	1.00	11.22
1	Share capital	21	1,783	361	495	0.4	0.1	14	3	2	13	0.5	33
2	Reserves	358	1,422	(421)	(282)	0.4	5.9	94	3	-	(10)	0.5	(20)
3	Non-current liabilities	-	260	-	-	-	-	-	-	-	-	-	-
4	Current liabilities	190	597	100	290	10	-	4	15	-	5	1	38
5	Total equity and liabilities (1+2+3+4)	569	4,062	40	503	11	6	112	21	2	8	2	51
6	Non-current assets	40	2,787	5	131	-	-	5	-	-	-	-	-
7	Current assets	529	1,275	35	372	11	6	107	21	2	8	2	51
8	Total assets (6+7)	569	4,062	40	503	11	6	112	21	2	8	2	51
9	Investments included in non-current assets (6 above)	-	2,307	-	-	-	-	-	-	-	-	-	-
10	Investments included in current assets (7 above)	146	-	-	-	-	-	72	-	-	-	-	-
11	Revenue from operations	849	4,585	373	625	11	-	-	33	-	(1)	-	32
12	Profit before taxation	171	750	6	(7)	1	(1)	10	(4)	-	9	4	(22)
13	Provision for taxation	46	137	-	(7)	-	-	3	-	-	-	-	-
14	Profit after taxation	125	613	6	-	-	(1)	7	(4)	-	9	4	(22)
15	Interim dividend - equity	-	-	338	-	-	-	-	-	-	-	-	-
16	Interim dividend - preference	-	-	-	-	-	-	-	-	-	-	-	-
17	Proposed dividend - equity	-	-	-	-	-	-	-	-	-	-	-	-
18	Proposed dividend - preference	-	-	-	-	-	-	-	-	-	-	-	-
19	% of share holding	74%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

GLOSSARY

3D	Three Dimensional
5G	The 5 th generation cellular network technology
“ACT” or “The Act”	The Companies Act, 2013
AD	Autonomous Drive
ADAS	Advanced Driver Assistance System
AGM	Annual General Meeting
AI	Artificial Intelligence
AR	Augmented Reality
ASEAN	Association of Southeast Asian Nations
ASIC	Application-Specific Integrated Circuit
AVS	Alexa Voice Service
BCP	Business Continuity Process
BPM	Business Process Management
BRR	Business Responsibility Reporting
BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
COVID-19	Coronavirus disease
CoE	Centre of Excellence
Current Ratio	Ratio of Current Assets by Current Liabilities
CrossPoll!nnovation	Enabling the design and development of innovative products by leveraging multi-vertical, cross industrial expertise
CII	Confederation of Indian Industry
CapEx	Capital Expenditure
CGU	Cash Generating Unit
CPG	Consumer Packaged Goods
CSAT	Customer Satisfaction
CSR	Corporate Social Responsibility
DAP	Digital Advisory Practice
DSO	Days of Sales Outstanding is the Ratio of Trade Receivable to the Revenue, multiplied by 365
Debt Equity Ratio	Ratio of Total Debt to Shareholder Equity
DevOps	A set of practices combining software development (Dev) and IT operations (Ops)
Digital Engineering	Digital Engineering enables development of smart and connected products that can create enhanced experiences and optimized functionalities for its end users
Digital Twin	Digital replica or representation of physical objects or systems
DMS	Digital Manufacturing Services
DPS	Digital Products and Services
EACV	Electric Autonomous Connected Vehicle
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest Tax Depreciation Amortization
ECL	Expected Credit Loss

EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement and Construction Management
EPS	Earnings Per Share
ePowertrain	Electric Powertrain
ER&D	Engineering Research & Development
ESOP	Scheme, 2016 L&T Technology Services Limited Employee Stock Option Scheme 2016
EV	Electric Vehicles
FIFO	FIFO or First In, First Out is an asset-management and valuation method
F.R.U.G.A.L. Manufacturing	F.R.U.G.A.L. Manufacturing: Flexible, Remote, Unconventional, Glocal and Agile - LTTS' manufacturing offerings based on the pillars of social distancing, business continuity and business sustainability
GEA	Global Engineering Academy
GEC	Global Engineering Centre
Geriatric Care	Caring for the elderly
HUF	Hindu Undivided Family
i-BEMS	Intelligent Building Experience Management System is LTTS' IoT-based smart building framework
IC	Integrated Circuit
IFCCI	Indo-French Chamber of Commerce and Industry
IND AS	Indian Accounting Standards
Industry 4.0	Transformation in manufacturing technologies leveraging automation, data analytics, IoT, cloud computing and cognitive computing
Interest Coverage Ratio	Ratio of Operating Profit to Interest Expense
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
IoT	Internet of Things
IPO	Initial Public Offering
ISO	International Organization for Standardization
ISV	Independent Software Vendor
IVD	In Vitro Diagnostics are medical devices used to perform tests on samples derived from the human body
LATAM	Latin America
LODR	Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015
LTE	Long-Term Evolution
"LTTS", "our company" or "The Company"	L&T Technology Services Limited
MCA	Ministry of Corporate Affairs
mIoT	Medical Internet of Things
ML	Machine Learning
MSME	Ministry of Micro, Small and Medium Enterprises
MSME Act	The Micro, Small and Medium Enterprises Development Act, 2006
M2M	Machine to Machine
NASSCOM	National Association of Software and Services Companies
nBloT	Narrow band IoT
Net Profit Margin	Ratio of Net Profit to Revenue
NFV	Network Function Virtualization

NGO	Non-Governmental Organization
NPTEL	National Program on Technology Enhanced Learning
NRC	Nomination and Remuneration Committee
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange
NVG	National Voluntary Guidelines
NVG-SEE	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of the Business
OAVM	Other Audio-Visual Means
OCI	Other Comprehensive Income
OEM	Original Equipment Manufacturer
OPM	Operating Profit Margin
OTT	Over the Top
PAT	Profit After Tax
PLM	Product Lifecycle Management
RDK	Reference Design Kit
Return on Net Worth	Ratio of Net Profit to Average Shareholder equity
Return on Equity	Ratio of Net Profit to Average Shareholder equity
RTA	Registrar and Transfer Agents
R&D	Research and Development
SDN	Software Defined Networking
SBEB Regulations	Securities & Exchange Board of India (Share Based Employee Benefit) Regulations, 2014
SEZ	Special Economic Zone
SME	Small and Medium Enterprises
SOCLEEN	Society for Clean Environment
SRC	Stakeholders' Relationship Committee
SRT	Secure Reliable Transport
STB	Set-top Box
STPI	Software Technology Parks of India
SVYM	Swamy Vivekananda Youth Movement
Time-to-market	Duration of time taken from conceiving a product to making it available for sale
UI/UX	User Interface/User Experience
USA	United State of America
USP	Unique selling point - a distinguishing features of something to make it more appealing
VC	Video Conferencing
VLSI	Very Large-Scale Integration
VPN	Virtual Private Network
VR	Virtual Reality
VRF	Systems Variable Refrigerant Flow Systems
WFH	Work From Home
WFX	Work From Anywhere
WHO	World Health Organization

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