



**L&T Technology Services**

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**June 23, 2023**

National Stock Exchange of India Limited  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (East), Mumbai — 400 051.

**NSE Symbol: LTTS**

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400001  
**BSE script Code: 540115**

Dear Sir/ Madam,

**Sub: Submission of Annual Report for FY 2022-23 (including Notice of 11<sup>th</sup> Annual General Meeting)**

This is in reference to our letter dated June 12, 2023, informing about the **11<sup>th</sup> Annual General Meeting (AGM)** of the Company, which is scheduled to be held on **Tuesday, July 18, 2023 at 3:45 p.m. (IST)** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

Pursuant to Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, we enclose herewith a copy of the Annual Report for financial year 2022-23, along with the Notice of 11<sup>th</sup> Annual General Meeting (AGM) for your records. The said Annual Report is being sent from today to the Members through electronic mode, whose email ids are registered with the Company/Depositories.

The same is also made available on the Company's website at <https://www.ltts.com/investors/financial-information>.

We request you to take the above information on records.

Thanking you,

Yours sincerely,  
For **L&T Technology Services Limited**

**Prajakta Powle**  
**Company Secretary & Compliance Officer**  
**(M. No. A20135)**



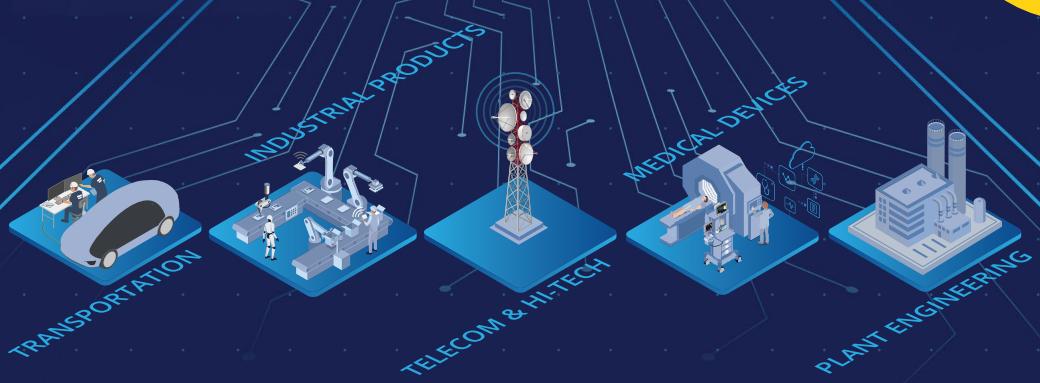
L&T Technology Services

ENGINEERING THE CHANGE

# BEYOND THE BILLION

# \$1Bn

2022 - 23  
ANNUAL REPORT





**L&T Technology Services' (LTTS) 6 Big Bets – Electric Autonomous and Connected Vehicles, Nex-Gen Comms, AI & Digital Products, Digital Manufacturing, MedTech, and Sustainability – are helping unlock new value paradigms for our customers worldwide.**

The Company's robust success trajectory is reflected in its impressive performance across segments, a rapidly expanding global presence across key geographies, and a reliable growth journey that continues to exceed market expectations.

Driven by its core innovation and engineering capabilities, LTTS scaled the milestone of \$ 1 billion revenue run rate during FY23.

The opportunities ahead are immense – given the global ER&D spends of \$ 1.8 trillion and the emergence of game changing technologies – leading to the growing need for partners like LTTS who understand the domain and can integrate a wide spectrum of digital technologies to deliver next-gen products and processes across the global landscape.

As India's leading pure-play ER&D services player, with a marquee customer base and an unparalleled innovation track record, we are in a strong position to continue scaling new heights.

**Which is why it's time to celebrate:  
“Beyond the Billion!”**



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Log on to [www.LTTS.com](http://www.LTTS.com) to read this report online.



# Corporate Snapshot\*

## FY23 Revenue

\$ **990** million  
₹ **8,014** crore

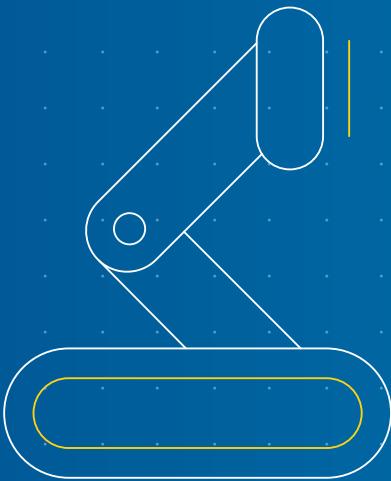
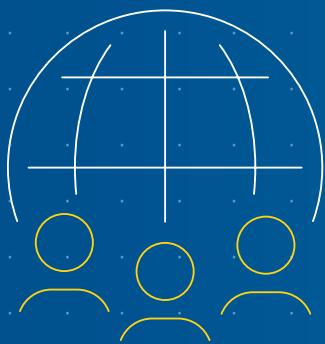


## Global Clients

**341**

## Global Presence

**20+** countries



## Innovation Labs

**99**



## Employees

**22,200+**



## Patents

**1,090**

\*As of March 31, 2023

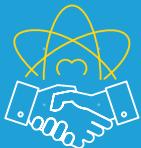


# Defining the Core of LTTS



## Our Vision

Engineering  
a sustainable  
tomorrow through  
technology and  
innovation



## Our Mission

Be the engineering  
partner of choice by  
enabling innovation  
with world-class  
technologies,  
processes, and  
people – delivering  
inclusive growth to  
all stakeholders



## Our Values

Being Purposeful

Caring

Results with  
Accountability

Ethics & Integrity

A Culture of  
Learning

# Pillars of Success: 6 Dimensional Glide Path

The 6 Dimensional Glide Path framework is the key to our success – helping LTTS prepare for the future. It includes:

01 FOCUSING ON

## Industry Leading Growth

LTTS' deep engineering heritage and multi-vertical expertise helps define, direct, and drive our investments across emerging technologies and strengthen our journey with customers and partners worldwide. Our unique standing as a pure-play engineering services company and technology led differentiation reinforces our commitment towards industry leading growth.

02 DRIVING

## Customer Centricity

We are passionate about the success of our customers – leveraging deep innovation capabilities across industries. LTTS partners with global organizations to enable cutting-edge success paradigms, drive transformative processes and products, and enhance overall customer satisfaction.

03 ENSURING

## People Engagement

We celebrate a culture of 'Engineer at Heart,' that nurtures and promotes people who are curious, passionate about engineering, and committed to solving complex challenges. Through industry-leading up-skilling and cross-skilling programs and other employee-centric initiatives, LTTS is redefining the next frontiers of people engagement.

04 ENHANCING

## Technology Quotient

The Company's culture of learning promotes continuous ideation, focused experimentation, and cutting-edge solutioning. To drive meaningful outcomes, LTTS invests in next-gen lab infrastructure to spur the development of innovative solutions, inspiring our engineers to file more patents and enhance our technology quotient.

05 LEVERAGING A

## Sustainable Operating Model

We strive for consistent growth through a robust operations playbook – one that can drive our resilient expansion journey and help achieve our Vision. The Company has aligned its investment pathways with the identified growth areas for ensuring a sustainable operating model across its global operations.

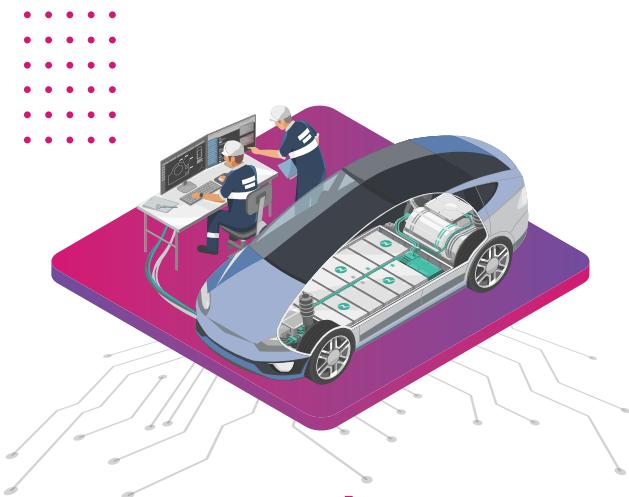
06 ENABLING

## Environmental, Social, & Governance (ESG)

Business success is shaped by the environment it operates in. As a responsible corporate citizen, LTTS is committed to minimizing its environmental impact, maximizing social outreach, and offering sustainable solutions to customers for their transformation to a net zero future.

# Industries We Serve

LTTS is active across five main segments worldwide: Transportation, Telecom and Hi-Tech, Industrial Products, Plant Engineering and Medical Devices. In each of these business areas, we deliver industry-leading Engineering Research and Development (ER&D) services and cutting-edge solutions across the digital technologies landscape.



## Transportation

Steering new growth paradigms for 8 of the top 10 global OEMs

The transportation industry is going through a major transition, moving toward a wider and more rapid adoption of electric and hybrid propulsion. Evolving user experience with connected vehicles is another area which is witnessing a major change at a global level.

LTTS is well aligned with the future trends in the Transportation industry and partners with some of the largest global OEMs and Tier 1 suppliers in the Automotive, Trucks & Off-Highway Vehicles, Railways, and Aerospace sector. The Company is actively engaged in driving the future of mobility through its solutions for electric vehicles (EV), advanced driver assistance systems (ADAS), autonomous driving (AD), and software defined vehicles (SDV).

Our industry-leading, wide ranging offerings of transportation engineering services enable customers worldwide achieve their go-to-market objectives.



### Technology Trends

- Electric and Connected Vehicles
- Next-Generation Digital Cockpits
- Autonomous Drive
- Software Defined Vehicles
- Digital and Data Services



### Technology Investments

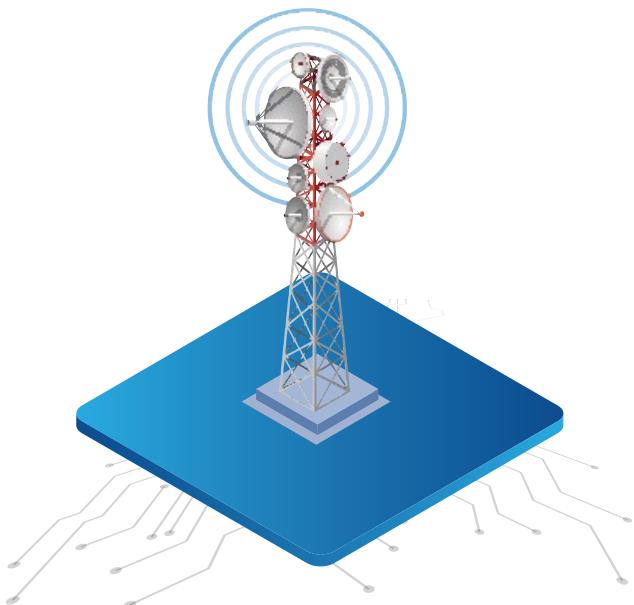
- Electrical Wire Harness Center in Peoria
- Higher wattage EV labs for Auto and Trucks and Off Highway equipment electrification
- Toulouse Design Center for the Aerospace industry
- Munich Center of Excellence for automotive development
- Toronto Center for Railways ER&D
- Krakow Development Center for Automotive



### Customer Success

- \$ 40 million plus deal with a US Transportation major for a complete transformation of their technology stack cutting across design, development, and analytics
- 5-year engagement with BMW in the vehicle infotainment domain
- Strategic Engineering Partner to Airbus
- \$ 20 million deal with European mining OEM





## Telecom and Hi-Tech

### Revitalizing the landscape for 8 of the top 10 global technology majors

As a domain leader, LTTS helps global customers engineer value across the telecom and hi-tech product lifecycle – from design conceptualization to deployment. Our global teams provide digital engineering services, solutions, and Lab as a Service offerings for Service Providers, Networking and Technology System Operators, OEMs, and Chipset Manufacturers across five key segments: Telecom, Consumer Electronics, Semiconductor, ISV, and Media & Entertainment.

With a consolidation of end-to-end capabilities following the SWC acquisition, LTTS offerings in the domain have been aligned around two key focus areas – Nex-Gen Comms, and Hi-Tech and Media.



#### Technology Trends

- Next-gen communications
- Advanced chip design
- 5G-enabled devices
- Cloud and Data Center Engineering
- OTT Monetization



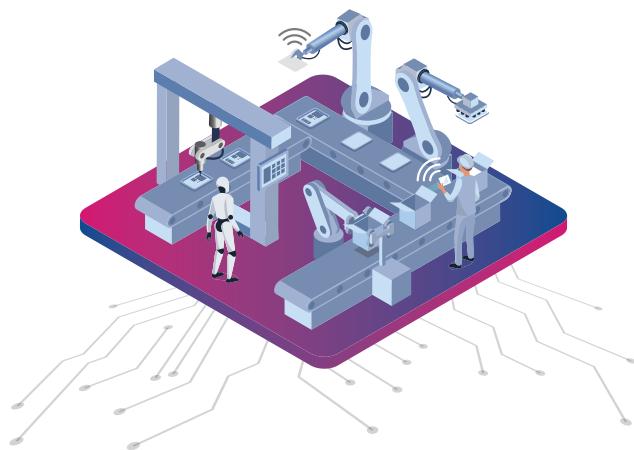
#### Technology Investments

- Santa Clara ASIC Design House
- RF Lab, 5G and Telco Cloud Engineering Labs
- Dedicated ODCs for 5G Product Development in India, US, and Europe
- Security Centre of Excellence for Telecom and Hi-Tech, Jerusalem



#### Customer Success

- Engagement with a North American rail operator for 5G private network deployment
- Strategic partner for a US-based telecom infrastructure company to accelerate their product development
- Working with Qualcomm Technologies, Inc. to deploy end-to-end solutions for the global 5G Private Network industry



## Industrial Products

**Redesigning product portfolios for 7 of the top 10 global companies**

LTTS' Industrial Products offerings are built around Industrial Machinery & Building Technology and Electric Controls, Power & Utilities. The Company leverages its deep domain expertise across product engineering, software, electronics, connectivity, mechanical engineering, industrial networking protocols, IIoT, smart industry products, test frameworks, and enterprise control systems to support global customers.

With digital manufacturing emerging as a major focus area in recent years, LTTS is spearheading revitalized digital transformation initiatives for global customers to help unlock the true potential of emergent technologies in the Industry 4.0 ecosystem.



### Technology Trends

- Digital Twins
- Sustainability and Circular Economy
- Product as a Service
- Smart Products



### Technology Investments

- Peoria Center for Digital Manufacturing
- Think Studio for new product design and development
- Power Electronics Design and Equipment Testing Lab
- Digital PLM Design Center



### Customer Success

- Chosen as an engineering partner by a global provider of industrial automation, for end-to-end product design, firmware development services, and the development of automation platforms
- LTTS will be setting up 'Edge-to-Cloud' infrastructure across 24 plants worldwide for a leading US-based operations and maintenance services provider active in electricity and desalinated water production
- A multi-year, product sustenance and transformation program for large European material handling and logistics automation company



## Plant Engineering

**Streamlining transformation journeys for 7 of the top 10 global manufacturers**

The growing localization of supply chains, the need for sustainable operations – including energy, water and waste management, and the rising demand for greenfield/brownfield expansions worldwide are some of the key factors defining the plant engineering landscape. LTTS offers state-of-the-art solutions for its global customers in domain, including design, engineering, project management, handover operations, and delivery and maintenance of custom digital solutions.

Our robust delivery frameworks and engineering capabilities over various disciplines help drive customer success across all key stages of a modern plant lifecycle – from conceptualization to commissioning – leveraging a consulting-led framework, years of expertise, and specialization. LTTS' industry-leading digital solutions enable global manufacturers to upgrade and integrate their legacy systems with smart platforms, drive next-gen connectivity, and deliver on the desired business outcomes.

The Company's Digital Twin and Digital Thread practices continue to be the leading enablers in driving deep transformation journeys for global manufacturers across industries and verticals.



### Technology Trends

- Digital Engineering
- Contactless Manufacturing
- Low-cost Automation
- Connected construction and collaboration
- Design-driven Transformation Journeys



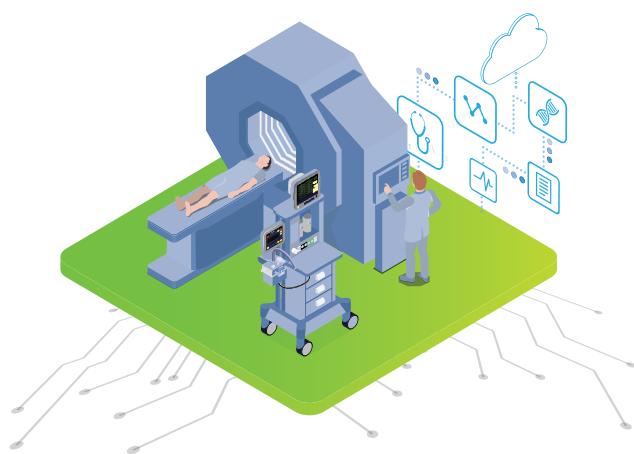
### Technology Investments

- High-Value Engineering Centers
- AR/VR Innovation Hubs
- Integrated 3D Plant Digitization and Plant Safety Management CoEs in India
- Asset Healthcare



### Customer Success

- Large Industry 4.0 engagement with a leading multinational food and beverage company to improve operational efficiencies
- Digital transformation engagement for a large Swedish food processing and packaging company's integrated content management system
- Multi-year engagement with an American energy company as their primary engineering partner for two existing refining sites



LTTS works closely with leading global medical device manufacturers and healthcare providers to offer services and solutions around new product development and sustenance, digital manufacturing and processes, and quality and regulatory compliance (QARA). The Company is active across diagnostics and in-vitro diagnostics, surgical and orthopedic devices, and therapeutic products. In the provider segment, we enable companies to improve operational efficiencies and deliver transformative patient experience journeys.

## Medical Devices

**Delivering cutting-edge wellness with the top 10 global healthcare OEMs**

Growth in the segment continues to be healthy, driven by a robust pipeline from the US, Europe, and Japan.



### Technology Trends

- Point of care devices
- Minimally invasive medical devices
- Remote monitoring and telehealth
- Medical Internet of Things (MIoT)
- Robotic surgery
- Clinical Decision Support Frameworks and Workflow Automation



### Technology Investments

- Radiology Lab
- Imaging Lab
- Wet Lab and In-Vitro Diagnostics Lab
- R&D for Chest rAI™, Cuffless NI BP algorithm
- Robust partner ecosystem of specialists and providers



### Customer Success

- Engagement with an international healthcare firm to harmonize and streamline their QMS systems across North America
- Helping a leading global customer to remediate their product management challenges and ensure QARA compliance
- Supply chain optimization for a global medical devices company
- Point of care hematology analyzer for a leading global customer
- A multi-year, product sustenance and transformation program for large European material handling and logistics automation company

# Founder Chairman's Message



## Dear Shareholders,

During the year, L&T Technology Services crossed the \$1 billion revenue run rate for the first time. The achievement is even more salient when seen against the backdrop of macroeconomic volatility, supply chain disruptions and simmering geopolitical tensions. The success in achieving our revenue targets reaffirms our credentials as India's largest pure-play technology services provider. It also paves the way for us to consolidate our presence and build further on our successes. I thank you for your faith and trust in the leadership team.

The road ahead holds greater promise. As the global economic scenario improves, and organizations look to leverage emerging technologies across the communications, energy, sustainability, and cybersecurity domains, your Company is well poised to scale and deliver unmatched value to its customers. Technology-driven initiatives will continue to be the driving force for sustained growth and inclusive development worldwide.

## Smart World and Communication: Unlocking New Value Paradigms

Early in Q4, as part of its strategic objective to expand capabilities and deepen competencies across key technology domains, your Company completed the acquisition of L&T's business of Smart World and Communication (SWC). This entity possesses significant talent and extensive experience of working with marquee telecom and OEM companies. As an innovation-led business, SWC's track record includes the development of Fusion – a state-of-the-art software platform for data analytics, and gEdge – a green Data Center that can be used at the Edge to contribute to savings in Capex and Opex. Its engineers have also implemented extensive communication projects of complexity and scale across India, underscoring their capabilities in network orchestration and smart city systems.

I am confident that the acquisition of SWC will unlock new synergies for your Company, help scale its offerings around 5G and next-gen communications, and drive growth across geographies. The acquisition closed at the start of the current fiscal, and subsequent performance provides reassurance of future outcomes.

## Leveraging Global Opportunities: An ER&D Perspective

We are witnessing an exponential rise in global demand for a range of emerging technologies, including vehicle electrification, next-gen connectivity, digital products and solutions, smart manufacturing practices, cutting-edge healthcare delivery, and a more sustainable approach to business operations. These key trends are reshaping the global ER&D landscape, driving new investment decisions, and defining business growth plans. Recent market research also indicates that most business leaders are looking to enhance their ER&D spends despite an uncertain economic outlook, with a major focus on digital engineering services and solutions. As a result, we are looking at a scenario where digital engineering activities are set to account for over 53% of all global engineering spends, growing 1.7x by 2025.



**You will be happy to know that your Company continues to be the industry bellwether. Our industry-leading performance is built on the pillars of revenues of ₹ 80,136 million, a growth of 22% Y-o-Y, and Net profit of ₹ 11,698 million, a growth of 22% Y-o-Y. We remain confident that the demand momentum across segments will sustain and our aim is to strengthen our competitive positioning.**

The sharper focus on new-age technologies has had a positive impact on global ER&D off-shoring trends. This is especially true for high-potential regions like India, with the country's share as a destination for global ER&D spends sustaining its upward trajectory. Leveraging the availability of a young and talented workforce, combined with the growing focus on innovation, we expect the current positive demand patterns to strengthen.

Again, pandemic-induced economic stimuli introduced during the last year, especially in the developed economies, has resulted in a rapid transformation of existing business paradigms. The emerging operational models, I feel, will reward organizations which embody a culture of innovation and are alert to evolving customer requirements.

As the nation's largest pure-play engineering services company and a leading global contender, your Company is well positioned to capitalize on these opportunities.

### **Growth Story: Going Beyond the Billion**

We are happy with the revenue milestone we have achieved, but we are not - and will never be - complacent. Our \$ 1 billion revenue run rate is the sum of several multi-million dollar deal wins across segments and industries. It also encompasses multiple engagements with leading customers like Airbus and BMW. We aim to mine further possibilities with our marquee clientele.

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Global analysts continue to be positive about LTTS' performance. The community rates your Company as an ER&D services leader across multiple technology domains, including AI, Digital Engineering, 5G, and Semicon. The rankings are further strengthened by recognition from reputed international consultancies and industry bodies.

In tandem with accelerating our growth momentum, we are also enhancing our efforts to 'give back' in ways that make a tangible difference to society and the community. Our Clean Energy Program involved distribution of close to 1,500 fuel efficient water boilers to villages in eco-sensitive zones around the Bandipur Tiger Reserve in Karnataka. This has benefited hundreds of villagers in the predominantly tribal areas in the region. Other green initiatives include supporting water harvesting and conservation programs in Tamil Nadu and southern Gujarat, an integrated village development program in Maharashtra, and efforts to improve the livelihoods of handicraft artisans in Karnataka. LTTS also supported several sports events for the differently abled in Mumbai and Bengaluru. Individual members of Team LTTS have risen to the occasion by personally volunteering for environment conservation programs in Vadodara and Mysuru.

As we continue to build on our successes during the year and accelerate our journey to 'Beyond the Billion,' I take this opportunity to thank our shareholders for the trust reposed in us. I also thank my colleagues on the Board for their role in delivering industry-leading growth, and the 22,200 plus LTTS global family for their hard work and dedication in making milestones possible.

With best wishes for a safe, healthy, and prosperous future.

**A. M. Naik**

Founder Chairman



# CEO and Managing Director's Message



## Dear Shareholders,

This was a landmark year at LTTS. We achieved the milestone of a billion dollars in revenue run rate, surpassed ₹ 1,000 crore in annual profits, crossed 1,000 patent filings, and closed our largest acquisition to date. What makes our achievements even more special is that these were attained in a year that continued to be defined by geo-political uncertainties and supply chain challenges across geographies and industries.

I take this opportunity to thank our customers, shareholders, employees, and all key stakeholders for their continued trust and faith in Team LTTS as we continue to engineer sustainable growth journeys. The accomplishments during the year reaffirm our position as the industry bellwether, and bear witness to LTTS' continued commitment toward expanding and deepening our offerings and capabilities across the global technology landscape.

The record-setting performance during the year can be attributed to the combination of our robust innovation capabilities with a core Engineering DNA – a major differentiator and enabler in a rapidly evolving global landscape. This belief in a technology-defined future is driven by our 6 Big Bets: Electric Autonomous and Connected Vehicles, Nex-Gen Comms, AI & Digital Products, Digital Manufacturing, MedTech, and Sustainability. Our focus on each of these strategic areas has not only helped us deliver industry-leading performance across each of our five verticals, but also strengthened our commitment towards delivering a profitable, sustainable, and inclusive growth paradigm.

## Celebrating Performance and Consistency: Our Industry Defining Moment

During the year, we continued to redefine the performance paradigms for the pure-play ER&D industry. Our revenues for the year were at \$ 990 million, a growth of 16% in constant currency, led by broad-based double digit performance across each of the key geographies - North America, Europe, India, and Rest of the World (RoW). In terms of vertical-wise growth, the Transportation segment led the trajectory, followed by Plant Engineering, Industrial Products, Medical Devices, and Telecom & Hi-tech.

Annual EBIT margin for the fiscal was the highest ever at 18.5%, driven by our focus on building a robust and sustainable operating model. The strong revenue growth and operational performance led to a 22% rise in PAT to ₹ 1,170 crore. Over the last 5 years, our PAT has continued to grow at a stellar 18% CAGR through a combination of steady expansions and rising operating margins. We further improved ROE to 26% for the year – again on the back of consistent PAT growth.

The confidence of customers in your Company's capabilities and offerings was further reflected in the number and size of



**We achieved the milestone of a billion dollars in revenue run rate, surpassed ₹ 1,000 crore in annual profits, crossed 1,000 patent filings, and closed our largest acquisition to date.**

deal wins across geographies. During this past year, LTTS closed 18 deals in the greater than \$ 10 million TCV range. Of these, three engagements were in the \$ 40-60 million TCV bracket, while four were in the \$ 15 million TCV category. Looking ahead, we are witnessing significant traction across segments and geographies, with a robust large deal pipeline around energy transition and electrification, digital and new-age technologies, and a growing global demand for business transformation services to optimize costs.

On the back of this robust performance, the LTTS Board of Directors have seen it fit to declare a final dividend of ₹ 30 per share, in addition to an interim dividend of ₹ 15, totaling ₹ 45 during the year. This is a stellar dividend payout ratio of 41% for the year – yet another milestone for your Company as we drive ahead toward the next frontiers of business success.

Innovation continues to be the key to our success paradigm. During the fiscal, we filed 222 patents, taking the total of our patent portfolio to an industry leading number of 1,090. This achievement was particularly special since LTTS has been filing an average of 50 patents every quarter for the past 2 years.

We continue to watch the global landscape closely for identifying and leveraging opportunities in unlocking new value paradigms for our stakeholders. Your Company's expanding global footprint, with new centers in Toronto, Canada; Peoria, USA; Krakow, Poland; and Toulouse, France are a reaffirmation of our commitment in this direction. LTTS is also leveraging the latest in digital technologies, platforms, and innovations to drive a sustainable growth model in line with its overall vision statement of 'engineering a sustainable tomorrow through technology and innovation.'

## **Strengthening Growth Paradigms: LTTS' 6 Dimensional Glide Path**

At LTTS, the 6 Dimensional Glide Path forms the core of how we approach the world. As the industry bellwether, we are committed to ensuring Industry Leading Growth across geographies, achieving the billion dollar run rate during the year and focusing on 'One and a Half Billion' run-rate by FY25. Customer Centricity is our guiding light, and continues to be reaffirmed in our string of multi-million, multi-year deal wins across emerging technologies, industries, and geographies. People Engagement forms a definitive part of our initiatives, and the second consecutive year of the Great Place To Work certification is a testament of our commitment in this direction. As an ER&D services company, Technology Quotient is a differentiator for LTTS, and our 1,090 plus patents portfolio and focused initiatives for creating reusable assets underscores our deep-seated belief in the power of technology. Again, for delivering a Sustainable Operating Model, our global teams are working toward ensuring first-time-right delivery with predictable and industry-leading margins, helping drive new investment paradigms as we move ahead on the road to 'Billion and Beyond.' And finally, on the Environmental, Social, and Governance, LTTS is committed to its charter as a responsible corporate citizen and focused on delivering, profitable, sustainable, and inclusive growth for all stakeholders. We have signed the SBTi charter, and are committed to achieving carbon and water neutrality in our operations.

Leveraging our 6 Dimensional Glide Path in tandem with our 6 Big Bets focus is proving to be a major enabler in driving our global footprint, helping position LTTS advantageously as we harness the dynamics of the evolving scenario. This continual and incremental transformation is being achieved through a focused action plan, involving the doubling down on the Big Bets, accelerating organic growth



Amit Chadha, CEO & MD at L&T Technology Services (Left) with Prof. V. Kamakoti, Director, IIT Madras

avenues, focusing on improving operational parameters and customer satisfaction, and embracing a deeper yet more expansive employee engagement as a philosophy across LTTS.

LTTS is already investing in the creation of innovative and reusable technology assets, and I believe that a renewed focus on new patents across industries and technologies would be a major differentiator.

Project Rendezvous 2.0, ROAR, iSuggest, GEMS, and Hey Buddy are some the latest initiatives that are helping redefine the employee engagement philosophy at LTTS. Your Company's leadership team is spearheading these initiatives from the front as we get back to office and drive an innovative approach toward enhancing employee wellbeing. The actions we undertake in this direction are defined by the essence of our revitalized Vision, Mission, and Values, which were announced at the start of the Fiscal. As we continue to grow beyond our 22,200+ strong global family, multi-layered focused initiatives across the board will continue to redefine what it means to be a part of the LTTS journey.

## Charting the Future: Preparing for New World Realities

The past couple of years have been about unlocking the synergies between human resilience and the positive power of technology. As the world came to terms with the impact of the pandemic, the power of technology to 'do-good' and transform our lives has been driven home once again. Our analysis of the worldwide business landscape reveals that the leading global technology giants grew by an average of 30% between CY20 and CY21, driving up the demand for new avenues of ER&D support. We expect this trend to continue, with the global ER&D services market, as per data from Zinnov, poised to exceed \$ 2 trillion by 2025.

Healthy tailwinds across the global technology landscape are expected to play a key role in this direction. For instance, the global EV market grew by 26% over the previous year, over 500 million new 5G connections were registered, more than \$ 900 billion was invested in energy transition deployment and climate technologies, and the revenue for MedTech companies grew by over 6% for the fourth consecutive year.

Worldwide digital transformation spends have continued to rise, and as per the latest market reports, are scheduled to exceed \$ 1.4 trillion by 2026. This robust growth is being driven by demand for cybersecurity, AI, hyper automation, enhanced connectivity and computation speeds, and cloud adoption. The global AI market alone is poised to more than double by 2026 to be worth over \$ 900 billion, with increased spends expected toward hardware, software, and new-age services.

As a part of our vision to leverage these emerging opportunities, LTTS finalized the acquisition of the Smart World & Communication (SWC) Business Unit of L&T early in Q4. The acquisition, our fourth since listing as a public company and the largest to date, closed on April 01, 2023. This is a reaffirmation of our Big Bets-driven growth strategy and I am confident that it will usher in a new phase of expansion. Our combined capacities are going to help LTTS drive an exciting journey across Next-Gen Communications, Sustainable Spaces, and Cybersecurity – closely aligned with our bets in Nex-Gen Comms, AI & Digital Products, and Sustainability. The journey is strengthened further by focused investments in the 6 Big Bets, including, setting up next-gen labs across our global centers, driving the development of new platforms and solutions, and developing state-of-the-art customer-focused R&D infrastructure and ODCs.

### **Honoring Excellence: An LTTS Perspective**

During the year, several of our customers were recognized at the Digital Engineering Awards for some of their cutting-edge engineering and technology innovations – driven by their long-standing partnership with LTTS. Over 120 entries across nine categories from global stalwarts in new-age digital technologies were received for the inaugural edition of the first-of-its-kind Awards. The submissions were evaluated by an independent peer-group panel led and managed by ISG. CNBCTV18 was the media partner for the event, with the finale at New Jersey, USA.

LTTS' achievements also continued to be recognized on the global stage, with leading analyst firms and industry bodies acknowledging its contributions across the global engineering landscape. HfS Research recognized LTTS as among the Top 10 Industry 4.0 Service Providers, while the Everest Group's Digital Product Engineering Services PEAK Matrix® Assessment 2022 positioned your Company as a Leader in the domain. ISG rated LTTS as the leader and the only pure-play ESP in Manufacturing Industry Services in the



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US and Europe; as leaders in Digital Engineering Services in North America across Design & Development; and as a leader in Life Sciences Digital Services 2022 for MedTech Digital Transformation.

These recognitions and awards are a reminder of the difference that we continue to make every day, and serve as a beacon for us to continue on a path of unmatched excellence and stellar performance across our global operations.

On that pleasant note, and on behalf of my colleagues and all members of the 22,200 plus LTTS family, allow me to express my gratitude for your support and encouragement as we challenge boundaries and engineer the next frontiers of change. Thank you, dear shareholder, for your continued trust and faith in us as we move ahead on the journey to 'Beyond the Billion.'

With best wishes for the health, happiness, and prosperity of you and your loved ones.

**Amit Chadha**

CEO & Managing Director



# Board of Directors

**Mr. 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 technology-related 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', 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 1<sup>st</sup> Class' by Queen Margrethe of Denmark. Mr. Naik was conferred the 'Philanthropy Star of India' by Hurun India, in recognition of his remarkable, sharply focused and sustained endeavor to contribute to the welfare of the underprivileged.

**Mr. S. N.  
Subrahmanyam**

Vice-Chairman

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

Mr. Subrahmanyam, or SNS as he is 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 36<sup>th</sup> 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.



### **Mr. Amit Chadha**

Chief Executive Officer &  
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 is the sole ER&D sector leader in the elite NASSCOM Executive Council (IT/ITeS), guiding NASSCOM's industry charter, helping foster out-of-the-box innovation, and promoting Intellectual Property creation in India's tech industry. He 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. Mr. Chadha 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 from BIT Mesra and has done his Global Business Leadership Executive Program with Harvard Business School Publishing. He also has an Advanced Management Program in Business Leadership from INSEAD, France. Mr. Chadha is currently based in Washington DC. Mr. Chadha was conferred with the Distinguished Alumni Award for the year 2022 for Leadership in Corporate World, Industry, Academia, and Research Institutions by his alma mater, BIT Mesra.



### **Mr. Abhishek Sinha**

Chief Operating Officer and  
Whole-Time Director

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

A professional with over two decades of industry experience, Mr. Sinha 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. Sinha 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. Sinha was the Vice President and Global Head for Product Engineering Services (PES) at KPIT.

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

**Mr. Alind Saxena**

President, Sales &  
Whole-Time Director

Mr. Alind Saxena is the President, Sales & Whole-Time Director at L&T Technology Services (LTTS), and is responsible for driving topline growth, strategic business development and creating new revenue streams for the company, while managing strong customer connects and large deal pipeline.

With the support of globally diverse teams spread across continents, he has spearheaded the expansion of LTTS into important markets.

As Chief Sales Officer, Alind had been instrumental in steering LTTS to its current position as a leading global engineering services provider helping Fortune 500 customers across the world.

In his previous roles, Alind has been closely associated with the manufacturing industry

in domains such as Automotive, Aerospace, Oil and Gas, Industrial Products, Telecom and Medical devices.

With three decades of industry experience, Alind has held several leadership positions in multinational organizations. A technologist with very strong business acumen, Alind has worked out of Asia, Europe, and North America.

Alind is a core member of the Leadership Council of L&T Technology Services. He is a graduate from the Indian Institute of Technology, Kanpur, and certified in leadership from INSEAD and Harvard Business School. He is also an active member of STEM and presides over several educational councils at his local district. Alind resides in Chicago with his wife, son and daughter.

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

Dr. Panda obtained 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 Defence, 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.

**Dr. Keshab Panda**

Non-Executive Director

Dr. Panda is a Non-Executive Director on the Board of L&T Technology Services Limited (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 L&T Technology Services on January 21, 2016. Dr. Panda led L&T Technology Services through a high-profile Initial Public Offering (IPO) in India and successfully listed the company on the National Stock Exchange and the Bombay Stock Exchange.

**Mr. Narayanan Kumar**

Independent Director

Mr. Narayanan Kumar is an Independent Director of L&T Technology Services. He obtained a graduate degree in electronics and communication engineering from the University of Madras. He is a fellow member of the Indian National Academy of Engineering and The Institution of Electronics and Telecommunication Engineers. He is the Vice-Chairman of The Sanmar Group, a multinational conglomerate headquartered in Chennai and engaged in the business of chemicals, engineering, and shipping. He is also the Chairman of the Indo-Japan Chamber of Commerce and Industry. He is on

the board of various public companies such as Indus Towers Limited, Mphasis Limited, Entertainment Network (India) Limited and L&T, among others and has experience in various sectors. Mr. Kumar is also involved in areas of social welfare and education. He is the President of Bala Mandir Kamaraj Trust and the Managing Trustee of The Indian Education Trust and Vice President & Trustee - Treasurer of the World Wide Fund for Nature-India. Mr. Kumar is also the Honorary Consul General of Greece in Chennai.

**Mr. Sudip Banerjee**

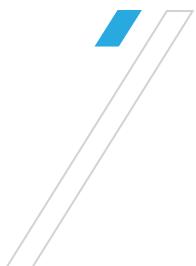
Independent Director

Mr. Sudip Banerjee is an Independent Director of our Company.

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 LTIL between 2008-2011. He is also on the board of directors of Kesoram Industries Limited and IFB Industries Limited and has been an Operating Partner at Capital Square Partners

Advisors Pte Ltd, Singapore. He is also the Director of a US-based company, Startek Inc. He 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.



**Ms. Apurva Purohit**

Independent Director

Ms. Apurva Purohit is an Indian businesswoman with over three decades of experience in the corporate world, where she formed significant partnerships with private equity firms and 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 also an Independent Director at L&T Technology Services Ltd, Navin Fluorine International Ltd., and Marico Ltd. Ms. Purohit has recently launched Aazol Ventures Pvt Ltd, a consumer products company which aims to create a market for traditional food items made by self-help groups and micro-entrepreneurs, by reconnecting Indian consumers with their roots and the local food of their regions.

She has been a leading voice in the Indian business landscape, advocating

gender diversity, probing what ails it, and what organizations and leaders can do to improve this critical imperative. She is also the author of two national bestsellers, 'Lady, You're not a Man – the Adventures of a Woman at Work' and 'Lady, You're the Boss!'.

Over the years, Ms. Purohit has won multiple business awards and has been named as one of the Most Powerful Women in Business by the India Today Group and Fortune India over several years. She was awarded the Distinguished Alumni Award from IIM Bangalore in 2022.

Ms. Purohit holds a Bachelor's degree in Science (Physics) and completed her PGDM from IIM, Bangalore. She was a state-level hockey player and played for Tamil Nadu State and Tamil Nadu University.

**Mr. R.  
Chandrasekaran**

Independent Director

Mr. Chandrasekaran Ramakrishnan has more than 34 years of experience in the field of information technology. He retired as the Executive Vice Chairman of Cognizant, India in March 2019. He serves as an Independent Director on the Board of PNB Housing Finance Limited, LTI Mindtree Limited, NSEIT Limited, and Aujas Networks (subsidiary of NSEIT). He is also part of the Chairman's Council, NASSCOM.

He 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.

After earning his engineering degree from Regional Engineering College, Trichy

(National Institute of Technology), he started his career with Ashok Leyland, where he spent four years. After his MBA from Indian Institute of Management Bangalore in 1985, he joined TCS, where he held positions of increasing responsibility and stature, including stints in the UK and the US.

He is very passionate about education and is on the Advisory Board of Thiagarajar College of Engineering, Madurai. He is an active supporter of social causes, sponsoring education for underprivileged children, promoting digital literacy in rural areas, offering scholarships to deserving students in NIT and also supporting research in IIM Bangalore.



### **Mr. Luis Miranda**

Independent Director

Mr. Luis Miranda is Chairman of the Board & Co-Founder of the Indian School of Public Policy. He is also Chairman of the Centre for Civil Society and CORO and a Co-Founder of Take Charge, a mentoring program for Catholic youth in Mumbai.

Luis spends his time connecting dots with his wife, Fiona; using their networks to help the organizations they are connected with. Fiona and Luis are also #LivingMyPromise signatories, where they have pledged to give away at least 50% of what they have to charity during their lives or in their wills. He is also on the board of Educate Girls and SBI Foundation. At the University of Chicago, he is a Trustee of the University of Chicago Trust in India, member of the Global Leaders Group and the Advisory Council of the Rustandy Center for Social Sector Innovation at Chicago Booth and member of the Society Advisory Committee of the Leadership & Society Initiative. Luis is Chairman of ManipalCigna Health Insurance, Senior

Advisor at Morgan Stanley, and an independent director on the board of L&T Technology Services. He is also an advisor to L&T SuFin and GMR Infrastructure.

He has been involved in setting up 2 companies - HDFC Bank and IDFC Private Equity and two non-profits – Indian School of Public Policy and Take Charge. HDFC Bank is India's most valuable bank today. Luis stepped down as CEO of IDFC Private Equity in 2010. In 2009 IDFC Private Equity was awarded Best Private Equity Firm in India by Private Equity International and Asian Infrastructure Fund Manager of the Year by Infrastructure Investor.

Luis blogs for Forbes, Thrive Global, IDR and Spontaneous Order. Luis received an MBA from the Booth School of Business at The University of Chicago and is a member of the Institute of Chartered Accountants of India. He has received the distinguished alumni award from Chicago Booth, HR College and St Joseph's Boys High School.



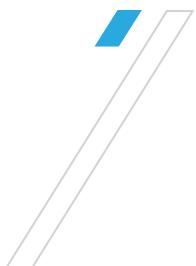
### **Ms. Aruna Sundararajan**

Independent Director

Ms. Aruna Sundararajan is a retired officer of the Indian Administrative Service. She served as the Secretary to the Government of India in the Ministries of Steel, IT and Telecom; and retired as Chairperson of the Digital Communications Commission in July 2019.

During her tenure, Ms. Sundararajan played a pioneering role in steering various important tech policies and initiatives; across the domains of telecom and hardware manufacturing, e-governance, digital payments, data protection, cyber security and tech start-ups.

Post her retirement, Ms. Sundararajan serves on the Boards of leading companies including Delhivery, infoedge and Bharat FIH, India's National Bank of Infra Financing and Development (NabFID) and Cochin International Airport. She is also an active member of a couple of tech mentoring and angel financing initiatives.



# Big Bets Updates

**During the Fiscal, LTTS' industry-leading performance across the global technology landscape continued to be defined by its core innovation and engineering capabilities. The 6 Big Bets – Electric Autonomous and Connected Vehicles (EACV), Next-Gen Comms, AI & Digital Products, Digital Manufacturing, MedTech, and Sustainability – continued to define our focus areas, witnessing significant traction from customers worldwide.**

LTTS is leveraging the Big Bets focus to drive next-gen, cutting-edge technology solutions and offerings and delivering breakthrough disruptions across all facets of global industry. The Company believes that this vision will help us retain, nurture, and enhance our worldwide customer base, win new engagements, and engage with new logos.





## Electric Autonomous and Connected Vehicles

As the world moves towards large scale vehicle electrification, autonomy, connectivity and next-generation software defined vehicles, LTTS continues to witness significant traction and marquee deal wins in the EACV space. This includes several multimillion dollar engagement with some of the largest transportation sector OEM's and Tier 1's worldwide.

The Company is leveraging its deep expertise across the automotive landscape to help drive the next frontiers in the global EV revolution.

### Opportunities

- Vehicle Electrification: e-Powertrain, Charging System, Battery Systems, Fuel Cell and New EV Tech
- Autonomous Vehicles: Level 2-5 Autonomy, Safety and Security, Vehicle AI, and In-Vehicle Architecture
- Connectivity and Infotainment: C-V2X, Infotainment, 5G, Telematics, Infotainment, and Voice Assist
- Digital and Data Services: Solutions on data analytics and digital applications

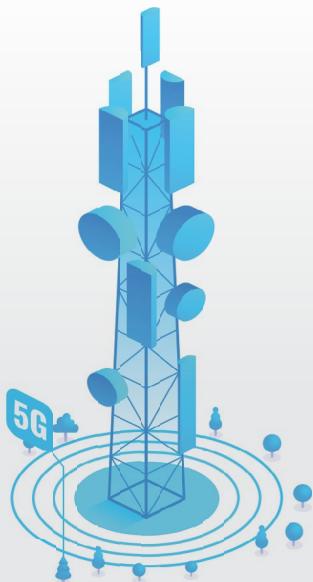
### Investments

- Labs: EV Lab, Bangalore, Krakow Development Center, Poland
- Next-gen Domain Controller for Connected and Autonomous Vehicles
- Platforms: In-house developed EV "eVOLTTS" platform, AV platform, and Digital Cockpit (DCS)

### Capabilities

- High Voltage (>800V) ePowertrain Reference Platform, Integrated Power Converter (3 Phase), 20 KW Charger Platform, Off Board Grid Charger (50 KW)
- Vehicle Data Aggregation and Analysis Platforms, including AnnotAI
- Digital Cockpit Multi-Functional Display Platform with inbuilt TCU (Telematics Control Unit)
- ADAS/AD Perception, Behavioral Planning, and Mechatronics Platform
- Multi Physics Electric Vehicle Simulation Suite for EV Vehicle Architecture and Sizing





## Nex-Gen Comms

Global demand for connectivity and communications is rising. As an early-entrant in the 5G field, LTTS is leveraging its comprehensive chip-to-cloud capabilities to drive next-gen communication journeys for global telcos and enterprise users across geographies. Our engineers are playing a leading role in driving the adoption of 5G private networks; network architecture, testing, and validation; chip development, and organization-wide transformation initiatives.

The Company's recent acquisition of Smart World and Communication has enhanced our capabilities across the next-gen communications spectrum, and we are already witnessing significant customer interest and traction for our enhanced capability offerings.

### Opportunities

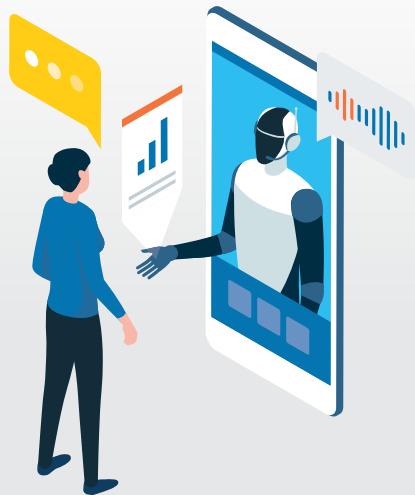
- 5G Private Network
- Lab as a Service
- AI-on-5G platform
- Enterprise Use Cases on 5G Network

### Investments

- Labs: 5G Lab (Dallas, USA and Munich, Europe)
- 5G Network Automation
- 5G accelerators in O-RAN
- Enterprise Use Cases on 5G Network

### Capabilities

- Chip to Cloud services
- Lab as a Service
- Network design, architecture, and implementation
- Deployment accelerators
- 5G Product Engineering
- Enterprise 5G networks and service operations



## AI & Digital Products

LTTS is helping drive deep transformation journeys across the AI & Digital Products ecosystem. As the global ecosystem of connected and smart products continues its exponential growth, our engineers are at the forefront of delivering game-changing customer success paradigms across the emerging digital ecosystem.

The growing adoption of new-age AI models and capabilities is enabling next-gen disruptive paradigms across industries. Leveraging Smart connectivity, AI-enabled insights in manufacturing and engineering, cutting-edge predictive maintenance, robust cybersecurity, and multi- and poly-cloud infrastructure, global organizations today continue exploring untapped value channels for their customers and stakeholders.

### Opportunities

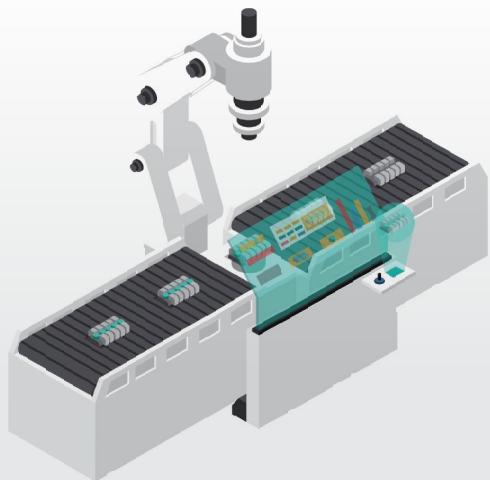
- Web 3.0 PoCs and Models
- Rapid Code Development and Deployment (Low Code/No Code)
- Zero Trust Models
- Cloudification and Connected Devices
- ML-Ops for managing multiple deployments in Machine Learning Models (ML)

### Investments

- Labs: Digital Lab for driving the next frontiers of software-driven solutions, Cloud Security Lab for delivering cutting-edge cybersecurity frameworks
- Software Everything, including Software Defined Vehicles
- Edge Intelligence Framework Solution
- High Performance Computing (HPC) for Automotive software
- Digital Twins for Electrical Panels

### Capabilities

- Decision Support Kit
- Cybersecurity Accelerators
- App Studio
- Smart Platforms and Solutions, including Award-winning solutions like AiKno™, EDGYneer, and SAFEX
- Asset Health Care
- Auto Security Stacks



## Digital Manufacturing

Global businesses are looking for new ways to improve efficiency, reduce costs, and increase flexibility. With Smart Factories, Industrial Internet of Things, and Industry 4.0 in focus, we are witnessing a significant and sustained rise in demand for digital manufacturing solutions.

As a digital manufacturing technology services provider with deep traditional manufacturing domain expertise, LTTS is uniquely positioned and helping our customers drive enhanced operational paradigms and unlock new value streams.

### Opportunities

- Digital Thread and Product Twins
- Smart Factories and Plant Twins
- Integrated delivery - Full Life Cycle Systems
- Industrial Internet of Things (IIoT)
- Digital Asset Management

### Investments

- Labs: Digital Twin Center of Excellence
- Asset Reliability Center
- Energy and Sustainability Manager
- Digital Asset Management through Process and Plant Twins

### Capabilities

- Asset Healthcare Solutions
- F.R.U.G.A.L Framework 2.0
- Connected Factories & OT Cybersecurity
- Digital Transformation and Smart Factories
- Sourcing and Value Engineering as a Service (SVaaS)
- Industry X.Now Integrated Solutions Suite
- Extended Reality (XR) based Apps and Marketplace Development



## MedTech

The growing adoption of technology for delivering innovative solutions like IoMT, AI, Robotics, and AR/VR are redefining the global medical technologies and healthcare landscape. Leveraging its deep domain capabilities in product engineering, digital solutions and services, and an industry-leading understanding of global regulatory compliance frameworks, LTTS is helping medical device manufacturers, OEMs, Pharma and healthcare providers redefine, enhance, and transform their service portfolio including patient and end-user experience paradigms, across geographies.

Again, as global medical data volumes continue to grow, LTTS is leveraging technology to automate the process of scanning and extracting data from published standards and reference documents for generating compliance reports to meet stringent global regulatory frameworks. Our global delivery teams are helping organizations monetize their data streams and enabling secure sharing with partners for driving innovative research and solution development.

## Opportunities

- Data Security and Privacy
- Software defined Medical Devices
- Bio-Medical Engineering
- Internet of Medical Things (IoMT)
- Big Data Management and Analytics

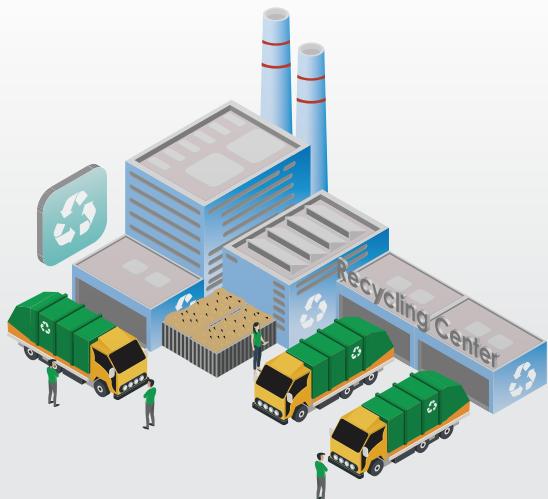
## Investments

- Labs: Product Virtualization Lab, Wet Lab, Imaging and AI Lab
- Platforms and Solutions: Chest-rAi™, NIBP Cuffless Solution, SaMD, MDaaS, Medical Visualization Framework

## Capabilities

- Digital and software-defined product ecosystem
- Medical grade product design including SaMD for Class I, II and III medical devices
- Digital Healthcare Platforms
- Medical Image Processing, Visualization and Decision support
- QARA compliance
- Manufacturing Engineering and Product Sustenance
- 3D printing digitization





## Sustainability

As the global demand for sustainable products and solutions rises, businesses and organizations are realigning their delivery paradigms. Sustainability-focused product and process development, innovation, and research; new-age operational models, and clean energy and carbon footprint reduction are some of the key trends reshaping the global landscape.

With its vision of engineering a sustainable tomorrow, LTTS is driving circular product design, enabling a Net Zero approach across operations and offerings, and delivering cutting-edge solutions for its customers to help them attain their sustainability objectives. The Company has undertaken significant investments during the year to deliver on its commitment toward a cleaner, greener, and more prosperous future for all stakeholders across geographies.

## Opportunities

- Exponential global demand for Product Circularity, Energy Transition, Climate Action, Water and Waste Management, Digital and Smart Manufacturing
- Global focus on achieving carbon and water neutrality by 2030

## Investments

- Labs: Green Hydrogen Lab, Green Certification Lab, Materials Testing Lab
- Sustainability Center of Excellence
- Second Life Battery testing
- 100% renewable-based EV charging infrastructure
- Product electrification

## Capabilities

- Design for Circularity and Net Zero Products
- Wastewater and Zero Effluent Discharge
- Sustainable Smart Worlds
- Distributed Energy Generation
- Energy Storage and Containerization
- Solutions across Second Life Batteries and Green Hydrogen
- Digital Manufacturing Interventions
- Sustainable Packaging Solutions

# The SWC Acquisition

Early in Q4, with a view to expand its line of offerings, LTTS announced the acquisition of Smart World and Communication (SWC), an L&T unit. The acquisition, a reaffirmation of the Company's vision of the 6 Big Bets, went live on April 1, 2023. LTTS is leveraging SWC's capabilities and offerings in driving new-age solutions for its global customers.

Founded in 2016, SWC specializes in Next-Gen Communications, Sustainable Smart World, and Cybersecurity. Over the years, SWC has developed significant expertise and garnered experience in catering to the emerging demand for smart cities, addressing opportunities and provide new-age solutions in the areas of end-to-end communications, and delivering cutting-edge city monitoring and intelligent traffic management systems for both public sector and business organizations.

SWC's expertise in the area of Next-Gen Communications has been instrumental in driving network design, planning, implementation and management including Network Operations Center (NOC), OSS, Datacenter, Cloud/Private 5G at over 25,000 locations across India. It has assisted multiple state governments in India with network operating centers and network management systems while establishing end-to-end network connectivity projects such as TANFINET and Telangana Fiber Grid. The company has created gEDGE data centers, delivering up to 40% reduction in power consumption and up to 30% savings in capex.

LTTS is an early mover in the global communications domain, identifying 5G as one of its Big Bet in 2020. Today, LTTS' 5G offerings and services have resulted in the Company taking complete ownership of 10+ Labs-as-a-Service for customers, 5G network assurance with over 100 use cases for clients, and more than 100 product families developed for OEMs globally.

5G is expected to have a global impact of \$ 1.3 trillion by 2030 and. LTTS and SWC believes that together, they are in a stronger position to continue to win and execute large scale transformational programs in India and globally in this segment.

In Sustainable Smart World, SWC brings capabilities around public safety, smart cities, critical infrastructure and smart metering along with L&T Fusion Platform and Integrated

Command and Control Center (IC3). Implementation of mega public safety projects were completed in Mumbai, Hyderabad and Nagpur where tens of thousands of devices including cameras and network equipment have been rolled out for city level projects. Another notable measure of success is the Prayagraj Smart City program, an AI-based crowd management project which has successfully managed over 250 million people. SWC has also implemented smart metering in states like Uttar Pradesh, Haryana and Delhi to the tune of 6 million meters.

LTTS offers smart building and experience management capabilities through its i-BEMS platform that has been deployed in the 'world's smartest office campus' in Israel with over 14,000 sensors. Together, LTTS and SWC will address a larger market of \$ 390 billion globally for sustainable spaces.

In Cybersecurity, SWC brings Full Lifecycle Threat Management capabilities, with its Cybersecure offerings in risk assessment, threat monitoring, security architecture, design, and DevSecOps. LTTS has been offering Cybersecurity services to its OT and product customers globally. The joint team of LTTS and SWC would provide Security Operating Centers (SOC), full lifecycle threat management, OT cybersecurity and product security credentials and address the demands of the projected \$ 376 billion cybersecurity market.

SWC's solutions and capabilities, including smart metering, L&T Fusion, and IC3, are aligned with the vision of the COP27 commitments made by the governments of the United States, Canada, and Europe. The benefits of the move are already visible across the robust deal pipeline identified, with several new engagements and deal wins.



# Success Stories

01

## Modernizing Locomotives and Track Management for One of North America's largest Railroad Operators



In a marquee engagement, LTTS has been onboarded by a large North American Railroad operator. The Company's global delivery teams will help modernize the customer's locomotive fleet, revitalize operational paradigms, and digitize and upgrade their infrastructure and networks for providing passengers with a seamless experience.

The project will involve state-of-the-art track modernization and digitization, cutting across areas of Train Control, Yard Management, Train Simulation, and integration of

the latest technology components into the core logistics platform for the customer. LTTS' R&D teams in India as well as North America will be cross leveraging their engineering expertise to help modernize the customer's railway network.

LTTS' portfolio of offerings in the domain covers a wide range of railways services and solutions such as Design and Development, Signaling and Communication Engineering, Video and Image Analytics, Predictive Maintenance, Intelligent Automation, and Testing and Validation.

02

## Driving a Multi-year Engagement with BMW in the Vehicle Infotainment Domain

LTTS has successfully closed a 5-year, multi-million-dollar deal from the European luxury vehicle maker, BMW Group, to provide high-end engineering services for the customer's suite of infotainment consoles targeted for its family of hybrid vehicles.

The large deal was awarded to LTTS because of its deep domain expertise and engineering leadership in transportation technologies and LTTS' proven ability to offer unique opportunities to scale up existing projects and work on new ones.

Our team of engineers will be providing services in the areas of software build and integration, infotainment design and functionality validation, and defect management.

LTTS has an existing Near Shore Center which provides Engineering and R&D services for BMW Group's suite of infotainment consoles and its family of hybrid electric vehicles. The proximity to BMW Group's campus will enable LTTS' engineers to work on a variety of solutions and offer services in real time.



03

## Engineering Next-Gen Communications Paradigms for a US-based Telecommunications Major



As 5G rollouts accelerate and the global demand for seamless communication in enabling Industry 4.0 takes off, we are witnessing the rise of new paradigms in the next-gen communications landscape. LTTS has identified Next-Gen Communications as one of its 6 Big Bets, and is focusing on unlocking customer success in the domain.

The Company has been onboarded by a leading US-based telecommunications major to help drive the next frontiers of its 5G technology offerings. We would be leveraging our industry-leading Lab as a Service offerings to help the customer test their network capabilities

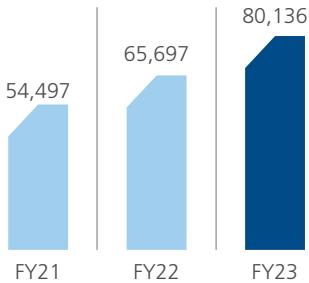
and drive new product development. Our core capabilities in the domain would help ensure streamlined program ownership and deliver cutting-edge automation expertise leveraging in-house frameworks such as CogMation and ADROIT, supported by a dedicated team to steer the planned initiatives.

The engagement also serves to reaffirm the vision of LTTS leadership in driving through the acquisition of Smart World and Communication to enhance and scale our end-to-end communications technology capabilities across the global landscape.

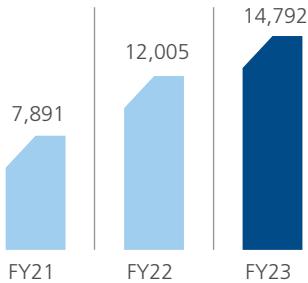
# Performance Highlights

In FY23, LTTS delivered strong results across parameters – revenue, profitability, cash flow, and capital return, enabled by significant deal wins and a robust operations playbook.

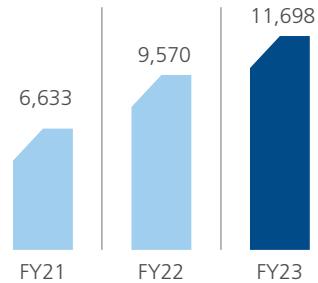
**Revenue (₹ mn)**



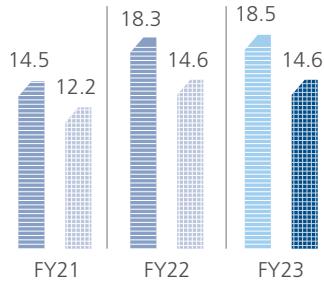
**EBIT (₹ mn)**



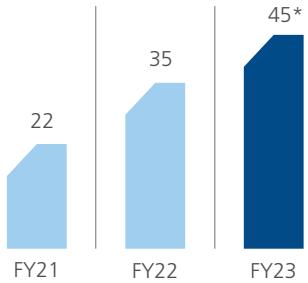
**PAT (₹ mn)**



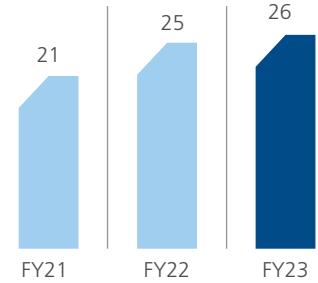
**EBIT Margin & PAT Margin (%)**



**Dividend per share (₹)**

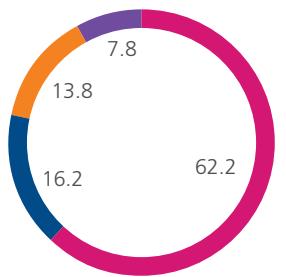


**Return on Equity (%)**



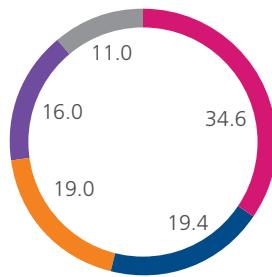
\*Includes proposed Final Dividend

**Geography-wise revenue breakup FY23 (%)**



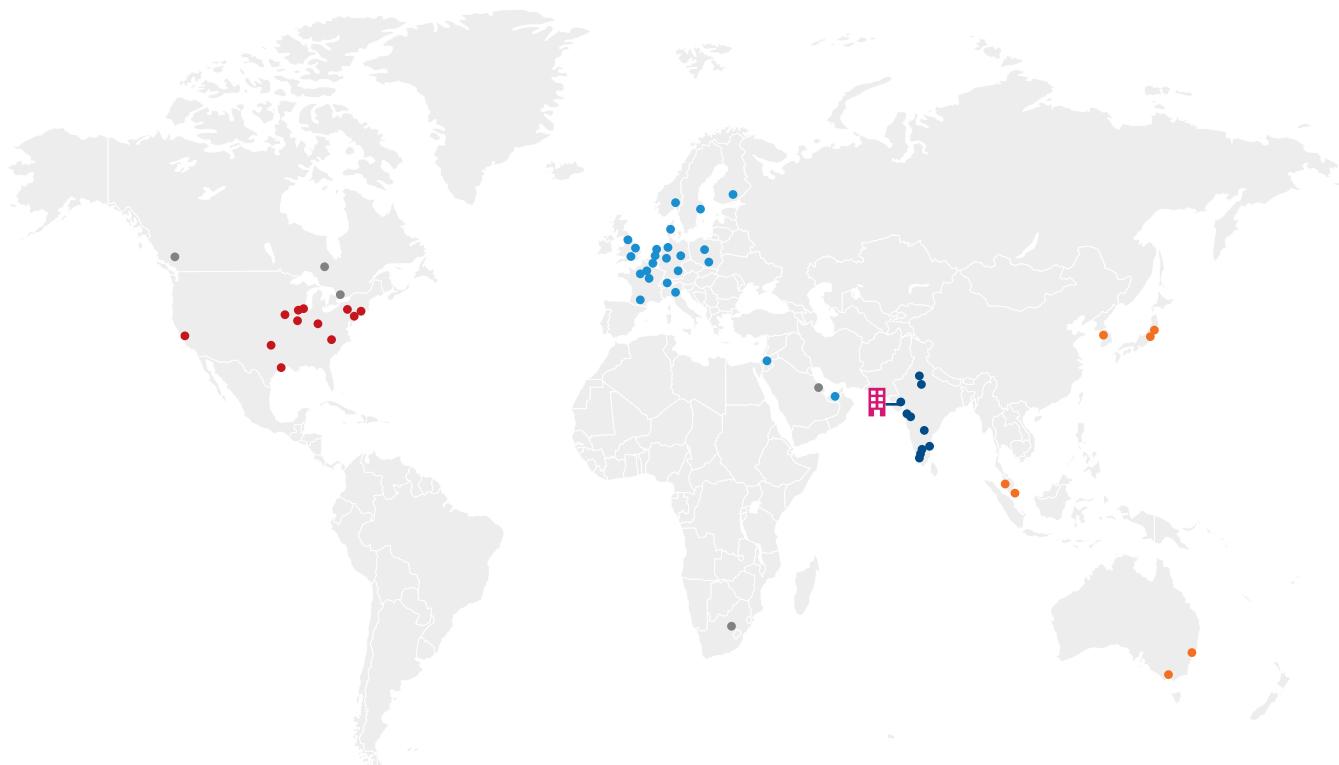
- North America
- Europe
- India
- ROW

**Business-wise revenue breakup FY23 (%)**



- Transportation
- Telecom & Hi-tech
- Industrial Products
- Plant Engineering
- Medical Devices

# Global Presence



## Head Quarters

Vadodara, India

## Registered Office

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

- **INDIA**
- Vadodara
- Mumbai
- Pune
- Kochi
- Faridabad
- New Delhi
- Bengaluru
- Mysuru
- Chennai
- Hyderabad

- **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
- Finland**
- Espoo
- France**
- Neuilly-Sur-Seine
- Paris
- Toulouse
- Germany**
- Leipzig

- Munich**
- Frankfurt
- Hamburg
- Italy**
- Milan
- Israel**
- Jerusalem
- Netherlands**
- The Hague
- Eindhoven
- Norway**
- Baerum
- Poland**
- Warsaw
- Kraków
- Sweden**
- Stockholm
- United Kingdom**
- London
- Switzerland**
- Zurich

- **APAC**
- Japan**
- Tokyo
- Utsunomiya
- UAE**
- Abu Dhabi
- Malaysia**
- Petaling Jaya
- Singapore**
- South Korea**
- Suwon
- Australia**
- Melbourne
- Sydney
- **REST OF THE WORLD (ROW)**
- Canada**
- Toronto
- British Columbia
- Ontario
- South Africa**
- Pretoria
- Kingdom of Saudi Arabia**
- Al Khobar

# Employee Initiatives

An able team of professionals, robust practices and policies, and a culture of caring and listening define the core of employee-focused initiatives at LTTS. The Company, which has grown to over 22,200 members during the fiscal, continues to undertake actionable and impactful steps to drive the next frontiers of stakeholder enjoyment for its employees, seeing them as valued partners in the journey to 'Beyond the Billion!'



Key initiatives and highlights during the year included:

## Great Place To Work® Certification™

As a testament to our continued commitment toward ensuring a world-class workplace for our expanding family of engineers, LTTS' India operations were certified as a Great Place to Work® for the second time in a row. In addition to LTTS India, LTTS Poland too was rated as a Great Place to Work®. The certifications were awarded basis employee feedback collected during the GPTW survey conducted across LTTS locations. Employees voluntarily participated in large numbers, and their feedback on LTTS as a great workplace helped ensure the success of our initiatives.

## Project Rendezvous 2.0

Project Rendezvous, undertaken in FY22, helped deepen and expand employee initiative paradigms at LTTS with its innovative engagement and participation frameworks. Rendezvous 2.0 continued to build on its success in setting apart our commitment to employee success. With the active participation of employees across LTTS' global locations, the project teams, led by LTTS leaders under the direct guidance of our MD & CEO, helped redefine the way forward across such key tracks including recognition, rewards, well-being, and overall process streamlining.

## Altum and Leader's League

Deep-seated career progression initiatives continues to be one of the key pillars for LTTS as part of our employee-focused initiatives. During the fiscal, we initiated 'Altum,' a succession planning program. This has resulted in the elevation of three leaders from Delivery Heads to Business Unit Heads, while 56% of the associates in the Leader's League progressed to higher roles as part of Internal Job Posting. As an organization, LTTS remains committed to our employees' progression and will continue to aim at achieving a higher movement within the organization to unlock new synergies and promote the development of in-house talent.

## The LTTS Global Engineering Academy (GEA)

As the nation's largest pure-play ER&D Services Company, technology skill building continued to be a core activity at LTTS. The LTTS Global Engineering Academy (GEA), started in 2020, has continued to impart competency development programs for employees to drive a closer alignment of available skills with the Company's strategic business goals. During the fiscal, the Academy has trained over 18,000 employees in 444 sessions, and established digital classrooms across Vadodara, Mysore, and Bangalore, besides setting up a center in Krakow, Poland for automotive engineers.

# Community Initiatives

LTTS continued to deliver on its deep commitment to the society. The highlights of our community initiatives during the year include:



## Project Hyperloop

LTTS partnered with IIT Madras to support its Hyperloop project. Our funding and technical support will enable IIT Madras' Team Avishkar to gain traction in breakthrough disruptions in the emerging domain of Hyperloop-based transportation solutions for futuristic commuting experience. LTTS' CEO and MD, Mr. Amit Chadha signed the agreement along with Prof. V. Kamakoti, Director, IIT Madras.

## Integrated Watershed Management Project in Tamil Nadu

The Company constructed water harvesting structures such as check dams and village ponds to help the residents in the parched rural regions in Tamil Nadu, besides setting up a threshing yard and training camps for the benefit of the locals.

## Water Conservation for Agricultural Productivity

During the year, LTTS supported a multipronged water conservation and irrigation program in southern Gujarat – a region which faces severe water crisis every year. Our activities included the installation of solar lift irrigation pumps, plantation of 3,220 mango saplings and development of farm ponds. The farm ponds can be multipurposed for fishery and vegetable cultivation. Additionally, over 32,000 saplings were planted to promote biodiversity in the region.

## Empowering Channapatna Handicrafts and Artisans

LTTS engaged with Craftizen Foundation to promote the traditional craft of Channapatna wooden toys by setting up a design workshop for learning and creation of these handicrafts. The civil work for the workshop commenced in Q2 FY23 and became functional in Q3 FY23.

## LTTsites for a Cause

Employee volunteers from LTTS Vadodara and Mysuru gathered at the Akota Stadium in Vadodara and the Scouts and Guides Ground in Mysuru, respectively, to collect solid waste across a stretch of about 2 KM around the meeting points in both the cities. Plastic waste was collected separately. The activities at the two locations led to a cumulative collection of 475 Kg of waste and clocked 140 hours of volunteering activity.

## Mumbai Open Wheelchair Tennis

A Wheelchair Tennis Tournament: In November 2022, specially abled tennis players gathered at the Navi Mumbai Sports Association for the much-awaited Wheelchair Tennis Tournament. The tournament included singles and doubles matches for both men and women and saw a hearty participation by 42 sportspersons from across the country.

## Integrated Village Development Program in Maharashtra

LTTS is involved in supporting three rural enterprise units for the production of cereals, spices, and flours. The initiative is helping redefine lives and livelihoods in these economically backward regions.

## Tabebuia Open Wheelchair Tennis Tournament

The innovative community engagement initiative witnessed participation by 35 specially-abled sportspersons at the Padukone Dravid Centre for Sports Excellence in Bangalore.



# Awards and Recognition



- Recognized as a Great Place to Work® for best practices across India
- Positioned as a 'Leader' in all 5 quadrants for the North America market in the 2022 ISG Provider Lens™ Digital Engineering Services Report
- LTTS' Chest-rAI™ solution recognized as an "Innovator" by NASSCOM in their AI GameChangers Awards 2022
- HfS Research recognized LTTS among the Top 10 Industry 4.0 Service Providers
- Recognized as 'Leader' in Everest Group's Digital Product Engineering Services PEAK Matrix® Assessment 2022
- Golden Peacock Corporate Social Responsibility Award for 2022
- Recognized as 'Leader' in Everest Group's Connected Medical Device Services PEAK Matrix® Assessment 2022
- Frost & Sullivan honored LTTS with Global Energy Optimization and Sustainability Management Product Leadership Award
- The LTTS Global Engineering Academy has been named as Best Corporate Learning University in the ET Future Skills Awards 2022
- LTTS' eVOLTTS platform recognized as Hybrid Technology Solution of the Year by US-based AutoTech Breakthrough Awards
- Awarded with the Best Industry-Academia collaborations of the year by CII Industrial Innovation Awards 2022
- Won the Golden Peacock Innovation Management Award – 2022 by Institute of Directors (IOD)
- Conferred with the 2022 Notable Supplier Award by Bosch India
- LTTS' Global Engineering Academy was declared the winner of the organization award category at the Future of Learning and Development Summit & Awards 2022 by the UBS Forum
- Honored with the Gold Award in the areas of 'Environment, Climate and Forest' by CSR Times Ratings
- LTTS has been rated as leaders in the Zinnov Zones ER&D Services 2022 across verticals including Aerospace, Automotive, Industrial, Semiconductor, Telehealth, Telecommunication and technologies such as Electrification, Digital Engineering, Data & AI Engineering, Experience Engineering Services, and Industry 4.0
- Conferred with the 'BIG Innovation Award' for Innovation in IoT for EDGYneer by the Business Intelligence Group
- The 13<sup>th</sup> Aegis Graham Bell Awards honored LTTS in the 'Innovation in EV Infrastructure' category for its industry-leading EV Charging Infrastructure
- Recognized as a Partner-level Supplier by John Deere for the fourth time, for outstanding performance in product and service quality
- CSR Journal's Special Commendation Award recognized LTTS' for Clean Energy Project benefiting tribal areas
- Integrated Watershed Management project by LTTS was recognized as the winner by Indian Social Impact Awards
- LTTS has been rated as leaders in Digital Engineering Services in North America across Design & Development (Product, Services, Experience), Integrated Customer/User Engagement and Experience, Platforms and Applications Services, and Intelligent Operations by ISG
- ISG rated LTTS as Leader and the only pure-play ESP in Manufacturing Industry Services in the US and Europe
- LTTS has been rated as leaders in Life Sciences Digital Services 2022 for MedTech Digital Transformation by ISG

# Corporate Information

## Board of Directors

<b>Mr. A. M. Naik</b>	Founder Chairman
<b>Mr. S. N. Subrahmanyam</b>	Vice Chairman
<b>Mr. Amit Chadha</b>	CEO and Managing Director
<b>Mr. Abhishek Sinha</b>	COO and Whole-Time Director
<b>Mr. Alind Saxena</b>	President, Sales and Whole-Time Director
<b>Dr. Keshab Panda</b>	Non-Executive Director
<b>Mr. Narayanan Kumar</b>	Independent Director
<b>Mr. Sudip Banerjee</b>	Independent Director
<b>Ms. Apurva Purohit</b>	Independent Director
<b>Mr. R. Chandrasekaran</b>	Independent Director
<b>Mr. Luis Miranda</b>	Independent Director
<b>Ms. Aruna Sundararajan</b>	Independent Director

**Chief Financial Officer** Mr. Rajeev Gupta

**Company Secretary** Ms. Prajakta Powle

**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](http://www.LTTS.com)

**Auditors** M/s. MSKA & Associates

**Registrar & Share Transfer Agent** KFin Technologies Limited ([www.kfintech.com](http://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@ltts.com • Website: www.LTTS.com  
 Tel No.: +91 22-67525656 • Fax No.: +91 22-67525858

# NOTICE

Notice is hereby given that the **Eleventh Annual General Meeting** of the members of L&T Technology Services Limited will be held on **Tuesday, July 18, 2023, at 3:45 P.M.** Indian Standard Time (IST) through **Video Conferencing/Other Audio-Visual Means ("VC/OAVM")** to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt:
  - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2023, the reports of the Board of Directors and Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023, together with the report of the Auditors thereon.
2. To declare final dividend for the financial year ended March 31, 2023, amounting to ₹ 30/- per equity share.
3. To appoint a Director in place of Dr. Keshab Panda (DIN: 05296942), who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

4. **Appointment of Ms. Aruna Sundararajan (DIN: 03523267) as an Independent Director of the Company**

To consider and, if thought fit, to pass 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 ("the Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and such other rules, as may be applicable (including statutory modification(s), enactment(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, and upon recommendation of Nomination and Remuneration Committee and approval of Board of Directors, Mr. Alind Saxena

Company and upon recommendation of Nomination and Remuneration Committee and approval of Board of Directors, Ms. Aruna Sundararajan (DIN: 03523267), who was appointed as an Additional Director in the capacity of an Independent Director, pursuant to the provisions of Section 161(1) of the Act, with effect from April 26, 2023, and in respect of whom the Company has received a Notice in writing from a member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director, not liable to retire by rotation, for a period of five years commencing from April 26, 2023 to April 25, 2028.

**RESOLVED FURTHER THAT** any Director or the Company Secretary and Compliance Officer or the Chief Financial Officer, be and are hereby severally authorized to do all such things, deeds, matters, and acts as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

5. **Appointment of Mr. Alind Saxena (DIN: 10118258) as President Sales & Whole-Time Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 ("the Act") the Companies (Appointment and Qualifications of Directors) Rules, 2014 and such other rules, as may be applicable (including statutory modification(s), enactment(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, and upon recommendation of Nomination and Remuneration Committee and approval of Board of Directors, Mr. Alind Saxena

(DIN: 10118258) who was appointed as an Additional Director (designated as President Sales & Whole-Time Director) with effect from April 26, 2023 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as President Sales & Whole-Time Director for a period of three years commencing from April 26, 2023 up to and including April 25, 2026, liable to retire by rotation.

**RESOLVED FURTHER THAT** Mr. Alind Saxena in his capacity as President Sales & Whole-Time Director of the Company, be paid remuneration as may be fixed by the Board, from time to time, as prescribed under the Act 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** the Board of Directors or the Company Secretary and Compliance Officer or the Chief Financial Officer, be and are hereby severally authorized to do all such things, deeds, matters, and acts as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

## NOTES

- 1) The Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts for the proposed resolutions and disclosures as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ("SS-2") forms part of this Notice.
- 2) Pursuant to the General Circular No. 11/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 issued by SEBI dated January 5, 2023 (in continuation to the circulars issued earlier in this regard) hereinafter referred as ("**Circulars**"), the 11<sup>th</sup> Annual General Meeting ("AGM") of the Company will be conducted through VC/OAVM without the physical presence of the Members. Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the proxy form and attendance slip are not annexed to this notice. The registered office of the Company shall be deemed to be the venue for the AGM.

3) Corporate/Institutional Members (i.e., other than Individuals, HUF, NRI etc.) are required to send a certified true copy (PDF Format) of the Board resolution/authority letter, authorizing their representative to attend and vote. The said resolution/authorisation shall be sent by an e-mail to Scrutinizer at [alwyn.co@gmail.com](mailto:alwyn.co@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and the Company at [investor@ltts.com](mailto:investor@ltts.com).

- 4) The Company has engaged the services of National Depository Services Limited, as the authorized agency for conducting the AGM and providing remote e-Voting and e-Voting facility during the AGM. The instructions for participation are given in the subsequent notes.
- 5) If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend is subject to deduction of tax at source and will be made on or after July 22, 2023, as under:
  - i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as on Friday, July 7, 2023;
  - ii. To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as on Friday, July 7, 2023.

Final Dividend, if approved by the Members, will be directly credited to the bank accounts of the shareholders holding shares as on the Record Date i.e., Friday, July 7, 2023, as per the details available with the Company. In case of shareholders who have not updated their bank account details, demand drafts will be sent to them in due course.

To avoid delay in receiving dividend, Members are requested to update their KYC with their depositories (where shares are held in demat mode) and with the Company's Registrar & Share Transfer Agents ("RTA") (where shares are held in physical mode) to receive dividend directly into their bank account.

- 6) In terms of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, it is mandatory for members holding shares in physical form to furnish PAN, nomination, contact details, bank A/c details and specimen signature for their corresponding folio numbers to the RTA before October 1, 2023, failing which, such folios will be frozen by the RTA. Accordingly,



the Company has disseminated the requirements to be complied with by the Members holding shares in physical form on the website of the Company at [www.LTTS.com](http://www.LTTS.com)

#### **7) Tax Deducted at Source ("TDS") on Dividend:**

Pursuant to the provisions of the Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020, and the Company is required to deduct tax at source from the 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).

- A. 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 submitting the documents at a dedicated link <https://iris.kfintech.com/form15> on or before July 7, 2023.
- B. Shareholders are requested to note that, in case, their PAN is not registered, the tax will be deducted at a higher rate of 20%.
- C. Non-resident shareholders [including Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax 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 7, 2023.

#### **ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF E-MAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:**

- 8) In compliance with the aforesaid circulars, the Annual Report along with 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 Depositories and the same has been uploaded on the website of the Company at [www.LTTS.com](http://www.LTTS.com). 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](http://www.bseindia.com)

and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the e-Voting facility) i.e., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- 9) 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 Limited, Selenium Tower B, Plot Nos. 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032, so as to reach them latest by Friday, July 7, 2023, 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.

#### **PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM:**

- 10) Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access it by following the steps mentioned below for access to NSDL e-Voting system. After successful login, you can see the 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 members who do not have User ID and Password for an 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.
- 11) For convenience of Members and proper conduct of AGM, Members can login and join 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on a first come first serve basis.
- 12) Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience audio/video loss due to fluctuations in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

- 13) Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

**PROCEDURE TO RAISE QUESTIONS/SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:**

- 14) Members (holding shares as on Cut-off date i.e., July 11, 2023) who would like to express their views/ask questions during the AGM may register themselves as a Speaker by sending an email to the Company at *investor@ltts.com* mentioning their name, demat account number/folio number, email id, mobile number by Friday, July 14, 2023 till 5.00 P.M.
- 15) Only those Members who register themselves as Speakers will be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of questions and number of Speakers, as appropriate for smooth conduct of the AGM.
- 16) Further, Members who would like to have their questions/queries responded to with regard to the financial statements or any matter to be placed at the AGM, are requested to write to the Company on or before the Cut-off date, at *investor@ltts.com*. The same will be replied by the Company suitably.

**PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:**

- 17) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI Listing Regulations and applicable circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. 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.

- 18) Those Members, whose names appear in the Register of Members/list of Beneficial Owners as on Tuesday, July 11, 2023 i.e., the cut-off date for e-Voting, are entitled to avail either the facility of remote e-Voting prior to the AGM or voting during the AGM. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
- 19) The remote e-Voting period will commence on Saturday, July 15, 2023, at 9:00 A.M. and will end on Monday, July 17, 2023, at 5:00 P.M. The remote e-Voting module shall be disabled by NSDL for voting thereafter.
- 20) In addition, the facility for voting through an electronic voting system shall be made available during the AGM. Members attending the AGM who have not cast their votes by remote e-Voting shall be eligible to cast their votes through e-Voting during the AGM. Members who have voted through remote e-Voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-Voting facility provided by the Company through NSDL e-Voting system at <https://www.evoting.nsdl.com/>.
- 21) The voting right of shareholders shall be in proportion to their share in the paid-up equity capital of the Company as on the cut-off date for e-Voting, i.e., July 11, 2023.

**PROCEDURE FOR VOTING ELECTRONICALLY USING NSDL E-VOTING SYSTEM**

- 22) 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 are mentioned below:

A) **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1. Existing IDeAS user can visit the e-Services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>“Beneficial Owner”</b> icon under <b>“Login”</b> which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password.</p> <p>After successful authentication, you will be able to see e-Voting services under value added services. Click on <b>“Access to e-Voting”</b> under e-Voting services and you will be able to see the e-Voting page.</p> <p>Click on <b>company name or e-Voting service provider</b> i.e., <b>NSDL</b> 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 &amp; voting during the meeting.</p> <p>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/ideasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/ideasDirectReg.jsp</a></p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 hold 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 <b>e-Voting service provider</b> i.e. <b>NSDL</b> 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 &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p><b>Apple App Store</b>      <b>Google Play</b></p>  

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also be able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 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 other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode	<ol style="list-style-type: none"> <li>1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile.</li> <li>2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>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.</li> </ol> <p>Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> 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.</p>



### 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  For example, 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:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) 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.
- c) How to retrieve your 'initial password'?
  - i. 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. Open the .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](http://www.evoting.nsdl.com).
  - ii. Click on "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - iii. If you are still unable to get the password by the aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto: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, the home page of e-Voting will open.

### Details on Step 2 are 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 cast 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call on: 022 - 4886 7000 and 022 - 2499 7000
Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cDSLindia.com">helpdesk.evoting@cDSLindia.com</a> or contact at toll free no. 1800 22 55 33

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- 23) Members 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" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join 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.
- 24) Members are encouraged to join the Meeting through Laptops for better experience.
- 25) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 26) 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](http://www.evoting.nsdl.com).

**GENERAL INFORMATION:**

- 27) 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](http://www.evoting.nsdl.com) to reset the password.
- 28) 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 remote e-Voting and e-Voting during the AGM in a fair and transparent manner.
- 29) The Scrutinizer shall, immediately upon conclusion of the voting at the AGM, unlock the votes cast through e-Voting (votes cast during the AGM and



votes cast through remote e-Voting) and will submit a consolidated Scrutinizer's Report to the Chairman or any other person authorized by him in writing, who shall countersign the same and declare the results thereof.

- 30) The results declared along with the Scrutinizer's report, will be posted on the website of the Company at [www.LTTS.com](http://www.LTTS.com) and on the website of NSDL at [www.evoting.nsdl.com](http://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 authorized by him in writing. The Company shall simultaneously communicate the results to the Stock Exchanges not later than two working days as required under Regulation 44(3) of the SEBI Listing Regulations.
- 31) Members are requested to address all correspondence, including dividend related matters, to the RTA, KFin Technologies Limited, Unit: LTTS, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032.
- 32) SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated companies to issue securities in dematerialized form only, while processing service requests viz. issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement, sub-division/splitting, consolidation of securities certificate, transmission, and transposition. Members are accordingly advised to get their shares held in physical form dematerialized through their Depository Participant.

#### **PROCEDURE FOR INSPECTION OF DOCUMENTS:**

- 33) 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@ltts.com](mailto:investor@ltts.com) upto the date of the AGM. The said documents will be available for electronic inspection for the Members without payment of any fee.
- 34) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which the Directors are interested

under Section 189 of the Act will be available for inspection in electronic mode, based on the request being sent on [investor@ltts.com](mailto:investor@ltts.com).

#### **OTHERS**

- 35) The Company has designated an exclusive e-mail id viz. [investor@ltts.com](mailto:investor@ltts.com) to enable Investors to register their complaints, if any.
- 36) Members are requested to note that dividends, if not encashed for a period of 7 years from the date of transfer to the Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all the shares in respect of which dividend has remained unclaimed for 7 consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. For details, please refer to the Corporate Governance Report.
- 37) 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.
- 38) Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email 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](mailto:einward.ris@kfintech.com).
  2. In case shares are held in demat mode, please provide DP ID-Client ID (16-digit DP ID + Client ID 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](mailto:einward.ris@kfintech.com) with a copy marked to the Company at [investor@ltts.com](mailto:investor@ltts.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) above i.e., Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-Voting by providing above mentioned documents.
- 39) For ease of participation of the Members, below are the key details regarding the meeting-

Sr. No.	Particulars	Details
1.	Record Date for dividend	Friday, July 7, 2023
2.	Cut-off date for e-Voting	Tuesday, July 11, 2023
3.	Remote e-Voting starts on	Saturday, July 15, 2023, at 9:00 A.M.
4.	Remote e-Voting ends on	Monday, July 17, 2023, at 5:00 P.M.
5.	Last date for Speaker registration	Friday, July 14, 2023 till 5.00 P.M.

By Order of the Board of Directors  
For **L&T Technology Services Limited**

**PRAJAKTA POWLE**  
**Company Secretary & Compliance Officer**  
**(M. No. A20135)**

Date: April 26, 2023

Place: Mumbai

## EXPLANATORY STATEMENT

**As required by Section 102(1) of the Act, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 4 and 5 of the accompanying Notice dated April 26, 2023.**

### ITEM NO. 4

On the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors at their meeting held on April 26, 2023, appointed Ms. Aruna Sundararajan (DIN: 03523267) as an Additional Director in the capacity of an Independent Director of the Company with effect from April 26, 2023 for a term of 5 consecutive years upto April 25, 2028 subject to approval of the Members of the Company. In terms of Section 160 of the Act, the Company has received a notice in writing from a member signifying the intention to propose the candidature of Ms. Aruna Sundararajan for the office of Director of the Company.

The Company has received the requisite consents, declarations, etc. from Ms. Aruna Sundararajan in relation to her appointment as an Independent Director.

Ms. Aruna Sundararajan has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties as an Independent Director of the Company. She also holds valid registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

### Brief Profile of Ms. Aruna Sundararajan

Ms. Aruna Sundararajan is a retired officer of the Indian Administrative Service. She served as the Secretary to the Government of India in the Ministries of Steel, IT and Telecom; and retired as Chairperson of the Digital Communications Commission in July 2019.

During her tenure, Ms. Aruna Sundararajan played a pioneering role in steering various important tech policies and initiatives; across the domains of telecom and hardware manufacturing, e-governance, digital payments, data protection, cyber security and tech start-ups.

Post her retirement, Ms. Aruna Sundararajan serves on the Boards of leading companies including Delhivery, Infoedge and Bharat FIH, India's National Bank of Infra Financing and Development (NabFID) and the Cochin International Airport. She is also an active member of a couple of tech mentoring and angel financing initiatives.

The Board is of the opinion that Ms. Aruna Sundararajan fulfills the conditions for appointment as an Independent Director of the Company as specified in the Act and rules made thereunder and SEBI Listing Regulations. The Board is also of the opinion that Ms. Aruna Sundararajan is independent of the management of the Company and possesses expertise, knowledge and relevant skills such as Information Technology, Strategy & Planning and Stakeholder Engagement & Industry Advocacy and that her association would be of immense benefit to the Company. A copy of the draft letter of appointment of Ms. Aruna Sundararajan as an Independent Director setting out the terms and conditions will be available for electronic inspection without any fees by the members.

Details of Ms. Aruna Sundararajan as required under the SEBI Listing Regulations and SS-2 are provided as annexure of this Notice.



The Board of Directors based on the recommendation of the Nomination and Remuneration Committee considers the appointment of Ms. Aruna Sundararajan as an Independent Director in the interest of the Company and recommends the Special Resolution for approval of Members.

Except Ms. Aruna Sundararajan, being the appointee, none of the Directors and Key Managerial Personnel of the Company, including their relatives, are in any way concerned or interested, financially or otherwise in the resolution set out in Item No. 4.

## **ITEM NO. 5**

Mr. Alind Saxena was earlier appointed as the Chief Sales Officer of the Company with effect from April 1, 2022. On the recommendation of the Nomination & Remuneration Committee, the Board of Directors at their meeting held on April 26, 2023, subject to approval of members appointed Mr. Alind Saxena (DIN: 10118258) as an Additional Director designated as President Sales & Whole-Time Director with effect from April 26, 2023 for a term of three years commencing from April 26, 2023 to April 25, 2026 as per the below mentioned terms and conditions including his remuneration, subject to the approval of the members.

Particulars	Remuneration USD per annum
Fixed Pay	4,55,400
Variable Pay	2,32,875

### **Notes:-**

1. *The Total Remuneration mentioned above shall be revised as per the Company's policy subject to annual increment up to 4%, as may be decided by the Board of Directors upon recommendation of NRC from time to time. 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. *Since Mr. Alind Saxena is appointed as Whole-Time Director in the middle of FY 2024, the total remuneration for such a financial year will be payable on a pro-rata basis for the period of his employment as Director.*
3. *Appointee will be entitled to all other benefits, perquisites, as may be applicable as per Company policy.*

In terms of Section 160 of the Act, the Company has received a notice in writing from a member signifying the intention to

propose the candidature of Mr. Alind Saxena for the office of Director of the Company.

The Company has received the requisite consents, declarations, etc. from Mr. Alind Saxena in relation to his appointment as President Sales & Whole-Time Director.

### **Brief Profile of Mr. Alind Saxena:**

Mr. Alind Saxena has been with the Company since 2009 and is responsible for driving topline growth, strategic business development and creating new revenue streams for the company, while managing strong customer connects and large deal pipeline.

With the support of his globally diverse teams spread across continents, he has spearheaded the expansion of LTTS into important markets. As Chief Sales Officer, Mr. Alind has been instrumental in steering LTTS to its current position as a leading global engineering services provider helping Fortune 500 customers across the world.

In his previous roles, Mr. Alind has been closely associated with the manufacturing industry in domains such as Automotive, Aerospace, Oil and Gas, Industrial Products, Telecom and Medical devices.

With decades of industry experience, Mr. Alind has held several leadership positions in multinational organizations. A technologist with very strong business acumen, Alind has worked out of Asia, Europe, and North America.

Mr. Alind is a core member of the Leadership Council of L&T Technology Services. He is a graduate from the Indian Institute of Technology, Kanpur, and certified in leadership from INSEAD and Harvard Business School. He is also an active member of STEM and presides over several educational councils in his local district.

Details of Mr. Alind as required under the SEBI Listing Regulations and SS-2 are provided as annexure of this notice.

Part III of Schedule V of the Act read with SS-2 provides that the appointment and remuneration of Managing Directors and Whole-Time Directors in accordance with Part I and Part II of the Schedule V which shall be subject to approval of the shareholders in a General Meeting. Since Mr. Alind Saxena is not a resident of India, as required under Schedule V of the Act upon consent of the Members to the ordinary resolution proposed under Item No. 5 of the accompanying Notice, the Company will make an application to the Central

Government for approval of appointment of Mr. Alind Saxena as Whole-Time Director.

The Principal Agreement entered into between the Company and Mr. Alind Saxena, President Sales & Whole-Time Director containing the terms and conditions of his appointment and remuneration will be open for electronic inspection without any fees by the Members.

The Board of Directors based on the recommendation of the Nomination and remuneration Committee considers the appointment of Mr. Alind Saxena as President Sales & Whole-Time Director in the interest of the Company and recommends the Ordinary Resolution as set out in Item No. 5 of this Notice for approval of Members.

Except Mr. Alind Saxena, being the appointee, none of the Directors or Key Managerial Personnel of the Company, including their relatives, are in any way concerned or interested, financially or otherwise in the Resolution set out in Item No. 5.

**By Order of the Board of Directors**

**PRAJAKTA POWLE**  
**Company Secretary & Compliance Officer**  
**(M. No. A20135)**

Date: April 26, 2023

Place: Mumbai



### (ANNEXURE TO NOTICE DATED APRIL 26, 2023)

**Details of Directors seeking appointment/modification of remuneration pursuant to Regulation 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2)**

Name of the Director	Dr. Keshab Panda (DIN: 05296942)	Ms. Aruna Sundararajan (DIN: 03523267)	Mr. Alind Saxena (DIN: 10118258)
Age	64	63	53
Qualifications	B. Tech, ME, PhD from IIT Bombay and Advanced Management Degree (Wharton Business School)	Bachelor's degree in Economics, Master's degree in Philosophy from Madras University and Diploma in Public Administration (International Institute of Public Administration, Paris)	B. Tech from IIT Kanpur and Certified in leadership from INSEAD & Harvard Business School
Expertise	Diversified and global business experience in research, conceptualizing, creating, operationalizing, and turning around complex technology and engineering services businesses	Over 37 years of experience in establishing/promoting a number of iconic initiatives, which were not only hailed as global best practices but which were also called up nationally, including the Akshaya e-literacy project in Kerala which became the model for the Common Service Centre Initiative, the Technopark and Infopark, Kochi, the Kerala Start-up Mission and the launch of one of the country's very first mobile banking initiatives as early as in 2008-09	Diversified and vast experience in driving topline growth, strategic business development and creating new revenue streams
Terms and Conditions of Appointment/Re-appointment	Appointed as Non-Executive Director, liable to retire by rotation w.e.f. April 1, 2021	Appointed as an Independent Director not liable to retire by rotation for a term of 5 consecutive years w.e.f. April 26, 2023	Appointed as a Whole-time Director, liable to retire by rotation for a term of 3 years w.e.f. April 26, 2023
Details of remuneration last drawn and proposed to be paid	As mentioned in the Report of Corporate Governance forming part of this Annual Report.	As mentioned in the Report of Corporate Governance forming part of this Annual Report.	As per the resolution No. 5 of this Notice, read with the explanatory statement.
Date of first appointment on the Board	April 1, 2021	April 26, 2023	April 26, 2023
Shareholding in the Company as on March 31, 2023	76,600	Nil	54,000
Relationships between directors inter-se	Nil	Nil	Nil

Name of the Director	Dr. Keshab Panda (DIN: 05296942)	Ms. Aruna Sundararajan (DIN: 03523267)	Mr. Alind Saxena (DIN: 10118258)
Number of Meetings attended during the year	6 out of 6 meetings	NA	NA
Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign companies)	Nil	1. Bharat FIH Ltd. 2. Cochin International Airport Ltd. 3. Digviddhi Technologies Pvt Ltd. 4. NabFid (National Bank of Infrastructure Financing and Development) 5. Info Edge (India) Limited	Nil
Memberships/ Chairmanships of committees held in all companies*	1. L&T Technology Services Limited: <ul style="list-style-type: none"> <li>• Stakeholders Relationship Committee - Member</li> </ul>	1. Delhivery Limited: <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> </ul> 2. Cochin International Airport Limited: <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> </ul> 3. Info Edge (India) Limited: <ul style="list-style-type: none"> <li>• Stakeholders Relationship Committee - Member</li> </ul>	Nil
Listed companies from which the Director has resigned in past three years	Nil	1. HT Media Limited w.e.f. June 15, 2020 2. L&T Infotech Limited w.e.f. November 14, 2020	Nil
Skills and Capabilities in case of Appointment of Independent Director	NA	As per the resolution No. 4 of this Notice, read with the explanatory statement.	NA

\*Chairmanship and membership of Audit Committee and Stakeholders' Relationship/Share Allotment Committee have been considered



# Board's Report

Dear Members,

The Board of Directors are pleased to present the 11<sup>th</sup> Annual Report along with the Audited Financial Statements of L&T Technology Services Limited ('LTTS' or 'the Company') for the year ended March 31, 2023.

## 1. FINANCIAL RESULTS:

Particulars	(₹ million)	
	2022-23	2021-22
Profit before depreciation, exceptional and extra ordinary items & tax	17,599	14,334
Less: Depreciation, amortization and obsolescence	2,024	1,826
Profit/(Loss) before exceptional items and tax	15,575	12,508
Add: Exceptional Items	-	-
Profit/(Loss) before tax	15,575	12,508
Less: Provision for tax	4,471	3,323
Profit for the period carried to the Balance Sheet	11,104	9,185
Add: Balance brought forward from previous year	26,786	21,235
Less: Dividend paid for the year (Including Tax deducted at source)	3,167	3,634
<b>Balance to be carried forward</b>	<b>34,723</b>	<b>26,786</b>

## 2. PERFORMANCE OF THE COMPANY

### A. State of Company Affairs

The gross sales and other income for the financial year under review were ₹ 73,138 million as against ₹ 60,274 million for the previous financial year registering an increase of 21.3%. The profit before tax from continuing operations, including extraordinary and exceptional items was ₹ 15,575 million and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 11,104 million for the financial year under review as against ₹ 12,508 million and ₹ 9,185 million respectively for the previous financial year, registering an increase of 24.5% and 20.9% respectively.

### B. Segmental Performance

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

	Revenue for 2022-23	% of overall	Revenue for 2021-22	% of overall
Transportation	23,784	33.5%	18,030	30.7%
Industrial Products	15,013	21.1%	12,510	21.3%
Telecom & Hi Tech	11,196	15.7%	10,564	18.0%
Plant Engineering	12,662	17.8%	10,030	17.1%
Medical Devices	8,426	11.9%	7,603	12.9%
<b>Total</b>	<b>71,081</b>	<b>100.0%</b>	<b>58,737</b>	<b>100%</b>

The detailed segmental performance is referred to in Note No. 39 of the Notes forming part of the standalone financial statements.

### C. Geographical Performance

The revenue contribution of the Company from various geographies is mentioned herein below:

Sr. No.	Geography	FY 2022-23	% of overall	FY 2021-22	(₹ million) % of overall
1.	North America	41,061	57.8%	34,170	58.2%
2.	Europe	12,930	18.2%	10,637	18.1%
3.	India	10,838	15.2%	9,053	15.4%
4.	Rest of the World	6,252	8.8%	4,877	8.3%
	<b>Total</b>	<b>71,081</b>	<b>100.0%</b>	<b>58,737</b>	<b>100%</b>

### D. Capital Expenditure

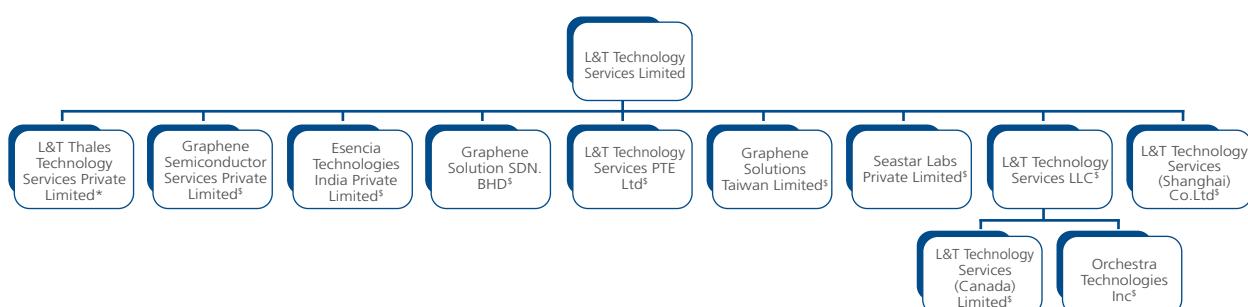
As on March 31, 2023, the gross fixed and intangible assets including leased assets, stood at ₹ 17,975 million (previous year ₹ 16,720 million) and the net fixed and intangible assets, including leased assets, at ₹ 10,195 million (previous year ₹ 10,144 million). Capital Expenditure during the year is ₹ 1,535 million (previous year ₹ 1,293 million).

### E. Subsidiary/Associate/Joint Venture Companies

During the year under review, the name of Graphene Solutions PTE Ltd. was changed to L&T Technology Services PTE Ltd., with effect from May 20, 2022.

The Company is in the process of incorporating a subsidiary in Poland under the name of 'L&T Technology Services Poland sp. z o.o.' The Company has not infused any capital till March 31, 2023.

The following is the Group structure of the Company:



\* holding in the company - 74%

\$ holding in the company - 100%

The Company has formulated a policy on the identification of material subsidiaries in line with Regulation 16(c) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended, and the same is placed on the website at <https://www.ltts.com/investors/corporate-governance>. The Company has 1 material subsidiary viz: L&T Technology Services LLC. Since this material

subsidiary is not incorporated in India, Secretarial Audit pursuant to Regulation 24A of SEBI Listing Regulations is not applicable.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("the Act") a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.



## **F. Key Business Development: Acquisition of Smart World & Communication ("SWC") Business of Larsen & Toubro Limited**

In January 2023, the Company announced the acquisition of a substantial portion of the SWC Business of Larsen & Toubro Limited including its employees, assets and liabilities, licenses, regulatory approvals, permits, contracts as going concern on a slump sale basis.

This is a progression of its 6 Big Bets strategy, as the Company had identified that the SWC Business of L&T could potentially open new avenues of growth in 3 of its big bets i.e., Nex-Gen Comms, Digital Products & AI and Sustainability.

Subsequently, the transaction was completed on April 1, 2023.

## **G. Management Discussion and Analysis**

The Management Discussion and Analysis as required in terms of Regulation 34 of SEBI Listing Regulations, forms part of the Annual report separately.

## **3. TRANSFER TO RESERVES**

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

## **4. DIVIDEND AND DIVIDEND DISTRIBUTION POLICY**

The Board at its meeting held on October 18, 2022, declared an interim dividend of ₹ 15/- (750%) per equity share amounting to ₹ 1,430.60 million (the total payout including Tax Deducted at Source amounted to ₹ 1,583.67 million). The dividend was paid on November 10, 2022.

Further, the Board of directors, in its meeting held on April 26, 2023, had recommended the payment of dividend of ₹ 30/- (1500%) per equity share of ₹ 2/- each for the financial year ended March 31, 2023. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting ("AGM") to be held on July 18, 2023.

The final dividend on equity shares, if approved by the members, would involve a cash outflow (including Tax Deducted at Source) of ₹ 3,168 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 SEBI Listing Regulations. The Dividend Distribution Policy is provided as Annexure 'A' forming a part of this Board's Report and also uploaded on the Company's website at <https://www.ltts.com/investors/corporate-governance>.

## **5. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

There are no amounts that are due to be transferred to IEPF 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' accounts on a timely basis.

The Company has sent communication to shareholders 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 ("IEPF Rules"), 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.

Pursuant to the provisions of Section 124 of the Act read with IEPF Rules and relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to IEPF, constituted by the Central Government. Further, pursuant to the provisions of IEPF Rules, all equity shares in respect of which dividend has not been paid or claimed for last seven consecutive years shall be transferred by the Company to the designated demat account of the IEPF authority within a period of thirty days of such shares becoming due to be transferred. Pursuant to Section 124 of the Act, the unpaid dividends that are due for transfer to the IEPF are as follows:

<b>Year</b>	<b>Type of Dividend</b>	<b>Dividend Per Share (₹)</b>	<b>Date of Declaration</b>	<b>Due for Transfer on</b>
2016-17	Interim Dividend	3	10.11.2016	12.12.2023
2016-17	Final Dividend	4	23.08.2017	21.09.2024
2017-18	Interim Dividend	4	07.11.2017	7.12.2024
2017-18	Final Dividend	12	22.08.2018	26.09.2025
2018-19	Interim Dividend	7.5	25.10.2018	16.12.2025
2018-19	Final Dividend	13.5	20.07.2019	25.08.2026
2019-20	Interim Dividend	7.5	18.10.2019	8.12.2026
2019-20	Final Dividend	13.50	17.07.2020	25.08.2027
2020-21	Interim Dividend	7.50	19.10.2020	13.12.2027
2020-21	Final Dividend	14.5	16.07.2021	24.08.2028
2021-22	Special Dividend	10	19.10.2021	13.12.2028
2021-22	Interim Dividend	10	18.01.2022	14.03.2029
2021-22	Final Dividend	15	15.07.2022	21.08.2029
2022-23	Interim Dividend	15	18.10.2022	13.12.2029

## **6. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE CURRENT FINANCIAL YEAR AND THE DATE OF THE REPORT**

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

## **7. SHARE CAPITAL**

During the year under review, the Company had allotted 75,975 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, 2023, the total paid up equity share capital of the Company was ₹ 21,12,16,284/- consisting of 10,56,08,142 equity shares of ₹ 2/- each, fully paid up.

As on March 31, 2023, Larsen & Toubro Limited, Promoter of the Company holds 7,79,86,899 shares constituting 73.85% of the paid- up share capital of the Company.

## **8. DEPOSITS**

During the year ended March 31, 2023, 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 the date of the balance sheet.

## **9. DEPOSITORY SYSTEM**

As the members are aware, the Company's shares are compulsorily tradable in electronic form only. As on

March 31, 2023, 99.98% of the Company's total paid-up capital representing 10,55,87,489 shares are in dematerialized form. In terms of Regulation 40 (1) of SEBI Listing Regulations requests for effecting transfer of securities shall be processed only if the securities are held in the dematerialized form.

Further, with effect from January 24, 2022, all requests for transmission, transposition, issue of duplicate share certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate and consolidation of securities certificates/folios will be processed and mandatorily a letter of confirmation will be issued, which needs to be submitted to Depository Participant to get credit of these securities in dematerialized form. Shareholders desirous of using these services are requested to contact RTA of the company, the contact details of RTA are available on the website of the Company at [www.LTTS.com](http://www.LTTS.com).

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.

## **10. 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's Report.

## 11. CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Committee comprises of 2 Independent Directors and 1 Non-Executive Director. The 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.

During the year under review, two meetings of the CSR Committee were held on April 20, 2022 and October 17, 2022.

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's Report.

The CSR Policy Framework is available on the website of the Company at <https://www.lts.com/investors/corporate-governance>.

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.

## 12. 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 SEBI Listing Regulations and forms part of the financial statements.

## 13. 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 ESG risks 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 internal controls with reference to the financial statement is given under the financial review section of the Management Discussion and Analysis which forms part of the Annual Report.

## 14. VIGIL MECHANISM

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act and Regulation 22 of SEBI Listing Regulations. 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 details of the same are given in Annexure 'D' - Report on Corporate Governance forming part of this Report.

## 15. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Abhishek Sinha was re-appointed as Chief Operating Officer & Whole-Time Director for a period of 3 (Three) years with effect from October 18, 2022, up to and including October 17, 2025. The same was approved by the shareholders in the 10<sup>th</sup> AGM held on July 15, 2022.

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC), the Board at its meeting held on April 26, 2023 appointed Ms. Aruna Sundararajan as an Additional Director in the capacity of Independent Director for a period of 5 years with effect from April 26, 2023 up to April 25, 2028 which shall be subject to the approval of the shareholders in the ensuing AGM. Further, on the recommendation of NRC, the Board also appointed Mr. Alind Saxena as an Additional Director designated as President Sales & Whole-Time Director for a period of 3 years with effect from April 26, 2023 up to and including April 25, 2026 which shall be subject to the approval of the shareholders in the ensuing AGM.

Dr. Keshab Panda, Non-Executive Director, is liable to retire by rotation at the ensuing AGM and, being eligible, offers himself for re-appointment.

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

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

## **16. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year under review, 6 (six) meetings of the Board of Directors were held. The details of the meetings are provided in Annexure 'D' - Report on Corporate Governance forming part of this Board's Report.

## **17. DISCLOSURE OF REMUNERATION**

The details of remuneration as required to be disclosed under the Section 197(12) of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in Annexure 'E' forming part of this Board's 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, is provided in Annexure 'F' forming part of this Board's Report.

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

## **18. COMPANY POLICY ON DIRECTOR'S 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 SEBI Listing Regulations.

The details of the same are given in Annexure 'D' - Report on Corporate Governance forming part of this Board's 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. A copy of the NRC Policy as disclosed on the Company's website at <https://www.lts.com/investors/corporate-governance> is also enclosed to the Board's Report as Annexure 'G'. During the year under review, the Company amended the said policy in line with amendments in the Act and SEBI Listing Regulations.

The Committee has formulated a policy on Board diversity.

## **19. DECLARATION OF INDEPENDENCE OF INDEPENDENT DIRECTORS**

The Company has received Declarations of Independence from Independent Directors as stipulated under Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, confirming that he/she is not disqualified from appointing/continuing as Independent Director as per the criteria laid down in section 149(6) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations.

## **20. 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 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors have prepared the Annual Accounts on a going concern basis;
- e. The Directors have laid down an adequate system of internal financial control to be followed by the Company and such internal financial controls are adequate and operating efficiently;



- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

## **21. PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS**

The NRC 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.

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 unbiased feedback.

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

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.

The evaluation of Independent Directors was done by the Board including assessment of their performance and their independence of management.

The input given by all the Directors was discussed in the meeting of the Independent Directors held in accordance with Schedule IV of the Act on March 10, 2023. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee as well as in the Board Meeting on the same day. The Group Chairman had an individual discussion with all the Independent Directors and the Chairman of the

Nomination and Remuneration Committee also had a discussion with all the Executive Directors individually. Most of the suggestions from the Board Evaluation exercise have been suitably implemented such as meetings of Chairman of NRC with individual Directors and Action Taken Report of Board decisions.

The performance evaluation further included evaluation of Board Members against the list of core skills/ expertise/ competencies for the effective functioning of the Company. The names of Directors who have such skills/ expertise/ competence is provided in detail in Annexure 'D' - Report on Corporate Governance forming part of this Board's Report.

## **22. AUDIT COMMITTEE**

The Company has in place an Audit Committee in terms of the requirements of the Act read with the rules made thereunder and Regulation 18 of the SEBI Listing Regulations.

The details pertaining to the same have been provided in Annexure 'D' - Report on Corporate Governance forming part of this Report.

## **23. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Company has in place a Stakeholders' Relationship Committee (SRC) in terms of the requirements of the Act read with the rules made thereunder and Regulation 20 of the SEBI Listing Regulations.

The details of the same are given in Annexure 'D' - Report on Corporate Governance forming part of this Board's Report.

## **24. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2023, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations which is 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.

The Audit committee defines the scope and authority of the Internal Auditor. The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance, systems, accounting procedures and policies at all locations of the Company. Based on suggestions from internal auditors, respective functions take corrective actions or process improvements.

## **25. 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 (ICSI) on Board Meetings and General Meetings.

## **26. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

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

During the year under review, 1 case of sexual harassment was received on POSH (Policy on prevention of Sexual Harassment) of Women at Workplace. The same was resolved and appropriate action was taken by the Company.

Continuous awareness workshops/training programs for employees are conducted across the Company to sensitize employees to uphold the dignity of their colleagues at workplace especially with respect to prevention of sexual harassment.

The Company, on the recommendation of Audit Committee, also undertook measures by way of periodical e-mailers and sessions to create awareness on microaggression.

## **27. 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 SEBI Listing Regulations and prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI), in this regard.

## **28. AUDITORS REPORT**

The Auditors' report to the shareholders does not contain any qualification, observation or comment or adverse remark(s).

## **29. STATUTORY AUDITORS**

M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) were appointed as Statutory Auditors for a period of 5 continuous years from the conclusion of 10<sup>th</sup> AGM till the conclusion of 15<sup>th</sup> AGM of the Company.

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

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as a declaration 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.

Further, in compliance with Section 146 of the Act, the notices of the general meeting of the Company are also forwarded to the Statutory Auditors of the Company to ensure their attendance at the AGM of the Company.

The details of the total fees paid by the Company and its subsidiaries and other relevant details are provided in Annexure 'D' - Report on Corporate Governance forming part of this Board's Report.

## **30. SECRETARIAL AUDIT REPORT**

The Board had appointed Alwyn Jay & Co., (Firm Registration No. P2010MH21500), Practicing Company Secretaries, to conduct a Secretarial Audit under the provisions of Section 204 of the Act for the financial year 2022-23.

The Secretarial Audit Report issued by Alwyn Jay & Co.; Practicing Company Secretaries is attached as Annexure 'H' to this Board's Report.

The Secretarial Auditor's Report to the shareholders does not contain any qualification or reservation or adverse remark.



### **31. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Pursuant to the amendments in the SEBI Listing Regulations, the Audit Committee has approved the amendments to the Related Party Transaction Policy and its Guidelines and the same is disclosed on the Company's website at <https://www.ltts.com/investors/corporate-governance>.

The Company has a process in place of periodically reviewing and monitoring Related Party Transactions and all 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 2022-23 and Omnibus approval of the Audit committee is obtained before the commencement of financial year for all the transactions for FY 2023-24 as required under the provisions of Section 177 of the Act.

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

The details of contracts or arrangements entered into with related parties in Form AOC-2 is provided in Annexure 'I' forming part of this Board's Report.

### **32. 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.

### **33. ANNUAL RETURN**

As per the provisions of Section 92(3) of the Act, the Annual Return of the Company for the financial year 2022-23 is available on the website of the Company at <https://www.ltts.com/investors/corporate-governance>.

### **34. OTHER DISCLOSURES**

#### **1. Corporate Governance Report**

Pursuant to Regulation 34 read with schedule V of the SEBI Listing Regulations, report on Corporate Governance and a certificate obtained from the Secretarial Auditor confirming compliance, is provided in Annexure 'D' forming part of this Board's 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 Securities and Exchange Board of India (Share based Employee Benefit and Sweat Equity) Regulations, 2021 ("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 is provided on the website of the Company <http://www.ltts.com/investors/>.

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

#### **3. Voting Rights**

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 of the Company, respectively.

#### **5. 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.

#### **6. KYC Registration for Holders of Physical Securities**

As per SEBI circular dated November 3, 2021, the Company regularly reminds shareholders via Annual Report and Postal Ballot communication for updation of their KYC information with KFin Technologies Limited.

As per SEBI circular dated March 16, 2023 the Company shall be sending individual notices

to holders of physical securities to furnish their PAN, details of Nomination, Contact details (viz. address, mobile and e-mail), Bank Account details and specimen signature ("KYC information") to KFin Technologies Limited on or before September 30, 2023. In case the shareholders fail to update KYC Information on or before September 30, 2023, their folios shall be frozen by the RTA as per above SEBI Circular and such shareholders will be eligible for payment of dividend or lodging any grievance or availing any service request from the RTA only after furnishing the KYC information as specified above.

All shareholders of the Company holding shares in physical form are requested to update their KYC information with KFin Technologies Limited at the earliest. The relevant forms for updating the KYC information are provided on the website of the Company at <https://www.ltts.com/investors/investor-services>.

## **7. Business Responsibility and Sustainability Reporting**

As per Regulation 34 of the SEBI Listing Regulations, a separate section on Business Responsibility and Sustainability Reporting forms a part of this Annual Report.

## **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. The Company has an in-house Compliance tool to monitor all the compliances.

## **9. MSME**

The Ministry of Micro, Small and Medium Enterprises vide their Notification dated 2<sup>nd</sup> 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 Ministry of Corporate Affairs within the specified timelines.

## **10. Cost records and audit**

Maintenance of cost records and requirement of cost audit as prescribed under Section 148 of the Act are not applicable for the business activities carried out by the Company.

## **ACKNOWLEDGEMENT**

Your Directors take this opportunity to thank the customers, vendors, academic institutions, Financial Institutions, Regulatory Authorities, 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, 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: Mumbai  
Date: April 26, 2023

### **S. N. Subrahmanyam**

Vice Chairman  
(DIN: 02255382)

Place: Mumbai  
Date: April 26, 2023



# 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, 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 one 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

LTTS accords the highest priority for the conservation of energy through pro-active measures and has implemented energy saving practices across all our facilities in India.

Energy conservation measures at LTTS include:

### **Adoption of green infrastructure:**

LTTS believes in working toward achieving responsible design and operations of office workspaces. In line with this objective, our facility in Vadodara is a Certified Indian Green Building Council (IGBC) facility under the LEED guidelines by CII, and certified to ISO 50001:2018 standards for Energy Management Systems (EnMS). Our office in Mumbai is also a LEED Platinum certified building.

We continue to expand our facilities that are certified as green buildings.

### **Use of renewable sources of energy:**

LTTS is focusing on increasing the share of renewable sources of energy across our campuses. In FY23, we have initiated sourcing of renewable energy at our Airoli, Mumbai office, in addition to our facility in Chennai. Our current renewable energy purchase as a percentage of total energy consumption is at 6%.

We have also undertaken a project to install a hybrid solar power based EV charging facility at our Vadodara campus. This facility allows for any excess energy generated, in absence of charging requirement, to be used in the common areas of the campus.

### **Efficient equipment and operational procedures:**

LTTS has incorporated various environment friendly alternatives for driving the use of energy intensive equipment and making significant operational changes to reduce our GHG emissions. Key initiatives in this direction include:

Replacement of CFL with LED fittings in all our facilities have been achieved in FY23,

Replacement of old ACs (with R22 refrigerant) to energy saving HVAC systems with eco-friendly gas at our Mysore campus,

Automation of AHU operation with timers, and

Adoption of battery operated vehicles for people and material movement inside the campus at Mysore.

## B. TECHNOLOGY ABSORPTION

Technology defines the core of LTTS' operational paradigm. The Company is committed to leveraging the latest in emerging technologies and trends to define its investments and developing new capabilities for ensuring industry-leading growth for global customers.

At the start of the last fiscal, LTTS identified and announced its 6 Big Bets – strategic technology focus areas which would drive the ER&D industry trends for the next decade. These include EACV, Nex-gen Comms, AI and Digital Products, Digital Manufacturing, MedTech, and Sustainability. Each of these emerging technology domains constitute the Company's focus for driving new investments and supporting its engineers in delivering unmatched results across industries and verticals.

The emphasis on the Big Bets in driving technology absorption is complemented by robust in-house innovation programs such as Reveries and TechExpression®, where our engineers are encouraged to submit ideas, concepts and PoCs (Proof of Concept) aligned to the domains identified.

All ideas generated during these events, in addition to the year-round submissions by our inventors, are further nurtured, explored, and promoted as a part of a vibrant innovation culture that has resulted in overall 1000+ patent applications filed till date by LTTS employees either for LTTS or co-authored with customer.

The Company continues to invest in developing and delivering state-of-the-art platforms and solutions, including the AI-powered - AiKno™(enabling solutions for engineering AI use cases across verticals), Chest-rAi™ (AI-based chest X-Ray analysis system for improving speed and accuracy of diagnosis), eVOLTSS (a home-grown EV technology demonstrator solution), AnnotAI (an AI-based, end-to-end automatic data annotation tool that enables smart and intelligent data annotation).

LTTS has signed MOUs with various academic institutes with focus on specific areas such as power electronics, MedTech, Sustainability, AI amongst others. Our employees are encouraged to write for leading technical publications and publish papers in external bodies such as IEEE.

While the Company is undertaking several key measures to drive the growth of technology as a part of its operational paradigm, it is also aware of its role in helping expand this trait to reach young, aspiring engineers. This vision manifests in TECHgium® — LTTS' flagship, multi-stage, open innovation challenge for engineering students across the nation. TECHgium helps LTTS reach out to a vast community of upcoming engineering talent. The 6<sup>th</sup> Edition of TECHgium event, saw participation from over 30,000+ aspirants from engineering institutes of the country. TECHgium acts as a platform to inspire young minds with exposure to real-world use cases and challenges. The Company believes that this interaction goes a long way towards driving all-round technological absorption amongst our youth, who hold the key to our future.

#### **HR Digitization**

At LTTS, we believe our HR digital transformation is a continuous process revolving around alignment that drives across people, processes, and technology.

Our core purpose in HR Digitisation has been to deliver a unified employee experience to diverse stakeholders across LTTS with measurable outcomes.

During the year, we continued to disrupt and reformulate digitization across the spectrum of our HR activities. With state of the art in place, we invested in technology advancement with complete re-engineering, transforming from Process to Employee Centricity.

Automation and Artificial Intelligence/Machine Learning has been the backbone for our operational efficiency. With AI that fits in ease of Policy understanding to Recruitment to Welcoming candidates, we ensure analysis that aids managers to take quick and right decisions. Our HR Helpdesk minimizes dependency on manual processes and empowers employees with required information at their fingertips.

Our digital technology developments have taken place with these objectives in mind:

1. Improved Employee Experience
2. Increased Organisation Agility
3. Improved Decision making, thereby resulting in:
  - a. Increased Productivity
  - b. Operational Efficiency and
  - c. Employee Retention

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS**

The Company exports engineering and designing services 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:

<b>Particulars</b>	<b>₹ million</b>
Foreign exchange earned	65,934
Foreign exchange used	30,384



# Annexure C

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

At L&T Technology Services, Corporate Social Responsibility is not merely a legal obligation, but a social responsibility. Our activities have been designed to serve the most marginalized and disadvantaged swathes of the population.

The CSR policy of the Company is guided by the core values put by 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
- c. Skill Development
- d. Water
- e. Environment
- f. Sports for disabled

#### A. Health

Health is wealth. Through our CSR projects, we aim to supplement the Government's effort in providing universally accessible quality healthcare to all, in our own humble way. In FY 23, we focused on healthcare infrastructure development, raising awareness on cancer, delivering healthcare at the doorsteps of the beneficiaries, and supporting high-quality research on healthcare.

All our projects had one common objective- serving the most marginalized and disadvantaged communities across remote, rural corners of the country.

The interventions have been summed up as below:

- Rural Healthcare- 21,235 people benefitted through healthcare delivered at their doorsteps through a Mobile Clinic equipped with doctors and paramedic staff in and around Dharampur, Gujarat. During the screenings, some recurring

diseases were identified, including anaemia, respiratory tract infections, skin diseases such as scabies and fungal infections, and reproductive tract infections.

- Cancer Prevention and Awareness- 9,170 people benefitted through awareness on cancer prevention, early detection and diagnosis, cancer survivor kits, bridge fund and treatment fund.
- Partially funded the setting up of a Translational Research facility for a research institute.
- Infrastructure Support- A Phaco Emulsification System was donated to a charitable hospital to aid better ophthalmological care.
- Partially funded the setting up of a high-end metabolomics facility at a research institute with applications in bioenergy research and human diagnostics.

#### B. Education

One of the key factors that directly attributes to the growth of a community, a nation is undoubtedly education. In a populous nation like India, providing quality education to every individual comes with its own set of challenges. Adequate number of teachers, infrastructure support, availability of good quality teaching materials, curtailing drop-out rates are a few to name of.

Keeping all these challenges in mind, we designed our education programmes for the year 2022-23, aiming to take small steps towards bridging few of these gaps.

- Digital education- 2,419 students from classes V to X from remote rural Government aided schools benefitted through digital education.
- Electronics Lab on Bike- 1,102 students from classes VIII to X benefitted through 285 sessions.
- Mobile Innovation Lab- 1,837 students from classes VII to IX benefitted through 595 sessions.

- Infrastructure support- One of the major challenges that hinders the availability of quality education to all is the lack of infrastructure support. Thus, this year, a major focus of our initiatives was on bolstering infrastructure support. We supported institutions through procurement of school buses, high-quality projectors, and overall facility upgradation.
- Scholarship support- We funded the education of 80 tribal students.
- Research & Development- As an Engineering Research & Development organization, innovation is at our core. Likewise, this year too we funded projects on higher education like production of Green Methanol, a hyperloop testing facility and smart farming of cotton. All these projects are aimed at leveraging advanced technology for societal good.

### **C. Skill Development**

India has a fairly young population. Our Skill Development initiatives have been formulated on the mantra of training the youth in skills that can help them earn a livelihood, be financially independent and contribute to the growth of the nation.

- Supported imparting life-skills to around 900 children across 20 villages in Tamil Nadu.
- Trained 82 young people in Entrepreneurship trainings.
- The oil subtraction unit that was procured last year was made operational in FY 23. A group of tribal women, who were trained in FY 22 are now running the unit, earning a livelihood out of it.
- Trained 100 people with disabilities from underserved sections in vocational skills like computer usage, spoken English etc. to make them more suited for the job market.
- Trained people in agriculture-based trainings, computer skills, sweet making training from backward populations of Boisar in Maharashtra.
- 844 rural youth were given trainings on Tally, Triple C and digital literacy to better their chances at employability and 857 students from rural Gujarat were given exposure on Tally awareness.

- 2,896 people from remote villages of Tamil Nadu mobilized into community-based organizations and trained on various farm and non-farm-based activities and taught how to manage credit-funds, are now earning a livelihood for themselves.
- We helped establish a workshop with necessary machinery for enhancing the production capacity of the toy making artisans of Channapatna in Karnataka.

### **D. Water Conservation**

Water is essential for human survival and plays a pivotal role in our daily lives. Through our projects we aim to recharge natural aquifers, make water available to the rural communities alongside ensuring judicious use of the resource. This year, we focused on the following activities:

- Eco-restoration of 2 lakes in Bangalore.
- In Tamil Nadu, 4,280 people benefitted through water conservation initiatives, sustainable agriculture practices and various trainings.
- Natural resource management in tribal district of Dang, Gujarat through installation of solar lift irrigation systems for enabling the farmers to water their crops, creation of mango orchards, training the community on multi-cropping practices, construction of farm ponds with subsequent practice of fishery in the ponds and carrying out soil conservation activities directly benefitting 1,315 farmers.

### **E. Environment**

Under our Environment initiative, projects are focused on the sustenance of a green world. We have initiated restoration of degraded ecosystems, maintenance of public places, solid waste management, integrated village development programmes, plantation of saplings and promotion of renewable energy.

**Key interventions this year included:**

- Solid Waste Management- Apart from awareness generation and sensitization, 41,410 kg wet waste and 5,273 kg dry waste was collected. 3,372 kg plastic waste collected.
- Maintenance of solar panels in remote tribal hamlet of Vaderahalli Haadi in Karnataka.



- Maintenance of area below Veeranaplaya Flyover in Bangalore.
- Developed and maintained area below Carmelarem flyover under a unique chess theme.
- 40,000 saplings planted near Pune, Maharashtra.
- Restored degraded patches of forest around Bandipur Tiger Reserve.
- Maintenance of 57,054 saplings planted last year.
- Integrated Village Development of 3 villages in Ahmednagar and 1 village in Jalna, Maharashtra through livestock related activities, construction of 3 RO plants, construction of vertical kitchen gardens and enabling rural enterprise development programmes amongst the community, directly benefitting 6,762 people.

#### **F. Sports for the Disabled**

We supported 2 Wheelchair Tennis Tournaments in Mumbai and Bengaluru. These tournaments boosted the morale of 42 sportspersons with disabilities.

#### **G. Corporate Volunteering Programme (CVP)**

Our CSR interventions have not remained restricted to the projects executed on field. We have ensured a hearty participation by LTTS employees through various employee volunteering programmes. Our employees have taught underprivileged students online, given career guidance to budding engineering students and contributed towards cleaning up public spaces and natural ecosystems.

*198 LTTSites across all LTTS India locations dedicated around 1,341 Hours towards various social activities.*

*284 LTTSites contributed to the noble cause of donating blood.*

## **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	CSR Committee Chairman/Independent Director	2	2
2	Mr. R. Chandrasekaran	CSR Committee Member/Independent Director	2	1
3	Dr. Keshab Panda	CSR Committee Member/Non-Executive Director	2	2

## **3. PROVIDE THE WEB-LINK(S) 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.ltts.com/sites/default/files/investors/corporate-gov/pdf/Composition-of-Committees-LTTS\\_0.pdf](https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/Composition-of-Committees-LTTS_0.pdf)

#### **CSR Policy & CSR Projects -**

<https://www.ltts.com/about-us/csr>

#### 4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8, IF APPLICABLE

We carried out Impact Assessment of the following projects in FY 23. The corresponding link has been embedded - <https://www.ltts.com/investors/corporate-governance>.

##### a) Integrated Village Development- Kathwadi, Maharashtra:

Kathwadi village had been facing several problems like lack of safe drinking water, poor health facilities, poor sanitation facilities, interrupted electricity, and poor knowledge/alternative source of income. To ensure the wellbeing of the people of Kathwadi village and improve their living conditions, Water and Sanitation activities along with the watershed development programmes was found to be crucial. This led to the planning & execution of a comprehensive village development programme in Kathwadi- focusing on providing initial stage support to uplift the socio-economic status of the communities living in Kathwadi watershed area, Velhe Taluk, Pune district, Maharashtra. The key focus areas included:

- **Social** - Water, sanitation, and renewable energy.
- **Economic**- Agricultural and allied activities, livelihood development and value addition centre.

The impact generated through this project was assessed by a 3rd party assessment agency and the link to the detailed report has been furnished herewith.

##### b) Integrated Village Development- Kokkranthangal, Tamil Nadu:

Despite receiving heavy rainfall, the Kokkaranthangal watershed faces water scarcity. The surface run-off is very high as there is no proper water harvesting structures in the area and consequently, the ground water table kept plummeting. Earlier, the farmers were unaware of the techniques to harvest rainwater and faced difficulties during summer and dry spell conditions. All the villages in this area faced the problem of non-availability of water during the summer seasons for farming activities which directly impacted the earnings of the farmers.

Thus an Integrated Village Development programme was designed and executed to alleviate the problems faced, focusing on three main aspects-

- Watershed Management - By construction of water harvesting structures like check dams, farm ponds, water absorption trenches, gabion structures, etc.
- Promotion of sustainable, water efficient agricultural practices
- Training and capacity building of the community through awareness sessions, workshops, exposure visits

The impact generated through this project was assessed by a 3rd party assessment agency and the link to the detailed report has been furnished herewith.

##### c) Disaster Resilient Homes- Puri, Odisha:

In 2019, the gusty winds of the deadly Cyclone Fani had destroyed several thousands of kutcha houses and hundreds of temporary structures in Puri, Odisha. Hundreds of families were displaced from their homes and livelihoods. To cater to this disaster in our own small, humble way, 150 families displaced by the cyclone were given shelter assistance.

Disaster-resilient homes were constructed for these families. The team gathered the last 60 years windspeed data during cyclone from the Meteorological Department to ensure the newly constructed houses can sustain the vertical load. The houses were also elevated to a certain height so that the water accumulated due to heavy rain does not seep in. Additionally, a staircase was constructed with each house so that the residents can climb up to the terrace and wait for evacuation in case of water flooding.

All the houses had attached washrooms to ensure proper hygiene of the families. The washrooms also assured safety of the women and children of the household, who no longer had to wait till sunset to venture outside to meet their bodily requirements.

In addition to the construction of the houses, the community members were also trained on disaster preparedness and management.



The impact generated through this project was assessed by a 3rd party assessment agency and the link to the detailed report has been furnished herewith.

**d) ICU Ambulance service for Covid-19 affected patients, Bengaluru, Karnataka:**

COVID-19 has been one of the deadliest pandemics in recent times. While people were struggling to find beds in hospitals, ambulance services were also hit badly. Due to a dearth of ambulances, several local private operators started demanding outrageous prices to transfer COVID-19 patients. Further there was a disproportionate difference in the uptake of Covid vaccines amongst vulnerable groups- primarily due to lack of awareness. The ramifications of this were plenty.

To address this issue, two ambulances with ICU support that can ferry Covid affected patients

from their homes to the respective hospitals, 24x7 and absolutely free of cost were launched. What made these ambulances unique is that they were equipped with sophisticated medical equipment like oxygen support, ventilators and others that ensure that patients were not deprived of critical care while being transported from their homes to the respective hospitals.

Additionally, children between the ages of 15-18 and senior citizens were vaccinated against the virus and made aware on the importance of vaccination to contain further spread of the pandemic.

The impact generated through this project was assessed by a 3rd party assessment agency and the link to the detailed report has been furnished herewith.

- 5. (a) Average net profit of the company as per sub-section (5) of section 135 : ₹ 9,932.24 million**
- (b) Two percent of average net profit of the company as per sub-section (5) of section 135 : ₹ 198.64 million**
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil**
- (d) Amount required to be set off for the financial year, if any : ₹ 13 million**
- (e) Total CSR obligation for the financial year (5b+5c-5d) : ₹ 185.64 million**
- 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 187.55 million**
- (b) Amount spent in Administrative Overheads: ₹ 9.93 million**
- (c) Amount spent on Impact Assessment, if applicable : ₹ 0.94 million**
- (d) Total amount spent for the Financial Year (6a+6b+6c) : ₹ 198.42 million**
- (e) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (In ₹)	Amount Unspent (in ₹)					(₹ million)	
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135				
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer		
₹ 198.42	0	NA	NA	0	NA		

(f) **Excess amount for set off, if any : ₹ 12.78 million**

Sr. No.	Particulars	(₹ million)
	Amount (in ₹)	
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	198.64 (185.64*)
(ii)	Total amount spent for the Financial Year	198.42
(iii)	Excess amount spent for the financial year [(ii)-(i)]	(12.78)
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	12.78

\*The CSR obligation for FY 23 is ₹ 185.64 million, after adjusting the set off of ₹ 13 million

**7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any	Amount (in ₹)	Date of transfer	Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
1.	FY 20	0	0	0	NA	NA	NA	NA
2.	FY 21	0	0	0	NA	NA	NA	NA
3	FY 22	0	0	0	NA	NA	NA	NA
	TOTAL	0	0	0	NA	NA	NA	NA

**8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:**



Yes      No

If yes, enter the number of Capital assets created/acquired: Not Applicable

**9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUBSECTION (5) OF SECTION 135:** Not Applicable

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Amit Chadha**  
(CEO & Managing Director)

**Sudip Banerjee**  
(Chairman CSR Committee)



# Annexure D

## CORPORATE GOVERNANCE REPORT

### 1. CORPORATE GOVERNANCE

Corporate governance focuses on maximizing stakeholder value, covering investors, employees, shareholders, customers, suppliers, environment, and the community at large. It is one of the key pillars for an efficient and sustainable business environment, and constitutes a set of principles, processes, and systems that help govern a company. The elements of corporate governance include independence, transparency, accountability, responsibility, compliance, ethics, values, and trust. Ethical business conduct, integrity and commitment to values – which help retain and enhance stakeholder trust – are the traits of your Company's Corporate Governance framework.

LTTS has established systems and procedures to ensure that its Board of Directors are well informed and suitably equipped to fulfill their overall responsibilities, providing the Company's management with the strategic direction needed to create long term shareholder value. The Company derives its values from the rich governance and disclosure practices followed L&T Group.

#### A. Company's Corporate Governance Philosophy

Our corporate governance philosophy reflects our value system and culture. We recognize that good governance is a continuing exercise, and hence, LTTS is committed to continuously scaling up its corporate governance standards.

LTTS believes in adherence to good corporate governance practices. Constant efforts are made to improve such practices in use and to adopt the best of the emerging trends. 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 and Independent Directors, suitably incorporating and laying down the duties of independent directors as laid down in the Companies Act, 2013 ("the Act").

Good corporate governance, therefore, is a cornerstone of the entire management process at LTTS, the emphasis being on professional management with a decision-

making model driven by empowerment and meritocracy. Together, the management and the Board ensure that LTTS remains a Company of uncompromised integrity and excellence.

#### B. Corporate Governance Guidelines

LTTS leadership has adopted global best practices and timely disclosure of accurate information pertaining to financials and performance in accordance with good governance standards. As a good corporate citizen, the Company is committed to sound corporate practices for enhancing and retaining the confidence of its stakeholders, paving the way for long-term business success.

In order to strengthen the corporate governance culture within the Company, training and awareness programs on Corporate Governance and related policies for employees have been active since 2017-18. We continue to build on our robust legacy of fair, transparent, and ethical governance – driving future proof value-creation and accelerating excellence through ethical, transparent and agile corporate governance practices. These, in turn, help ensure stakeholder ownership, trust and integrity.

### 2. BOARD OF DIRECTORS

#### A. Composition of the Board:

The Board of Directors along with its committees possesses varied skills and expertise. Combined their diverse background, this enables them to provide requisite leadership and guidance to the Company's senior management team and 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, 2023, the Board comprised of 10 Directors, of which, 2 are Executive Directors, 3 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 line with the provisions of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The number of Directorships held by Executive, Non-Executive and Independent Directors are within the permissible limits under SEBI Listing Regulations and the Act. The Directors have provided necessary disclosures regarding changes in committee positions, if any, during the year. Further, none of the Directors on the Company's Board are members 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, 6 (Six) Board meetings were held on April 21, 2022, July 15, 2022, October 18, 2022, January 12, 2023, January 19, 2023 and March 10, 2023.

The Independent Directors met on March 10, 2023, 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 secure 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 a Video Conference facility, if required, for

participation of the Directors at the Board/Committee meetings. Presentations are made on business operations to the Board by the CEO & Managing Director and Chief Operating Officer & Whole-Time Director of the Company. Senior Management Personnel are invited, as and when required to the meetings to provide additional inputs for the items being discussed by the Board of Directors. The respective Chairperson of the Board committees apprises the Board Members of the important issues and discussions that transpired in the committee meetings. In case of urgent matters, resolutions are also passed by circulation, for such matters as permitted by law and taken on record in the immediately upcoming 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 at the next meeting.

The Board of Directors take 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 by its subsidiary companies.

Details of composition of the Board of Directors, attendance of Directors at the Board meetings and at the last Annual General Meeting ("AGM") held during FY 2022-23, number of other Directorships, Membership/Chairpersonship in committees held by them as on March 31, 2023, are as follows:

Name of Director	Category	Attendance at Board Meeting (Attended/Held)	Attendance at last AGM	Number of Directorships in other Companies	Number of Committee positions held in other Public Companies	
					Chairperson	Member
Mr. A. M. Naik	Non-Executive Chairman	6/6	Yes	4	0	0
Mr. S. N. Subrahmanyam	Non-Executive Vice-Chairman	5/6	Yes	5	0	0
Mr. Amit Chadha	Chief Executive Officer & Managing Director	6/6	Yes	0	0	0
Mr. Abhishek Sinha <sup>1</sup>	Chief Operating Officer and Whole-Time Director	5/6	Yes	0	0	0



Name of Director	Category	Attendance at Board Meeting (Attended/Held)	Attendance at last AGM	Number of Directorships in other Companies	Number of Committee positions held in other Public Companies	
					Chairperson	Member
Dr. Keshab Panda	Non-Executive Director	6/6	Yes	0	1	0
Mr. Narayanan Kumar	Independent Director	5/6	Yes	5	3	3
Ms. Apurva Purohit	Independent Director	6/6	Yes	3	1	1
Mr. Sudip Banerjee	Independent Director	6/6	Yes	2	1	1
Mr. R. Chandrasekaran	Independent Director	5/6	Yes	5	1	2
Mr. Luis Miranda	Independent Director	5/6	Yes	1	2	1

1 Re-Appointed as Chief Operating Officer and Whole-Time Director w.e.f. October 18, 2022

**Notes:**

1. None of the above Directors are related inter-se.
2. None of the Directors hold office of director in more than the permissible number of companies under section 165 of the Act or Regulation 17A of the SEBI Listing Regulations.
3. 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.
4. The other Committee Chairmanships/Memberships are disclosed as per Regulation 26 of the SEBI Listing Regulations.

Further, details of Directorships held in other listed entities (excluding directorship held in the Company) as on March 31, 2023 are as follows:

Name of Director	Directorship in other Listed entity	Category
Mr. A. M. Naik	Larsen & Toubro Limited LTIMindtree Limited	Non-Executive Chairman Non-Executive Chairman
Mr. S. N. Subrahmanyam	Larsen & Toubro Limited LTIMindtree Limited L&T Finance Holdings Limited	Chief Executive Officer & MD Non-Executive Vice Chairman Non-Executive Chairman
Mr. Amit Chadha	Nil	-
Mr. Abhishek Sinha	Nil	-
Dr. Keshab Panda	Nil	-
Mr. Narayanan Kumar	Larsen and Toubro Limited Mphasis Limited Entertainment Network (India) Limited Indus Tower Limited	Independent Director Independent Director Independent Director Independent Director
Mr. Sudip Banerjee	IFB Industries Limited Kesoram Industries Limited	Non-Executive Director Independent Director
Ms. Apurva Purohit	LTIMindtree Limited Navin Fluorine International Limited Marico Limited	Independent Director Independent Director Independent Director
Mr. R. Chandrasekaran	LTIMindtree Limited PNB Housing Finance Limited	Independent Director Independent Director
Mr. Luis Miranda	Nil	-

### C. Information to the Board:

The Board of Directors have 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. Post-meeting internal communication system:

The important decisions taken at the Board/Committee meetings are communicated to the concerned departments promptly.

### E. Board Skill Matrix:

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

<b>Skill Area</b>	<b>Description</b>
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.
Engineering Research & Development	Should possess 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.
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 analyse adequacy of internal financial controls.
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.



Skill Area	Description
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.
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. Also, 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.
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.

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

### 3. BOARD COMMITTEES

The Board currently has 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 SEBI Listing Regulations 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 recommendations, suggestions and observations of the committee, the Board of Directors has taken an informed decision. Draft minutes of the committee meetings are circulated to the members of those committees for their comments and thereafter, confirmed in its next meeting, in terms of Secretarial Standard on Meetings 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. A 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 attendance details are provided below.

## A. AUDIT COMMITTEE

### • Terms of Reference

The terms of reference of the Audit Committee have been drawn up in line with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Act, which are briefly described below:

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, 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. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the listed entity and its shareholders;
22. Review of Management's discussion and analysis of financial condition and results of operations;
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 and Attendance during the year**

The Audit Committee comprised of 3 (Three) Independent Directors. During the year ended March 31, 2023, the Audit Committee met 7 (Seven) times on April 20, 2022, April 21, 2022, July 15, 2022, October 18, 2022, January 12, 2023, January 19, 2023 and March 10, 2023. The requisite quorum was present for all the meetings.

The composition of the Committee along with the details of the meetings held and attended during the aforesaid period is detailed below:

Name of Director	Category	Position in the Committee	No. of Meetings	
			Held	Attended
Mr. Luis Miranda	Independent Director	Chairman	7	7
Mr. Narayanan Kumar	Independent Director	Member	7	6
Ms. Apurva Purohit	Independent Director	Member	7	7

All the members of the Audit Committee are financially literate and have accounting and financial management expertise.

Additionally, Whole-Time Director & CFO of Larsen & Toubro Limited alongwith 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 Statutory and Internal Auditors without presence of the management.

The Chairman of the Audit Committee was present at the previous AGM of the Company held on July 15, 2022.

- **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. 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 meetings. The Board of Directors had earlier appointed M/s. Aneja Associates as the Internal Auditors of the Company for a period of 3 years commencing from May 3, 2020 till May 2, 2023. The Board at its meeting held on April 26, 2023, re-appointed M/s. Aneja Associates as the Internal Auditors of the Company for a further period of 3 years from May 3, 2023 till May 2, 2026.

## **B. NOMINATION AND REMUNERATION COMMITTEE**

- **Terms of Reference**

The terms of reference of Nomination and Remuneration Committee ("NRC") have been drawn up in line with Section 178(1) of the Act and Regulation 19 of the SEBI Listing Regulations, which are briefly described below:

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. Recommend to the Board, all remuneration, in whatever form, payable to senior management; and
8. Any other terms of reference may be referred to by the Board or as may be provided under the Companies Act, or the Listing Regulations, or by any other regulatory authority.

- **Composition and Attendance during the year**

The NRC comprised of 2 (Two) Independent Directors and one Non-Executive Director. During the year ended March 31, 2023, the NRC met 3 (Three) times on April 21, 2022, July 15, 2022 and March 10, 2023. The requisite quorum was present for all the meetings.

The composition of the committee along with the details of the meetings held and attended during the aforesaid period is detailed below:

Name of Director	Category	Position in the Committee	No. of Meetings	
			Held	Attended
Mr. Narayanan Kumar	Independent Director	Chairman	3	3
Mr. A.M. Naik	Non-Executive Director	Member	3	3
Mr. Sudip Banerjee	Independent Director	Member	3	3

The Chairman of the NRC was present at the previous AGM of the Company held on July 15, 2022.

- **Board Membership Criteria**

While screening, selecting and recommending new members to the Board, 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 SEBI Listing Regulations 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 the SEBI Listing Regulations.

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

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 SEBI Listing Regulations 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/ Director. 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 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 a Nomination and Remuneration Policy as per the provisions of the Act and SEBI Listing Regulations 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 SEBI Listing Regulations, the criteria for payment to Independent Directors/Non-Executive Directors is made available on the investor page of our corporate website <https://www.ltts.com/investors/corporate-governance>

- **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 had 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 NRC in the NRC and Board Meeting held on March 10, 2023.

- **Details of Remuneration Paid/Payable to Directors for the year ended March 31, 2023**

(a) **Executive Directors:**

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

Name of Director	Salary	Perquisites	Perquisites related to ESOPs*	Commission	Variable Pay	Total	(₹ million)
Mr. Amit Chadha, Chief Executive Officer & Managing Director <sup>§</sup>	43.75	-	-	14.39	15.26	73.40	
Mr. Abhishek Sinha, Chief Operating Officer and Whole-Time Director	13.04	0.07	20.82	-	3.02	36.94	

\* 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.

§ Mr. Amit Chadha has been paid remuneration in USD. Accordingly, the figures mentioned in INR are equivalent to USD.

The above amount does not include gratuity and leave encashment.

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/investors/exchange-announcements>

(b) **Independent Directors/Non-Executive Directors:**

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

Name of Director	Category	Sitting fees for Board Meetings	Sitting fees for Committee Meetings	Commission	Total	(₹ Million)
Mr. A. M. Naik	Non-Executive Chairman	0.30	0.08	12.00	12.38	
Mr. S. N. Subrahmanyam	Non-Executive Vice-Chairman	-	-	-	-	
Dr. Keshab Panda*	Non-Executive Director	0.30	0.10	5.17	5.57	
Mr. Narayanan Kumar	Independent Director	0.25	0.20	2.18	2.63	
Mr. Sudip Banerjee	Independent Director	0.30	0.13	1.85	2.28	
Ms. Apurva Purohit	Independent Director	0.30	0.20	2.25	2.75	
Mr. R. Chandrasekaran	Independent Director	0.25	0.08	1.42	1.75	
Mr. Luis Miranda	Independent Director	0.25	0.20	2.38	2.83	

\* The Commission and sitting fees paid to Dr. Keshab Panda were in USD, the figure mentioned above is INR Equivalent of USD.

Shares and convertible instruments held by the Non-Executive Directors as on March 31, 2023, are as follows:

Name of Director	No. of Shares held
Mr. A.M. Naik	1,000
Mr. S.N. Subrahmanyam	2,00,000
Dr. Keshab Panda	76,600
Ms. Apurva Purohit	239
Mr. R. Chandrasekaran	379

## C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

### • Terms of Reference

The terms of reference of Stakeholders' Relationship Committee ("SRC") of the Board of Directors have been drawn up in line with Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations, which are briefly described below:

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;
5. 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.;
6. Review of measures taken for effective exercise of voting rights by shareholders;
7. 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;
8. 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; and
9. 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.

### • Composition and Attendance during the year

The SRC comprised of 2 (Two) Independent Directors and 1 (One) Non-Executive Director. During the year ended March 31, 2023, the SRC met 2 (Two) times on April 20, 2022 and October 18, 2022. The requisite quorum was present for all the meetings.

The composition of the Committee along with the details of the meetings held and attended during the aforesaid period is detailed below:

Name of Director	Category	Position in the Committee	No. of Meetings	
			Held	Attended
Ms. Apurva Purohit	Independent Director	Chairperson	2	2
Mr. Luis Miranda	Independent Director	Member	2	2
Dr. Keshab Panda	Non-Executive Director	Member	2	2

The Chairperson of the SRC was present at the previous AGM of the Company held on July 15, 2022.

Ms. Prajaka Powle, Company Secretary is the Compliance Officer of the Company.

### • Number of Requests/Complaints

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 set down by SEBI:

Particulars	Opening Balance	Received	Resolved	Pending
Statutory Complaints: SEBI/Stock Exchange	Nil	7	7	Nil
Shareholder Queries	Nil	43	43	Nil
Dividend Related	Nil	352	351	1
Transmission/Transfer	Nil	Nil	Nil	Nil
Demat/Remat	Nil	18	18	Nil

The Board has delegated the powers to approve the transfer of shares to the Share Transfer Committee comprising of the CEO & Managing Director, Chief Financial Officer and Company Secretary. Pursuant to Regulation 40 (1) of SEBI Listing Regulations requests for effecting transfer of securities shall be processed only if the securities are held in the dematerialized form and hence the Share Transfer Committee had not approved any request for transfer of shares in physical form during the year under review.

## D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### • Terms of Reference

The terms of reference of the Corporate Social Responsibility ("CSR") Committee have been drawn up in line with Section 135 of the Act, which are briefly described below:

#### **Corporate Social Responsibility:**

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.

#### **Sustainability**

1. Provide guidance for the development of a long-term Sustainability Plan of the Company and monitor the implementation of the same from time to time;
2. Review the various sustainability initiatives undertaken by the Company, its performance, and other related aspects;
3. Oversee the overall ESG performance, disclosure, strategies, goals, and objectives; and
4. Ensure compliance with the relevant laws, rules and regulations governing Sustainability and to periodically report to the Board of Directors.

### • Composition and Attendance during the year

The CSR Committee comprised of 2 (Two) Independent Directors and 1 (One) Non-Executive Director as its members. The Chairman of the Committee is an Independent Director. During the year, the Committee met 2 (Two) times on April 20, 2022 and October 17, 2022. The requisite quorum was present for all the meetings.

The composition of the Committee along with the details of the meetings held and attended during the aforesaid period is detailed below:

<b>Name</b>	<b>Category</b>	<b>Position in the Committee</b>	<b>No. of Meetings</b>	
			<b>Held</b>	<b>Attended</b>
Mr. Sudip Banerjee	Independent Director	Chairman	2	2
Mr. R. Chandrasekaran	Independent Director	Member	2	1
Dr. Keshab Panda	Non-Executive Director	Member	2	2

The Chairman of the CSR Committee was present at the previous AGM of the Company held on July 15, 2022.

## E. Risk Management Committee

### • Terms of Reference

The terms of reference of the Risk Management Committee ("RMC") have been drawn up in line with Regulation 21 of the SEBI Listing Regulations, which are briefly described below:

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. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
6. Review significant operational risks;
7. Review of risks specifically associated with cyber security; and
8. Performing such other activities as may be delegated by the Board of Director or specified/provided under the Companies Act, 2013 or by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or statutorily prescribed under any other law or by any other regulatory authority.



- Composition and Attendance during the year**

The RMC Comprised of Mr. R. Chandrasekaran, Independent Director as the Chairman, Mr. Amit Chadha, 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 the Risk Management Committee met 2 (Two) times on April 20, 2022 and October 17, 2022. The requisite quorum was present for all the meetings.

The composition of the Committee along with the details of the meetings held and attended during the aforesaid period is detailed below:

Name	Category	Position in the Committee	No. of Meetings	
			Held	Attended
Mr. R. Chandrasekaran	Independent Director	Chairman	2	2
Mr. Amit Chadha	Chief Executive Officer and Managing Director	Member	2	2
Mr. Rajeev Gupta	Chief Financial Officer	Member	2	2

The Chairman of the CSR Committee was present at the previous AGM of the Company held on July 15, 2022.

- 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 regard to all the business developments, so that they are updated about the operations of the Company.

The Board of Directors have 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 the Agenda to the Board. Systems, procedures, and resources are in place to ensure that every Director is provided, with

precise and timely information which enables them to exercise their duties effectively.

Presentations are made regularly to the Board / Audit Committee/Corporate Social Responsibility Committee/Risk Management Committee and Stakeholders' Relationship 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 the 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 at <https://www.ltts.com/investors/corporate-governance>

- Risk Management Framework:**

Please refer Board's report.

- Vigil Mechanism/Whistle Blower Policy:**

The Company has a Whistle Blower Policy in place since October 2014 to encourage and facilitate employees to report concerns about unethical behavior, actual/suspected frauds, and violation of Company's Code of Conduct. The Policy provides for adequate safeguards against victimization of persons who avail the same and provides for direct access to the Chairman 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 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.ltts.com/investors/corporate-governance>.

During the year, no personnel have been declined access to the Audit Committee, wherever desired.

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 wrongdoings having an adverse effect on the Company's financials/ image and instances of leak of unpublished price sensitive information. An employee can report any wrongdoing 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 always maintain anonymity of the whistle-blower. It helps build a culture of trust, transparency, honest communication, and ethical conduct and provides employees with a 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 a total of 4 (Four) complaints under the Ethics Line. Appropriate actions wherever required were taken by the Company on the same.

#### **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. MSKA & Associates, Chartered Accountants as the Statutory Auditors of the Company for a period of 5 continuous years from the conclusion of 10<sup>th</sup> Annual General Meeting till the conclusion of 15<sup>th</sup> Annual General Meeting of the Company.

For the financial year 2022-23, total fees paid by the Company to statutory auditors is ₹ 4.3 million. This amount includes payments made to M/s Sharp & Tannan (previous statutory auditors), who completed their term on July 15, 2022.

Members may also refer the Board's Report for additional information pertaining to Statutory Auditors.

#### **4. 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](http://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: April 26, 2023

Place: Mumbai



## 5. GENERAL BODY MEETINGS

### A. Details of Annual General Meetings of last three years:

Financial Year	Date	Venue	Time	Details of special resolution passed
2021-22	July 15, 2022	Held through Video Conferencing /Other Audio-Visual Means	4.30 P.M.	--
2020-21	July 16, 2021	Held through Video Conferencing /Other Audio-Visual Means	4.30 P.M.	<ul style="list-style-type: none"> <li>• To approve the Re-appointment of Mr. Narayanan Kumar (DIN: 00007848) as an Independent Director of the Company.</li> <li>• To approve the 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.</li> </ul>
2019-20	July 17, 2020	Held through Video Conferencing /Other Audio-Visual Means	4.30 P.M.	--

### B. Postal Ballot

During the year under review, approval of members was sought for entering into Material Related Party transaction to acquire Smart World & Communication Business of Larsen & Toubro Limited as a going concern on a slump sale basis and other incidental transactions/matters. The details of the voting pattern are given below:

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
1,42,75,364	1,12,60,406	30,14,958	78.8800	21.1200

The aforesaid ordinary resolution was duly passed and the results of postal ballot through e-voting were announced on February 14, 2023. Mr. Alwyn D'Souza, Practicing Company Secretaries (Membership No. FCS 5559) was appointed as the Scrutinizer to scrutinize the postal ballot via e-voting process in a fair and transparent manner.

Procedure for postal ballot: The aforesaid postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions

of the Act, read with the Rules framed thereunder and read with the General Circular No. 11/2022 dated December 28, 2022 (in continuation to the circulars issued earlier in this regard) issued by the Ministry of Corporate Affairs, Regulation 44 of SEBI Listing Regulations and the Secretarial Standards on General Meetings issued by The Institute of Company Secretaries of India.

No Special Resolution is proposed to be passed through Postal Ballot as on the date of this Annual Report.

## 6. MEANS OF COMMUNICATION

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<b>Financial Results</b>	The quarterly, half-yearly and annual financial results of the Company (both standalone and consolidated) are submitted to National Stock Exchange of India Limited and BSE Limited within the prescribed timelines, and they are published in newspapers, which include The Financial Express and local newspaper Loksatta. Simultaneously, the results are hosted on the Company's website at <a href="https://www.ltts.com/investors/financial-information">https://www.ltts.com/investors/financial-information</a>
<b>News releases</b>	Official news releases are sent to stock exchanges as per Regulation 30 of SEBI Listing Regulations as well as displayed on the Company's website at <a href="https://www.ltts.com/investors/financial-information">https://www.ltts.com/investors/financial-information</a>
<b>Website</b>	The Company's website <a href="http://www.LTTS.com">www.LTTS.com</a> . 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.
<b>Presentations/Investor call made to Institutional Investors and Analysts</b>	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 at <a href="https://www.ltts.com/investors/financial-information">https://www.ltts.com/investors/financial-information</a>

## 7. GENERAL SHAREHOLDERS' INFORMATION

### A. Annual General Meeting:

Day and Date	Time	Venue
Tuesday, July 18, 2023	3.45 P.M. (IST)	In compliance with General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs, AGM will be conducted through Video Conference (VC)/Other Audio Visual Means (OAVM). Accordingly, there is no requirement to have a venue for the AGM.  For the purpose of compliance of Section 96 of the Act, the registered office of the Company at L&T House, Ballard Estate, Mumbai 400 001, shall be deemed to be the venue of the AGM.

### B. Financial calendar:

The Company follows April to March as the financial year. Tentative calendar of Board meetings for consideration of financial results during the financial year ending March 31, 2024 is as under:

Particulars	Period
Results for quarter ending June 30, 2023	On or before August 14, 2023
Results for quarter ending September 30 , 2023	On or before November 14, 2023
Results for quarter ending December 31, 2023	On or before February 14, 2024
Results for the quarter and year ending March 31, 2024	On or before May 30, 2024



### C. Dividend Payment:

The Board of Directors of the Company have recommended a final dividend of ₹ 30/- per equity share. The final dividend, if approved, by the members at the 11<sup>th</sup> AGM, would be paid within 30 days from the date of the AGM. The Company shall deduct tax at source at prescribed rates on the dividend paid to the members, as stipulated under the Income Tax Act, 1961. For more details, members are requested to refer to the 'TDS instructions on dividend distribution' as mentioned in the Notice convening the 11<sup>th</sup> AGM.

### D. Listing of Equity Shares on Stock Exchanges:

The shares of the Company are listed on the following stock exchanges:

Name	Address	Stock Code/Symbol
BSE Limited	25 <sup>th</sup> Floor, P J Towers, Dalal Street Mumbai- 400 001	540115
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra, East, Mumbai 400 051	LTTS

#### **Listing Fees to Stock Exchanges**

The Company has paid the Listing Fees for the year 2022-23 to the above Stock Exchanges.

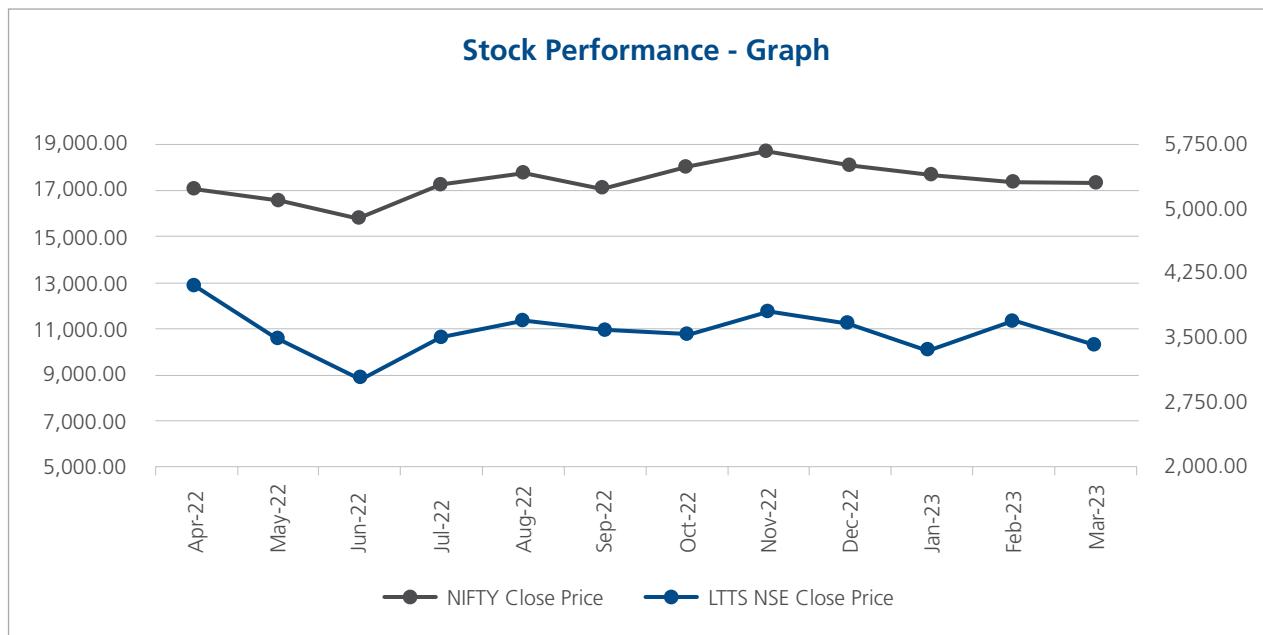
#### **Custodial Fees to Depositories**

The Company has paid custodial fees for the year 2022-23 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

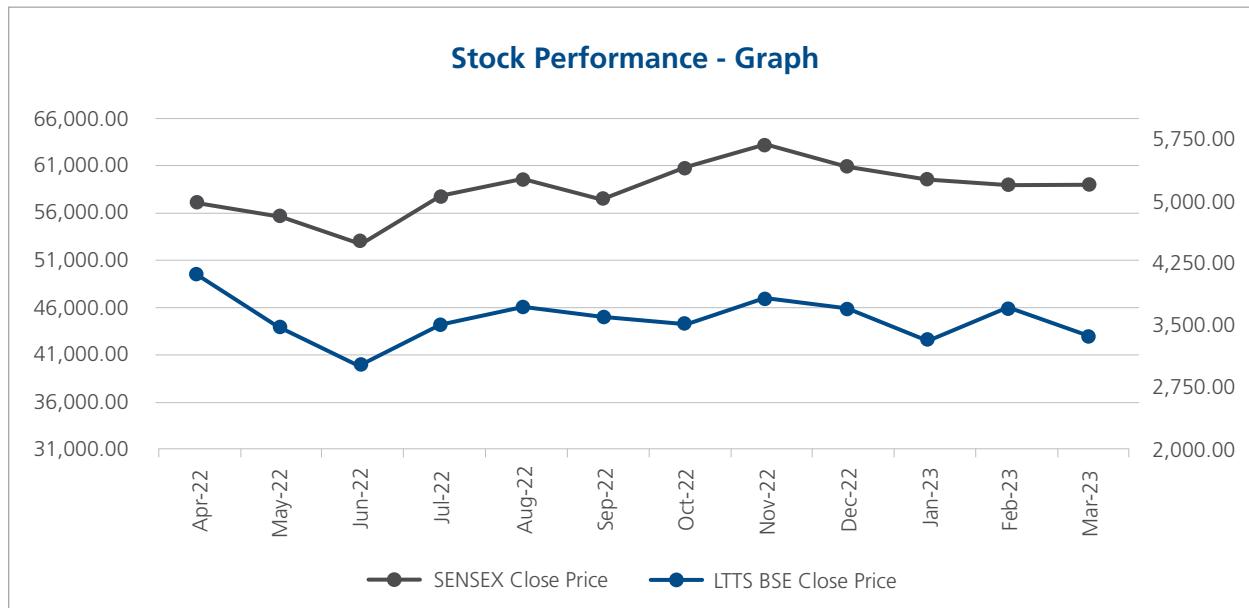
The ISIN of the Company is INE010V01017.

### E. Stock market data for the year 2022-23:

Month	LTTS NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
<b>2022</b>						
April	5,295.00	3,958.00	4,091.65	18,114.65	16,824.70	17,102.55
May	4,047.40	3,250.90	3,502.35	17,132.85	15,735.75	16,584.55
June	3,736.90	3,006.05	3,030.80	16,793.85	15,183.40	15,780.25
July	3,584.60	2,924.20	3,511.05	17,172.80	15,511.05	17,158.25
August	3,942.00	3,450.00	3,714.00	17,992.20	17,154.80	17,759.30
September	3,879.00	3,323.00	3,591.60	18,096.15	16,747.70	17,094.35
October	3,689.50	3,426.10	3,538.90	18,022.80	16,855.55	18,012.20
November	3,934.00	3,530.25	3,814.85	18,816.05	17,959.20	18,758.35
December	4,318.70	3,631.05	3,683.55	18,887.60	17,774.25	18,105.30
<b>2023</b>						
January	3,784.00	3,215.85	3,335.90	18,251.95	17,405.55	17,662.15
February	3,808.95	3,272.50	3,684.75	18,134.75	17,255.20	17,303.95
March	3,840.00	3,297.05	3,378.55	17,799.95	16,828.35	17,359.75



Month	LTTS BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
<b>2022</b>						
April	5,294.70	3,960.00	4,091.90	60,845.10	56,009.07	57,060.87
May	4,049.20	3,248.70	3,503.70	57,184.21	52,632.48	55,566.41
June	3,735.45	3,007.00	3,028.80	56,432.65	50,921.22	53,018.94
July	3,582.00	2,923.35	3,510.40	57,619.27	52,094.25	57,570.25
August	3,942.00	3,450.20	3,720.85	60,411.20	57,367.47	59,537.07
September	3,878.00	3,324.00	3,602.20	60,676.12	56,147.23	57,426.92
October	3,687.35	3,427.60	3,539.35	60,786.70	56,683.40	60,746.59
November	3,934.35	3,530.05	3,813.20	63,303.01	60,425.47	63,099.65
December	4,316.75	3,631.75	3,684.45	63,583.07	59,754.10	60,840.74
<b>2023</b>						
January	3,784.30	3,218.00	3,335.45	61,343.96	58,699.20	59,549.90
February	3,808.60	3,274.00	3,686.95	61,682.25	58,795.97	58,962.12
March	3,840.00	3,281.05	3,376.50	60,498.48	57,084.91	58,991.52



#### F. Share Transfer System:

Pursuant to the amendments in SEBI Listing Regulations, transfer of securities in physical form are not being processed by the Company. Further, all requests for transmission, transposition, issue of duplicate share certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate and consolidation of securities certificates/folios are being processed only in demat form. In such cases the Company issues a letter of confirmation, which needs to be submitted to Depository Participant to get credit of these securities in dematerialized form.

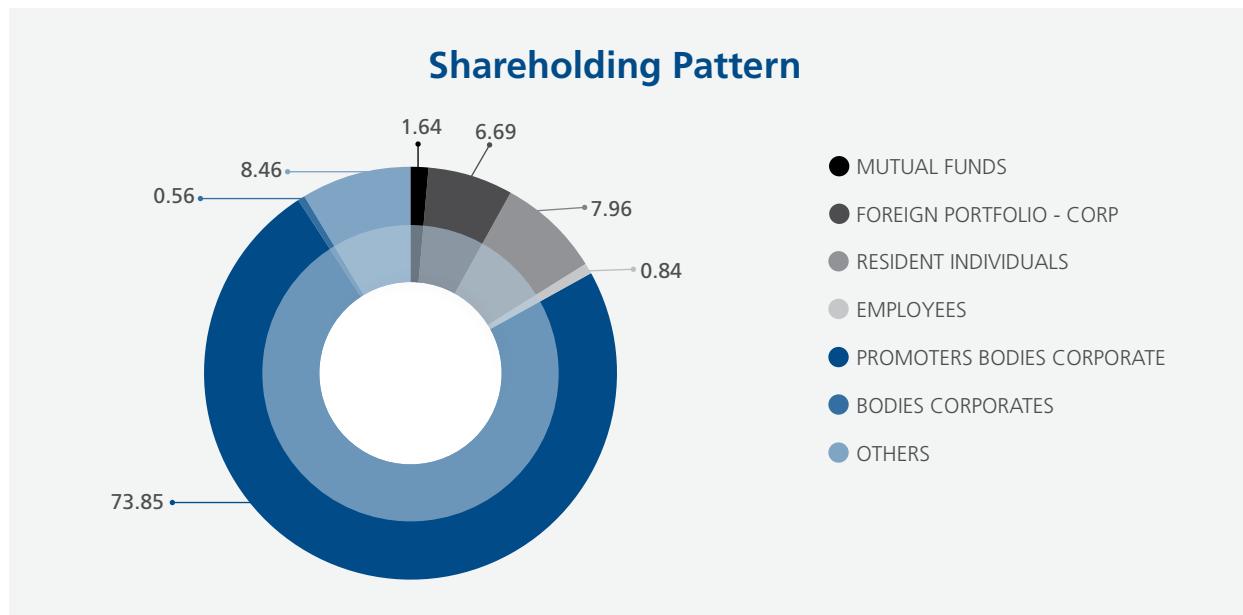
As per SEBI circular dated March 16, 2023, the Company has sent notice to all holders of physical securities asking them to furnish their PAN, details of Nomination, Contact details (viz. address, mobile and E-mail), Bank Account details and specimen signature ("KYC information") to KFin Technologies Limited on or before September 30, 2023. In case the shareholders fail to update KYC Information on or before September 30, 2023, their folios shall be frozen by the RTA as per above SEBI Circular and such shareholders will be eligible for payment of dividend or lodging any grievance or availing any service request from the RTA only after furnishing the KYC information as specified above.

#### G. Distribution of Shareholding as of March 31, 2023:

No. of shares	Shareholders		Shareholding	
	Number	Percentage	Number	Percentage
Up to 500	3,04,512	99.32	72,41,025	6.86
501-1,000	1,097	0.36	7,96,637	0.75
1,001-2,000	475	0.15	6,81,522	0.65
2,001-3,000	130	0.04	3,21,903	0.30
3,001-4,000	66	0.02	2,31,474	0.22
4,001-5,000	41	0.01	1,85,435	0.18
5,001-10,000	99	0.03	7,01,039	0.66
10,001 & above	192	0.06	9,54,49,107	90.38
<b>Total</b>	<b>3,06,612</b>	<b>100.00</b>	<b>10,56,08,142</b>	<b>100.00</b>

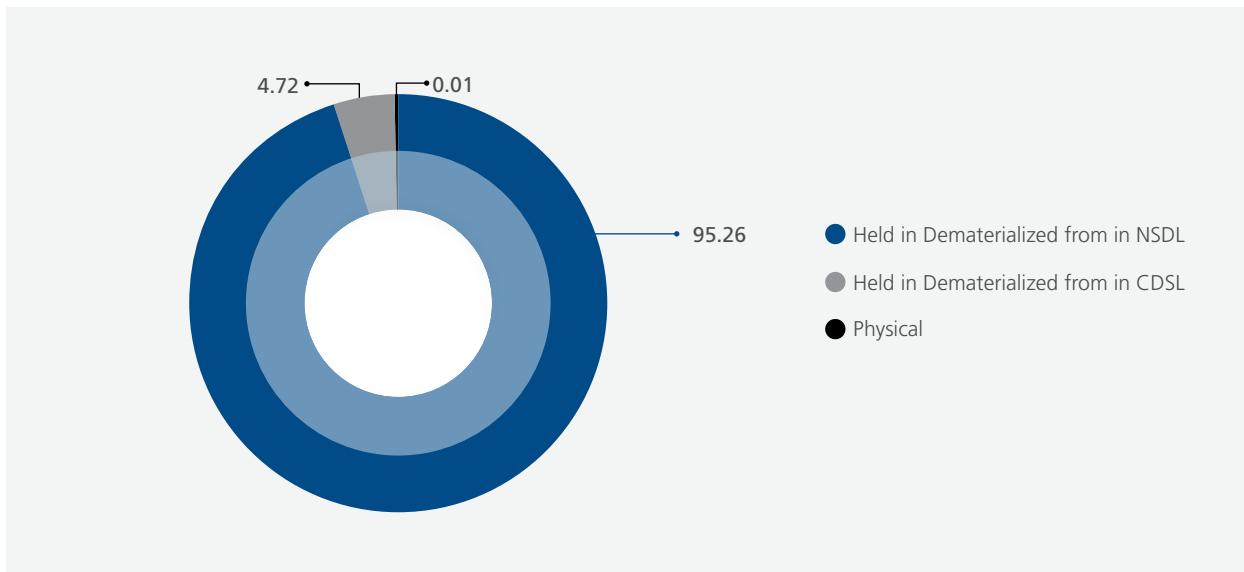
**Categories of Shareholders is as under:**

Category	As on March 31, 2023		As on March 31, 2022	
	No of shares	%	No of shares	%
Mutual Funds	17,29,781	1.64	47,36,308	4.49
Foreign Portfolio - Corp	70,65,197	6.69	75,39,365	7.14
Resident Individuals	84,10,879	7.96	74,98,080	7.11
Employees	8,88,334	0.84	11,82,645	1.12
Promoters Bodies Corporate	7,79,86,899	73.85	7,79,86,899	73.90
Bodies Corporates	5,89,407	0.56	6,96,330	0.66
Others	89,37,645	8.46	58,92,540	5.58
<b>Total</b>	<b>10,56,08,142</b>	<b>100</b>	<b>10,55,32,167</b>	<b>100</b>


**H. Dematerialization of Shares:**

The Company's Shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. As on March 31, 2023, the number of shares held in dematerialized and held in physical mode is as follows:

Particulars	Number of shares	% of total capital issued
Held in Dematerialized form in NSDL	10,05,90,880	95.26
Held in Dematerialized form in CDSL	49,96,609	4.72
Physical	20,653	0.01
<b>Total</b>	<b>10,56,08,142</b>	<b>100</b>



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 Registrar and Share Transfer Agent (RTA). Hereinafter all payments of dividend will be made in electronic formats.

#### I. Address for Correspondence:

Address of the Registrar and Share Transfer Agent (RTA)	KFin Technologies Limited Unit: L&T Technology Services Limited Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032; Tel: (91 40) 6716 2222; Fax: (91 40) 2343 1551 Toll free no.: 1800 419 8283; Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> , Website: <a href="https://www.kfintech.com">https://www.kfintech.com</a>
Address of the Compliance Officer	Prajakta Powle L&T Technology Services Limited A.M. Naik Tower, 6th Floor, L&T Campus, Gate No. 3, Jogeshwari-Vikhroli Link Road, Powai, Mumbai -400072 Tel: (91 022) 6892 5257. Fax: (91 022) 6705 9695 E-mail: <a href="mailto:investor@ltts.com">investor@ltts.com</a>

#### J. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018, is not required to be given. For a detailed information on foreign exchange risk and hedging activities, please refer Management Discussion and Analysis Report.

#### K. Plant Locations

- 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 UAE, Australia, Belgium, Canada, Germany, Denmark, Finland, France, UK, Israel, Italy, Japan, South Korea, Malaysia, Netherlands, Norway, Poland, Saudi Arabia, Sweden, Singapore, USA, South Africa and Switzerland.

- India Locations:**

As on March 31, 2023, the Company has delivery centers located at Mumbai, Pune, Vadodara, Bengaluru, Mysuru, Chennai, Hyderabad, Lucknow, New Delhi, Faridabad and Kochi.

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

**L. Shareholder Grievances:**

The Company has designated an e-mail id viz. [investor@lts.com](mailto: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.

**8. OTHER DISCLOSURES:**

**A. Materially significant related party transaction & Policy on dealing with Related Party Transactions**

During the year, there was no materially significant related party transaction entered into by the Company with its related parties that may have potential conflict with the interests of the Company at large. The Audit Committee has approved the Related Party Transaction Policy and its Guidelines and the same is available on the Company's website at <https://www.lts.com/investors/corporate-governance>.

**B. Penalties or Strictures**

No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority in any matter related to capital markets during the last three (3) years.

There is no non-compliance of any requirement of Corporate Governance Report as prescribed under sub-paras (2) to (10) of Part C of Schedule V of SEBI Listing Regulations.

**C. Policy on determining Material Subsidiaries and details of Material Subsidiaries**

The Company has formulated a policy on the identification of material subsidiaries in line with Regulation 16(c) of the SEBI Listing Regulations, and the same is available on the Company's website at [www.lts.com/investors](https://www.lts.com/investors).

The Company has 1 (One) Material Subsidiary as per the aforesaid policy and SEBI Listing Regulations and the details are as follows:

Name	L&T Technology Services LLC
Date of Incorporation	June 26, 2014
Place of Incorporation	Illinois, United States of America
Name and date of appointment of Statutory Auditors	KNAV P.A. (Appointed w.e.f. March 10, 2023)

**D. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).** Not applicable

**E. Certification for non-disqualification of Director**

The Company has obtained a Certificate from Alwyn Jay & Co., Company Secretaries confirming that Directors have not been debarred or have not been disqualified from being appointed or continuing as Directors by SEBI/MCA or any other authority. The said Certificate is annexed to this report.

**F. Disclosure on acceptance of recommendations made by Board committees**

During the year, various recommendations were made by the Committees to the Board of Directors, which were all accepted by the Board, after due deliberations.

**G. Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has framed the Policy for Prevention of Sexual Harassment at Workplace to ensure prevention, prohibition and protection against sexual harassment. The policy provides the guidelines for reporting such harassment and the procedure for redressal of complaints of such nature. During the financial year ended March 31, 2023, one complaint was filed, which was also disposed of during the year and there was no compliant pending as on end of the financial year.

**H. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'**

The Company has not given loans to firms/companies in which directors are interested.

**I. Compliance with mandatory requirements of Corporate Governance**

During the year under review, the Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of SEBI Listing Regulations, as applicable.

**9. COMPLIANCE WITH DISCRETIONARY REQUIREMENTS AS PRESCRIBED UNDER SEBI LISTING REGULATIONS**

The Company has complied with following requirements of Part E of Schedule II of SEBI listing regulations:



#### A. The Board

The Chairman of the Board does not maintain a Chairman's office at the Company's expense. However, the Company, from time to time, reimburses the expenses in relation to the Chairman's office in connection with performance of his duties as the Chairman of the Company.

#### B. Shareholder Rights

The quarterly and half-yearly financial performance are published in the newspaper and are also posted on the website of the Company and hence, it is not being sent to the Shareholders.

#### C. Modified opinion(s) in audit report

The auditor's report on standalone and consolidated financial statements of the Company are unqualified.

#### D. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

The positions of the Chairman and the Managing Director are separate.

#### E. Reporting of internal auditor

The internal auditors of the Company report to the Audit Committee and make detailed presentation at quarterly meetings.

### 10. 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, 2023, the Company has 16 unclaimed shares lying with it from its public issue.

The Voting rights on these shares shall remain frozen till the rightful owner claims the shares.

### 11. 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 him/her, 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 the 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 the Trading Window. To deal in securities beyond specified limits, permission of the 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., 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 1<sup>st</sup> April 2019. Further, the Company modifies the Code as and when there are amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Ms. Prajakta Powle, 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 the Company's website at [www.LTTS.com](http://www.LTTS.com).

### 12. 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.

### **13. 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 reports thereon are 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.

### **14. SECRETARIAL AUDIT AS PER COMPANIES ACT, 2013**

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013, Alwyn Jay D'Souza & Co., Company Secretaries, 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 February 8, 2019, the Company has obtained an annual secretarial compliance report from Alwyn Jay D'Souza & Co., Company Secretaries and has submitted the same to the Stock Exchanges within the prescribed timelines.

### **15. COMPLIANCE MONITORING SYSTEM**

Statutory compliance has become a catalyst for Corporate Governance. A good statutory compliance system has become vital for the 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 strengthening this system, the Company has taken steps to automate the said system and has framed a web-based portal which provides the user with web-based access, control based on a defined authorization matrix. Besides connecting all the compliance owners across time zones to a common corporate platform, the portal serves as a repository of the compliance exercise yielding substantial saving in resources and efforts for tracking compliance. 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 as monitoring the compliance more efficiently and making it more user-friendly.

### **16. 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, 2023, 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  
Date: April 26, 2023

**Amit Chadha**  
CEO & Managing Director

Place: Mumbai  
Date: April 26, 2023

## CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members of **L&T TECHNOLOGY SERVICES LIMITED**,

1. We have examined the compliances of the conditions of Corporate Governance by **L&T TECHNOLOGY SERVICES LIMITED** ("the Company") for the financial year ended **March 31, 2023**, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 ('Listing Regulations').
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
4. We further 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.

**ALWYN JAY & Co.**  
Company Secretaries

**Jay D'Souza**  
Partner  
FCS 3058  
Certificate of Practice No. 6915  
[UDIN: F003058E000202114]

Place: Mumbai  
Date: April 26, 2023



## COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities Exchange Board of India  
(Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,  
The Members,  
**L&T Technology Services Limited**

We, **Alwyn Jay & Co.**, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on April 21, 2022 by the Board of Directors of L&T Technology Services Limited (hereinafter referred to as '**the Company**'), having CIN L72900MH2012PLC232169 and having its registered office at L&T House, N. M. Marg, Ballard Estate, Mumbai - 400001. This certificate is issued under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "**the Regulations**"), for the year ended March 31, 2023.

### Management Responsibility:

It is the responsibility of the Management of the Company to implement the Scheme including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### Verification:

The Company has implemented L&T Technology Services Limited Employee Stock Option Scheme, 2016 (ESOP Scheme – 2016) in accordance with the Regulations and the Special Resolution(s) passed by the members at the General Meeting of the Company held on January 21, 2016.

For the purpose of verifying the compliance of the Regulations, we have examined the following:

1. Scheme received from/furnished by the Company;
2. Articles of Association of the Company;
3. Resolutions passed at the meeting of the Board of Directors;
4. Shareholders resolutions passed at the General Meeting;
5. Minutes of the meetings of the Nomination & Remuneration Committee;
6. Relevant Accounting Standards as prescribed by the Central Government;
7. Detailed terms and conditions of the scheme as approved by Nomination & Remuneration Committee;
8. Bank Statements towards Application money and perquisite tax received under the scheme(s);
9. Exercise Price/Pricing formula;
10. Statement filed with recognised Stock Exchange(s) in accordance with Regulation 10 of these Regulations;
11. Disclosure by the Board of Directors;
12. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder;

**Certification:**

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Company and its Officers, we certify that the Company has implemented the ESOP Scheme – 2016 in accordance with the applicable provisions of the Regulations and Resolution(s) of the Company in the General Meeting.

**Assumption & Limitation of Scope and Review:**

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

**ALWYN JAY & Co.**  
Company Secretaries

**Jay D'Souza**  
Partner  
FCS 3058  
Certificate of Practice No. 6915  
[UDIN: F003058E000202114]

Place: Mumbai  
Date: April 26, 2023



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**[Pursuant to Regulation 34(3) read with sub-clause (10)(i) of Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,  
 The Members of  
**L&T Technology Services Limited**  
 L&T House, N. M. Marg,  
 Ballard Estate,  
 Mumbai - 400001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **L&T Technology Services Limited** having **CIN** L72900MH2012PLC232169 and having registered office at L&T House, N. M. Marg Ballard Estate, Mumbai - 400001 IN (hereinafter referred to as '**the Company**'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Sub-clause 10(i) of Clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Designation	Date of appointment
1	Anilkumar Manibhai Naik	00001514	Director	27/06/2014
2	Sekharipuram Narayanan Subrahmanyam	02255382	Director	10/01/2015
3	Amit Chadha	07076149	Managing Director	01/02/2015
4	Abhishek Sinha	07596644	Whole Time Director	18/10/2019
5	Keshab Panda	05296942	Director	01/04/2021
6	Narayanan Kumar	00007848	Director	15/07/2016
7	Sudip Banerjee	05245757	Director	21/01/2016
8	Apurva Purohit	00190097	Director	11/12/2019
9	Chandrasekaran Ramakrishnan	00580842	Director	19/10/2020
10	Luis Miranda	01055493	Director	19/10/2021

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**ALWYN JAY & Co.**  
 Company Secretaries

**Jay D'Souza**  
 Partner  
 FCS 3058

Place: Mumbai  
 Date: April 26, 2023

Certificate of Practice No. 6915  
 [UDIN: F003058E000202114]

# Annexure E

- A) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23, the percentage increase in remuneration of each Director & Key Managerial Personnel (KMP) during the financial year 2022-23**

Name of the Director/KMP	Designation	2022-2023	
		Ratio of Remuneration to median remuneration	Percentage increase in Remuneration
Mr. A. M. Naik	Founder Chairman	13.93	8.8%
Mr. S. N. Subrahmanyam	Non-Executive Vice Chairman	NA	NA
Mr. Amit Chadha <sup>2</sup>	Chief Executive Officer & Managing Director	82.64	-63.4%
Mr. Abhishek Sinha <sup>1</sup>	Chief Operating Officer and Whole-Time Director	41.60	101.6%
Dr. Keshab Panda <sup>2</sup>	Non-Executive Director	6.27	-97.9%
Mr. Narayanan Kumar	Independent Director	2.96	-8.7%
Mr. Sudip Banerjee	Independent Director	2.56	-12.5%
Ms. Apurva Purohit	Independent Director	3.10	22.2%
Mr. R Chandrasekaran	Independent Director	1.97	-6.7%
Mr. Luis Miranda <sup>3</sup>	Independent Director	3.18	N.A.
Mr. Rajeev Gupta	Chief Financial Officer	-	13.7%
Ms. Prajakta Powle <sup>3</sup>	Company Secretary	-	N.A.

<sup>1</sup> Re-Appointed as Chief Operating Officer and Whole-Time Director w.e.f. October 18, 2022. The exercise of vested stock options during FY2023 has also been considered, hence there is percentage increase in remuneration during FY2023.

<sup>2</sup> 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. The exercise of vested stock options during FY2022 has also been considered, hence there is percentage decrease in remuneration during FY2023.

<sup>3</sup> Percentage increase for Mr. Luis Miranda and Ms. Prajakta Powle will not be comparable with the previous year as their appointments were made on October 19, 2021 and March 17, 2022 respectively and thus they were in receipt of remuneration for part of FY 2022.

- B) Percentage increase in the median remuneration of all employees in the financial year 2022-23**

The median remuneration of employees of the Company during the financial year was ₹ 8,88,162. In the financial year, there was an increase of 1.40 % in the median remuneration of employees.

- C) Number of permanent employees on the rolls of Company as on March 31, 2023**

There were 19,773 permanent employees on the rolls of Company as on March 31, 2023.

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

The Average Annual increase was around 8.8% in India and around 3.4% outside India. The average decrease in managerial remuneration was 68%, taking into consideration exercise of stock options by the Executive Directors in FY 2022 and FY 2023.

- 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

## NOMINATION AND REMUNERATION POLICY

The Board of Directors of L&T Technology Services Limited ("the Company") had constituted the "Nomination and Remuneration Committee" which is in compliance with the requirements of the Companies Act, 2013 ("Act") 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 Act 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"** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer."

### **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(s), 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 and Central Government, wherever required.

- b) The remuneration and commission to be paid to the 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 and Central Government, wherever required.

**b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of shareholders and other appropriate authorities.

**c) Provisions for excess remuneration:**

If any Chairman/Managing Director/Whole-time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without 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) 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.

**d) Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company. Non-Executive Directors are eligible for Stock options in accordance with Schemes formulated by the Company. Nominee Directors are not entitled to stock options as per their respective nomination letters received by the Company.

**4. MEMBERSHIP**

**4.1** The Committee shall consist of three or more non-executive directors, half of them shall be independent directors.

**4.2** Minimum two (2) members or one-third of the members whichever is greater including atleast one Independent Director shall constitute a quorum for the Committee meeting.

**4.3** Membership of the Committee shall be disclosed in the Annual Report.

**4.4** Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON**

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



- 5.2** Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 5.3** In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.4** Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to attend and to answer the shareholders' queries.

## 6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at least once in a year and such regular intervals as may be required.

## 7. COMMITTEE MEMBERS' INTERESTS

- 7.1** A member of the Committee is not entitled to be present/participate in discussion when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 7.2** The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 8. SECRETARY

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

## 9. VOTING

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

## 10. NOMINATION DUTIES

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

- 10.1** Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.2** Determining the appropriate size, diversity and composition of the Board;

- 10.3** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.4** Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.5** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.6** Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- 10.7** Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.8** Recommend any necessary changes to the Board; and
- 10.9** Considering any other matters, as may be requested by the Board.

## 11. REMUNERATION DUTIES

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

- 11.1** To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2** To ensure the remuneration maintains a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.
- 11.3** To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4** To consider any other matters as may be requested by the Board.

**11.5** To review Professional indemnity and liability insurance for Directors and Officers.

## **12. MINUTES OF NOMINATION AND REMUNERATION COMMITTEE MEETING**

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

## **13. REVIEW & AMENDMENT**

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



# Annexure H

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023

[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**

We 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** (CIN: L72900MH2012PLC232169) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances to express our opinion thereon.

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We 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, 2023** 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 for compliance to

the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable**;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **as amended from time to time**: -
  - (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, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) 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 – **Not Applicable to the Company**;
  - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company**;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company**;
  - (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - **Not applicable to the Company**;
  - (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Other specific business/industry related laws applicable to the Company;

The Company has complied with specific applicable laws, rules, regulations and guidelines viz., The Information Technology Act, 2000 and rules made thereunder, 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) and other applicable general laws, rules, regulations and guidelines.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

#### **We 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 a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board/ Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting.

**We 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 its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We 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 and standards:

1. Approval of the Board of Directors of the Company at its meeting held on July 15, 2022 for closure of a Foreign Branch Office of the Company in South Africa.
2. Approval of the Board of Directors of the Company at its meeting held on October 18, 2022 for establishment of a Wholly Owned Subsidiary of the Company in Krakow, Poland and initial investment of an amount not exceeding USD 25,000 (~1,25,000 PLN) in the proposed subsidiary.
3. Approval of the Board of Directors of the Company at its meeting held on January 12, 2023 for acquisition of Smart World & Communication business of Larsen & Toubro Limited which consists of Safe & Smart, Communication and Cyber Security as a going concern, on a Slump Sale basis.
4. Issue and Allotment of 75,975 Equity shares of face value of ₹ 2/- each under the Employee Stock Option Scheme, 2016.
5. Approval of the Shareholders of the Company, through Postal Ballot (E-voting) on February 14, 2023, was obtained for 'Material Related Party transaction in connection with acquisition of a substantial portion of the Smart World & Communication Business of Larsen & Toubro Limited as a going concern on a slump sale basis and other incidental transactions/matters'.

**ALWYN JAY & Co.**  
Company Secretaries

**Jay D'Souza**  
Partner  
FCS 3058

Place: Mumbai  
Date: April 26, 2023

Certificate of Practice No. 6915  
[UDIN: F003058E000202114]

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



## ANNEXURE A

To  
 The Members,  
**L&T Technology Services Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **L&T Technology Services Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
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.

**ALWYN JAY & Co.**  
 Company Secretaries

**Jay D'Souza**  
 Partner  
 FCS 3058

Certificate of Practice No. 6915  
 [UDIN: F003058E000202114]

Place: Mumbai  
 Date: April 26, 2023

# Annexure I

**Form No. AOC-2**

## **PARTICULARS OF CONTRACTS/ ARRANGEMENTS MADE WITH RELATED PARTIES**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### **FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARMS LENGTH TRANSACTIONS UNDER THIRD PROVISO THERETO:**

1. Details of contracts or arrangements or transactions not at arm's length basis: Not applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of the related party and nature of relationship	Larsen & Toubro Limited ("L&T"), Holding Company
2.	Nature of contracts/arrangements/ transactions	Acquisition of Smart World & Communication Business ("SWC Business") of L&T on Slump Sale basis
3.	Duration of the contracts / arrangements/ transactions	<ul style="list-style-type: none"> <li>(i) acquisition of substantial portion of the SWC Business by way of a slump sale: One Time.</li> <li>(ii) service agreement with L&amp;T for jointly executing and implementing project: 5 (Five) years from FY 2023.</li> <li>(iii) support and seconddment agreement: 3 (Three) years from FY 2023.</li> </ul>
4.	Salient terms of the contracts or arrangements or transactions including the value, if any and duration	<ul style="list-style-type: none"> <li>(i) Acquisition of substantial portion of the SWC Business by way of a slump sale as a going concern from L&amp;T, along with its assets and liabilities including but not limited to the concerned licenses, permits, regulatory approvals, employees, contracts and interests at value, for a total consideration of ₹ 800 crore (Rupees Eight Hundred Crore only), subject to working capital and other adjustments as set out in the Business Transfer Agreement – Onetime transaction.</li> <li>(ii) Service agreement with L&amp;T for jointly executing and implementing project(s) awarded to the SWC Business with Power Transmission &amp; Distribution Business of L&amp;T, for a period of five years from FY 2023, upto an amount not exceeding ₹ 500 crore (Rupees Five Hundred Crore only) – 5 (Five) years from FY2023.</li> <li>(iii) Support and seconddment agreement with L&amp;T for rendering support services, including seconddment of employees and sharing of software licenses, for a period of three years from FY 2023, upto an amount not exceeding ₹ 100 crore (Rupees One Hundred Crore only – 3 (Three) years from FY 2023.</li> </ul>
5.	Date(s) of approval by the Board, if any	Not applicable. The contract was entered into in the ordinary course of business and on arm's length basis. Pursuant to Regulation 23(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the transaction was recommended by Audit Committee on January 12, 2023 and approved by shareholders on February 14, 2023 by way of Postal Ballot.
6.	Amount paid as advances, if any	Nil

For and on behalf of the Board

**Amit Chadha**  
CEO & Managing Director  
(DIN: 07076149)

Place: Mumbai  
Date: April 26, 2023

**S. N. Subrahmanyam**  
Vice Chairman  
(DIN: 02255382)

Place: Mumbai  
Date: April 26, 2023



# Management Discussion and Analysis

## 1. BUSINESS PROFILE

### Overview

L&T Technology Services Limited (LTTS) is a leading global pure-play Engineering Research and Development (ER&D) services provider. The Company delivers consultancy, design, development, and testing services across the product and process development life cycle.

LTTS' services and solutions include software and digital engineering, embedded systems, engineering analytics, and plant engineering. Its customer base includes 69 Fortune 500 companies and 57 of the world's top ER&D companies across Transportation, Telecom & Hi-Tech, Plant Engineering, Industrial Products, and Medical Devices. Its engineers and technologists collaborate with leading global firms to drive smart solutions and services for new product development, facilitate remote asset management, and enable virtual product design and prototyping.

In the fourth quarter of the fiscal, LTTS crossed the milestone of USD One Billion revenue run rate, underscoring its dominant position amongst the leading global ER&D companies. The Company's robust growth trajectory continued to be defined by its key differentiators around deep, multi-vertical domain expertise, which enables value-maximizing customer-centric innovations across major industry segments.

LTTS is active across the following verticals:

### **Transportation: Driving New Growth Paradigms for 8 of the Top 10 Global OEMs and Tier 1's**

LTTS' Transportation engineering services enable global OEMs and Tier 1s develop next-generation vehicles and aircraft, achieve faster time to market, and drive transformative innovation paradigms across their respective domains.

LTTS partners with global customers in the automotive domain leveraging its robust and reliable platform and solution offerings across key emerging areas, including, Electrical Vehicle (EV) technologies, Advanced Driver Assistance System (ADAS), and Autonomous Drive (AD).

The Company has over a decade of expertise in the Trucks and Off-highway segment and offers its services across Construction and Mining, Cranes and Material Handlers, Commercial Vehicles, Agricultural and Gardening Equipment, Powersports, and Polymer/Tire industries.

LTTS' Aerospace offerings cover the widest spectrum across aero engines, aero structures and systems, avionics, air traffic management systems, and new-age digital transformation solutions. The company is helping Aerospace OEMs and Tier 1 manufacturers maximize ROI, meet compliance standards, and enhance quality.

### **Industrial Products: Revitalizing Product Journeys for 7 of the Top 10 Global Manufacturers**

LTTS leverages its deep domain expertise in software, hardware, mechanical engineering, industrial networking protocols, IIoT, smart industry products, test frameworks, and enterprise control systems to support its growing customer base for Industrial Products worldwide. The results are translated into a robust presence across building automation, home and office product design, energy management, process control and machinery design.

The Company is also involved in driving global supply chain optimization to help customers explore alternate sourcing avenues in the post pandemic economy. With digital manufacturing emerging as a major focus area, LTTS is driving multi-layered digital transformation initiatives for customers to help unlock the true potential of emergent technologies in the Industry 4.0 ecosystem.

### **Telecom & Hi-Tech: Redefining Technology Journeys for 8 of the Top 10 Tech Majors**

LTTS' Telecom & Hi-Tech vertical delivers engineering services and solutions across five major domains, including, Telecom, Consumer Electronics, Semiconductors, Independent Software Vendors (ISVs), and Media & Entertainment (M&E).

The Company is also leveraging its extensive ER&D capabilities to enable leading Telecom OEMs and CSPs

across geographies, helping organizations unlock value from private networks for business applications.

Following its acquisition of L&T's Smart World and Communication unit (SWC), LTTS is expanding its offerings across Nex-Gen Comms by driving significant network architecture, orchestration, and management capabilities. The SWC acquisition is also set to enhance LTTS' new-age solutions around Sustainable Smart World, leveraging the global momentum in favor of smart spaces and integrated facilities.

The Company supports its semiconductor customers with a range of services covering hardware system design, platform software development, modem services, verification and validation, multimedia, connectivity, storage, mechanical engineering, and customer engineering facilities.

LTTS has long-standing partnerships with leading ISVs for cutting-edge VLSI, application engineering, cloud engineering, platform development and migration, product uplift and support, and testing and certification solutions. In M&E, the Company's offerings span product engineering, conceptualization, design and development, testing and certification, manufacturing support, maintenance, and value engineering.

The Company continues to explore and expand its partnership ecosystem with leading participants in the emerging OTT space to capitalize on the momentum generated by tectonic shifts in the global media consumption patterns.

### **Plant Engineering: Engineering Transformation for 7 of the Top 10 Global Firms**

LTTS offers chip-to-cloud capabilities across designing, engineering, project management, handover operations, and delivery and maintenance of custom digital solutions for Plant Engineering customers. The Company is acknowledged as a leading global Engineering, Procurement, and Construction Management (EPCM) services specialist and supports stages across a plant's lifecycle – from conceptualization to commissioning, leveraging a consulting-led framework built on years of expertise and specialization. LTTS' multiple Value Engineering Centers across geographies help drive business success for its global customers.

The Company's digital solutions continue to enable manufacturers in their journey to upgrade, integrate, and

redefine their legacy operations with smart platforms, state-of-the-art connectivity, and deep synergies for delivering transformative business outcomes. As emergent technologies, including, AI/ML, AR/VR, and the Metaverse, reshape the plant engineering landscape, LTTS' digital engineering capabilities are driving the transformation journey.

LTTS' Plant Engineering vertical caters to diverse industries, including Consumer Packaged Goods, Chemicals, and Energy & Utilities.

### **Medical Devices: Revitalizing Wellness Paradigms with the Top 10 Global Healthcare Leaders**

Combining an industry presence of over three decades with multi-vertical engineering expertise, we work closely with leading healthcare providers and device manufacturers. This includes delivering solutions for remote medical care, regulatory compliances and approvals (QARA), in-vitro diagnostics, patient mobility solutions, surgical services, home healthcare, and the Medical Internet of Things (MIoT).

The Company leverages its digital engineering capabilities to accelerate product development cycles, reduce time to market, deliver sustained value engineering, and ensure seamless multi-geography compliant product launches for healthcare device manufacturers. Our offerings across digital health management and healthcare operations cover chronic disease management, remote monitoring, decision support, clinical workflow optimization, care collaboration portals, and health monitoring platforms.

LTTS continues to redefine the current medical product design methodologies with cutting-edge digital technologies, solutions, and platforms. Our efforts ensure business success for a global customer base through enhanced regulatory compliance, best-in-class quality, and revitalized operational paradigms.

## **2. BUSINESS ENVIRONMENT**

The global Engineering Research and Development (ER&D) market is experiencing significant growth over the recent years. Zinnov estimates that ER&D spend patterns will remain resolute in the face of potentially adverse macro headwinds, growing at 6% CAGR by 2025, to reach a total of \$ 2 Trillion. This underscores the importance of emerging technologies, including, AI, IoT, and 5G, among others.



The direct impact of these new-age offerings is evident in the rising demand for innovative solutions and translates into significant opportunities for global businesses looking to redefine and revitalize their product and service offerings.

This scenario is complemented by a continual rise in global demand for vehicle electrification, enhanced connectivity, digital products and solutions, smart manufacturing practices, state-of-the-art healthcare options, and a more sustainable approach to business operations. These key trends are reshaping the global ER&D landscape, driving new investment decisions, and defining business growth plans. A recent study by Bain & Co. indicates that an overwhelming number of business leaders across geographies and industries have plans to increase their ER&D spends despite the uncertain economic outlook. Digital engineering is projected to be the driver in this journey, growing 1.7X during the period (till 2025) and accounting for over 53% of global ER&D spends.

In addition, the renewed focus on new-age technologies has had a positive impact on ER&D off-shoring, especially for high-potential regions like India. India's share as a destination for global ER&D spends continues on an upward trajectory. Leveraging the availability of a young and talented workforce, combined with the growing focus on innovation, we expect the current positive demand patterns to persist and strengthen.

The Indian ER&D sector is projected to be worth over USD 63 billion by 2025. As the nation's largest ER&D services company, LTTS stands to benefit from its set of well-defined offerings and capabilities in unlocking new opportunities for a global customer base. Leveraging its credentials and capabilities as an innovation leader and industry bellwether, the Company continues to strengthen its robust growth trajectory by strengthening and revitalizing its robust value proposition for customers across industries and domains.

LTTS' strengths and capabilities across the engineering and technology landscape is underscored in the ratings by key industry analysts, including, Zinnov, Everest, ISG, ARC, IDC, and NelsonHall. Each of these leading global analysts have consistently rated LTTS as a leader in various categories across technologies and geographies.

### 3. MAJOR ACHIEVEMENTS

#### Acquisition of Smart World & Communication

On January 12, 2023, LTTS announced that it had agreed to acquire the Smart World & Communication business unit of L&T. The move was designed to combine identified synergies and take new offerings in **Next-Gen Communications, Sustainable Smart World, and Cybersecurity** to the global market.

SWC has strong credentials in network design, planning, implementation, and management, including, Network Operation Centers (NOC), OSS work, Data Center, Cloud/private 5G – driving end-to-end network connectivity and public safety projects such as TANFINET. The Company also brings capabilities around public safety, smart cities, critical infrastructure, and smart metering, along with the L&T Fusion Platform and the Integrated Command and Control Center (IC3). They have implemented mega safety projects in Mumbai, Hyderabad, and Nagpur where tens of thousands of devices including cameras and network equipment have been implemented for city level surveillance, helping architect, conceptualize, and implement smart metering in states like Uttar Pradesh, Haryana, Delhi to the tune of 6 million meters. SWC's capabilities in cybersecurity include Full Lifecycle Threat Management capabilities with offerings across risk assessment, threat monitoring, security architecture, design and DevSecOps. The combined teams today can deliver Security Operating Centers (SOCs), OT cybersecurity, and product security credentials.

Following customary approvals and other necessary formalities, the acquisition closed on April 1, 2023

#### Order Wins

During the fiscal, LTTS registered several major deal wins across all its verticals. Large deal bookings were also high, led by two marquee deals of TCV USD 50 Million and USD 60 Million, and several engagements over USD 10 Million. Leveraging its capabilities and robust global pipeline, the Company exceeded the USD One Billion revenue run rate in the fourth quarter of the financial year.

#### Transportation

- A leading North American rail transportation major awarded LTTS a multi-million contract to support them in fleet modernization across areas of vehicular control, simulation technology, Next Gen Communications, Cybersecurity and the integration

of latest technology components into the core logistics platform for the customer.

- Selected as a preferred engineering partner for a global aerospace and rail major's technology unit in Canada. LTTS will offer end-to-end integrated engineering across products, operations and 5G driven next-gen connectivity solutions.
- Strategic engineering partner to Airbus for providing Advanced Engineering Capabilities and Digital Manufacturing Services under a multi-year contract.
- Selected by a US-based Off-highway equipment OEM as its strategic partner to develop capabilities around Embedded Software, Control Systems, and Software Verification/Validation Engineering.
- 5-year, multi-million-dollar deal from BMW to provide high-end engineering services for the company's suite of infotainment consoles in its family of hybrid vehicles.
- Chosen by a global technology company as its preferred technology partner for developing robust testing and accelerator frameworks for its embedded systems.
- Empanelled as a preferred engineering partner to support a global manufacturer in their key technology areas, including, E-Drives, E-Axles, Chassis Mechatronics solutions, Future Engine Technologies, and Hybrid Transmission.
- Multi-year engineering program for a US-based new-age EV OEM, encompassing energy storage systems, battery structures & BMS integration, and design support to help the customer launch its new line-up of electric vehicles.
- LTTS is setting up an engineering centre of excellence for a leading automotive mobility company's AutoSAR and functional safety-based software development activities.
- A leading Swedish OEM has awarded a V&V Engagement to support their Underground Mining & Rock Excavation (UMR) division globally. This involves all end-to-end development and testing activities including HIL/SIL across products, technologies, and regions.

- LTTS has been selected by a North American Auto OEM to support their vehicle & sub system level-based HIL test development, test automation, debugging and test execution for ADAS, EV & vehicle network components.
- Two deals from an international auto components manufacturer to undertake end-to-end engineering work for their hardware, drive mechanical engineering programs, and support application development.

### **Industrial Products**

- Engineering partner for a global O&G major for niche engineering and technology support to help the customer expand its market share.
- Preferred partner for the digital transformation of a large Swedish food processing and packaging company's integrated content management system to drive standardization and compliance.
- Multi-year product sustenance program for a large European material handling and logistics automation company to drive lifecycle maintenance of some of the legacy products while helping innovate and introduce new products using digital technologies.
- Chosen as an engineering partner by a global provider of industrial automation, for end-to-end product design, firmware development services, and the development of automation platforms.
- LTTS has been onboarded by a leading US-based provider of operations and maintenance services for the production of electricity and desalinated water. As a part of the engagement, the Company will setup 'Edge-to-Cloud' infrastructure for the ingestion of the customer's equipment data to their IoT cloud infrastructure across 24 plants worldwide.

### **Telecom and Hi-Tech**

- LTTS will expand its R&D lab in Bangalore and engineering team globally to support a North America based customer for software integration, validation and debugging of hardware products.
- LTTS has won a strategic deal from an American Telecom infrastructure company to accelerate



product development, set up new lab infrastructure and provide engineering services for its 5G ORAN program.

- Selected by a US-based technology company for developing safety libraries and embedded firmware implementation for its family of chipsets. The engagement includes LTTS software safety qualifications, CSP generation, architecture, and software components design.
- Onboarded by a leading network solutions provider to build, operate and manage a 5G radio testing lab for end-to-end test services on ORAN networks, including lab operations and management services.

### **Plant Engineering**

- Multi-year agreement with a leading energy conglomerate to provide consulting, implementation, and sustenance of Asset Integrity across the customer's major assets.
- Upgrading the digital dashboards with responsive and interactive UX across multiple platforms for a leading chemical manufacturing company.
- A large Industry 4.0 deal from a leading multinational food and beverage company to improve operational efficiencies by re-engineering centralized maintenance operations.
- Implementing digital twin at the flagship site of an American chemicals and specialty materials producer.
- Implementing digital twin across all existing the US refineries of an US-based O&G major.
- Multi-year deal from an American energy company to be their primary engineering partner for two of its existing refining sites. LTTS will provide engineering services including systemization, circuit design, full process & corrosion review, risk-based inspection and validation of equipment and inventory.
- LTTS bagged two multi-year plant engineering contracts from a global food processing company to provide plant engineering design services for the client's upcoming facilities in Europe & help the customer meet local demand and expand its market share.

### **Medical Devices**

- Multi-year engineering program from a medical devices leader for its product line.
- Data engineering program for a global healthcare provider to track and monitor the execution of triage and vigilance preparation to help accelerate productivity and reduce training costs.
- Program to help an international healthcare firm harmonize and streamline their QMS systems across North America, covering support across R&D, product quality, manufacturing, and supply chain management.
- Driving the greenfield facility of a leading medical technology company in Mexico, involving manufacturing transfer of systems and component lines. The program entails developing future state layout, value stream mapping, process validation and quality documentation remediation for the site.

## **4. SIGNIFICANT INITIATIVES**

LTTS has continued to invest significant time and effort in strategic initiatives that will propel its technology footprint, engineering infrastructure and human resources, with the objective to provide a differentiated experience to its customers.

- The Company expanded its global footprint with the launch of a new engineering research & development (ER&D) center in Toronto, Canada, two new design and prototyping centers in Peoria, USA, and a center of excellence in Pune, India.
- The Company unveiled its Engineering Research and Development (ER&D) center in Krakow, Poland, to cater to customers in Automotive, Mobility and Hi-Tech domains. The ER&D center will support major customers in Europe and North America.
- LTTS inaugurated its Engineering Design Centre (EDC) in Toulouse, France, to cater to the new age digital requirements of the global aerospace and defense sectors. The center will specialize in end-to-end solutions for aerospace design & manufacturing.
- LTTS is collaborating with Qualcomm Technologies, Inc., to deploy end-to-end solutions for the global 5G Private Network Industry utilizing their combined core expertise in the Hi-Tech & Telecommunication domain.

- LTTS, in collaboration with ISG and with CNBC TV18 as media partner, initiated the first ever Digital Engineering Awards to recognize and honor engineers and organizations at a global level for their pioneering work to promote engineering services and technology innovation. The inaugural edition of the Digital Engineering Awards attracted over 120 applications from more than 70 global organizations across North America, Europe, and Asia Pacific, active in the Automotive, Aerospace, Industrial Products, Plant Engineering, Telecom and Hi-Tech domains.

## 5. ENVIRONMENT, HEALTH & SAFETY

LTTS has a vision of "engineering a sustainable tomorrow through technology and innovation." We are committed to the creation of a sustainable world by minimizing environmental impact, maximizing social outreach, and offering sustainability focused solutions.

The Company has committed to become carbon and water neutral in its operations by 2030. We have aligned our climate mitigation targets with SBTi goals to limit global warming to 1.5°C. LTTS' ESG initiatives continue to build on our core ideals, helping drive an ethically progressive and reliable business that is robust enough to meet emerging challenges while being beneficial for all current and future stakeholders.

LTTS is undertaking various focused initiatives around water and energy conservation, besides expanding its social outreach. These include:

- **Integrated Watershed Management Project in Tamil Nadu:** LTTS has constructed water harvesting structures, including, check dams and village ponds to help the parched rural regions of Tamil Nadu. The Company also setup a threshing yard and training camps to help the residents in these regions.
- **Water Conservation for Agricultural Productivity:** LTTS has partnered with the Aga Khan Rural Support Program (India) to support a multipronged water conservation and irrigation initiative in southern Gujarat – a region which faces severe water crisis every year. Activities undertaken included the installation of solar lift irrigation pumps, plantation of 3,220 mango saplings and the development of multipurpose farm ponds for fishery and vegetable cultivation. Additionally, over 32,000 saplings were planted to promote biodiversity in the region.

- **Toward an Electrifying (and Sustainable) Future:** As a part of its commitment to a sustainable and greener future, LTTS has operationalized solar powered EV charging stations at its Vadodara center.
- **Other initiatives:** Volunteers from LTTS Vadodara and Mysuru came forward to collect solid waste across a stretch of about 2 KM around the identified meeting points in both the cities. Plastic waste was collected separately. The activities at the two locations led to a cumulative collection of 475 Kg of waste, with 140 hours of volunteering activity being clocked.

On the safety and health front, all LTTS facilities, except Pune, which is a recently opened facility, are now ISO 14001 & ISO 45001 certified locations. Further, to ensure the continued well-being of its employees, the Company conducted several yoga and meditation sessions during the fiscal, organized health camps, inaugurated wellness centers for its female employees, and ran regular awareness and information campaigns around waste management, carbon reductions, and natural resources usage.

## 6. RISKS & CONCERNs

LTTS is engaged in the export of engineering and designing services to customers in North America, Europe, Middle East, Japan, Korea, and other APAC countries. Our multi-geography operational paradigm exposes us to potential challenges of uncertain and ever-changing business environment across these key territories.

The Company has adopted a Risk Management framework for the assessment, monitoring, and treatment of risks identified. The framework is administered by the Enterprise Risk Management organization, and covers various company operations and risk categorisations, including, strategic, reputation, operational, financial, and compliance risks. LTTS analyses and manages risks at multiple levels, at the enterprise, business unit, and project levels, using a top-down and bottom-up strategy.

The increasing prevalence of cyber-security threats, including, incidents of data leakage and malware/ransomware attacks pose a major risk for global organizations like LTTS. Heightened levels of geopolitical tensions could also lead to an exaggeration of

such cyber-threats. LTTS has taken mitigation measures for this risk as one of the major programs for upgradation of IT infrastructure and policies.

There were concerns regarding higher attrition rates across the industry, which had the potential to hamper the Company's ability to provide high quality and uninterrupted services to clients. Record high level inflation and margin pressures in client geographies was another source of risk which could potentially result in deceleration in R&D spend growth. Exchange rate fluctuations, additionally, could add to the volatility in margins.

The key risks for the Company, and the mitigation plans for the same, are listed below:

Key Risks	Mitigation
In the fast-evolving technology landscape, there is a continuous risk to the confidentiality, integrity, and availability of LTTS systems and company data. This is due to the rise in cybersecurity threats, combined with a marked shift toward hybrid work models.	<ul style="list-style-type: none"> <li>• Cyber risks are managed through multi-layered controls, including, the implementation of a comprehensive governance program across the Company. This is an integral part of LTTS' corporate governance and risk management structure.</li> <li>• Cyber Security controls include proactive threat detection and response, brand monitoring, and deep &amp; dark web monitoring stringent policies, processes and controls (preventive, detective, and corrective). This helps ensure timely resolution of incidents.</li> <li>• LTTS continue to be certified against the Information Security Management System (ISMS) Standard ISO 27001:2013. Additionally, we have also been assessed for TISAX by independent audit firms.</li> </ul>
Increased attrition levels in line with trends observed in the industry	<ul style="list-style-type: none"> <li>• Attrition rates are actively monitored by the company and benchmarked with industry peers.</li> <li>• Measures of employee engagement and professional enrichment are being implemented, including, focused retention of critical employees, longevity bonuses, executive certification programs, new relocation opportunities, etc.</li> <li>• The Company provides internal career growth opportunities to its existing talent pool through the process of internal job postings across locations and business units.</li> </ul>
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"> <li>• LTTS' Global Engineering Academy (GEA) is an integral enabler for its engineer fraternity. The GEA, a one-of-its-kind initiative, is engaged in training and equipping young workforce with the latest technologies and skills, helping prepare them to be counted amongst the best in the industry.</li> <li>• Over the years the Company has been making consistent investments in innovation labs, including, design tear down labs, digital and communication labs, design studios, automotive labs, electrical and power labs, environmental and testing facilities, etc. Continuous competency and capability building in leading edge technologies, supported by the investments in labs and Centers of Excellence prepares the Company to address changing customer requirements.</li> <li>• Our focus is on driving innovation and the development of solutions and accelerators to reduce time-to-market for customers.</li> </ul>

<b>Key Risks</b>	<b>Mitigation</b>
Exchange rate volatility could materially and adversely impact results of operations	<ul style="list-style-type: none"> <li>As a global company, our revenues are distributed across multiple currency, viz. US Dollar, Euro, INR, etc. This provides a natural hedge against currency risks from any particular region to the Company.</li> <li>Long term cash flow hedges are undertaken to minimize the impact of exchange rate volatility.</li> <li>The Company undertakes a regular evaluation of hedging policy by internal Risk Management Team to assess its continued effectiveness.</li> </ul>
Risk of inadequate protection of intellectual property rights of our customers can lead to reputational damage and litigation	<ul style="list-style-type: none"> <li>LTTS conducts regular employee awareness sessions on the applicable code of conduct to create awareness of confidentiality and secrecy of sensitive information.</li> <li>Implementation of appropriate data security controls to prevent unauthorized access and/or data transfer.</li> <li>Strict physical access controls for employees across customer delivery centers and secure areas.</li> <li>Regular internal audits to comply with customer requirement of confidentiality and data protection.</li> </ul>
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"> <li>Dependency on work visas reduced through local hirings at multiple onsite locations.</li> <li>Improvement of internal processes on visa filing through proactive engagement with legislative and regulatory stakeholders.</li> <li>Regular internal audits to monitor compliance with applicable immigration laws and rules.</li> </ul>
Risks arising due to changes in customer business operations to be more sustainable and environment friendly. Rising risk from inadequate communication on the Company's Sustainability program	<ul style="list-style-type: none"> <li>The Company has made Sustainability related offerings as one of its 6 major growth engines (6 Big Bets). Adequate business focus and investments are being made in this sector to match customer requirements and the changing scenario to provide new and sustainable products and services.</li> <li>LTTS has committed to become Carbon and Water Neutral by 2030 and to align our climate mitigation targets in line with SBTi to limit global warming to 1.5°C. Various initiatives to achieve these commitments are under way.</li> <li>We are continuously improving our Sustainability Reporting maturity, besides participating in various sustainability assessments and rating evaluations to fulfil the communication requirements of various stakeholders.</li> </ul>
Risk arising from legislations like GDPR in Europe carrying severe consequences for non-compliance or breach. Also, other countries have enacted or are enacting their Data Privacy regulations to ensure protection of personal data.	<ul style="list-style-type: none"> <li>LTTS is addressing data privacy compliance requirements by implementing policies and procedures to comply with the provisions brought in by existing and upcoming laws on data protection in different countries and regions, including, the EU, USA, and India.</li> <li>The Company has developed and implemented a personal data breach response and mitigation plan to comply with applicable data protection laws.</li> <li>LTTS has developed data transfer guidelines and adheres with the cross-border data transfer mechanism in compliance with relevant regulatory requirements.</li> </ul>



Key Risks	Mitigation
<p>Risk arising from the volatility in global economics and Geo-political factors, as the Company has global operations. Further there would also be certain segments that may face cyclical downturns</p>	<ul style="list-style-type: none"> <li>• LTTS has diversified operations across multiple geographies, covering the Americas, Europe, and the Rest of the World.</li> <li>• The Company has a well-diversified portfolio of customers and revenue-mix spread across multiple business units. Business augmentation through cross-selling across industry segments helps the company to capitalize its technological expertise and capabilities, thereby limiting dependence on any particular industry segment.</li> <li>• Diversification of revenue mix covering different segments and geographies, as captured in the two previous points, addresses the risk of cyclical downturn.</li> <li>• LTTS actively monitors the risk of client and market concentration and the risk of dependency on top customers.</li> <li>• The Company has location-wise crisis management and business continuity teams, with a tested and ongoing WFH/WFX program to ensure streamlined operations.</li> <li>• LTTS has a counter-party screening process to ensure compliance with applicable global best practices.</li> </ul>

#### **Update on the inquiry conducted by the U.S. Department of Justice:**

In the month of March 2023, LTTS completed the ongoing inquiry with the U.S. Department of Justice through a settlement payment of \$9.9 Million. The settlement resolves the claims in whole. There was no determination of liability or an admission of guilt.

## **7. OUTLOOK**

As the nation's largest pure-play ER&D services provider, LTTS registered a constant currency growth of 16% during the fiscal. This is built on top of its stellar 20% growth achieved during FY22. Digital and emerging technologies were a key driver on this journey and constitute our focus for the future as we move beyond the Billion Dollar revenue milestone.

Our industry-leading performance continues to be defined by significant investments across emerging technology areas, including the 6 Big Bets – Electric Autonomous & Connected Vehicles (EACV), Nex-Gen Comms, MedTech, Digital Products & AI, Digital Manufacturing, and Sustainability. We are witnessing significant traction across each of these focus areas, with several marquee deal wins in the global markets.

LTTS' Q4 FY23 acquisition of L&T's Smart World and Communication business is expected to be a major enabler in strengthening our digital-focused growth journey. SWC has a proven track record of delivering innovative solutions in the areas of next-gen communications, sustainable smart world, and cybersecurity – core capabilities in alignment with three of LTTS' 6 Big Bets. LTTS is well poised to leverage these offerings in the global markets, expanding our footprint further into the

Middle East, APAC, US, and Europe as multiple countries and organizations scale their investments in a smart and sustainable future.

Our deep engineering and domain expertise drives innovation across cutting-edge devices, evolved manufacturing practices, and state-of-the-art products and services. The Company's domain expertise and commitment to technology excellence is highlighted in the recent milestones of filing over 1,000 patents.

The Company's demand patterns continue to be healthy in the face of potential global headwinds from adverse macro conditions. In Transportation, demand is being driven by electrification, connected cars, and next-generation digital cockpits. We are also witnessing increased demand for cybersecurity as a part of the software development platform engagements being undertaken by our teams. For Industrial Products, the focus is on digital twins and sustainability-driven product development, innovation, and research. We anticipate robust demand in digital manufacturing to support automation and software platform development, helping improve equipment performance and reliability.

In the Telecom & Hi-Tech vertical, we are seeing growth in 5G lab-as-a-service, network engineering, and

cybersecurity. With SWC, we now have an end-to-end capability enabling us to address 5G in a much more meaningful manner and expand addressable markets across multiple segments and tap into the potential of large future spends, like Sustainable Spaces. Again, as customers look to enhance efficiency, we are also seeing cost takeout deals in the pipeline, giving us an opportunity to consolidate and provide greater value to our stakeholders.

For Plant Engineering, key drivers of demand include the growing need for the localization of supply chains and sustainability in operations, including, energy, water and waste management leading to greenfield/brownfield expansions. In the O&G and Chemical sub-segment, customers continue to redefine their product mix leading to an enhanced scope for design and digital engineering projects. And in the Medical Devices domain, demand continues to be driven by connected devices and digital health platforms, cybersecurity, regulatory compliance, and QARA.

LTTS is present in over 20+ countries worldwide, and we are adding talent and capabilities across the focus geographies as a part of our continued commitment to drive global expansion. The Company has inaugurated new centers in Europe (Krakow, Poland and Toulouse, France) and North America (Toronto, Canada) and expanded existing facilities in Peoria, USA.

LTTS continues to pursue new partnerships with leading global organizations to redefine and revitalize the digital journeys of its customers across industries and geographies, reaffirming its vision of "Engineering a Sustainable Tomorrow through Technology and Innovation."

## **8. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

LTTS has designed its internal control systems commensurate with the size and complexity of its business. The internal control system comprises all policies and procedures that when taken together, support the Company's effective and efficient operation.

We have implemented internal controls that deal with system automation, authorizations, access restrictions, physical security, etc., for providing reliable financial and operational information to the relevant stakeholders at the right time.

## **9. SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Global ER&D spending, the quantum of ER&D outsourcing to third party vendors, and LTTS' ability to develop and deliver competencies that address the needs of its customers are the key drivers of the Company's growth paradigm.

On the operational front, LTTS' performance depends on its continued ability to command higher bill rates for its offerings, effective talent management initiatives, skilling and retention of high quality resources, utilization rate of billable employees, onsite-offshore revenue mix (since profit margins are typically higher if work is performed offshore), and the management of foreign exchange volatility risks (as a significant portion of business is billed in currencies like USD and EUR).

From a regulatory and compliance standpoint, the Company's business sustainability involves protecting the confidentiality and intellectual property rights of customers and being compliant to the local regulations that include immigration and data protection laws in every country we are present in.

## **10. FINANCIAL PERFORMANCE**

This part of the Management Discussion and Analysis refers to the consolidated financial statements of LTTS and its subsidiaries, referred to as the "Group." The financial statements and related notes to the consolidated accounts of LTTS for the year ended March 31, 2023 are prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS"), prescribed under Section 133 of the Companies Act, 2013, and read with the Companies (Indian Accounting Standard) rules as amended from time to time.

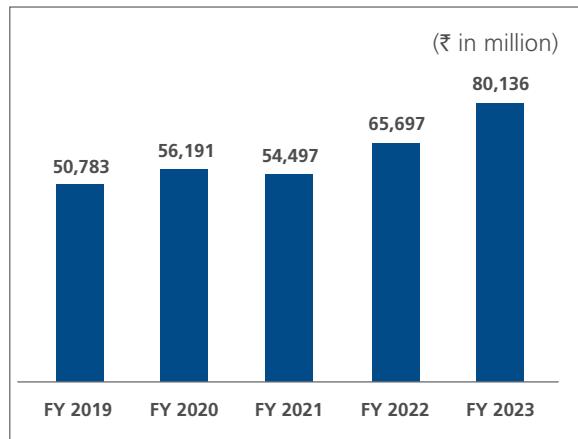
Refer to the Standalone and Consolidated financial statements in Annual Report for detailed schedules and notes.

## A. FINANCIAL PERFORMANCE HIGHLIGHTS

### Revenue Trend

Revenue from operations for the year ended March 31, 2023 increased 22.0% YoY to ₹ 80,136 Mn from ₹ 65,697 Mn for the year ended March 31, 2022, while CAGR growth over the past 4 years is 12.1%.

Revenue trend for last 5 financial years:

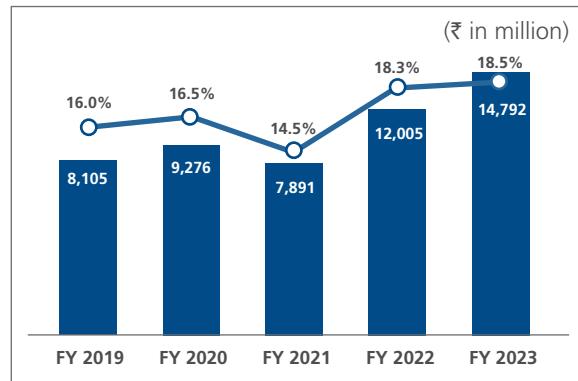


### Operating profit trend

Operating profit for the year ended March 31, 2023 increased 23.2% YoY to ₹ 14,792 Mn from ₹ 12,005 Mn for the year ended March 31, 2022, while CAGR growth over the past 4 years is 16.2%.

Operating margin for the year ended March 31, 2023 increased by 20 bps to 18.5% from 18.3% for the year ended March 31, 2022.

Operating profit (in Mn) and operating margin % trend for last 5 financial years\*:



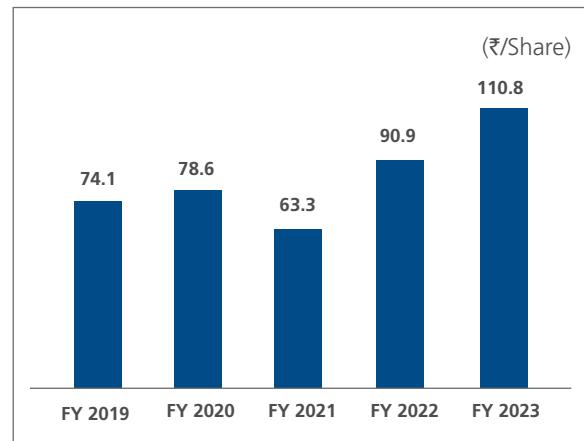
\* Absolute numbers represent operating profit (in Mn).

% numbers represent operating margin.

### Earnings per share trend

Earnings per share (basic) for the year ended March 31, 2023 increased 21.9% YoY to ₹ 110.8 in from ₹ 90.9 for the year ended March 31, 2022, while CAGR growth over the past 4 years is 10.6%.

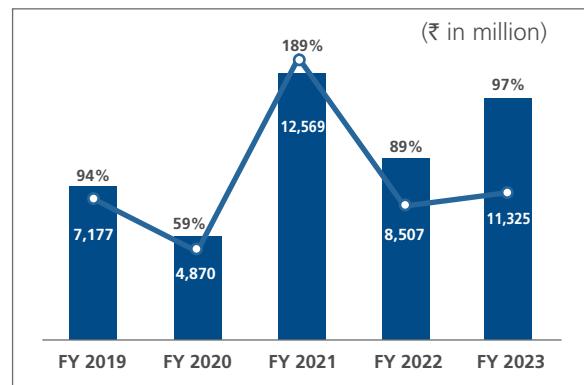
Earnings per share trend for last 5 financial years:



### Free cash flow trend

Free cash flow for the year ended March 31, 2023 increased 33.1% YoY to ₹ 11,325 Mn from ₹ 8,507 Mn for the year ended March 31, 2022. CAGR growth over the past 4 years is 12.1%.

Free cash flow and its % to net income trend for last 5 financial years\*:



\* Absolute numbers represent free cash flow (in Mn).

% numbers represent free cash flow as a % of net income.

## B. FINANCIAL CONDITION

### 1. SHARE CAPITAL

Particulars	(₹ in million)	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised:</b>		
5,250,000,000 equity shares of ₹ 2 each (Previous year 5,250,000,000 equity shares of ₹ 2 each)	10,500	10,500
<b>Issued, subscribed, and fully paid up</b>		
105,608,142 equity shares of ₹ 2 each (Previous year: 105,532,167 equity shares of ₹ 2 each)	211	211
<b>Total</b>	<b>211</b>	<b>211</b>

The authorized share capital of the Company as at March 31, 2023 was ₹ 10,500 million divided into 5,250 million equity shares of ₹ 2 each. The issued, subscribed and paid-up capital as at March 31, 2023 was ₹ 211 Million divided into 105.6 Million equity shares of ₹ 2 each. (As at March 31, 2022: ₹ 211 Million divided into 105.5 million equity shares of ₹ 2 each).

There were no changes in the authorized share capital during the year.

### 2. OTHER EQUITY (EXCL. NON-CONTROLLING INTEREST)

The other equity of the company as at March 31, 2023 stood at ₹ 49,298 million as against ₹ 41,414 million as at March 31, 2022. Breakup of other equity is as below: -

Particulars	(₹ in million)	
	As at March 31, 2023	As at March 31, 2022
Retained Earnings	36,244	27,713
Securities Premium	11,462	11,396
Hedging Reserve	296	1,896
Employee share options outstanding (Net of deferred compensation)	938	187
Foreign Currency Translation reserve	451	225
Other items of other comprehensive income	(93)	(3)
<b>Total</b>	<b>49,298</b>	<b>41,414</b>

#### Retained Earnings

The retained earnings of the company as at March 31, 2023 stood at ₹ 36,244 Million as against ₹ 27,713 Million as at March 31, 2022. Movement in retained earnings was primarily on account of profit earned during the year offset by dividends declared.

#### Securities Premium

The securities premium balance as at March 31, 2023 stood at ₹ 11,462 Million as against ₹ 11,396 Million as at March 31, 2022. Increase in securities premium is mainly on account of exercise of ESOPs.

#### Hedging Reserve

Hedging reserve relates to financial derivatives used for risk management strategy of the company.

The balance in hedge reserve (net of tax effect) as at March 31, 2023 is credit balance of ₹ 296 Million as against ₹ 1896 Million as at March 31, 2022.

#### Foreign currency translation reserve

The foreign exchange differences arise from the translation of financial statements of foreign operations with functional currency other than Indian rupees.

The foreign currency translation reserve balance as at March 31, 2023 stood at ₹ 451 Million as against ₹ 225 Million as at March 31, 2022.

#### Employee share options outstanding (Net of deferred compensation)

The amount of stock option outstanding as at March 31, 2023 stood at ₹ 938 Million as against ₹ 187 Million as on March 31, 2022. It represents cumulative expense to be recognized until the employee share options are vested/expired upon which such amount is transferred to profit and loss.



### Other items of other comprehensive income

The amount of other items of other comprehensive income as at March 31, 2023 is debit balance of ₹ 93 Million as against a debit balance of ₹ 3 Million as on March 31, 2022. It represents movement due to remeasurements of defined benefit plans (net of tax effect) based on actuarial valuation.

## 3. NON-CURRENT FINANCIAL LIABILITIES

Non-Current financial liabilities as at March 31, 2023 stood at ₹ 3,896 Million as against ₹ 4,550 Million as at March 31, 2022. It mainly includes below:

### Lease Liabilities

Lease liability as at March 31, 2023 stood at ₹ 3,731 Million as against ₹ 4,276 Million as at March 31, 2022. Decrease in lease liability is on account of conversion of non-current liability into current liability.

### Other Financial Liabilities

Other Financial Liabilities as at March 31, 2023 stood at ₹ 165 Million as against ₹ 274 Million as at March 31, 2022. Decrease in other financial liability is on account of derivative financial instruments.

## 4. NON-CURRENT PROVISIONS

Provisions as at March 31, 2023 stood at ₹ 52 Million as against ₹ 56 Million as at March 31, 2022. It includes provisions pertaining to post-retirement medical benefits.

## 5. CURRENT FINANCIAL LIABILITIES

Current financial liabilities as at March 31, 2023 stood at ₹ 9,915 Million as against ₹ 8,413 Million as at March 31, 2022. It mainly includes below:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Trade payables</b>		
– Due to micro enterprises and small enterprises	95	31
– Due to others	4,410	3,903
Lease liabilities	811	495
Other financial liabilities	4,599	3,984
<b>Total</b>	<b>9,915</b>	<b>8,413</b>

### Trade Payables

Payables to micro and small enterprises as at March 31, 2023 stood at ₹ 95 Million as against ₹ 31 Million as at March 31, 2022.

Payables to others as at March 31, 2023 stood at ₹ 4,410 Million as against ₹ 3,903 Million as at March 31, 2022. It also includes payable to related parties. Increase in trade payables is on account of growth in business operations.

### Lease Liabilities

Lease liability as at March 31, 2023 stood at ₹ 811 Million as against ₹ 495 Million as at March 31, 2022. Increase in lease liability is on account of net addition in premises taken on lease.

### Other financial liabilities

Other financial liabilities as at March 31, 2023 stood at ₹ 4,599 Million as against ₹ 3,984 Million as at March 31, 2022. It mainly includes liability towards employee benefit expenses, derivative financial instruments, capital creditors etc. The increase in liability is majorly on account of increase in year-end liabilities towards employee benefit expenses.

## 6. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, 2023 stood at ₹ 2,746 Million as against ₹ 2,583 Million as at March 31, 2022. It mainly includes unearned revenue, liability towards employee car scheme etc.

## 7. CURRENT PROVISIONS

Provisions as at March 31, 2023 stood at ₹ 1,313 Million as against ₹ 1,896 Million as at March 31, 2022. It mainly includes provisions pertaining to employee benefits such as post-retirement medical benefits, gratuity. However, provision pertaining to legal matter as at March 31, 2022 has been concluded in current financial year.

## 8. NON-CURRENT ASSETS (OTHER THAN NON-CURRENT FINANCIAL ASSETS AND DEFERRED TAX ASSETS)

The Non-current assets (other than non-current financial assets and deferred tax assets) as at March 31, 2023 stood at ₹ 13,005 Million as against ₹ 12,926 Million as at March 31, 2022. It mainly includes below:

Particulars	As at March 31, 2023	As at March 31, 2022
Property, plant and equipment	2,760	2,324
Right-of-use assets	3,777	4,073
Capital work-in-progress	65	99
Goodwill	6,010	5,881
Other intangible assets	393	549
<b>Total</b>	<b>13,005</b>	<b>12,926</b>

### **Property, plant, and equipment**

The gross block of Property, plant, and equipment as at March 31, 2023 stood at ₹ 6,492 Million as against ₹ 5,232 Million as at March 31, 2022.

Additions during the year ended March 31, 2023 stood at ₹ 1,550 Million, mainly comprising of ₹ 744 Million towards computers, ₹ 495 Million towards laboratory equipment, ₹ 161 Million towards office and other equipment, ₹ 104 Million towards vehicles and ₹ 46 Million towards leasehold improvements. Disposals during the year ended March 31, 2023 stood at ₹ 303 Million. The net block of Property, plant, and equipment as at March 31, 2023, stood at ₹ 2,760 Million as against ₹ 2,324 Million as at March 31, 2022.

The Company has been investing in infrastructure facilities in line with business growth requirements.

### **Right of use assets**

The gross block of Right of use assets as at March 31, 2023 stood at ₹ 6,504 Million as against ₹ 6,220 Million as at March 31, 2022. Net addition during the year ended March 31, 2023 stood at ₹ 254 Million.

### **Capital work in progress (Capital WIP)**

Capital WIP as at March 31, 2023 stood at ₹ 65 Million as against ₹ 99 Million as at March 31, 2022. It mainly includes work in progress pertaining to infrastructure facilities.

### **Goodwill**

The carrying value of goodwill as at March 31, 2023 stood at ₹ 6,010 Million as against ₹ 5,881 Million as at March 31, 2022.

Increase in carrying value of goodwill is basically on account of foreign currency translation. Goodwill have been tested for impairment.

### **Other intangible assets**

The gross block of other intangible assets as at March 31, 2023 stood at ₹ 4,026 Million as against ₹ 3,964 Million as at March 31, 2022. It mainly includes specialized software, technical knowhow, tradename etc.

## **9. NON-CURRENT FINANCIAL ASSETS**

Non-current financial assets as at March 31, 2023 stood at ₹ 2,799 Million as against ₹ 3,225 Million as at March 31, 2022. It mainly includes below:

### **Non-current financial assets: Investments**

Non-current investments as at March 31, 2023 stood at ₹ 1,752 Million as against ₹ 861 Million as at March 31, 2022. The increase is mainly on account of investment in non-convertible debentures and corporate deposits.

### **Non-current financial assets: Others**

Other non-current financial assets as at March 31, 2023 stood at ₹ 1,047 Million as against ₹ 2,364 Million as at March 31, 2022. It mainly includes security deposits, fixed deposits with maturity more than 12 months and non-current derivative financial instruments. Decrease is on account of maturity of fixed deposits and derivative financial instruments.

## **10. OTHER NON-CURRENT ASSETS**

Other non-current assets as at March 31, 2023 stood at ₹ 1,821 Million as against ₹ 1,370 Million as at March 31, 2022. It mainly includes prepaid expenses and income tax receivables. Increase is mainly on account in income tax receivable.

## **11. CURRENT FINANCIAL ASSETS**

Current financial assets as at March 31, 2023 stood at ₹ 47,458 Million as against ₹ 40,183 Million as at March 31, 2022. It mainly includes below:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investments	21,088	13,918
Trade receivables	17,301	16,959
Cash and cash equivalents	5,346	2,347
Other bank balances	1,553	4,395
Other financial assets	2,170	2,564
<b>Total</b>	<b>47,458</b>	<b>40,183</b>

### **Investments**

To achieve the goal of capital preservation, liquidity and optimization of returns, the Company makes investments after considering counterparty risks based on multiple criteria including Tier I capital, capital adequacy ratio, credit rating, profitability, NPA levels and deposit base of banks and financial institutions.



Investments as at March 31, 2023 stood at ₹ 21,088 Million as against ₹ 13,918 Million as at March 31, 2022. It mainly comprises of investment which are measured at fair value through profit and loss (FVTPL) i.e., mutual funds and investment measured at amortised cost i.e., corporate deposits, non-convertible debentures, commercial papers, and certificate of deposits.

The increase in investment is mainly on account of investment of free cash flow generated from business operations.

### **Trade Receivables**

Trade receivables (net of allowance for doubtful debts) as at March 31, 2023 stood at ₹ 17,301 Million as against ₹ 16,959 Million as at March 31, 2022.

Allowance for doubtful debts as at March 31, 2023 stood at ₹ 290 Million as against ₹ 250 Million as at March 31, 2022.

The days sales outstanding stood at 79 days as at March 31, 2023 as compared to 94 days as at March 31, 2022.

### **Cash and Cash equivalents**

Cash and cash equivalents as at March 31, 2023 stood at ₹ 5,346 Million as against ₹ 2,347 Million as at March 31, 2022. It mainly includes bank balances maintained in Indian and foreign bank accounts, fixed deposits with maturity less than 3 months, remittance in transit and cheques on hand. Increase in cash and cash equivalents is on account of fixed deposits having maturity less than 3 months.

### **Other Bank balances**

Other bank balances as at March 31, 2023 stood at ₹ 1,553 Million as against ₹ 4,395 Million as at March 31, 2022. It mainly includes fixed deposits having maturity more than 3 months but less than 12 months and earmarked balances with banks pertaining to unclaimed dividends. Decrease in other bank balances is on account of fixed deposits having maturity less than 3 months (moved to cash and cash equivalents).

### **Other Financial Assets**

Other financial assets as at March 31, 2023 stood at ₹ 2,170 Million as against ₹ 2,564 Million as at March

31, 2022. It mainly includes unbilled revenue (pertaining to time and material contracts), derivative financial instruments, advance to employee, security deposits, loans and advances to related parties etc.

The decrease is mainly on account of derivative financial instruments which moved from ₹ 1,048 Million as at March 31, 2022 to ₹ 331 Million as at March 31, 2023 and unbilled revenue which moved from ₹ 1,049 Million as at March 31, 2022 to ₹ 968 Million as at March 31, 2023 offset by increase in loans and advances to related parties which moved from ₹ 331 Million as at March 31, 2022 to ₹ 761 Million as at March 31, 2023.

## **12. OTHER CURRENT ASSETS**

Other current assets as at March 31, 2023 stood at ₹ 3,952 Million as against ₹ 3,068 Million as at March 31, 2022. Other current assets mainly consist of advance to suppliers, service tax/GST receivable, unbilled revenue (fixed price contracts) etc.

The increase is mainly on account of unbilled revenue which moved from ₹ 1,561 Million as at March 31, 2022 to ₹ 2,229 Million as at March 31, 2023.

## **13. DEFERRED TAX ASSETS/LIABILITIES (DTA/DTL)**

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Assets	(138)	(138)
Deferred Tax Liabilities	397	809

Deferred tax assets (DTA) as at March 31, 2023 is same as at March 31, 2022 amounting to ₹ 138 Million.

Deferred tax liability (DTL) as at March 31, 2023 stood at ₹ 397 Million as against ₹ 809 Million as at March 31, 2022. Decrease in deferred tax liability is mainly on account of reversal of DTL on account of cash flow hedges offset by increase in DTL on branch profits.

## C. OPERATIONAL ANALYSIS

### Financial Performance

Particulars	FY23		FY22	
	₹ million	% of Revenue	₹ million	% of Revenue
<b>Income</b>				
Revenue from operations	80,136	100.0%	65,697	100.0%
<b>Expenses</b>				
Employee benefit expenses	45,639	57.0%	36,505	55.6%
Other operating expenses	17,390	21.7%	15,043	22.9%
Depreciation and amortization expenses	2,315	2.9%	2,144	3.3%
<b>Operating profit (EBIT)</b>	<b>14,792</b>	<b>18.5%</b>	<b>12,005</b>	<b>18.3%</b>
Other income	2,080	2.6%	1,524	2.3%
Finance costs	435	0.5%	437	0.7%
<b>Profit before extraordinary items and tax</b>	<b>16,437</b>	<b>20.5%</b>	<b>13,092</b>	<b>19.9%</b>
Extraordinary items	-	0.0%	-	0.0%
<b>Profit before tax</b>	<b>16,437</b>	<b>20.5%</b>	<b>13,092</b>	<b>19.9%</b>
Tax Expenses	4,696	5.9%	3,486	5.3%
<b>Profit after tax</b>	<b>11,741</b>	<b>14.7%</b>	<b>9,606</b>	<b>14.6%</b>
Minority interest	43	0.1%	36	0.1%
<b>Profit for the year</b>	<b>11,698</b>	<b>14.6%</b>	<b>9,570</b>	<b>14.6%</b>

### Revenue from Operations

Our Revenues from operations increased by 22.0% to ₹ 80,136 Million for the year ended March 31, 2023 from ₹ 65,697 Million for the year ended March 31, 2022.

Revenue growth in reported terms includes impact of currency fluctuations. We, therefore, additionally report the revenue growth in constant currency terms, which represents the real growth in revenue excluding the impact of currency fluctuations. In USD terms, our revenue from operations increased by 12.4% to \$ 990 Million for the year ended March 31, 2023 from \$ 880 Million for the year ended March 31, 2022. Our revenue from operations for fiscal 2023 in constant currency grew by 15.8%. Also, we crossed a billion dollars in revenue run rate in financial year 2023 with broad based growth across segments.

In terms of project type, revenue from time and material contracts (as a % of total revenue) for the period ended March 31, 2023 stood at 72.1 % as against 69.7 % for

the year ended March 31, 2022 and revenue from fixed price contracts (as a % of total revenue) for the period ended March 31, 2023 stood at 27.9 % as against 30.3 % for the year ended March 31, 2022

Revenue from top 5 customers for the year ended March 31, 2023 stood at 16% (17 % for the year ended March 31, 2022).

Refer "Segment Reporting" section of M&DA for more details on the analysis of segment revenues and profitability.

### Employee Benefit expenses

Employee benefit expenses for the year ended March 31, 2023 stood at ₹ 45,639 Million (representing 57% of revenue from operations for such year) as against ₹ 36,505 Million (representing 56% of revenue from operations for such year) for the year ended March 31, 2022. It mainly includes salaries (including overseas staff expenses), share



based payment, staff welfare, contribution to provident fund and gratuity fund.

The increase is mainly on account of increase in headcount to 22,233 as at March 31, 2023 end from 20,861 as at March 31, 2022 end.

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labor and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020. The Company will assess the impact and its evaluation after the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.

### **Other Operating Expenses**

Other operating expenses for the year ended March 31, 2023 stood at ₹ 17,390 Million (representing 22% of revenue from operations for such year) as against ₹ 15,043 Million (representing 23% of revenue from operations for such year) for the year ended March 31, 2022. It mainly

includes subcontracting and component, engineering and technical consultancy fees, cost of computer software, rent and establishment expenses, travelling expenses, legal and professional charges, overheads charges and miscellaneous expenses

The increase in cost is majorly on account of increase in engineering and technical consultancy fees, cost of computer software, travelling expenses, recruitment expenses in line with business growth.

### **Depreciation and amortization expenses**

Depreciation and amortization expenses for the year ended March 31, 2023 stood at ₹ 2,315 Million (representing 2.9% of revenue from operations for such year) as against ₹ 2,144 Million (representing 3.3% of revenue from operations for such year) for the year ended March 31, 2022.

Out of total expense, expense pertaining to depreciation on right of use assets (as per IND AS 116 accounting) for the year ended March 31, 2023 stood at ₹ 941 Million as against ₹ 919 Million for the year ended March 31, 2022.

### **Other Income**

Other income for the year ended March 31, 2023 stood at ₹ 2,080 million as against ₹ 1,524 million for the year ended March 31, 2022. It mainly includes below:

Particulars	Year ended 31-03-2023	Year ended 31-03-2022
Interest Received*	876	492
Foreign exchange gain (net)	728	905
Net gain/(loss) on sale of investment	425	302
Miscellaneous income	121	148
Gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	(68)	(8)
Profit/(loss) on sales of fixed asset	(2)	5
Export incentive	-	(320)
<b>Total</b>	<b>2,080</b>	<b>1,524</b>

\*Interest income includes interest earned and accrued interest on account of investment in various instruments such as commercial paper, fixed deposits, Non-convertible debentures etc.

The increase in other income is on account of increase in interest income due to investment of surplus cash, reversal of export incentive in FY 2022 on account of change in policy, offset by reduced gains due to currency movements.

### **Finance costs**

Finance costs for the year ended March 31, 2023 stood at ₹ 435 Million as against ₹ 437 Million for the year ended March 31, 2022. It mainly includes interest on bill discounting and interest on lease liability accounted as per IND AS 116.

### **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.

Current tax expenses for the year ended March 31, 2023 stood at ₹ 4,561 Million as against ₹ 3,572 Million for the year ended March 31, 2022.

Deferred tax expenses for the year ended March 31, 2023 stood at ₹ 135 Million as against credit of ₹ 86 Million for the year ended March 31, 2022.

## **D. CASH FLOWS AND DIVIDEND**

### **Cash Flow**

Summary of cash flow statement is as under:

Particulars	As at March 31, 2023	As at March 31, 2022
Net cash flow (used in)/from operating activities	13,051	10,062
Net cash flow (used in)/from investing activities	(5,718)	(4,483)
Net cash flow (used in)/from financing activities	(4,435)	(4,982)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>2,898</b>	<b>597</b>
Cash and cash equivalents at beginning of the period	2,374	1,777
<b>Cash and cash equivalents at end of the period</b>	<b>5,272</b>	<b>2,374</b>

### **Net cash flow (used in)/from operating activities**

For period ended March 31, 2023, net cash flow from operating activities stood at ₹ 13,051, consisting of profit before tax of ₹ 16,437 Million, adjusted for depreciation and amortization, interest income, finance cost, investment income, bad debts, employee stock option cost etc. of ₹ 2,472 Million and cash used in net working capital of ₹ 1,188 Million and cash used to pay taxes (net of refund), which was ₹ 4,670 Million.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax	16,437	13,092
Tax expense	4,696	3,486
Effective tax rate	28.6%	26.6%

Effective tax rate for the year ended March 31, 2023 is higher on account of conclusion of certain past year assessments in current year.

### **Profit attributable to equity shareholders**

Profit attributable to equity shareholders for the year ended March 31, 2023 stood at ₹ 11,698 Million as against ₹ 9,570 for the year ended March 31, 2022. Growth in profit attributable to equity shareholders is in line with revenue growth.

### **Earnings per share**

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.

Basic EPS before extraordinary items has increased by 21.9% to ₹ 110.8 per share for the year ended March 31, 2023 from ₹ 90.9 per share for the year ended March 31, 2022.

Diluted EPS before extraordinary items has increased by 21.8% to ₹ 110.5 per share for the year ended March 31, 2023 from ₹ 90.7 per share for the year ended March 31, 2022.

For period ended March 31, 2022, net cash flow from operating activities stood at ₹ 10,062 Million as at the year ended March 31, 2022, consisting of profit before tax of ₹ 13,092 Million, adjusted for depreciation and amortization, interest income, finance cost, investment income, bad debts, employee stock option cost etc. of ₹ 1,985 Million and cash used in net working capital of ₹ 1,452 Million and cash used to pay taxes (net of refund), which was ₹ 3,563 Million.

#### **Net cash flow (used in)/from investing activities**

For period ended March 31, 2023, net cash used in investing activities stood at ₹ 5,718 Million.

This primarily includes net increase in current/non-current investments which includes mutual funds, certificate of deposits, commercial papers etc. of ₹ 7,875 Million, net purchase of property, plant, equipment, and intangibles of ₹ 1,726 Million, partially offset by deposits matured/having maturity less than 3 months of ₹ 2,857 Million and income received from investments including interest income of ₹ 1,026 Million.

For period ended March 31, 2022, net cash used in investing activities stood at ₹ 4,483 Million.

This primarily includes increase in deposits of ₹ 3,743 Million, net purchase of property, plant, equipment, and intangibles of ₹ 1,555 Million, partially offset by net decrease in current/non-current investments of ₹ 350 Million and income received from investments including interest income of ₹ 465 Million.

#### **Net cash flow (used in)/from financing activities**

For period ended March 31, 2023, net cash used in financing activities stood at ₹ 4,435 Million. This primarily includes dividend payments of ₹ 3,167 Million, payment pertaining to lease liability of ₹ 833 Million and

interest payments (including interest on lease liability) of ₹ 435 Million.

For period ended March 31, 2022, net cash used in financing activities stood at ₹ 4,982 Million. This primarily includes dividend payments of ₹ 3,633 Million, payment pertaining to lease liability of ₹ 913 Million, interest payments (including interest on lease liability) of ₹ 437 Million and proceeds from issue of equity share capital of ₹ 1 Million.

#### **Dividend**

The Company declares and pays dividends in Indian rupees (INR). Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The Board of Directors of the Company has recommended the final dividend of ₹ 30 per equity share for the year ended March 31, 2023 (Previous Year ₹ 15 per equity share), subject to approval by the shareholders at the forthcoming annual general meeting. The total final dividend payment is expected to be ₹ 3,168 million.

For the year ended March 31, 2023, Dividend per share for the year was ₹ 45 which includes interim dividend of ₹ 15 and recommended final dividend of ₹ 30. This translates to a dividend payout of 41% for year ended March 31, 2023 and the highest payout so far.

For the year ended March 31, 2022, Dividend per share for the year was ₹ 35 which includes interim dividend of ₹ 20 and final dividend of ₹ 15. This translates to a dividend payout of 39% for year ended March 31, 2022.

## **E. KEY FINANCIAL RATIOS (CONSOLIDATED)**

Ratio	FY23	FY22
Days Sales Outstanding (in days)	79	94
Interest Coverage Ratio	NA	NA
Current Ratio	3.4	3.1
Debt Equity Ratio	NA	NA
Operating Profit Margin (%)	18.5%	18.3%
Net Profit Margin (%)	14.6%	14.6%
Return on Net Worth (%)	26%	25%

### **Explanations for changes in ratios:**

- Days Sales Outstanding for the year ended March 31, 2023 went down to 79 days as compared to 94 days for the year March 31, 2022, on account of consistent efforts in collection. This led to only a 2% increase in Trade receivables as at March 31, 2023, compared to March 31, 2022, whereas Revenue increased by 22% in FY23
  - Interest Coverage ratio & Debt Equity ratio are not relevant metrics for the Company as it does not have any debt.

compared to 18.3% in FY22 primarily on account of better quality of revenue & measures taken to increase operational efficiencies.

  - Net profit margin was stable at 14.6% in FY23 as compared to 14.6% in FY22
  - Return on Net Worth for the year ended March 31, 2023 increased to 26% on account of higher Profit for the year at ₹ 11,698 Million as compared to ₹ 9,570 Million for the year ended March 31, 2022.

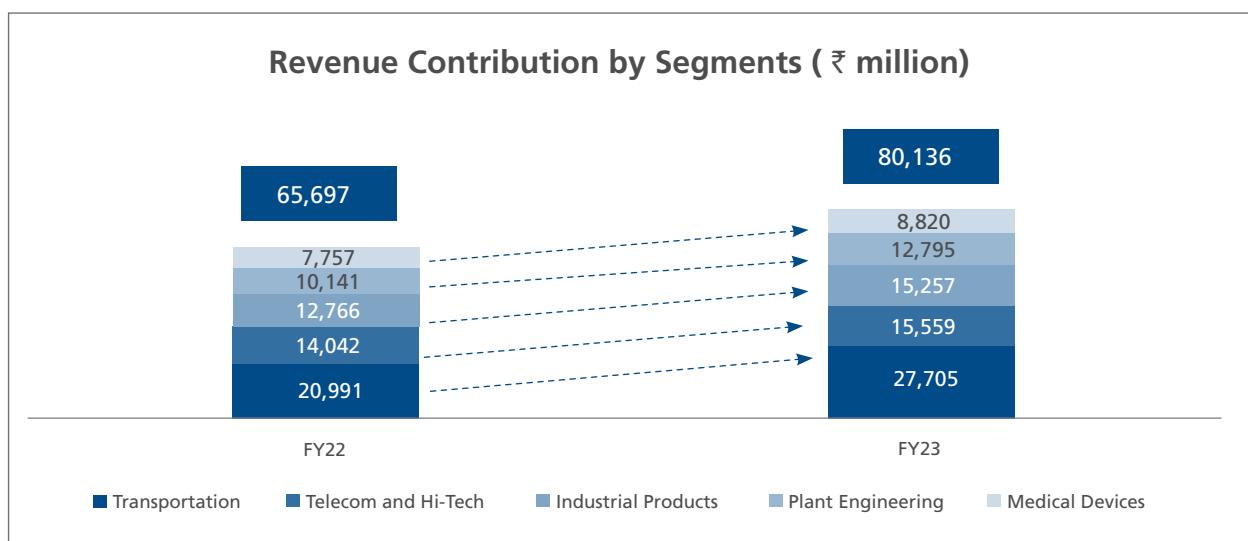
## E. SEGMENT REPORTING (CONSOLIDATED)

Our segmental reporting comprises business and geographic segmentation.

## Business Segmentation

LTTS operates in five industry segments namely Transportation, Telecom & Hi-Tech, Industrial Products, Plant engineering, Medical devices

Graphical representation of reportable segments contribution to revenue is as under:



## Transportation

Transportation segment is our largest segment by revenue and contributed 34.6% of the company's total revenue in FY23 vs 32.0% of the total revenue in FY22. Transportation revenue grew by 32% in FY23 and showed an improvement in operating margin from 18.9% in FY22 to 19.4% in FY23. Increase in operating margin is due to quality of revenue, operational efficiencies and scale benefits.

Telecom & Hi-Tech

Telecom segment is the second largest segment. The segment has contributed 19.4% of the company's total revenue in FY23 vs 21.4% of the total revenue in FY22. Telecom revenue grew by 10.8% in FY23. The operating margin of this segment has decreased to 12.4% in FY23 from 12.9% in FY22. This decrease in operating margin is due to impact of certain one-time investments made in the area.

## Industrial Products

The Industrial Products segment is the third largest segment and has contributed 19.0% of the company's total revenue in FY23 vs 19.4% of the total revenue in FY22. The segment has shown an uptick in revenue by 19.5% in FY23. The operating margin of this segment has improved from 29.6% in FY22 to 29.8% in FY23. This increase in operating margin is due to operational efficiencies.

## Plant Engineering

Plant Engineering contributed 16.0% of the company's total revenue in FY23 vs 15.4% of the total revenue in FY22. The segment has shown a 26.2% growth in revenue in FY23. The operating margin of this segment

has increased from 24.9% in FY22 to 27.0% in FY23. Increase in operating margin is due to quality of revenue and operational efficiencies.

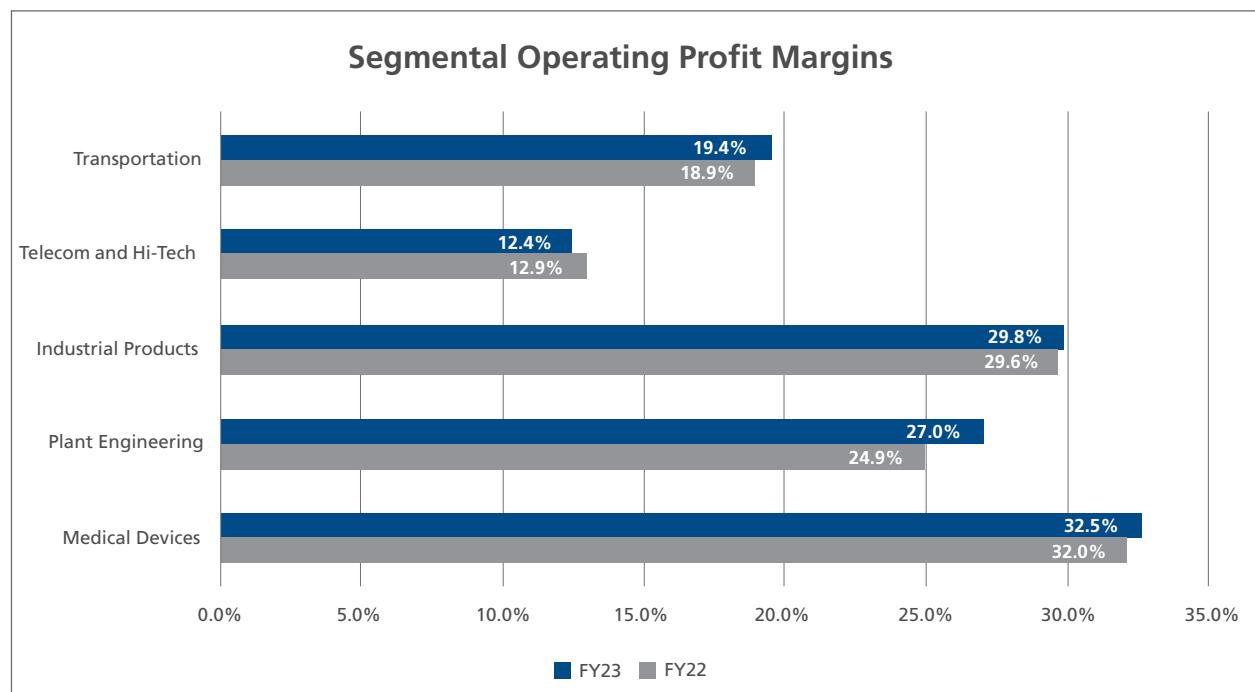
## Medical Devices

Medical Devices segment is the smallest segment and contributed 11.0% of the company's total revenue in FY23 whereas in FY22 it was 11.8%. The segment has shown a 13.7% growth in revenue in FY23. The operating margin of this segment has improved from 32.0% in FY22 to 32.5% in FY23. Increase in operating margin is due to quality of revenue & operational efficiencies.

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

Particulars	FY23		FY22	
	₹ million	% of Revenue	₹ million	% of Revenue
Transportation	27,705	34.6%	20,991	32.0%
Telecom and Hi-Tech	15,559	19.4%	14,042	21.4%
Industrial Products	15,257	19.0%	12,766	19.4%
Plant Engineering	12,795	16.0%	10,141	15.4%
Medical Devices	8,820	11.0%	7,757	11.8%
<b>Total Operating Revenue</b>	<b>80,136</b>	<b>100.0%</b>	<b>65,697</b>	<b>100.0%</b>

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

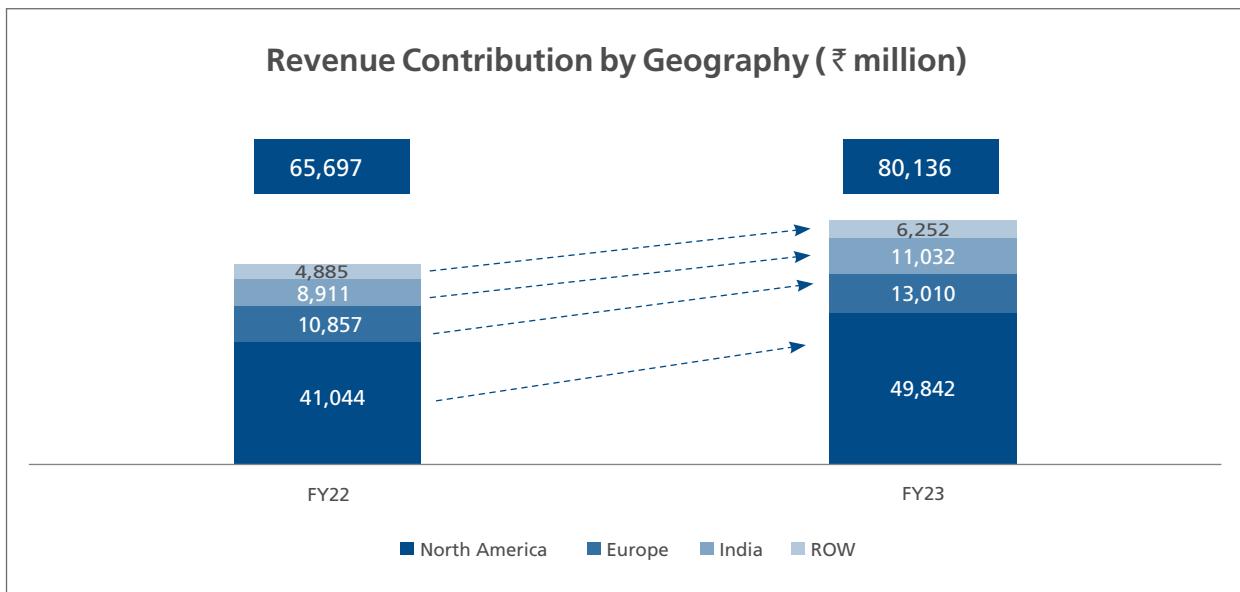


## Geographical Segmentation

We present our revenues by client billed location, irrespective of the location of the headquarters of the client or the location of the delivery Centre where the work is performed.

North America continued to dominate by contributing 62.2% of the total revenue. Contribution from Europe was 16.2%, from India it was 13.8% while Rest of the World contributed 7.8% of total revenue.

Graphical representation of revenue contribution from geographies is as under:





# Business Responsibility and Sustainability Report FY 2022-2023

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

#### 1. Corporate Identity Number (CIN) of the Listed Entity

L72900MH2012PLC232169

#### 2. Name of the Listed Entity

L&T Technology Services Limited

#### 3. Year of incorporation

June 14, 2012

#### 4. Registered office address

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

#### 5. Corporate address

West Block-II, L&T Knowledge City (IT/ITES) SEZ,N.H. No. 8, Ajwa Waghdia Crossing, Vadodara - 390 019

#### 6. E-mail

corporate.sustainability@ltts.com

#### 7. Telephone

912268925257

#### 8. Website

www.ltts.com

#### 9. Financial year for which reporting is being done

April 1, 2022- March 31, 2023

#### 10. Name of the Stock Exchange(s) where shares are listed

BSE and NSE

#### 11. Paid-up Capital

211 (₹ Million)

#### 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report

SL No.	Particulars	Details
1	Name	Jayashree Ramasubbu
2	Designation	Chief Risk Officer
3	Telephone Number	(022) 68925257
4	Email ID	corporate.sustainability@ltts.com

#### 13. Reporting boundary

The BRSR report provides details of our non-financial performance from April 1, 2022 to March 31, 2023. All disclosures are done on standalone basis except energy, water and waste data which is collected from our 11 major offices in India and 8 major offices at International locations. Except 1 subsidiary, all of our subsidiaries operate from LTTS' standalone premises.

**II. Products/services**
**14. Details of business activities (accounting for 90% of the turnover):**

<b>Sl. No.</b>	<b>Description of Main Activity</b>	<b>Description of Business Activity</b>	<b>% of Turnover of the entity</b>
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).		34.6%
Industrial Products	LTTS leverages its deep domain expertise in software, electronics, connectivity, mechanical engineering, industrial networking protocols, IIoT, smart industry products, test frameworks, and enterprise control systems to support global customers. This translates into a robust presence across building automation, home and office product design, energy management, process control, and machinery design.		19.0%
Telecom & Hi-Tech	LTTS offers engineering services and solutions across five key segments: Telecom, Consumer Electronics, Semiconductor, ISV, and Media & Entertainment.		19.4%
Plant Engineering	LTTS provides end-to-end solutions across designing, engineering, project management, handover operations, and the delivery and maintenance of custom digital solutions. As a leading Engineering, Procurement, and Construction Management (EPCM) services specialist, the Company supports all key stages across a modern plant lifecycle – from conceptualization to commissioning – leveraging a consulting-led framework built on years of expertise and specialization		16.0%
Medical Devices	LTTS helps medical device OEMs worldwide accelerate product development cycles, reduce time to market, deliver sustained value engineering, and ensure seamless multi-geography compliant product launches.  Our engineers work closely with leading global medical device manufacturers and healthcare providers to offer solutions around remote medical care, regulatory compliances and approvals, in-vitro diagnostics, patient mobility solutions, surgical services, home healthcare, and Medical Internet of Things (MIoT)		11.0%

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

<b>Sl. No.</b>	<b>Product/Service</b>	<b>NIC Code</b>	<b>% of total Turnover contributed</b>
	To Provide a range of Engineering Services and related technologies in the areas of Embedded Systems, Mechanical etc and to act as a services provider to companies in India and abroad	620	100

**III. Operations**
**16. Number of locations where plants and/or operations/offices of the entity are situated:**

<b>Location</b>	<b>Number of plants</b>	<b>Number of offices</b>	<b>Total</b>
National		13	13
International		38	38



**17. Markets served by the entity:**

**17. a. Number of locations**

Locations	Number
National (No. of States)	5
International (No. of Countries)	61

**17. b. What is the contribution of exports as a percentage of the total turnover of the entity?**

86.3%

**17. c. A brief on types of customers**

LTTS caters to a wide range of customers across industries and creates targeted partnership models that address specific challenges and business goals. The Company has a customer base covering 57 of the world's top 100 ER&D companies across 5 Major segments:

- **Transportation:** Our global customers in the transportation sector are the top Original Equipment Manufacturers (OEMs) and Tier 1 suppliers across the Automotive, Trucks & Off-Highway vehicles and the Aerospace sector
- **Telecom & Hi-Tech:** We offer engineering services and solutions for five key segments: Telecom, Consumer Electronics, Semiconductor, ISV and Media & Entertainment. LTTS' team of experts that work across the value chain to provide digital services and solutions for Communications Service Providers, Networking and Technology System Operators, OEMs, and chipset makers.
- **Industrial Products:** Our varied global customers who seek for services across building automation, home and office product design, energy management, process control, machinery design and digital manufacturing.
- **Plant Engineering:** LTTS provides end-to-end solutions across designing, engineering, project management, handover operations and the delivery and maintenance of customized digital solutions. As a leading Engineering, Procurement, and Construction Management (EPCM) services specialist, we support all key stages across a modern plant life-cycle — from conceptualization to commissioning for our global customers.
- **Medical Devices:** We help medical device OEMs worldwide accelerate product development cycles, reduce time to market, deliver sustained value engineering, and ensure seamless multi-geography compliant product launches. LTTS collaborates with leading global medical device manufacturers and healthcare providers to offer solutions around remote medical care, regulatory compliances and approvals, invitro diagnostics, patient mobility solutions, surgical services, home healthcare, and Medical Internet of Things (MIoT).

**IV. Employees**

**18. Details as at the end of Financial Year:**

**18. a. Employees and workers (including differently abled):**

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	19,773	15,372	77.7%	4,401	22.3%
2.	Other than Permanent (E)	2,605	1,975	75.8%	630	24.2%
3.	Total Employees (D+E)	22,378	17,347	77.5%	5,031	22.5%
<b>WORKERS</b>						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total Workers (F + G)	NA	NA	NA	NA	NA

**18. b. Differently abled Employees and workers:**

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	20	18	90.0%	2	10.0%
2.	Other than Permanent (E)	3	2	66.7%	1	33.3%
3.	Total differently abled employees (D+E)	23	20	87.0%	3	13.0%
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total differently abled workers (F + G)	NA	NA	NA	NA	NA

**19. Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	1	10%
Key Management Personnel	2	1	50%

**20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)**

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
	Permanent Employees	32.5%	33.2%	32.7%	31.0%	32.9%	31.4%	21%	23%	22%
	Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**21. (a) Names of holding / subsidiary / associate companies / joint ventures**

Sl. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	L&T Thales Technology Services Private Limited	Subsidiary	74%	Y
2	L&T Technology Services LLC	Subsidiary	100%	Y
3	Orchestra Technology Inc.	Subsidiary	100%	Y
4	L&T Technology Services (Canada) Limited	Subsidiary	100%	Y
5	Esencia Technologies India Private Limited	Subsidiary	100%	Y
6	Graphene Semiconductor Services Private Limited	Subsidiary	100%	Y
7	Graphene Solutions Pte. Ltd	Subsidiary	100%	Y
8	Graphene Solution SDN. BHD	Subsidiary	100%	Y
9	Graphene Solutions Taiwan Limited	Subsidiary	100%	Y
10	Seastar Labs Private Limited	Subsidiary	100%	Y
11	L&T Technology Services (Shanghai) Co. Ltd	Subsidiary	100%	Y

**VI. CSR Details**

**22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013:**

Yes

**22. (ii) Turnover (in ₹)**

INR 80,136 million

**22. (iii) Net Worth (in ₹)**

INR 46,881 million

**VII. Transparency and Disclosures Compliances****23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 22-23			FY 21-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	ltts.com/about-us/csr	0	0	No Complaints	0	0	No Complaints
Investors (other than shareholders)	https://www.ltts.com/investors/investor-services	0	0	No Complaints	0	0	No Complaints
Shareholders	https://www.ltts.com/investors/investor-services	420	1		297	0	
Employees and workers	https://www.ltts.com/investors/corporate-governance	0	0	No Complaints	1	0	No Complaints
Customers	No	0	0	No Complaints	0	0	No Complaints
Value Chain Partners	No	0	0	No Complaints	0	0	No Complaints
Other (please specify)							

**24. Overview of the entity's material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Economic Performance	O	The Company has diversified operations and client portfolios across multiple business units. Also with an active Risk management & compliance framework, the Company is confident to perform in a challenging environment		Positive

<b>Sl. No.</b>	<b>Material issue identified</b>	<b>Indicate whether risk or opportunity (R/O)</b>	<b>Rationale for identifying the risk / opportunity</b>	<b>In case of risk, approach to adapt or mitigate</b>	<b>Financial implications of the risk or opportunity (Indicate positive or negative implications)</b>
2	New Business Opportunities	O	The Company's diversified client portfolio across multiple business units strategically places the Company to tap into the growing Engineering R&D industry.		Positive
3	Business ethics & Corruption	R	Unethical business practices can lead to regulatory and/ or legal repercussions leading to financial and/ or damage to reputation.	Deployment of Whistle Blower Policy, Anti-Corruption & anti-bribery policy, awareness programs	Negative
4	Service Quality and Delivery	O	LTTS' comprehensive Quality Management System (QMS) provides a robust framework for global delivery of engineering & R&D services. LTTS' QMS framework has enabled it to win various prestigious awards and accolades and this is reinforced by a high percentage of repeat orders due to the customers belief and confidence in LTTS' services.		Positive
5	Customer Satisfaction	O	LTTS' CSAT scores have consistently ranged above 90% over previous years. LTTS is 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.		Positive
6	Data Privacy & Security	R	Risk arising from legislations like GDPR in Europe carrying severe consequences for non-compliance or breach.	Deployment of advanced IT security standards and policy, training & awareness programs	Negative
7	Energy Consumption	O	Reducing consumption of energy from our Scope 1 & 2 would help reduce our GHG emissions and further lower our costs in the long run.		Positive



Sl. No. Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8 Climate Changes & GHG Impact	O	With top priority focus on Climate change and GHG impact, our stakeholders would require to make changes in their processes. This presents us with an opportunity to provide dedicated services on sustainability to our customers.		Positive
9 Water Consumption	O	Reducing water consumption in our campuses would help address water challenges faced in cities that we operate.		Positive
10 Waste Processing	O	Adopting best practices in waste processing helps the Company in reducing the burden on landfills in cities and also helps the environment from harm.		Positive
11 Employees (Diversity and inclusion, talent management, training and upskilling, employee health and well-being)	O/R	A diverse and inclusive workplace boosts the Company's reputation, help attract top talent, and fuels business growth and success. Employee talent management and training provides much needed motivation to continuously improve their performance, quality and satisfaction. Increased attrition levels poses risks to provide seamless services to our customers.		Positive/Negative
12 Community development (STEM education for disadvantaged communities, community empowerment)	O	Empowering the communities in which we operate provides us an opportunity to contribute to the well-being of society and the environment through various initiatives.		Positive

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

### 1. Policy and management processes

Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	<a href="https://www.ltts.com/investors/corporate-governance">https://www.ltts.com/investors/corporate-governance</a>								



**2. Whether the entity has translated the policy into procedures. (Yes / No)**

Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y

**3. Do the enlisted policies extend to your value chain partners? (Yes/No)**

Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y

**4. Name of the national and international codes/certifications/labels/ standards adopted by your entity and mapped to each principle.**

Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusteia) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 27001, ISO 14001 & ISO 45001	ISO 45001	ILO Standards	SA 8000	ISO 14001, SA 8000	ISO 50001		SA 8000	

**5. Specific commitments, goals and targets set by the entity with defined timelines, if any.**

Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Specific commitments, goals and targets set by the entity with defined timelines, if any.						(a)		(b)	

(a) Carbon & Water Neutrality by 2030

(b) Gender Diversity of 25% by 2025, achieved 22.5% in FY2023

**6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.**

Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.						(a)		(b)	

### Governance, leadership, and oversight

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements**

As the nation's largest pure-play ER&D services company, LTTS is aware of its stewardship of the environment, the planet, and its people. We believe in the power of technology to 'do good,' and have a vision of "engineering a sustainable tomorrow through technology and innovation." This commitment to a cleaner, greener, and more sustainable future is reflected across our operations and activities – including a commitment to the SBTi goals and our stated objective of becoming carbon and water neutral. As an organization, LTTS continues to engineer significant measures to drive sustainability objectives for its global customer base. This includes our focus on product circularity, water and waste management, energy transition and management, environment and climate action, digital solutions, and sustainability-focused consulting.

We look forward to your continued support and encouragement as we continue to engineer the next frontiers of sustainable change and drive new value paradigms for customers worldwide.

**Amit Chadha**

CEO & Managing Director, LTTS



The report reaffirms LTTS' commitment as an organization towards engineering global sustainability for our customers, employees, and all direct and indirect stakeholders. The report also represents our commitment towards delivering industry-leading growth, while ensuring customer-centricity, driving employee engagement, enhancing our technology quotient, promoting a sustainable operating model and embracing the guidance of the core ESG principles.

**8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy**

Name: Mr Amit Chadha

Designation: CEO & Managing Director

**9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.**

Yes, The company's CSR committee is responsible for sustainability related issues.

**10. Details of Review of NGRBCs by the Company**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)									
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	Annually									
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	Annually									

**11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**

Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Y	Y	Y	Y	Y	Y	N	Y	Y

Following are the external agencies involved in assessment of policies related to respective certifications:

- ISO 27001: Bureau Veritas
- SA 8000: DNV
- ISO 45001: Lloyd's Register
- ISO 14001: Lloyd's Register
- ISO 50001: Lloyd's Register

**12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Not Applicable

### **SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

#### **Essential Indicators**

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year**

Segment	Total Number of training and awareness programmes held	Topics/ principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	10	Business, strategy, risk and update of laws	100%
Key Managerial Personnel	10	Business, strategy, risk and update of laws	100%
Employees other than BoD and KMPs	2,764	Project Management Professional (PMP) ATP Bootcamp: 5 Day Cohort, (ISC)2 CISSP Certified Information Systems Security Professional Official Study Guide, 9 <sup>th</sup> Edition, Accessing & Managing Files, Accountable Leadership etc.	84%
Workers	NA	NA	NA

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
<b>Monetary</b>				
Penalty/Fine		NIL		
Settlement				
Compounding fee				
<b>Non-Monetary</b>				
Imprisonment		NIL		
Punishment				



3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, Anti corruption and anti bribery policy is available on the company website - <https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/Global-ABAC-Statement.pdf>

Following are the key points of the policy:

- LTTS values its reputation for maintaining ethical behaviour, integrity, and reliability
- LTTS is committed to demonstrating compliance with all applicable laws
- LTTS follows a zero-tolerance policy towards all forms of bribery and corruption
- All persons working with LTTS or on behalf of LTTS in any capacity, including employees at all levels, directors, interns, agents, contractors, consultants, third-parties, and business partners are required to operate in an ethical manner with integrity and transparency
- LTTS does not give, promise to give, bribe, make any payment, gift, hospitality, kickbacks, or other benefits with the expectation of gaining a business advantage nor it allows its third parties to do so
- LTTS does not accept any payment, gift, or hospitality from third parties that is believed to have been offered with the expectation of a business advantage in return
- LTTS does not retaliate against any individual who has reported any incident concerning bribery or corruption
- LTTS will not engage in any activity that might lead to a breach of this statement.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 22-23	FY 21-22
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	FY 22-23		FY 21-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

### **Leadership Indicators**

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
28	Principle 1 Food safety, Personal hygiene & Workplace hazards, Basic Life Safety & Crisis Management, Chemical handling & Safety Precautions, Demo on Fire fighting, Basic Fire & Safety, Fire Hydrant & Sprinkler, Fire Extinguisher Operation, PPE, First Aid Awareness Programme	100%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

The Company has processes on management of conflict of interests involving members of the Board which may arise due to Directors joining the Boards of other companies and even conflicts which would take place during the course of normal business activities. The process allows the Directors to recuse themselves from the discussions pertaining to the conflict of interest. The Directors have to exercise their responsibilities in a bonafide manner in the interest of the Company, should not allow any extraneous considerations that may vitiate their exercise of objective independent judgment in the paramount interest of the Company and not abuse their position to the detriment of the Company for the purpose of gaining direct or indirect personal advantage. Any conflict of interest arising with the Board Members needs to be reported to the Chairman of the Audit Committee/Chairman of the Board

### **PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**

#### **Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R & D	-	-	-
Capex	0.2%	-	LTTS has installed a Solar Powered EV charging station which can also provide electricity to common spaces of the campus with the extra electricity units generated. LTTS has also invested in organic waste composting equipment in one of its campuses.

- 2a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

- 2b. If yes, what percentage of inputs were sourced sustainably?

All Suppliers are mandated to accept and sign the Code of Conduct (COC) which covers EHS and Human Rights parameters to be adhered. We are in process of further improving the sustainable sourcing procedures to include various principles as recommended in the 9 Principles of NGRBC.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company being an ER&D services company, there are no products of the Company to reclaim at the end of life. However, the company recycles and disposes its wastes via authorised vendors as prescribed under the CPCB rules.



4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

EPR is not applicable for LTTS as it is ER&D services company.

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
NA	NA	NA	NA	NA	NA

Not Applicable

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk/concern	Action Taken
NA	NA	NA
NA	NA	NA
NA	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 22-23	FY 21-22
NA	NA	NA

No input material is used by the Company for providing Engineering R&D services.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

NA

	FY 22-23			FY 21-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	0	0	0	0	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste	0	0	0	0	0	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

**1a. Details of measures for the well-being of employees:**

Category	Percentage of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	15,372	15,372	100%	15,372	100%	0	0%	15,372	100%	0	0%
Female	4,401	4,401	100%	4,401	100%	4,401	100%	0	0%	4,401	100%
Total	19,773	19,773	100%	19,773	100%	4,401	22.3%	15,372	77.7%	4,401	22.3%
<b>Other than Permanent Employees</b>											
Male	1,975	1,975	100%	1,975	100%	0	0%	1,975	100%	0	0%
Female	630	630	100%	630	100%	630	100%	0	0%	630	100%
Total	2,605	2,605	100%	2,605	100%	630	24.2%	1,975	75.8%	630	24.2%

**1b. Details of measures for the well-being of workers:**

Category	Percentage of workers covered by									
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care facilities
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)
<b>Permanent Workers</b>										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0
<b>Other than Permanent Workers</b>										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0

Not Applicable

**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 22-23			FY 21-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	92.6%	NA	Y	92.5%	NA	Y
Gratuity	79.5%	NA	Y	72.7%	NA	Y
ESI	0.4%	NA	Y	2.1%	NA	Y
Others-Please Specify (as required by statutory laws of the country)	100% of eligible employees	NA	Y	100% of eligible employees	NA	Y



- 3. Accessibility of Workplaces-** Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, All of our office locations are accessible to differently abled employees and workers, as per requirement of the Rights of Persons with Disability Act 2016.

- 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the Company has an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016. These policies can be accessed through the link: <https://www.ltts.com/investors/corporate-governance>

- 5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent Employees		Permanent Workers	
	Return to Work rate	Retention Rate	Return to Work rate	Retention Rate
Male	98.5%	87.4%	NA	NA
Female	62.5%	72.9%	NA	NA
Total	85.6%	83.6%	NA	NA

- 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

**Yes/No (If Yes, then give details of the mechanism in brief)**

Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes, All employees are given access to EthicsLine portal to lodge their grievances on which further actions as necessary are taken.
Other than Permanent Employees	Yes, All employees are given access to EthicsLine portal to lodge their grievances on which further actions as necessary are taken.

- 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity**

Category	FY 22-23			FY 21-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	19,773	0	0%	17,348	0	0%
Male	15,372	0	0%	13,554	0	0%
Female	4,401	0	0%	3,794	0	0%
Total Permanent Workers	-	-	-	-	-	-
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-

**8. Details of training given to employees and workers:**

Category	FY 22-23						FY 21-22					
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation			
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)		
<b>Employees</b>												
Male	17,347	5,380	31.0%	7,235	41.7%	16,312	3,570	21.9%	5,977	34.7%		
Female	5,031	1,515	30.1%	2,367	47.0%	4,969	1,389	28.0%	1,932	37.4%		
Total	22,378	6,895	30.8%	9,602	42.9%	21,281	4,959	23.3%	7,909	35.4%		
<b>Workers</b>												
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

**9. Details of performance and career development reviews of employees and worker:**

Category	FY 22-23			FY 21-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	17,347	13,280	76.6%	16,312	10,653	65.3%
Female	5,031	3,487	69.3%	4,969	2,559	51.5%
Total	22,378	16,767	74.9%	21,281	13,212	62.1%
<b>Workers</b>						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA

**10. Health and safety management system:**
**10a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?**

Yes, the Company has implemented OHS management system across all Indian locations in accordance to the International Standards ISO 45001:2018 (Occupational Health and Safety Management System Standard). The Company's integrated EHS Management System is accredited by international certification bodies.

**10b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

LTTS identifies hazards and risks in accordance with the HIRA (Hazard Identification and Risk Assessment Register) process to fulfill applicable environmental standards and any other compliance requirements. The process to evaluate hazards and risk operation control include regular inspection (to measure unsafe conditions and unsafe acts), internal audits, Management Review Meetings, Mock drills. Mitigation plan and controls are provided to eliminate the identified hazards and risks.

**10c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Yes/No)**

Yes

**10d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes


**11. Details of safety related incidents, in the following format:**

<b>Safety Incident/Number</b>	<b>Category</b>	<b>FY 22-23</b>	<b>FY 21-22</b>
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No.of fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

LTTS recognizes that Health, Safety & Environment (HSE) and overall physical and mental wellbeing of its employees is integral to its success and growth aspirations as spelled out in its Health, Safety & Environment Policy. LTTS is committed to provide safe workplaces focusing on preventing injuries, illnesses, and continuously strives to eliminate hazards and reduce HSE risks. LTTS has the following safety measures to achieve its HSE objectives:

- Incident Accident reporting
- Awareness regarding occupational health and safety
- Awareness regarding first aid, fire fighting,
- Periodic monitoring and maintenance of fire safety equipment
- Compliance of legal requirements
- Proper disposal of all types of waste
- Proper usage of PPE
- Proper skill/competency/training in line with job profile
- Implementation of safe practices
- Navigational boards

**13. Number of Complaints on the following made by employees and workers:**

	<b>FY 22-23</b>			<b>FY 21-22</b>		
	<b>Filled during the year</b>	<b>Pending resolution at the end of year</b>	<b>Remarks</b>	<b>Filled during the year</b>	<b>Pending resolution at the end of year</b>	<b>Remarks</b>
Working Conditions	0	0		0	0	
Health & Safety	0	0	0	0	0	0

We have not received any complaints. If employees have any complaint then they can register the same in complaint register at the reception and on location-wise dedicated email id pertaining to HSE related complaints, that are available with floor leaders.

**14. Assessment for the year**
**% of your plants and offices that were assessed (by entity or statutory authorities or third parties)**

Health and Safety Practices	100%
Working Conditions	100%

- 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**  
 No such incidents has taken place during the year.

### Leadership Indicators

- 1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**  
 Employees- Yes  
 Workers- Not Applicable

- 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

All applicable statutory provisions including payment and deduction of statutory dues are incorporated in the contract agreement with the value chain partners. The Company obligates that the vendors must maintain accurate books and records that comply generally accepted accounting principles and applicable laws and regulations.

- 3. Provide the number of employees / workers having suffered high consequence workrelated injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers	No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment		
	FY 22-23	FY 21-22	FY 22-23	FY 21-22
Employees	NA	NA	NA	NA
Workers	NA	NA	NA	NA

- 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?**

No

**5. Details on assessment of value chain partners:**

LTTS' HSE guidelines and Supplier Code of Conduct (SCoC) are included in the Vendor evaluation and Purchase order for all vendors to accept. Some critical suppliers such as regulated waste disposal services (e-waste, hazardous waste, battery wastes), water suppliers, food suppliers for cafeteria and similar suppliers undergo legal due diligence and site inspection before a purchase order is released. The procurement team ensures that SCoC acceptance is done by vendors and all compliances are in place for which a tracker is maintained. LTTS also conducts periodic audits/review of processes/documents of on-boarded vendors for health and safety practices and working conditions. On a monthly basis statutory compliances like WC policy, ESIC are being checked.

% of value chain partners (by value of business done with such partners) that were assessed	
Health and safety practices	1.7%
Working Conditions	1.7%

- 6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

No major risk has been identified during the year



## PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

LTTS has identified its key internal and external stakeholders through a deliberate and comprehensive process, involving the senior leadership team. This process involved assessing various stakeholder groups and evaluating their potential impact on the company. The importance of each group was carefully considered through a series of deliberations and via quantitative and qualitative evaluation taking into account factors such as their influence and potential impact. LTTS has identified 6 important stakeholder groups and the basis for identification is as follows:

**Customers:** Customers play an important role in the revenue generation and by extension the business plans of the company. It is important to build a long term relation with our clients and get repeat business when possible.

**Employees:** LTTS has a workforce of more than 20,000 skilled employees. They are the backbone of our services and interaction with all other stakeholders. The upskilling and wellbeing of employees is therefore important for the overall performance of the company.

**Partners & Suppliers:** Partners and suppliers play an important role in providing the necessary support as an extension of our operations by way of sub-contracting, providing equipment, services and technical expertise.

**Investors and Shareholders:** Financial resources provided by shareholders and investors play a significant role in the company's success. They play an important role in the company's business plans by exercising their voting rights.

**Communities:** LTTS supports under-privileged sections of the society around its major areas of operations by mobilizing the socio economic development in the region.

**Regulators / government authorities:** LTTS works in accordance with all the rules and regulations of the countries it operates in and supports any new policy formulation.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	<ul style="list-style-type: none"> <li>• Annual report</li> <li>• Quarterly report</li> <li>• Customer satisfaction surveys</li> <li>• Customer experience centers</li> </ul>	As and when required	<ul style="list-style-type: none"> <li>• Better services</li> <li>• Competitive pricing and product quality</li> <li>• Optimizing environmental performance</li> </ul>
Employees	No	<ul style="list-style-type: none"> <li>• Transparent performance management systems</li> <li>• Skill development, career development and welfare initiatives</li> <li>• Inter departmental updated and in-house magazines</li> </ul>	As and when required	<ul style="list-style-type: none"> <li>• Ethical practices</li> <li>• Employee safety and wellbeing</li> <li>• Work life balance and career growth</li> </ul>
Suppliers	No	<ul style="list-style-type: none"> <li>• Email communication</li> <li>• Supplier workshops and conferences</li> <li>• Supplier location visits</li> <li>• Annual report / sustainability reports</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required.</li> <li>• Annual supplier location visits as applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Stronger partnerships</li> <li>• Fair business practices</li> <li>• Governance</li> </ul>

<b>Stakeholder Group</b>	<b>Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)</b>	<b>Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other</b>	<b>Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)</b>	<b>Purpose and scope of engagement including key topics and concerns raised during such engagement</b>
Communities	Yes	<ul style="list-style-type: none"> <li>• CSR initiatives</li> <li>• CSR report</li> <li>• Collaboration with various NGOs, academic institutions, rural development organizations</li> </ul>	As and when required	<ul style="list-style-type: none"> <li>• CSR engagement activities</li> <li>• Community development initiatives</li> <li>• Generating livelihood</li> </ul>
Investors and shareholders	No	<ul style="list-style-type: none"> <li>• Annual report</li> <li>• Quarterly report</li> <li>• Media</li> <li>• Website</li> </ul>	As and when required	<ul style="list-style-type: none"> <li>• Growth and profitability</li> <li>• Operational efficiency</li> <li>• Future expansion strategies</li> </ul>
Regulators / government authorities	No	<ul style="list-style-type: none"> <li>• Interactions as and when required</li> <li>• Regulatory compliance reporting</li> <li>• Industry bodies memberships</li> <li>• Stock exchange filings,</li> <li>• Annual reports</li> <li>• Quarterly reports</li> <li>• Media</li> <li>• Website</li> </ul>	As and when required	<ul style="list-style-type: none"> <li>• Transparency and ethics</li> <li>• Regulatory compliance</li> <li>• Timely and transparent reporting</li> </ul>

## Leadership Indicators

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Company has set up various committees on economic, sustainability, governance and performance monitoring. These committees are CSR Committee, Risk Management Committee, Stakeholder's Relationship Committee, Investor Cell, HSE Council, etc. The CSR Committee is a committee constituted by the Board and is chaired by an Independent Director. The Risk Management Committee is constituted by the Board and is chaired by an Independent Director. The Stakeholders' Relationship Committee is constituted by the Board and is chaired by an Independent Director. The other Committees mentioned here are internally constituted committees. Quarterly performance update and reviews were conducted by the respective committees on these topics and consolidated performance report and outcome were presented to the Board in their quarterly meetings. Also, the Company has been conducting stakeholder engagement exercise from time to time on ESG topics. This stakeholder engagement exercise proceeds on a structural approach on frequency, delegation and reporting of outcome including stakeholders' feedback to the Board. As per their respective terms of reference, the various Committees (statutory as well as internal) meet periodically to review the performance of the Company in various areas.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, outcome of the materiality assessment and stakeholder engagement exercise are taken forward to identify material topics of concern on sustainability for the Company. Based on these material topics of significance to the Company, further strategy development, policy setting, if required, objectives and goal setting with monitoring mechanism are developed and implemented.



**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.**

Vulnerable Group	Concerns	Action Taken	Impact
Rural underprivileged communities	Limited access to quality healthcare	Mobile healthcare service launched. Community treated for basic ailments	21,235 people treated
Rural underprivileged communities	Lack of awareness on Cancer	Screening camps, awareness sessions, surveys, survivor kits and bridge funding for cancer treatment	9,170 people benefitted
Underprivileged children, including children from tribal community	Lack of access to quality education	Digital education, scholarships, hands-on practical science learning	5,438 students benefitted
Disadvantaged rural youth, students and women, including youth with disabilities	Lack of employment & livelihood opportunities	Skills training, revival of traditional art, vocational training	5,689 people benefitted
Marginalized rural communities	Lack of safe drinking water availability, poor health of livestock, unsustainable agricultural practices	Integrated village development	6,762 people benefitted
Rural community in water starved area	Drought, unregulated water management, poor agricultural practices	Improved watershed management, sustainable agricultural practices, training and capacity building	4,280 people benefitted
Small-scale farmers	Unregulated watershed management, unsustainable agricultural practices	Natural resource management	1,315 people benefitted

**PRINCIPLE 5: Businesses should respect and promote human rights**

**Essential Indicators**

- 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 22-23			FY 21-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	19,773	7,878	39.8%	17,348	6,278	36.2%
Other than permanent	2,605	2,605	100%	3,933	3,933	100%
Total Employees	22,378	10,483	46.8%	21,281	10,211	48.0%
<b>Workers</b>						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA
Total Employees	NA	NA	NA	NA	NA	NA

**2. Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 22-23				FY 21-22					
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
	No. (B)	% (B/A)	No. (C)	% (C/A)	No. (E)	% (E/D)	No. (F)	% (F/D)		
<b>Employees</b>										
Permanent	19,773	0	0%	19,773	100%	17,348	0	0%	17,348	100%
Male	15,372	0	0%	15,372	100%	13,554	0	0%	13,554	100%
Female	4,401	0	0%	4,401	100%	3,794	0	0%	3,794	100%
Other than Permanent	2,605	0	0%	2,605	100%	3,933	0	0%	3,933	100%
Male	1,975	0	0%	1,975	100%	2,758	0	0%	2,758	100%
Female	630	0	0%	630	100%	1,175	0	0%	1,175	100%
<b>Workers - Not Applicable</b>										
Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

**3. Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
<b>Board of Directors (BoD):</b>				
Executive Directors	2	55,172,465		
Independent Directors	5	2,275,000	1	2,750,000
Non-executive directors	2	8,974,100		
<b>Key Managerial Personnel (KMP)</b>	1	23,816,129	1	5,071,123
<b>Employees other than BoD and KMP</b>	15,595	953,183	4,379	688,127
Workers				

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

All grievances related to Human Rights by employees are addressed as and when received by the HR via Ethicsline. Other stakeholder's grievances related to Human Rights are received directly to the teams like Investor Relations, CSR, compliance teams, whose contact details are publicly available on LTTS website. All the grievances received are duly investigated and appropriate actions are taken to resolve the issue/complaint. Whenever required, disciplinary actions are initiated as deemed fit and assistance from regulatory authority is sought as necessary. Additionally, anybody can make protected disclosures under the company's Whistle Blower policy where representations are reviewed and appropriate action is taken on substantiated violations.



**6. Number of Complaints on the following made by employees and workers:**

	FY 22-23			FY 21-22			Remarks
	Filled during the year	Pending resolution at the end of year	Remarks	Filled during the year	Pending resolution at the end of year		
Sexual Harassment	0	0	NA	1	0	Case closed after due process followed	
Discrimination at Workplace	0	0	NA	0	0	NA	
Child Labour	0	0	NA	0	0	NA	
Forced Labour/Involuntary Labour	0	0	NA	0	0	NA	
Wages	0	0	NA	0	0	NA	
Other human rights related issues	0	0	NA	0	0	NA	

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company has a Whistle Blower Policy wherein the employees report, without fear of retaliation, any wrong practices, unethical behaviour or noncompliance which may have a detrimental effect on the organisation, including financial damage and impact on brand image. Also, the Code of Conduct of the Company requires employees to behave responsibly in their action and conduct. Apart from that, the Company has Committees at every location for the protection of women at workplace to ensure their rights, receive grievances, conduct investigation and to take actions.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes

**9. Assessment for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced/ Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others- please specify	100%

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

No risks were identified

**Leadership Indicators**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

No complaint received in FY 22-23 for human rights violation.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

The Company adheres to the UNGC (United Nation Global Compact) principles which include Human Rights clauses. These clauses are part of the Company's contracts in the form of Supplier/Vendor Code of Conduct (CoC) and are extended across entire value chain. Fostering a culture of caring and trust are embedded in various corporate policies like Environment, Health & Safety (EHS) Policy, Whistle-Blower policy, Protection of Women's Rights at Workplace Policy and the CoC. The Company has laid down its CoC, which is applicable to Board members, senior management and employees. The objective is to be committed and vigilant towards the ethical conduct of business processes and instil a sense of

ownership within the Company. All designated employees, including Board Members, adhere to the CoC and provide an annual declaration of their compliance. The Code covers all aspects of functioning, including anti-trust behaviour, information security, insider trading rules, professional engagements, use of Company assets and brand logo, intellectual property, human rights etc. A separate CoC has been extended to vendors and service providers which covers the need for compliance with environmental regulations, health and safety, labour practices, ethical behaviour, human rights aspects, minimum wages, freedom of association, collective bargaining, prohibition of child labour and forced and compulsory labour. The Company is committed to treating every employee with dignity and respect. The Company has formulated a policy on 'Protection of Women's Rights at Workplace' as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules, 2013. The policy is applicable to all LTTS offices located in India.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

All of our premises are accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

**4. Details on assessment of value chain partners:**

100% of our suppliers were evaluated in FY 22-23 basis our Vendor Code of Conduct. All value chain partners are expected to adhere to the Vendor Code of Conduct, which does not tolerate any form of sexual harassment, discrimination, child labour, any form of forced labour, Lawful Employment, Freedom of Association, Working hours, Wage and Benefits. However, LTTS has not conducted any formal assessment for the same in FY 22-23.

<b>% of value chain partners (by value of business done with such partners) that were assessed</b>	
Sexual Harassment	100
Discrimination at workplace	100
Child Labour	100
Forced Labour/Involuntary Labour	100
Wages	100
Others – please specify	100

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

No such risks were identified

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**  
**Essential Indicators**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 22-23	FY 21-22
Total electricity consumption (A)	85,023	69,140
Total fuel consumption (B)	821	996
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	85,844	70,136
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	1.17 GJ/INR Mn Revenue	1.07 GJ/INR Mn Revenue
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.



- 2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, the organization is not classified as a designated consumer for the Performance, Achieve, and Trade (PAT) program administered by the Bureau of Energy Efficiency (BEE).

- 3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 22-23	FY 21-22
Water withdrawal by source (in kilolitres)		
(i) Surface Water	0	0
(ii) Ground Water	18,470	21,200
(iii) Third party water	169,835	55,707
(iv) Seawater / desalined water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	188,305	76,907
Total volume of water consumption (in kilolitres)	188,305	76,907
Water intensity per rupee of turnover (Water consumed / turnover)	2.57 KL/INR Mn Revenue	1.17 KL/INR Mn Revenue
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

- 4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

The Company's Indian campuses are leased premises which have STP facilities and the treated wastewater is reused as appropriate. The Company will be initiating process of conducting comprehensive water audits of these facilities and will come out with a suitable policy to minimise liquid discharge. The Company has also pledged to become Water Neutral in its operations by 2030.

- 5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 22-23	FY 21-22
NOx	kg/year	12.1	19
SOx	kg/year	5.3	7.8
Particulate Matter (PM)	kg/year	6.5	15.6
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 22-23	FY 21-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	482	207
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	17,799	13,808
Total Scope 1 and Scope 2 emissions per rupee of turnover	0.24 MTCO2e/INR Mn Revenue	0.21 MTCO2e/INR Mn Revenue	
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details:**

The company has undertaken various projects to reduce its Scope 1 and scope 2 emissions. The Company has also declared its commitment to become carbon neutral by 2030. The company has also pledged under SBTi to take steps to reduce emissions so as to keep global warming limited to 1.5 degree Celsius.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 22-23	FY 21-22
Total Waste Generated (in metric tonnes)		
Plastic Waste (A)	0.9	1.8
E-Waste (B)	14.7	17.4
Bio-medical Waste (C)	0.6	3.1
Construction and Demolition Waste (D)	0	0
Battery Waste (E)	19.8	18.9
Radioactive Waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G) - Used Oil	240 L	230 L
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Dry leaves & garden waste	7.6	1.6
Food Waste	75.4	13.9
Packaging waste (corrugated boxes & wood)	9.1	5.2
Paper & Packaging waste	24.3	24.6
Scrap	21.6	0
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>173.9</b>	<b>86.4</b>
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	33.3	29.8
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
<b>Total</b>	<b>33.3</b>	<b>29.8</b>
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations		
(A) Authorised Vendors	57.6	41.2
(B) Organic composters/Vermicompost/ Animal Husbandry	83.1	15.5
<b>Total</b>	<b>140.7</b>	<b>56.7</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

Note: Scrap data was not captured last year.



**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

LTTS is certified under ISO 14001:2015 and the scope covers our major offices in India. Under the environmental management system, the Company has guidelines for comprehensive waste management for the identification, segregation, collection, recycling and final disposal. Wherever applicable, the company follows 6R principles (Rethink, Reduce, Reuse, Recycle, Refuse and Repair) for waste management and to ensure that minimal amount of waste reach the landfills from our offices. Awareness sessions are undertaken for the employees who have a role and responsibility towards waste management. Performance is monitored and waste data is collected quarterly through the sustainability data management platform. The Company has tied up with waste recyclers and CPCB authorised waste disposers to manage waste.

We are disposing waste as per respective pollution control board norms.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Our campuses are built on government-approved land in industrial zones and do not fall within or adjacent to protected areas or high-biodiversity areas.

Sl. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	NA	NA	NA

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

We have not conducted environmental impact assessments (EIA) of our operations and as per the Environmental Impact Assessment ("EIA") notification 2006, the Company is not required to comply with certain environmental regulations or assessments.

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
None	-	-	-	-	-

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes, We are compliant with applicable environmental laws / regulations / guidelines in India.

Sl. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	None	-	-	-

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 22-23	FY 21-22
<b>From renewable sources</b>		
Total electricity consumption (A)	5,260	5,449
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	5,260	5,449
<b>From non-renewable sources</b>		
Total electricity consumption (D)	79,763	63,691
Total fuel consumption (E)	821	996
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	80,584	64,687

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

2. Provide the following details related to water discharged:

Parameter	FY 22-23	FY 21-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment	679 KL discharged into municipality sewers.	
- With treatment – please specify level of treatment	80,258 KL discharged after tertiary level of in house STP treatment.	63,755 KL discharged after tertiary level of in house STP treatment.
Total water discharged (in kilolitres)	80,937	63,755

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

### 3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area: Data provided for 2 offices as per CGWB
- (ii) Nature of operations: Engineering Research & Development services
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 22-23	FY 21-22
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater	18,469	10,974
(iii) Third party water	553	0
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)	19,022	10,974
Total volume of water consumption (in kilolitres)	19,022	10,974
Water intensity per rupee of turnover (Water consumed / turnover)	0.26	0.17
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment	2,827 KL discharged after tertiary level of in house STP treatment	8,335 KL discharged after tertiary level of in house STP treatment
Total water discharged (in kilolitres)	2,827	8,335

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

Note: FY 22-23 data for water discharged after treatment not available at one location due to infrastructure augmentation activities.

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 22-23	FY 21-22
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	51,007	50,542
Total Scope 3 emissions per rupee of turnover	0.69 MTCO <sub>2</sub> e/ INR Mn Revenue	0.77 MTCO <sub>2</sub> e/ INR Mn Revenue	
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assurance has been carried out by Bureau Veritas (India) Pvt. Ltd.

- 5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**
- Not Applicable
- 6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Recycling waste	Sent 9,000 KG of carton box/paper waste & 285 kgs of plastic waste for recycling in return for recycled printing paper reams	Received 323 A4 size paper rims
2	Efficient lighting	Replacement of CFL light fixture with LED fixture resulting in reduced energy consumption	121,531 kwh savings per annum
3	RE sourcing	We are purchasing Renewable energy on open access basis arranged by the developer	Our current renewable energy purchase as a percentage of total energy consumption is 6%.
4	Paper conservation	Jet Hand Dryer initiative- We have reduced the usage of M-Fold tissue paper. 1,000 pack of paper usage saved per month	200 kg of tissue paper wastage avoided per month.
5	Increase in greenery	We have replaced the wooden stirrers with steel spoons. Approximately 30,000 number of stirrers were used per month. By replacing the SS spoon we could reduce the usage of wood and reduce waste generation.	Approximately 30 kg of wooden waste avoided per month.
6	Energy efficiency and clean air	Replacement of old ACs with energy efficient & eco friendly refrigerant. Old AC with R22 refrigerant replaced with eco-friendly gas (R410) & energy efficient systems	Leakage of harmful HCFC gas avoided by removing from operations.
7	Water Conservation	Silpaulin sheets to rainwater harvesting pond. Provided lining to the rainwater harvesting ponds to avoid percolation to the earth & to hold the water for more days	Increase in water retention in rain water harvesting ponds



Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
8	Waste Management	Installation of organic waste composting machine of capacity 50 Kgs. Automatic organic waste composter with inbuilt shredding and curing. Use of wet waste generated from the juice junctions inside the campus.	Approx. 1,200 kgs. of organic fertiliser is produced in FY23.
9	Clean energy	LTTS Vadodara location has successfully installed and commissioned 9.9KW solar powered EV charging station.	
10	Tree Plantation activities	110 saplings have been planted by LTTS Vadodara location employees. Around 2,500 saplings have been distributed to LTTS Vadodara location employees	

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

The Company have established emergency preparedness plans to deal with emergency situations. It also provides response procedures for preventing and mitigating the hazard & risk and environmental impacts arising from emergency situations including the provision for first aid. In the event of any occurrence of an emergency, the same shall be investigated and appropriate measures would be initiated to avoid recurrence in future. Relevant information and training related to emergency preparedness and response shall be provided to the interested parties. The duties and responsibilities of all employees are being communicated periodically.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

LTTS envisages no significant adverse impact envisaged from its value chain

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

LTTS has a Supplier Code of Conduct wherein we promote environment stewardship and implement best practices to minimise environmental impact. We are in the process to implement various initiatives in our value chain including assessment of partners for environmental impacts.

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

**1 a. Number of affiliations with trade and industry chambers/ associations.**

5

**1 b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

Sl. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	India Electronics and Semiconductor Association	National
2	NASSCOM ER&D Council	National
3	Confederation of Indian Industry (CII)	National
4	IEEE (Institute of Electrical and Electronics Engineers)	National
5	FICCI	National

**2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of Authority	Brief of the case	Corrective action taken
NA		

### Leadership Indicators

#### 1. Details of public policy positions advocated by the entity:

Sl. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available

Not applicable

### PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

#### Essential Indicators

#### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Watershed Plus Programme – Kathwadi, Maharashtra	-	-	Yes	Yes	<a href="https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf">https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf</a>
Sujal Integrated Watershed Development Programme - Kokkaranthangal, Tamil Nadu	-	-	Yes	Yes	<a href="https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf">https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf</a>
Project Neelachala - Odisha	-	-	Yes	Yes	<a href="https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf">https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf</a>
Samarthanam - Covid Relief Program - Karnataka	-	-	Yes	Yes	<a href="https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf">https://www.ltts.com/sites/default/files/investors/corporate-gov/pdf/impact-assessment-reports-combined-file.pdf</a>

#### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sl. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R in the FY	Amounts paid to PAFs in INR
	NA	-	-	-	-	-



**3. Describe the mechanisms to receive and redress grievances of the community**

All CSR projects are monitored regularly by the CSR executives including their field visits wherein they directly interact with the beneficiaries to seek their feedback and address grievances if any. Additionally, 3<sup>rd</sup> party impact assessment is carried out for specific CSR projects, where the responses from the beneficiaries are sought and recorded and the feedback is addressed wherever needed.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

We are setting up processes to track this metric.

	FY 22-23	FY 21-22
Directly sourced from MSMEs/ small producers	12.2%	4.5%
Sourced directly from within the district and neighbouring districts		

**Leadership Indicators**

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
No negative impact received from the 3 <sup>rd</sup> Party Impact Assessment	NA

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sl. No.	State	Aspirational District	Amount spent (In INR)
1	Karnataka	Raichur & Yadgir	2,340,000

**3.(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?**

No

**3.(b) From which marginalized /vulnerable groups do you procure?**

Since we do not have any preferential purchase policy to differentiate between suppliers hence we do not have this information. We are also setting up mechanisms to capture this data in future.

**3.(c) What percentage of total procurement (by value) does it constitute?**

Since we do not have any preferential purchase policy to differentiate between suppliers hence this metric is not applicable.

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Sl. No. on traditional knowledge	Intellectual Property based	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
-	-	-	-	-
-	-	-	-	-

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
NA		

**6. Details of beneficiaries of CSR Projects:**

SI. CSR Project No.	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1 Health related projects like Mobile Health Unit, Cancer Awareness	30,405	100
2 Education projects like Digital education, scholarships, practical science learning	5,438	100
3 Skill Development projects like entrepreneurship training, digital literacy, vocational training	5,689	100
4 Environment projects like Integrated village development	6,762	100
5 Water projects like Integrated Watershed management, natural resource management	5,595	100
6 Sports for the Disabled	42	100

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**  
**Essential Indicators**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

LTTS has a Quality management team which conducts regular feedback from customers as per Company's established QMS documented information formats. Customer complaints & feedbacks are received through email, transmittal letter communications and verbal communications directly to the project management teams. The project management teams acknowledge, analyze incidents and develop an action plan to resolve the same to ensure customer satisfaction.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

LTTS is an Engineering R&D services company and there are no generic products of the company.

As a percentage to total turnover	
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

**3. Number of consumer complaints in respect of the following:**

	FY 22-23		Remarks	FY 21-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		
Not applicable		



5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes -

LTTS follows Data Privacy Laws of the respective countries where LTTS has operations and has an Information Security Management System (ISMS) aligned with ISO/IEC 27001:2013 for Information Technology and security management and protection of information assets from all internal and external threats.

Our Data Privacy policy is available on our website: <https://www.ltts.com/privacy-policies-notices>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

None

### **Leadership Indicators**

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

<https://www.ltts.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Not applicable, as LTTS does not have any products/services that can entail safety issues or irresponsible usage.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

All delivery teams have a business continuity mechanism to handle any disruption of services/products and a suitable communication plan is in place. In the event of disruption that could severely constrain our operations, the Delivery managers will formally communicate with the respective customers over email and as required in contractual clauses.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

This metric is not relevant to LTTS as the main business is providing engineering R&D services, and it does not involve manufacturing of any product. However, we do conduct CSAT scores we have received a score of 90.26% CSAT score.

5. Provide the following information relating to data breaches:

- 5 a. Number of instances of data breaches along-with impact

None

- 5 b. Percentage of data breaches involving personally identifiable information of customers

NIL

# **Independent Assurance Statement**

## **“Business Responsibility and Sustainability Reporting (BRSR) Assurance Statement for L&T Technology Services”**

for

Reporting Period:

**1<sup>st</sup> April 2022 – 31<sup>st</sup> March 2023**

**19-06-2023**



**Bureau Veritas (India) Private Limited**

72 Business Park, 9<sup>th</sup> Floor, MIDC Cross Road 'C', Opp. SEEPZ  
Gate #2, Andheri (East) Mumbai-400 093 India.



## **Independent Business Responsibility and Sustainability Reporting (BRSR) Assurance Statement**

### **Introduction and Objective of Work**

**BUREAU VERITAS** has been engaged by L&T Technology Services (hereinafter abbreviated “LTTS”) for the reporting period from 01.04.2022 to 31.03.2023 based on Business responsibility and Sustainability Report (hereinafter abbreviated as “BRSR”) which is a part of its annual report as per SEBI circular (SEBI/HO/CFD/CMD-2/P/CIR/2021/562) dated 10th May 2021).

On site assessments were conducted for this assurance for LTTS at ten locations in India and three locations abroad both via site visit and virtual. While their offices in Bangalore, Mysore, and Powai, Mumbai was physical site visit (respectively 17<sup>th</sup> May, 18<sup>th</sup> May, and 8<sup>th</sup> June 2023 for 01 assessment day each), other offices in cities like Vadodara, Hyderabad, Chennai, Airoli, and Germany offices were assessed remotely.

### **Intended User**

The intended user of this assurance statement is the LTTS. We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this Assurance Statement. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

### **Scope, Boundary and Limitations of assurance**

Independent assurance has been provided for selected sustainability performance disclosures as presented in the BRSR Report. The reporting boundary included data and information for the period 01.04.2022 to 31.03.2023 for LTTS, based on BRSR framework.

The assurance included verification of the sample data and information on selected material topics reported by LTTS.

The Scope of Sustainability Assurance includes:

- An assessment of the methods used for data collection and reporting for the selected sustainability performance indicators.
- Testing of such systems, including related internal controls.
- Testing, on a sample basis, of evidence supporting the data.
- Verification of the sample data and information on selected material topics reported by LTTS for the defined reporting period.
- Assessment of the consistency between the data for the selected sustainability performance indicators and the related written comments in the narrative of the Report
- The Company's compliance to legal obligations/disclosures
- The General and topic specific disclosures subject to assurance
- Completion of assurance statement for inclusion in the report, which will reflect the verification findings and conclusion.



## **Independent Business Responsibility and Sustainability Reporting (BRSR) Assurance Statement**

**Bureau Veritas scope has not considered the below data as a part of BRSR assurance:**

- Information apart from the defined reporting period and boundary
- Compliance with any legal issue related to authority except environmental and social aspects.
- Any of the statement related to company aspect or reputation.

The reported information under BRSR Assurance Statement covers assessment and assurance under 9 BRSR Principles on General Disclosures, Management and Process Disclosures and Principle Wise Performance Disclosure:

### **Section A: General Disclosures**

- Details of listed company
- Products/Services
- Operations
- Employees
- Holding, Subsidiary and Associate Companies (including joint ventures)
- CSR Details
- Transparency and Disclosures Compliances

### **Section B: Management and Process Disclosures**

- Policy and management processes, Governance, leadership, and oversight

### **Section C: Principle Wise Performance Disclosure**

- Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
- Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.
- Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.
- Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.
- Principle 5: Businesses should respect and promote human rights.
- Principle 6: Businesses should respect and make efforts to protect and restore the environment.
- Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- Principle 8: Businesses should promote inclusive growth and equitable development.
- Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

## **Independent Business Responsibility and Sustainability Reporting (BRSR) Assurance Statement**

### **Methodology adopted for BRSR Assurance**

Bureau Veritas BRSR assurance process involves specified procedures to obtain evidence about the reliability of the data provided from the identity. The nature, timing and extent of procedures selected depend on the data and evidence provided, including the verification of the associated risks with the material topics of the selected sustainability disclosures and their relevance. While assessing the associated risks, internal strategy is being considered during preparation of the report to design the assurance procedure and validate their appropriateness to the possible extent.

As per the scope of the assurance, sample evidence, information and explanations that were considered necessary in relation to the assurance scope were considered and accordingly conclusions have been made as mentioned below:

- Understanding the appropriateness of various assumptions used for estimation of data by LTTS.
- Reviewing the Report to ensure that there is no misrepresentation of disclosures in accordance with BRSR 9 Principles as per scope of assurance and findings.
- Reviewing the materiality matrix and stakeholder engagement framework deployed at LTTS.
- Assessing the systems used for data compilation and reporting on the basis of Universal Disclosures and Topic Specific Disclosures of material topics as listed in the assurance scope above.
- Verifying systems and procedures used for quantification, collation and analysis of sustainability performance disclosures included in the Report.
- Assessing the month wise data considering the similarity, reliability, and accuracy
- Verifying select key performance data through the data provided by LTTS:
  - Testing reliability and accuracy of data on a sample basis
  - Assessing stakeholder engagement process and approach to stakeholder engagement regarding the key topics and concerns raised as defined in the report.
  - Limited review of the materiality assessment process based on the information provided.
  - Reviewing the processes deployed for collection, compilation, and reporting of sustainability performance disclosures.

Sample data were collected in order to support Bureau Veritas conclusions on the verified information and data. However, limited available information and details is reviewed during the assurance of LTTS.

### **Conclusions**

BRSR report of LTTS is reviewed based on the scope of the assurance. It is concluded that information presented in LTTS BRSR Report in accordance with BRSR standards is proper, adequate, and maintained in line with the material topics considered for the reporting.

### **Responsibilities**

The assurance statement is made solely for "LTTS" as per the governing contractual terms and conditions of the assurance engagement contract between "LTTS" and Bureau Veritas. To the extent that the law permits, Bureau Veritas owe no responsibility and do not accept any liability to any other

## Independent Business Responsibility and Sustainability Reporting (BRSR) Assurance Statement

party other than “LTTS” for the work Bureau Veritas have performed for this assurance report or for our conclusions stated in the paragraph below.

Bureau Veritas shall not be held liable or responsible for any type of decision a person or entity would make based on this assurance statement. While reading the assurance statement, stakeholders shall recognize and accept the limitation and scope as mentioned above.

### **Limitations and Exclusions**

Excluded from the scope of work is any assurance of information relating to:

- Activities outside the defined assurance period stated hereinabove.
- Positional statements, expressions of opinion, belief, aim or future intention by “LTTS” and statements of future commitment.
- The assurance does not extend to the activities and operations of “LTTS” outside of the scope and geographical boundaries mentioned in the sustainability report as well as the operations undertaken by any other entity that may be associated with or have a business relationship with “LTTS”.
- The assurance of the economic and financial performance data of LTTS is based only on the audited annual reports of LTTS and our conclusions rely entirely upon that audited report.

The observations with action points and Areas of Improvement have been submitted by Bureau Veritas to LTTS in a separate Management Letter. However, it does not affect our conclusions regarding BRSR Assurance undertaken for this assessment.

### **Uncertainty**

The reliability of assurance is subject to uncertainty (ies) that are inherent in the assurance process. Uncertainties stem from limitations in quantification models used, assumptions or data conversion factors used or may be present in the estimation of data used to arrive at results. The conclusions in respect of this assurance are naturally subject to any inherent uncertainty (ies) involved in the assurance process.

### **Statement of independence, impartiality, and competence**

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 190 years of history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with “LTTS”, its Directors, Managers, or officials beyond that required of this assignment. We have conducted this verification independently and there has been no conflict of interest.



## **Independent Business Responsibility and Sustainability Reporting (BRSR) Assurance Statement**

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the assurance of Sustainability Report.

### **Bureau Veritas (India) Private Limited**

72 Business Park, 9<sup>th</sup> Floor, MIDC Cross Road 'C', Opp. SEEPZ Gate #2, Andheri (East) Mumbai-400 093 India.

A handwritten signature in black ink, appearing to read "Bholenath S Vishwakarma".

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**Bholenath S Vishwakarma**  
**Lead Assurer**

A handwritten signature in blue ink, appearing to read "Nishtha Gupta".

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**Nishtha Gupta**  
**Technical Reviewer**

Date: 19/06/2023  
Place: Mumbai, India

# 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 March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), 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 (hereinafter referred to as "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 Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company

as at March 31, 2023, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of 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 ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

### **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 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.

Sr. No	Key audit matter	How the Key Audit Matter was addressed in our audit
1	<b>Revenue recognition- fixed price contracts</b> <p>Refer Note 2(d) to accounting policies, Note 25 and Note 46 to the standalone financial statements.</p> <p>The Company engages in fixed price contracts with its customers wherein revenue from such contracts are recognized over time. The Company uses input method to recognise revenue, as it represents efforts expended towards satisfying a performance obligation relative to the total expected efforts or inputs to satisfy the performance obligation.</p> <p>This involves computation of actual cost incurred and estimation of total cost on each contract to measure progress towards completion.</p>	<p><b>Our audit procedures with respect to this area included, among others, following:</b></p> <ol style="list-style-type: none"> <li>Obtained an understanding of the systems, processes and controls implemented by the Company with respect to recognition of actual cost incurred on each contract, estimation of future cost to completion, measurement of unbilled revenue, unearned revenue and the total contract revenue on its completion.</li> <li>Involved Information Technology ('IT') specialists to assess the design and operating effectiveness of the key IT controls relating to revenue recognition and in particular:</li> </ol>



Sr. No	Key audit matter	How the Key Audit Matter was addressed in our audit
	<p>Amount of revenue recognition in respect of fixed price contracts has been identified as a Key Audit Matter considering that:</p> <ul style="list-style-type: none"> <li>• these contracts involve identification of actual cost incurred on each contract;</li> <li>• these contracts require estimation of future cost for completion of each contract; and</li> <li>• at the period end a significant amount of contract assets (unbilled revenue) or contract liabilities (unearned revenue) related to each contract is to be identified.</li> </ul> <p>For the year ended March 31, 2023, revenue from fixed price contracts amounts to ₹ 20,113 million.</p>	<ul style="list-style-type: none"> <li>• Assessed the IT environment in which the business systems operate and tested system controls over computation of revenue recognised;</li> <li>• Tested the IT controls over appropriateness of cost and revenue reports generated by the system;</li> <li>• Assessed the appropriateness of actual cost incurred on contracts including the testing of the IT general controls and specific IT application controls over information systems used for capturing these costs; and</li> <li>• Tested the controls pertaining to allocation of resources and budgeting systems which prevent the unauthorized recording/changes to costs incurred on sample basis.</li> </ul> <p>3. Verified on test check basis that the revenue recognized is in accordance with the applicable Indian Accounting Standards, including:</p> <ul style="list-style-type: none"> <li>• Verification of the underlying agreements and other forms of supporting documentation to ensure that each party's rights and obligations regarding the goods or services to be transferred and payment terms are identified and contracts have commercial substance.</li> <li>• Inspection of the underlying agreements and other forms of supporting documentation to ensure that various performance obligations within a contract have been properly identified by management.</li> <li>• Inspection of the underlying agreements and other forms of supporting documentation to ensure that transaction price has been properly determined and allocated to relevant performance obligations on an appropriate basis.</li> <li>• Verification of the Company's computation of revenue to be recognized over a period of time on a sample basis, where we performed the following <ul style="list-style-type: none"> <li>o Verified management's process relating to the estimation of contract costs required to complete the respective projects and assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel and are appropriate;</li> <li>o Verified the reasonableness of management's estimation of cost projections by comparing actual cost incurred with management initial/updated estimation of total cost for that project;</li> <li>o Recomputed the amount of revenue recognised on these contracts and compared the same with the actual revenue recorded;</li> </ul> </li> </ul>

Sr. No	Key audit matter	How the Key Audit Matter was addressed in our audit
<b>2</b>	<p><b>Derivative financial instruments and hedge accounting</b></p> <p>Refer Note 2(m)(iii) to accounting policies and Note 8, Note 16, Note 20, Note 22 and Note 38 to the standalone financial statements.</p> <p>The Company enters into derivative financial instruments such as forward and option contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business.</p> <p>Derivative financial assets and derivative financial liabilities measured at fair value amounted to ₹ 811 million and ₹ 478 million respectively as at March 31, 2023. The net movement of cashflow hedge reserve (net of taxes) recorded in other comprehensive income for the year ended March 31, 2023 amounted to ₹ (1,600) million.</p> <p>In order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable forecasted transaction, that the hedges are effective and maintain adequate hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward and option contracts are driven by movements in financial markets. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a Key Audit Matter.</p>	<p><b>Our audit procedures with respect to this area included, among others, following:</b></p> <ul style="list-style-type: none"> <li>o Assessed the appropriateness of work in progress (contract assets and contract liabilities) as at the balance sheet date by evaluating the underlying documentation to identify possible delays in achieving milestones which require changes in estimated costs to complete the remaining performance obligations; and</li> <li>o Checked journal entries impacting the revenue recognition for the period selected based on specified risk-based criteria.</li> </ul> <p>4. Assessed the adequacy and appropriateness of disclosures made in standalone financial statements in compliance with applicable Indian Accounting Standards and applicable financial reporting framework.</p>



Sr. No	Key audit matter	How the Key Audit Matter was addressed in our audit
		<p>6. Verified management's hedge documentation and underlying hedge contracts, on a sample basis.</p> <p>7. Verified management's expectation at the inception of the hedge that the hedging relationship will be highly effective and its periodic assessment of the ongoing effectiveness of the hedging relationship in accordance with the applicable Indian Accounting Standards.</p> <p>8. Verified that the amounts reclassified from cash flow hedge reserve to the Statement of Profit and Loss as a reclassification adjustment being in the period in which the cash flows of the hedged items affect the Statement of Profit and Loss.</p> <p>9. Verified on a sample basis the input data used in the company's valuation model with independent sources and externally available market data.</p> <p>10. Re-performed the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Company including assessing the valuation methodology and key assumptions used therein.</p> <p>11. Assessed the adequacy and appropriateness of disclosures made in standalone financial statements in compliance with applicable Indian Accounting Standards and applicable financial reporting framework.</p>

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's 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 in course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

## Responsibilities of Management and Those Charged with Governance 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, changes in equity and cash flows of the Company in accordance with the 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 standalone 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also 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.

We give in "Annexure A" a detailed description of Auditor's responsibilities for audit of the standalone financial statements.

### **Other Matter**

The standalone financial statements of the Company for the year ended March 31, 2022, were audited by another auditor whose report dated April 21, 2022 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" 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, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 33 to the standalone financial statements.
  - ii. The Company did not have any material foreseeable losses on long-term contracts during the year ended March 31, 2023. Provision has been made in the standalone financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.
  - iv. (1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds



or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.;

- (2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. On the basis of our verification and on consideration of the reports of the statutory

auditors of subsidiaries that are Indian companies under the Act, we report that:

- The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Companies Act 2013, as applicable.
- The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act, 2013.
- The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of their respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend (Refer Note 18.9 to the standalone financial statements).
- vi Proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, and accordingly reporting under this clause is not applicable for the financial year ended March 31, 2023.
- 3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **M S K A & Associates**  
 Chartered Accountants  
 ICAI Firm Registration No. 105047W

**Vishal Divadkar**  
 Partner

Place: Mumbai  
 Date: April 26, 2023

Membership no. 118247  
 UDIN: 23118247BGYDKJ6266

# Annexure A to the Independent Auditors' Report of even date on the Standalone Financial Statements of L&T Technology Services Limited

## Auditor's Responsibilities for the Audit of the 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 control 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 with reference to standalone financial statements 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 in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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.

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 for 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.

For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Vishal Divadkar**  
Partner

Place: Mumbai  
Date: April 26, 2023  
Membership no. 118247  
UDIN: 23118247BGYDKJ6266



# Annexure B to the Independent Auditors' Report of even date on the Standalone Financial Statements of L&T Technology Services Limited

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the section of our Independent Auditors' Report of even date to the Members of L&T Technology Services Limited on the Standalone Financial Statements for the year ended March 31, 2023]

- i. (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) All the Property, Plant and Equipment and right-of-use assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i) (c) of the Order are not applicable to the Company.
- (d) According to the information and explanations given to us, the Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) or intangible assets or both during the year. Accordingly, the requirements under paragraph 3(i) (d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.
- ii. (a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) (a) of the Order are not applicable to the Company.
- (b) According to the information and explanations provided to us, the Company has not been sanctioned any working capital limits in excess of ₹ 5 Crores in aggregate from banks/financial institutions on the basis of security of current assets during the year. Accordingly, the requirements under paragraph 3(ii) (b) of the Order is not applicable to the Company.
- iii. (a) According to the information and explanations given to us, the Company has not provided any loans or advances in the nature of loans or guarantee, or provided security to any entity during the year. Hence, the requirements under paragraph 3(iii)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made during the year, *prima facie*, are not prejudicial to the interest of the Company.
- (c) According to the information explanation provided to us, the Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Hence, the requirements under paragraph 3(iii) (c), (d), (e) and (f) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for the business activities carried out by the

Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess, and other statutory dues have generally been regularly deposited by the Company with appropriate authorities in all cases during the year. The Company's operations during the year did not give rise to any liability for value added tax, service tax and excise duty.

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded (` million)	Amount Paid (` million)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Finance Act, 1994	Disallowance of availed CENVAT Credit	47.70	Nil	Financial year 2017-18	Principal Commissioner of CGST, Vadodara	
Income Tax Act, 1961	Disallowance of amortization of goodwill	303.29	Nil	AY 2015-16	Commissioner of Income Tax (Appeals), Mumbai	
Income Tax Act, 1961	Disallowance of amortization of goodwill	72.33	Nil	AY 2016-17	Commissioner of Income Tax (Appeals), Mumbai	
Income Tax Act, 1961	Arm's length adjustment by and other disallowance of deductions claimed	526.23	Nil	AY 2017-18	Commissioner of Income Tax (Appeals), Mumbai	
Income Tax Act, 1961	Arm's length adjustment by and other disallowance of deductions claimed	288.40	Nil	AY 2018-19	Income Tax Appellant Tribunal (Mumbai)/ ITAT (Mumbai)	

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in tax assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

paragraph 3(ix)(d) of the Order is not applicable to the Company.

- ix. (a) The Company does not have any loans or borrowings and repayment to lenders during the year. Accordingly, the provision stated in paragraph 3(ix) (a) to (c) and sub Clause (e) and (f) of the Order is not applicable to the Company.
- (b) According to the information and explanation provided to us, there are no funds raised on short term basis. Accordingly, the provision stated in

- x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3 (x) (a) of the Order are not applicable to the Company.

- (b) 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 fully, partly, or optionally convertible debentures during the year. Hence, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.



- xi. (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi) (b) of the Order is not applicable to the Company.
- (c) We have taken into consideration the whistleblower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are 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 standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company.
- xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi) (b) of the Order are not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) The Group does not have more than one CIC as a part of its group. Hence, the provisions stated in paragraph 3 (xvi)(d) of the Order are not applicable to the Company.
- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII. Accordingly, reporting under clause 3(xx)(a) and clause 3(xx)(b) of the Order is not applicable to the Company.
- xxi. The reporting under clause 3(XXI) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in the report.

For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Vishal Divadkar**  
Partner

Place: Mumbai  
Date: April 26, 2023  
Membership no. 118247  
UDIN: 23118247BGYDKJ6266

# Annexure C to the Independent Auditor's Report of Even Date on the Standalone Financial Statements of L&T Technology Services Limited

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditors' Report of even date to the Members of L&T Technology Services Limited on standalone Financial Statements for the year ended March 31, 2023]

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

### Opinion

We have audited the internal financial controls with reference to standalone financial statements of L&T Technology Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

### 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 with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements 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. 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements.

### **Meaning of Internal Financial Controls With reference to Standalone Financial Statements**

A Company's internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 With reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

**Vishal Divadkar**

Partner

Membership no. 118247

UDIN: 23118247BGYDKJ6266

Place: Mumbai

Date: April 26, 2023

# Standalone Balance Sheet

as at March 31, 2023

(₹ million)

	Note No.	As at March 31, 2023	As at March 31, 2022
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	4	2,600	2,242
(b) Right-of-use assets	4	3,498	3,797
(c) Capital work-in-progress	4	65	99
(d) Goodwill	5	3,891	3,891
(e) Other intangible assets	5	206	214
(f) Financial assets			
(i) Investments	6	3,827	2,937
(ii) Trade receivables	7	-	-
(iii) Other financial assets	8	1,035	2,353
(g) Other non-current assets	10	1,794	1,349
<b>Total non-current assets</b>		<b>16,916</b>	<b>16,882</b>
<b>II. Current assets</b>			
(a) Financial assets			
(i) Investments	11	20,638	13,536
(ii) Trade receivables	12	15,467	15,834
(iii) Cash and cash equivalents	13	4,599	1,772
(iv) Other bank balances	14	1,553	4,395
(v) Loans	15	-	-
(vi) Other financial assets	16	2,087	2,148
(b) Other current assets	17	3,331	2,516
<b>Total current assets</b>		<b>47,675</b>	<b>40,201</b>
<b>TOTAL ASSETS</b>		<b>64,591</b>	<b>57,083</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Equity share capital	18	211	211
(b) Other equity	19	46,670	39,605
<b>Total equity</b>		<b>46,881</b>	<b>39,816</b>
<b>II. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	20	3,445	4,052
(ii) Other financial liabilities	20	165	120
(b) Deferred tax liabilities (net)	9	397	791
(c) Provisions	24	52	56
<b>Total non-current liabilities</b>		<b>4,059</b>	<b>5,019</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
Due to micro enterprises and small enterprises	21	95	31
Due to others	21	4,056	3,437
(ii) Lease liabilities	22	794	431
(iii) Other financial liabilities	22	3,649	3,287
(b) Other current liabilities	23	2,658	2,459
(c) Provisions	24	1,269	1,855
(d) Current tax liabilities (net)		1,130	748
<b>Total current liabilities</b>		<b>13,651</b>	<b>12,248</b>
<b>Total liabilities</b>		<b>17,710</b>	<b>17,267</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>64,591</b>	<b>57,083</b>
Notes forming part of the financial statements		1-54	

As per our report attached  
**For M S K A & Associates**

Chartered Accountants  
Firm's registration no. 105047W  
by the hand of

**VISHAL DIVADKAR**  
Partner  
Membership no. 118247

Place: Mumbai  
Date: April 26, 2023

**RAJEEV GUPTA**  
Chief Financial Officer

Place: Mumbai  
Date: April 26, 2023

**PRAJAKTA POWLE**  
Company Secretary  
Membership no. A20135

Place: Mumbai  
Date: April 26, 2023

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: Mumbai  
Date: April 26, 2023

**ABHISHEK SINHA**  
Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai  
Date: April 26, 2023



# Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ million)

	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<b>Income:</b>			
I. Revenue from operations	25	71,081	58,737
II. Other income (net)	26	2,057	1,537
<b>III. Total income</b>		<b>73,138</b>	<b>60,274</b>
<b>IV. Expenses:</b>			
(a) Employee benefit expenses	27	39,516	31,927
(b) Other expenses	28	15,631	13,619
(c) Depreciation and amortisation expenses		2,024	1,826
(d) Finance costs	29	392	394
<b>Total expenses</b>		<b>57,563</b>	<b>47,766</b>
<b>V. Profit before tax (III - IV)</b>		<b>15,575</b>	<b>12,508</b>
<b>VI. Tax expense:</b>			
(a) Current tax		4,328	3,311
(b) Deferred tax		143	12
<b>Total tax expense</b>	30	<b>4,471</b>	<b>3,323</b>
<b>VII. Profit for the year (V - VI)</b>		<b>11,104</b>	<b>9,185</b>
<b>VIII. Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurements of the defined benefit plans		(119)	88
(b) Income tax on remeasurements of the defined benefit plans		30	(22)
(B) (i) Items that will be reclassified subsequently to the statement of profit and loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		(2,137)	989
(b) Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge		538	(249)
<b>Total other comprehensive income (net of tax)</b>		<b>(1,688)</b>	<b>806</b>
<b>IX. Total comprehensive income for the year</b>		<b>9,416</b>	<b>9,991</b>
<b>X. Earnings per equity share</b>	31		
Equity share of face value of ₹ 2 each			
- Basic (₹)		105.18	87.26
- Diluted (₹)		104.87	87.08
<b>XI. Notes forming part of the financial statements</b>	1-54		

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

**RAJEEV GUPTA**

Chief Financial Officer

**PRAJAKTA POWLE**

Company Secretary  
Membership no. A20135

**AMIT CHADHA**

Chief Executive Officer &  
Managing Director  
(DIN: 07076149)

**ABHISHEK SINHA**

Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai

Date: April 26, 2023

Place: Mumbai

Date: April 26, 2023

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of

**L&T TECHNOLOGY SERVICES LIMITED**

# Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ million)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
Profit before tax	15,575	12,508
<b>Adjustments for:</b>		
Depreciation and amortisation	2,024	1,826
Interest income	(876)	(492)
Finance cost	392	394
(Profit)/ loss on sale of property, plant and equipment (net)	2	(5)
(Gain)/ loss on de-recognition of ROU (net)	(18)	(35)
Employee stock option forming part of staff expenses	816	55
Bad debts written off, allowances for bad and doubtful debts and ECL	203	114
Investment income	(331)	(285)
Unrealised foreign exchange loss/(gain) (net)	(70)	24
<b>Operating profit before working capital changes</b>	<b>17,717</b>	<b>14,104</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	233	(4,601)
Increase/(decrease) in trade and other payables	(986)	2,776
<b>(Increase)/decrease in working capital</b>	<b>(753)</b>	<b>(1,825)</b>
<b>Cash generated from operations</b>	<b>16,964</b>	<b>12,279</b>
Direct taxes paid	(4,376)	(3,286)
<b>Net cash (used in)/from operating activities</b>	<b>12,588</b>	<b>8,993</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles	(1,621)	(1,183)
Sale of property, plant and equipment and intangibles	28	68
(Purchase)/ sales of current investments (net)	(6,917)	1,252
(Purchase)/ sales of non-current investments (net)	(890)	(861)
Deposits placed/loans given (net)	2,857	(3,661)
Income received from investments	295	165
Interest income	710	334
<b>Net cash (used in)/from investing activities</b>	<b>(5,538)</b>	<b>(3,886)</b>



# Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ million)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>C. Cash flow from financing activities</b>		
Equity share capital issued	-*	1
Finance cost	(392)	(394)
Lease liability paid	(765)	(734)
Dividend paid	(3,167)	(3,633)
<b>Net cash (used in) / from financing activities</b>	<b>(4,324)</b>	<b>(4,760)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>2,726</b>	<b>347</b>
Cash and cash equivalents at beginning of the year	1,799	1,452
<b>Cash and cash equivalents at end of the year</b>	<b>4,525</b>	<b>1,799</b>

\*represents value less than 0.5 million.

## 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 other 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 March 31, 2023	Year ended March 31, 2022
<b>Cash and cash equivalents as per balance sheet</b>	4,599	1,772
Add: Unrealised exchange (gain)/loss on cash and cash equivalents (net)	(74)	27
<b>Total cash and cash equivalents as per statement of cash flows</b>	<b>4,525</b>	<b>1,799</b>

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

**RAJEEV GUPTA**

Chief Financial Officer

**PRAJAKTA POWLE**

Company Secretary  
Membership no. A20135

**AMIT CHADHA**

Chief Executive Officer &  
Managing Director  
(DIN: 07076149)

**ABHISHEK SINHA**

Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai

Date: April 26, 2023

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of

**L&T TECHNOLOGY SERVICES LIMITED**

# Standalone Statement of Changes in Equity

for the year ended March 31, 2023

## A. Equity share capital

(₹ million except stated otherwise)

Particulars	01-04-2022 to 31-03-2023		01-04-2021 to 31-03-2022	
	Number of shares	₹ million	Number of shares	₹ million
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	105,532,167	211	105,045,823	210
Add: Shares issued on exercise of employee stock options during the year	75,975	-*	486,344	1
Issued, subscribed and fully paid up equity shares represents value at the end of the year	<b>105,608,142</b>	<b>211</b>	<b>105,532,167</b>	<b>211</b>

\*represents value less than 0.5 million.

## 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		
<b>Balance as at 01-04-2022</b>	<b>11,396</b>	<b>186</b>	<b>26,786</b>	<b>(653)</b>	<b>1,896</b>	<b>(6)</b>	<b>39,605</b>	
Profit for the year (a)	-	-	11,104	-	-	-	11,104	
Other comprehensive income (net of taxes) (b)	-	-	-	-	(1,600)	(89)	(1,689)	
<b>Total comprehensive income for the period (a+b)</b>	<b>-</b>	<b>-</b>	<b>11,104</b>	<b>-</b>	<b>(1,600)</b>	<b>(89)</b>	<b>9,415</b>	
Deemed dividend - ESOP	-	-	-	-	-	-	-	
Dividends	-	-	(3,167)	-	-	-	(3,167)	
Employees shares options outstanding	-	1,514	-	-	-	-	1,514	
Deferred employee compensation expense	-	(763)	-	-	-	-	(763)	
Addition/(deduction) during the year	66	-	-	-	-	-	66	
<b>Balance as at 31-03-2023</b>	<b>11,462</b>	<b>937</b>	<b>34,723</b>	<b>(653)</b>	<b>296</b>	<b>(95)</b>	<b>46,670</b>	
<b>Balance as at 01-04-2021</b>	<b>11,229</b>	<b>296</b>	<b>21,235</b>	<b>(653)</b>	<b>1,156</b>	<b>(72)</b>	<b>33,191</b>	
Profit for the year (a)	-	-	9,185	-	-	-	9,185	
Other comprehensive income (net of taxes) (b)	-	-	-	-	740	66	806	
<b>Total comprehensive income for the year (a+b)</b>	<b>-</b>	<b>-</b>	<b>9,185</b>	<b>-</b>	<b>740</b>	<b>66</b>	<b>9,991</b>	
Deemed dividend - ESOP	-	-	(1)	-	-	-	(1)	
Dividends	-	-	(3,633)	-	-	-	(3,633)	
Employees shares options outstanding	-	(192)	-	-	-	-	(192)	
Deferred employee compensation expense	-	82	-	-	-	-	82	
Addition/(deduction) during the year	167	-	-	-	-	-	167	
<b>Balance as at 31-03-2022</b>	<b>11,396</b>	<b>186</b>	<b>26,786</b>	<b>(653)</b>	<b>1,896</b>	<b>(6)</b>	<b>39,605</b>	

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of

**L&T TECHNOLOGY SERVICES LIMITED**

**RAJEEV GUPTA**

Chief Financial Officer

**PRAJAKTA POWLE**

Company Secretary  
Membership no. A20135

**AMIT CHADHA**

Chief Executive Officer &  
Managing Director  
(DIN: 07076149)

**ABHISHEK SINHA**

Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)  
Place: Mumbai  
Date: April 26, 2023

Place: Mumbai

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# 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 Telecom and Hitech 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, 2023, Larsen & Toubro Limited, the holding company owns 73.85% (Previous Year 73.90%) 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 ("the Act") 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 April 26, 2023.

### 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.

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

## Notes forming part of the standalone financial statements

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

### 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 nearest digits as permitted by schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

All amounts disclosed in financial statements and notes have been rounded off to the nearest millions as per requirement of Schedule III of the Act, unless otherwise stated.

### d) 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. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable.

The company assesses the services promised in a contract and identifies distinct performance obligations in the contract.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The companies contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price.

Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.

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. Estimates of total costs or efforts are continuously monitored over the term of the contracts and are recognized in the net profit in the period when these estimates change or when the estimates are revised. Provisions for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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

Revenues in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of



## Notes forming part of the standalone financial statements

revenues are classified as contract liabilities (unearned revenue).

### e) 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.

### f) 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.

### g) 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.

- (i) 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	6
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.

\* 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.

### h) Intangible assets and amortisation

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

Intangible assets purchased are measured at cost (net of tax/duty credits availed, if any) or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of computer software and technical know-how which are amortised on straight line basis over the useful life as given below:

Asset class	Useful life (years)
Specialised software	5
Technical knowhow	4

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

## Notes forming part of the standalone financial statements

### j) 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 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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.

### k) 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

## Notes forming part of the standalone financial statements

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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. 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.

For overseas employees, for defined benefit plans, the Company provides for post-employment benefits payable as per the laws applicable in respective countries.

### (ii) Long term employee benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months, as short-term employee benefit for measurement purposes. Such long-term compensated absences are provided based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

### I) Leases

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

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 comprises 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.

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.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset

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. 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.

## Notes forming part of the standalone financial statements

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.

### m) Financial instruments

Financial assets and/or financial liabilities are recognised when the Company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction price and where such price is different from fair value, at fair value. However, for trade receivables that do not contain a significant financing component are initially measured at transaction price. Transaction costs that are 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, as the case may be, the fair value of such financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss."

#### (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.



## Notes forming part of the standalone financial statements

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.

### (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.

### n) 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.

### o) Securities premium account

#### (i) Securities premium includes:

- Any share issued for consideration over and above face value.

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

### p) 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.

### q) Borrowing costs

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

### r) Company's stock option scheme

In respect of stock options granted pursuant to the Company's stock options scheme, the excess of fair value of the option over the exercise price is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognised as expense each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to general reserve.

### s) Foreign currencies

The functional currency of the Company is Indian rupee.

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

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

## Notes forming part of the standalone financial statements

### t) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

#### Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

#### Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

The Company recognizes interest levied related to income tax assessments in interest expenses.

### u) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

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



## Notes forming part of the standalone financial statements

Contingent liability is disclosed in the case of

- i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### v) Commitments

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

- i) Estimated amounts 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.

### w) 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.

### x) 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years. The Company

based its assumptions and estimates on parameters available when the financial statements were prepared

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, share based payment fair value measurement etc. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

### y) Investment in subsidiaries

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

### z) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### aa) 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 asset is recognised. The difference between the amount of consideration paid and the net worth of the

## Notes forming part of the standalone financial statements

transferor company is recognised as capital reserve on business combination and is separately disclosed from other capital reserves.

### **ab) 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 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**

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements** The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

## Notes forming part of the standalone financial statements

### 4. Property, plant and equipment

Particulars	Gross block		As at March 31, 2023	Depreciation/amortisation	As at March 31, 2023	Net block (₹ million)
	As at 01-04-2022	Additions Disposals		As at 01-04-2022	For the year	
Leasehold improvements	530	46	576	299	75	-
Plant and equipment	55	1	27	47	2	27
Computers	2,598	720	1,48	3,170	1,645	592
Furniture and fixtures	246	29	19	256	113	27
Vehicles	333	104	83	354	102	56
Office equipments	292	71	7	356	204	55
Electrical installations	187	13	3	197	92	7
Aircondition and refrigeration	160	26	2	184	55	16
Laboratory equipments	633	413	12	1,034	237	192
Canteen equipments	3	1	0	4	1	0
<b>Total</b>	<b>5,037</b>	<b>1,424</b>	<b>301</b>	<b>6,160</b>	<b>2,795</b>	<b>1,036</b>
Previous year figures	4,210	1,143	316	5,037	2,209	841

### Right-of-use assets

Particulars	Gross block		As at March 31, 2023	Depreciation/amortisation	As at March 31, 2023	Net block (₹ million)
	As at 01-04-2022	Additions Disposals		As at 01-04-2022	For the year	
Right-of-use	5,855	656	457	6,054	2,058	869
<b>Total</b>	<b>5,855</b>	<b>656</b>	<b>457</b>	<b>6,054</b>	<b>2,058</b>	<b>869</b>
Previous year figures	5,576	635	356	5,855	1,459	862

Capital work-in-progress	For less than 1 year	1 to 2 years		2 to 3 years		More than 3 years		<b>Total</b>
		Years	Years	Years	Years	Years	Years	
As at 31-03-2023	8	-	-	57	-	57	65	
As at 31-03-2022	42	-	-	57	-	57	99	

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

### 5. Goodwill and other intangible assets

Particulars	Gross block		As at March 31, 2023	Depreciation/amortisation	As at March 31, 2023	Net block (₹ million)
	As at 01-04-2022	Additions Disposals		As at 01-04-2022	For the year	
Goodwill	3,891	-	3,891	-	-	-
Specialised softwares	1,794	111	1,78	1,727	1,580	119
Technical knowhow	143	-	143	143	-	143
<b>Total</b>	<b>5,828</b>	<b>111</b>	<b>178</b>	<b>5,761</b>	<b>1,723</b>	<b>119</b>
Previous year figures	5,678	150	-	5,828	1,600	123

#### Note on Goodwill Impairment Testing

Goodwill is tested for impairment annually or when events or circumstances indicate that an impairment loss may have occurred.

If the recoverable amount of cash generating unit ('CGU') is less than its carrying amount, the carrying amount of CGU is reduced to its recoverable amount and resultant impairment loss is recognized in the statement of profit and loss. The recoverable amount of a CGU is determined based on higher of value-in-use and fair value less cost to sell. The calculation of value-in-use involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

## Notes forming part of the standalone financial statements

### 6. Investments - non-current

	(₹ million)	As at March 31, 2023	As at March 31, 2022
<b>Unquoted</b>			
<b>a) Investment in equity instruments of subsidiaries (at cost):</b>			
1,520,692 (previous year 1,520,692) equity shares of nominal value of ₹ 10 each, fully paid in L&T Thales Technology Services Private Limited - Company's holding * - 74% (previous year 74%) - Principal place of business: India		60	60
2,601,000 (previous year 2,601,000) common stock of nominal value of USD 10 each, fully paid in L&T Technology Services LLC - Company's holding * - 100% (previous year 100%) - Principal place of business: USA		1,783	1,783
1,431,736 (previous year 1,431,736) equity shares of nominal value of ₹ 10 each, fully paid in Graphene Semiconductor Services Private Limited - Company's holding * - 100% (previous year 100%) - Principal place of business: India		177	177
60,501 (previous year 60,501) equity shares of nominal value of SGD 1 each, fully paid in L&T Technology Services PTE Ltd. (formerly known as Graphene Solutions PTE Ltd.) - Company's holding * - 100% (previous year 100%) - Principal place of business: Singapore		3	3
1,00,000 (previous year 1,00,000) equity shares of nominal value of MYR 1 each, fully paid in Graphene Solutions SDN. BHD - Company's holding * - 100% (previous year 100%) - Principal place of business: Malaysia		2	2
Capital investment in Graphene Solutions Taiwan Limited - Company's holding * - 100% (previous year 100%) - Principal place of business: Taiwan		11	11
50,000 (previous year 50,000) equity shares of nominal value of ₹ 10 each, fully paid in Seastar Labs Private Limited - Company's holding * - 100% (previous year 100%) - Principal place of business: India		1	1
10,000 (previous year 10,000) equity shares of nominal value of ₹ 10 each, fully paid in Esencia Technologies India Private Limited - Company's holding * - 100% (previous year 100%) - Principal place of business: India		6	6
Capital investment in L&T Technology Services (Shanghai) Co. Ltd - Company's holding * - 100% (previous year 100%) - Principal place of business: China		33	33
<b>Aggregate amount of unquoted investment</b>		<b>2,076</b>	<b>2,076</b>
At book value		2,076	2,076
<i>*Voting power is same as the Company's holding % in respective subsidiaries</i>			
<b>b) Corporate Deposits</b>			
Corporate Deposit with Bajaj Finance Ltd.		1,000	131
Corporate Deposit with HDFC Ltd.		500	730
		<b>1,500</b>	<b>861</b>
<b>c) Non Convertible Debentures</b>			
L&T Finance Ltd.		251	-
		<b>251</b>	<b>-</b>
		<b>3,827</b>	<b>2,937</b>



## Notes forming part of the standalone financial statements

### 7. Trade receivables - non-current

	(₹ million)	As at March 31, 2023	As at March 31, 2022
Non-current			
Undisputed considered good		-	-
		-	-
Less: Allowance for bad and doubtful debt		-	-
		-	-

### 8. Other financial assets - non-current

	(₹ million)	As at March 31, 2023	As at March 31, 2022
Security deposits		553	528
Fixed deposits*		2	262
Derivative financial instruments		480	1,563
		<b>1,035</b>	<b>2,353</b>

\*Includes fixed deposits kept as margin money deposits against bank guarantees.

### 9. Deferred tax assets (net)

Description	DTL/(DTA) As at 01.04.2021	Charge/ (credit) to P&L	Charge/ (credit) to OCI	DTL/(DTA) As at 01.04.2022	Charge/ (credit) to P&L	Charge/ (credit) to OCI	DTL/(DTA) As at March 31, 2023
Property, plant and equipment and other intangible assets	651	(37)	-	614	90	-	704
Branch profit tax	586	58	-	644	141	-	785
Provision for employee benefits	(301)	95	-	(206)	(41)	-	(247)
Cash flow hedges	387	-	249	636	-	(538)	98
Leases (Ind AS 116)	(178)	(18)	-	(196)	(14)	-	(210)
Other items giving rise to timing differences	(50)	(86)	-	(136)	(33)	-	(169)
MAT credit entitlement	(314)	-	-	(314)	-	-	(314)
Deferred Tax	(251)	-	-	(251)	-	-	(251)
<b>Total</b>	<b>530</b>	<b>12</b>	<b>249</b>	<b>791</b>	<b>143</b>	<b>(538)</b>	<b>397</b>

## Notes forming part of the standalone financial statements

### 10. Other non-current assets

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	23	6
Income tax receivable (net)	1,771	1,343
	<b>1,794</b>	<b>1,349</b>

### 11. Investments

Financial assets: investments - current	(₹ million except stated otherwise)			
	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
<b>a) Quoted mutual funds</b>				
<b>Investment carried at fair value through profit and loss</b>				
Axis Banking & PSU Debt Fund - Direct - Growth	-	-	239,992	525
Axis Liquid Fund - Direct - Growth	381,354	954	-	-
Axis Overnight Fund - Direct - Growth	843,614	1,000	-	-
Aditya Birla Sun Life Arbitrage Fund - Direct - Growth	-	-	9,039,230	206
Aditya Birla SunLife Liquid Fund - Direct - Growth	1,813,484	659	1,894,707	650
Aditya Birla Sun Life Overnight Fund - Direct - Growth	824,911	1,000	-	-
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	-	-	1,389,349	415
DSP Liquidity Fund - Direct - Growth	-	-	214,616	653
HSBC Liquid Fund - Direct - Growth	425,812	955	-	-
ICICI Prudential Overnight Fund - Direct - Growth	566,920	685	-	-
ICICI Prudential Liquid Fund - Direct - Growth	2,881,057	960	-	-
Invesco India Corporate Bond Fund - Direct - Growth	-	-	121,009	331
Kotak Overnight Fund - Direct - Growth	837,283	1,001	320,179	363
Kotak Liquid Fund - Direct - Growth	141,469	643	-	-
Kotak Money Market Fund - Direct - Growth	-	-	167,785	608
L&T Arbitrage Opportunities Fund - Direct - Growth	-	-	9,508,265	154
LIC MF Liquid Fund - Direct - Growth	112,166	459	-	-
Nippon India Liquid Fund - Direct - Growth	174,365	960	-	-
Nippon India Overnight Fund - Direct - Growth	8,309,539	1,000	-	-
SBI Liquid Fund - Direct - Growth	178,374	629	-	-
Sundaram Liquid Fund - Direct - Growth	-	-	133,069	250
Tata Liquid Fund - Direct - DDR	-	-	186,451	627
Tata Arbitrage Fund - Direct - Growth	-	-	17,212,791	206
UTI Liquid Cash Plan Fund - Direct - Growth	186,062	686	-	-
UTI Arbitrage Fund - Direct - Growth	-	-	6,947,167	206
	<b>11,591</b>		<b>5,194</b>	



## Notes forming part of the standalone financial statements

Financial assets: investments - current	(₹ million except stated otherwise)			
	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
<b>b) Corporate deposits</b>				
Corporate deposit with Bajaj Finance Ltd.	-	1,130	-	920
Corporate deposit with HDFC Ltd.	-	1,230	-	1,120
Corporate deposit with LIC Housing Finance Ltd.	-	1,200	-	1,600
		<b>3,560</b>		<b>3,640</b>
<b>c) Non-convertible debentures</b>				
Aditya Birla Finance Ltd.	-	-	-	264
Kotak Mahindra Prime Ltd.	-	357	-	259
Tata Capital Financial Services Ltd.	-	-	-	266
HDB Financial Services Ltd.	-	512	-	518
L&T Finance Ltd.	-	-	-	929
TATA Capital Housing Finance Ltd.	-	251	-	-
HDFC Ltd.	-	260	-	-
		<b>1,380</b>		<b>2,236</b>
<b>d) Commercial papers</b>				
Aditya Birla Finance Ltd.	-	494	-	241
Kotak Mahindra Prime Ltd.	-	248	-	243
Tata Capital Financial Services Ltd.	-	-	-	489
HDFC Securities Ltd.	-	-	-	498
HDFC Ltd.	-	236	-	-
Kotak Mahindra Investments Ltd.	-	478	-	-
TATA Capital Limited	-	237	-	-
Tata CleanTech Capital Limited	-	237	-	-
ICICI Securities Ltd.	-	742	-	995
		<b>2,672</b>		<b>2,466</b>
<b>e) Certificate of Deposits</b>				
SIDBI	-	1,192	-	-
HDFC Bank Ltd.	-	243	-	-
		<b>1,435</b>		-
		<b>20,638</b>		<b>13,536</b>
Aggregate amount of quoted investment at cost		20,602	-	13,417
Aggregate amount of quoted investment at market value	-	<b>20,638</b>		<b>13,536</b>

### 12. Trade receivables

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Undisputed considered good	15,709	16,007
	<b>15,709</b>	<b>16,007</b>
Less: Allowance for bad and doubtful debt	(242)	(173)
	<b>15,467</b>	<b>15,834</b>

## Notes forming part of the standalone financial statements

Trade receivable ageing								(₹ million)
	Less than 6 months	For less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Allowance for bad and doubtful debt	Total	
As at 31-03-2023	14,922	540	176	30	41	(242)	15,467	
As at 31-03-2022	15,244	443	259	21	40	(173)	15,834	

### 13. Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022	(₹ million)
Balances with banks	2,279	1,260	
Cheques on hand	9	-	
Remittance in transit	196	512	
Fixed deposits with banks (maturity less than 3 months)	2,115	-	
	<b>4,599</b>	<b>1,772</b>	

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

### 14. Other bank balances

	As at March 31, 2023	As at March 31, 2022	(₹ million)
Fixed deposits with banks			
Maturity more than 3 months but less than 12 months	1,549	4,392	
Earmarked balances with banks - unclaimed dividend	4	3	
	<b>1,553</b>	<b>4,395</b>	

### 15. Loans

	As at March 31, 2023	As at March 31, 2022	(₹ million)
Unsecured, considered good	-	-	
	-	-	

### 16. Other financial assets

	As at March 31, 2023	As at March 31, 2022	(₹ million)
Advances to employees	85	80	
Security deposits	8	15	
Derivative financial instruments	331	1,048	
Loans and advances to related parties	778	364	
Other receivables	6	13	
Premium receivable on financial guarantee contracts	5	1	
Unbilled revenue*	897	652	
Less: ECL on unbilled revenue	(23)	874	
	(25)	627	
	<b>2,087</b>	<b>2,148</b>	

\* For those contracts where right to consideration is unconditional upon passage of time.



## Notes forming part of the standalone financial statements

### 17. Other current assets

	(₹ million)	As at March 31, 2023	As at March 31, 2022
Unbilled revenue*	1,853	1,234	
Less: ECL on unbilled revenue	(49)	(48)	
	<b>1,804</b>	<b>1,186</b>	
Prepaid expenses	1,053	908	
Advance to suppliers	245	160	
GST receivable	176	229	
Service tax/GST recoverable	27	15	
Retention money not due	26	18	
	<b>1,527</b>	<b>1,330</b>	
	<b>3,331</b>	<b>2,516</b>	

\* For those contracts where right to consideration is conditional upon completion of contractual milestones.

### 18. Equity share capital

	(₹ million)	As at March 31, 2023	As at March 31, 2022
<b>18.1 Authorised :</b>			
5,250,000,000 (previous year: 5,250,000,000) equity shares of ₹ 2 each	10,500	10,500	
	<b>10,500</b>	<b>10,500</b>	
<b>18.2 Issued, subscribed and fully paid up</b>			
Issued, subscribed and fully paid up equity shares outstanding at the end of the year [105,532,167 (previous year: 105,045,823) equity shares of ₹ 2 each]	211	210	
Add: shares issued on exercise of employee stock options during the period [75,975 (previous year: 486,344) equity shares of ₹ 2 each]	-*	1	
Issued, subscribed and fully paid up equity shares outstanding at the end of the period [105,608,142 (previous year: 105,532,167) equity shares of ₹ 2 each]	<b>211</b>	<b>211</b>	
<b>Total issued, subscribed and paid up capital</b>	<b>211</b>	<b>211</b>	

\*represents value less than 0.5 million.

#### 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.

## Notes forming part of the standalone financial statements

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

Equity shares	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	77,986,899	73.85%	77,986,899	73.90%
	<b>77,986,899</b>		<b>77,986,899</b>	

### 18.5 Shares held by Promoters

Equity shares	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	77,986,899	73.85%	77,986,899	73.90%
	<b>77,986,899</b>		<b>77,986,899</b>	

### 18.6 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 18.8 of the standalone financial statements.

### 18.7 In the period of five years immediately preceding March 31, 2023 :

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)

### 18.8 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. In Series A, the options are vested equally over a period of 5 years and in Series B options are vested equally over period of 4 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,2021 and shall be subject to compliance with accounting policies under the said regulation. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.



## Notes forming part of the standalone financial statements

- iii) Details of grant under ESOP Scheme, 2016 is summarised below:

Series reference	ESOP scheme, 2016	
	2022-23	2021-22
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	215,725	732,469
Options lapsed during the year	22,700	30,400
Options granted during the year	397,200	-
Options exercised during the year	75,975	486,344
Options granted and outstanding at the end of the year-(a)	514,250	215,725
of (a) above - vested outstanding options	50,350	66,605
of (a) above - unvested outstanding options	463,900	149,120
Weighted average remaining contractual life of options (in years)	3.84	0.24

- iv) 1,10,000 options were granted to key managerial personnel during the current year (previous year - nil).
- v) The number and weighted average exercise price of stock options are as follows:

Particulars	2022-23		2021-22	
	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	215,725	2	732,469	2
Options granted during the year	397,200	2	-	2
Options exercised during the year	75,975	2	486,344	2
Options lapsed during the year	22,700	2	30,400	2
Options granted and outstanding at the end of the year - (a)	514,250	2	215,725	2
Options exercisable at the end of the year out of - (a) above	50,350	2	66,605	2

- vi) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 3,692.66 per share. (previous year ₹ 4,770.17 per share).
- vii) No options expired during the periods covered in the above table.
- viii) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2022-23 is ₹ 816 Million (previous year: ₹ 55 Million).

## Notes forming part of the standalone financial statements

- ix) There were 3,97,200 new options granted during the year ended 31-03-2023. The fair value at grant date of options granted during previous year: ₹ 4,169.6. 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:

<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Weighted average exercise price	2	
Grant date	21-Apr-22	
Expiry date	20-Apr-29	No new ESOP grant during the year
Weighted average share price at grant date	₹ 4,244.3 per option	
Weighted average expected price volatility of company's share	40.52%	
Weighted average expected dividend yield over life of option	2.07%	
Weighted average risk-free interest	5.86%	
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

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders in accordance with Companies Act, 2013 is as follows:

- (a) During the year ended March 31, 2023, the Company paid the final dividend of ₹ 15 per equity share for the year ended March 31, 2022.
- (b) The Company paid, on November 10, 2022 an Interim dividend of ₹ 15 per equity share for the year ended March 31, 2023.
- (c) On April 26, 2023, the Board of Directors of the Company have recommended the final dividend of ₹ 30 per equity share for the year ended March 31, 2023 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, 2023 is expected to be ₹ 3,168 million.



## Notes forming part of the standalone financial statements

### 19. Other equity

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Securities premium account [note 2(o)]	11,462	11,396
Share options outstanding account [note 2(r)]		
Employee share options outstanding	1,764	250
Deferred employee compensation expense	(827)	937
Retained earnings	34,723	26,786
Cash flow hedge reserve [note 2(m)(iii)]	296	1,896
Capital reserve on business combination	(653)	(653)
Other items of other comprehensive income	(95)	(6)
	<b>46,670</b>	<b>39,605</b>

#### Nature and Purpose of reserves.

##### Securities Premium Account

Amounts received on issue of shares in excess of the par value has been classified as securities premium, net of utilisation.

##### Share options outstanding account

Employee Share options reserve represents the cumulative expense to be recognized for equity-settled transactions at each reporting date until the employee share options are vested/expired upon which such amount is transferred to Profit and Loss.

##### Retained Earnings

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

##### Capital Reserve

The Company recognizes difference between the amount of consideration paid and net worth of acquired business as capital reserve for common control business combination transactions.

##### Cash flow hedge reserve

When a derivative is designated as cashflow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in Other Comprehensive Income (OCI) and accumulated in cashflow hedge reserve.

Cumulative gains or losses previously recognised in cashflow hedge reserve are recognised in the statement of profit and loss in the period in which such transaction occurs/hedging instruments are settled/ cancelled.

### 20. Other financial liabilities - non-current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Lease liabilities	3,445	4,052
Derivative financial instruments	165	120
	<b>3,610</b>	<b>4,172</b>

## Notes forming part of the standalone financial statements

### 21. Trade payable

	As at March 31, 2023					(₹ million)
	Upto 1 year	1 to 2 years	2 to 3 years	> 3 year	Total	
Due to micro and small enterprises	95	-	-	-	95	
Due to others*	4,039	17	-**	-**	4,056	
	<b>4,134</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>4,151</b>	

	As at March 31, 2022					(₹ million)
	Upto 1 year	1 to 2 years	2 to 3 years	> 3 Year	Total	
Due to micro and small enterprises	31	-	-	-	31	
Due to others*	3,402	33	2	-**	3,437	
	<b>3,433</b>	<b>33</b>	<b>2</b>	<b>-</b>	<b>3,468</b>	

\* Includes dues to subsidiaries and fellow subsidiaries (refer note 45)

\*\*represents value less than 0.5 million.

### 22. Other financial liabilities

	As at March 31, 2023	As at March 31, 2022
Lease liabilities	794	431
Unclaimed dividend	4	3
Due to others		
Liability towards employee compensation	3,176	2,940
Other payables	74	31
Derivative financial instruments	313	115
Financial guarantee contract	5	1
Suppliers ledger - capital goods/services	78	197
	<b>4,444</b>	<b>3,718</b>

### 23. Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Unearned revenue	633	702
Other payables	1,889	1,630
Liability - employee car schemes	136	127
	<b>2,658</b>	<b>2,459</b>



## Notes forming part of the standalone financial statements

### 24. Provisions

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Provisions for employee benefits	1,269	1,103
Others (legal matter)	-	752
	<b>1,269</b>	<b>1,855</b>
<b>Non Current</b>		
Provisions for employee benefits	52	56
	<b>52</b>	<b>56</b>

### 25. Revenue from operations

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Engineering and technology services	71,081	58,737
	<b>71,081</b>	<b>58,737</b>

### 26. Other income

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest income**	876	492
Foreign exchange gain/ (loss)* (net)	704	897
Net gain/(loss) on sale of investment	399	295
Miscellaneous income	149	178
Gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	(69)	(10)
(Profit)/ loss on disposal of property, plant and equipment	(2)	5
Export incentive	-	(320)
	<b>2,057</b>	<b>1,537</b>

\* The foreign exchange gain reported above includes loss of ₹ 203 million (previous year: ₹ 635 million gain) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

\*\* Interest income includes interest earned and accrued interest on account of investment in various instruments such as commercial paper, fixed deposits, Non convertible debentures etc.

## Notes forming part of the standalone financial statements

### 27. Employee benefits expenses\*

	(₹ million)	
	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Salaries, incentives and allowances	37,123	30,787
Contribution to and provision for:		
Contribution to provident and pension fund	884	636
Contribution to gratuity fund	186	176
Share based payments to employees	816	55
Staff welfare expenses	507	273
	<b>39,516</b>	<b>31,927</b>

\*Refer Note no.43 for disclosure pertaining to IND AS - 19 - Employee benefits

### 28. Other expenses

	(₹ million)	
	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Subcontracting and component charges	4,224	3,829
Engineering and technical consultancy fees	3,240	2,847
Cost of computer software	1,915	1,676
Travel Expenses	2,167	1,950
Rent and establishment expenses	205	122
Communication expenses	328	278
Legal and professional charges	491	480
Advertisement and sales promotion	246	199
Recruitment	485	322
Repairs to buildings & machineries	433	388
General repairs and maintenance	198	177
Power and fuel	255	187
Equipment hire charges	43	32
Insurance charges	119	118
Rates and taxes	368	380
Bad debts written off	140	63
Allowances for doubtful debts	(47)	51
ECL on unbilled revenue	110	-
Overheads charged by group companies	103	79
Trademark fees	120	98
Corporate social responsibility	189	166
Commission to Directors	27	26
Miscellaneous expenses	272	151
	<b>15,631</b>	<b>13,619</b>



## Notes forming part of the standalone financial statements

### 29. Finance costs

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest on lease liability	360	388
Interest paid/payable - others	-*	-
Interest on bill discounting	32	6
	<b>392</b>	<b>394</b>

\*represents value less than 0.5 million.

### 30. Provision for taxation

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Current tax		
Current tax on profits for the year	4,258	3,311
Tax expenses for prior periods	70	-
Deferred tax	143	12
	<b>4,471</b>	<b>3,323</b>

### 31. Basic and diluted earning per equity share

	(₹ million except stated otherwise)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Basic EPS</b>		
Profit after tax (₹ million)	11,104	9,185
Profit attributable to equity shareholders (₹ million)	11,104	9,185
Weighted average number of equity shares outstanding	105,571,928	105,265,550
Basic EPS (₹)	105.18	87.26
<b>Diluted EPS</b>		
Profit after tax (₹ million)	11,104	9,185
Profit attributable to equity shareholders (₹ million)	11,104	9,185
Weighted average number of equity shares outstanding	105,571,928	105,265,550
Add - No. of potential equity shares	307,701	212,090
Weighted average number of equity shares outstanding	105,879,629	105,477,640
Diluted EPS (₹)	104.87	87.08

32. Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 1,459 million (previous year: ₹ 599 million).

### 33. Contingent liability

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Corporate guarantee	1,356	1,251
	<b>1,356</b>	<b>1,251</b>

Corporate guarantee of USD 16.5 million (previous year: USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA.

## Notes forming part of the standalone financial statements

### 34. Details of payment to auditors

	(₹ million)	
	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
<b>Payment to auditors (excluding taxes)</b>		
<b>As auditor:</b>		
Audit fee	1.5	1.1
Taxation matters	0.3	0.3
Company law matters	-	-
<b>Other services :</b>		
- Limited review	1.8	0.8
- Other services including certification work	0.2	1.6
Re-imbursement of expenses	0.5	0.3
	<b>4.3</b>	<b>4.1</b>

### 35. 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, 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 ₹ 199 million (previous year: ₹ 174 million).
- c) Amount spent during the year:

<b>Particulars</b>	<b>Year ended March 31, 2023</b>			<b>Year ended March 31, 2022</b>		
	<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>	<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purposes other than (i) above (disclosed under note 28 - Other expenses)*	189	-	189	166	-	166
iii) On purposes other than (i) above (disclosed under note 27 - Employee benefits expenses)	10	-	10	8	-	8
iv) Amount shown in balance sheet as part of prepaid CSR spent**	13	-	13	13	-	13
<b>Total</b>	<b>212</b>	-	<b>212</b>	<b>187</b>	-	<b>187</b>

\* ₹ 13 million transferred to prepaid CSR spent in FY 21-22 utilised in current year against CSR spent obligation.

\*\* Out of total CSR amount spent during the year ₹ 12.78 million (previous year ₹ 13 million) transferred to prepaid CSR spent (which can be used against next 3 year CSR budget) as per rule 7(3) of the Companies (CSR Policy) Rules, 2014.

- d) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standards - ₹ 3.36 million (previous year ₹ 3.83 million) spent on CSR through L&T Public Charitable Trust on Education and Skill development.



## Notes forming part of the standalone financial statements

### 36. Capital Management Note

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company determines the capital requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through operating cash flows generated, and equity. The Company is not subject to any externally imposed capital requirements.

**Capital Structure of the company is as under :-**

Particulars	(₹ million)	
	For year ended March 31, 2023	For year ended March 31, 2022
<b>Equity attributable to shareholders of the company (A)</b>	46,881	39,816
As a % of total capital	91.7%	89.9%
Borrowings	-	-
Lease Liabilities	4,239	4,483
<b>Total Borrowings and Lease Liabilities (B)</b>	<b>4,239</b>	<b>4,483</b>
As a % of total capital	8.3%	10.1%
<b>Total Capital (Equity, Borrowings and Lease Liabilities) ((C) = (A) + (B))</b>	<b>51,120</b>	<b>44,299</b>

As evident from the above table, the Company is predominantly equity-financed. Also, the company has been generating healthy free cash flow along with major investments in liquid instruments. 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.

### 37. Financial ratios :

Ratio / Measure	Formula	For year ended March 31, 2023	For year ended March 31, 2022
Current ratio	Current assets / Current liabilities	3.5	3.3
Debt equity ratio	Debt / Total shareholder's equity	NA	NA
Debt service coverage ratio	EBIT / Debt	NA	NA
Return on equity	PAT / Total average equity	25.6%	25.1%
Trade receivables turnover ratio	Revenue from operation / Average trade receivable	4.5	4.3
Trade payable turnover ratio	Adjusted expenses / Average trade payables	4.0	4.2
Net capital turnover ratio	Revenue from operation / Average working capital	2.3	2.3
Net profit %	Net profit / Revenue	15.6%	15.6%
EBITDA %	EBITDA / Revenue	22.4%	22.5%
EBIT %	EBIT / Revenue	19.6%	19.3%
Return on capital employed %	PBIT / Average capital employed	36.8%	35.2%
Return on investment	Interest income, net gain on sale of investment and fair value gain over cost of investment	4.9%	4.0%

#### Note :

EBIT - Earnings before interest and taxes (excl. other income).

EBITDA - Earnings before interest, taxes, depreciation and amortisation (excl. other income).

PBIT - Profit before interest and taxes.

PAT - Profit after taxes.

Adjusted expenses - Other expense net of CSR expense, bad debts written off and allowances for doubtful debts.

## Notes forming part of the standalone financial statements

### 38. Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

#### i) Outstanding currency exchange rate hedge instruments:

Forward and options covers taken to hedge exchange rate risk and accounted as cash flow hedge:

(₹ million)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Nominal amount	Average rate* (₹)	Within twelve months	After twelve months	Nominal amount	Average rate* (₹)	Within twelve months	After twelve months
<b>(a) Receivable hedges</b>								
US Dollar	75,882	88.41	39,222	36,660	70,027	84.14	31,355	38,671
EURO	6,230	95.85	4,493	1,737	5,923	102.13	3,795	2,128
GBP	2,390	99.59	1,461	929	-	-	-	-
<b>(b) Payable hedges</b>								
US Dollar	8,620	83.48	5,954	2,666	5,923	82.08	3,795	2,128
EURO	2,766	85.10	1,996	770	2,648	91.32	1,677	971
GBP	1,096	91.33	697	399	-	-	-	-

\*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 March 31, 2023			As at March 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Other financial assets	331	480	811	1,048	1,563	2,611
Other financial liabilities	313	165	478	115	120	235
<b>Total</b>	<b>644</b>	<b>645</b>	<b>1,289</b>	<b>1,163</b>	<b>1,683</b>	<b>2,846</b>

#### iii) Break up of hedging reserve

(₹ million)

Cash flow hedging reserve	As at March 31, 2023	As at March 31, 2022
Balance towards continuing hedge	8	1,533
Balance for which hedge accounting discontinued	288	363
<b>Total</b>	<b>296</b>	<b>1,896</b>

#### iv) Movement of hedging reserve

(₹ million)

Hedging reserve	2022-23	2021-22
Opening balance	1,896	1,156
Changes in fair value of forward and options contracts designated as hedging instruments	(1,879)	1,567
Amount reclassified to statement of profit and loss where hedge item has become on-balance sheet	(258)	(578)
Tax impact on above	538	(249)
<b>Closing balance</b>	<b>297</b>	<b>1,896</b>



## Notes forming part of the standalone financial statements

### 39. Segment reporting

#### (a) Description of segments and principal activities

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Chief Executive Officer.

The company has identified business segments as reportable segments. The business segments comprise of :-

- Transportation
- Industrial products
- Hi-Tech communications and media
- Plant Engineering
- Medical Devices

#### Brief description of each segment and principal activities are as under:

**1: Transportation:** Transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.

**2: Industrial Products:** Industrial Products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

**3: Hi-Tech communications and media:** Hi-Tech communications and media caters to OEM/ODMs, chipset vendors, telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement and sustenance, testing and validation, system integration for communication and related solutions and systems and field implementation services.

**4: Plant engineering:** Plant engineering segment provides end-to-end engineering services for leading plant operators across the globe. The industry span and services are broadly for chemical, consumer packaged goods (FMCG) and energy and utility sector clients.

**5: Medical devices:** Medical devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance. Medical device industry comprises of diagnostic, life sciences, surgical, cardiovascular, home healthcare, general medical and other devices.

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 standalone financial statements

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

Particulars	Transportation	Industrial Products	Telecom and Hi-Tech	Plant Engineering	Medical Devices	Total
<b>Revenue</b>	<b>23,784</b>	<b>15,013</b>	<b>11,196</b>	<b>12,662</b>	<b>8,426</b>	<b>71,081</b>
% to Total	<b>33.5%</b>	<b>21.1%</b>	<b>15.7%</b>	<b>17.8%</b>	<b>11.9%</b>	<b>100.0%</b>
	<i>18,030</i>	<i>12,510</i>	<i>10,564</i>	<i>10,030</i>	<i>7,603</i>	<i>58,737</i>
% to Total	<i>30.7%</i>	<i>21.3%</i>	<i>18.0%</i>	<i>17.1%</i>	<i>12.9%</i>	<i>100.0%</i>
<b>Segment operating profits</b>	<b>4,627</b>	<b>4,518</b>	<b>1,851</b>	<b>3,279</b>	<b>2,682</b>	<b>16,957</b>
% to Revenue	<b>19.5%</b>	<b>30.1%</b>	<b>16.5%</b>	<b>25.9%</b>	<b>31.8%</b>	<b>23.9%</b>
	<i>3,346</i>	<i>3,807</i>	<i>1,660</i>	<i>2,412</i>	<i>2,347</i>	<i>13,572</i>
% to Revenue	<i>18.6%</i>	<i>30.4%</i>	<i>15.7%</i>	<i>24.0%</i>	<i>30.9%</i>	<i>23.1%</i>
Un-allocable expenses (net)						<b>1,023</b>
						<i>381</i>
Other income						<b>2,057</b>
						<i>1,537</i>
Operating profit						<b>17,991</b>
						<i>14,728</i>
Finance cost						<b>392</b>
						<i>394</i>
Depreciation						<b>2,024</b>
						<i>1,826</i>
Profit before extraordinary items and tax						<b>15,575</b>
						<i>12,508</i>

- (ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

Particulars	North America	Europe	India	Rest of World	Total
External revenue by location of customers	<b>41,061</b>	<b>12,930</b>	<b>10,838</b>	<b>6,252</b>	<b>71,081</b>
	<i>34,170</i>	<i>10,637</i>	<i>9,053</i>	<i>4,877</i>	<i>58,737</i>

*Numbers in italics are for the previous year*

Property, plant and equipment (PPE) used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the PPE 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 March 31, 2023 and March 31, 2022.



## Notes forming part of the standalone financial statements

### 40. Financial risk management

#### i) Market risk management

The Company regularly reviews its foreign exchange forward and option positions, both on a standalone basis and in conjunction with its underlying foreign currency related exposures. The Company follows cash flow hedge accounting for highly probable forecasted exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts are accumulated in 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 +/- ₹ 21.68 million as of March 31, 2023, and +/- ₹ 9.72 million as of March 31, 2022. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

#### iii) Foreign currency risk management

In general, the Company is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Company's net sales and gross margins as expressed in Indian Rupees.

The Company may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Company's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Company may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Company may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Company uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation

## Notes forming part of the standalone financial statements

to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. The overnight VAR for the Company at 95% confidence level is ₹ 233 million as of March 31, 2023 and ₹ 254 million as of March 31, 2022.

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analysis performed as of March 31, 2023 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange 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 ₹ 242 million as at March 31, 2023 and ₹ 173 million as at March 31, 2022. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

	(₹ million)	
	<b>2022-23</b>	<b>2021-22</b>
Opening balance of allowances for doubtful accounts	173	123
Allowances recognized (reversed)	69	50
<b>Closing balance of allowances for doubtful accounts</b>	<b>242</b>	<b>173</b>

The percentage of revenue from its top five customers is 16% for 2022-23 (18% for 2021-22).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments.

The Company invests its surplus funds in liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.



## Notes forming part of the standalone financial statements

### v) Liquidity risk Management

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position.

The Company has no borrowings as on March 31, 2023 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:

Financial assets	As at March 31, 2023			As at March 31, 2022		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Investments	20,638	1,751	22,389	13,536	861	14,397
Trade receivables	15,467	-	15,467	15,834	-	15,834
Other financial assets	1,756	553	2,309	1,100	528	1,628
<b>Total</b>	<b>37,861</b>	<b>2,304</b>	<b>40,165</b>	<b>30,470</b>	<b>1,389</b>	<b>31,859</b>

Financial liabilities	As at March 31, 2023			As at March 31, 2022		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Trade payables	4,151	-	4,151	3,468	-	3,468
Lease liabilities	794	3,445	4,239	431	4,052	4,483
Other financial liabilities	3,337	-	3,337	3,172	-	3,172
<b>Total</b>	<b>8,282</b>	<b>3,445</b>	<b>11,727</b>	<b>7,071</b>	<b>4,052</b>	<b>11,123</b>

### 41. Fair value measurements

#### Financial instruments by category

	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Investments (other than those held in subsidiary)						
- Mutual funds	11,591	-	-	5,194	-	-
- Bank fixed deposits	-	-	2	-	-	262
- Corporate deposits	-	-	5,060	-	-	4,501
- Non Convertible Debentures	-	-	1,631	-	-	2,236

## Notes forming part of the standalone financial statements

	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
- Commercial papers	-	-	2,672	-	-	2,466
- Certificate of Deposits	-	-	1,435	-	-	-
Loans	-	-	-	-	-	-
Trade receivables	-	-	15,467	-	-	15,834
Cash and cash equivalents	-	-	4,599	-	-	1,772
Other bank balances	-	-	1,553	-	-	4,395
Derivative financial instruments	-	811		-	2,611	-
Security deposits	-		561	-	-	543
Premium receivable on financial guarantee contracts	-	-	5	-	-	1
Loans - related parties	-	-	778	-	-	364
Advances - to employees	-	-	85	-	-	80
Other receivables	-	-	880	-	-	640
<b>Total financial assets</b>	<b>11,591</b>	<b>811</b>	<b>34,728</b>	<b>5,194</b>	<b>2,611</b>	<b>33,094</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Trade payables	-	-	4,151	-	-	3,468
Payable to employee	-	-	-	-	-	-
Derivative financial instruments	-	478	-	-	235	-
Lease liability	-	-	4,239	-	-	4,483
Supplier ledger - capital goods/services	-	-	78	-	-	197
Liability towards employee compensation	-	-	3,176	-	-	2,940
Financial guarantee contract	-	-	5	-	-	1
Unclaimed dividend	-	-	4	-	-	3
Other payables	-	-	74	-	-	31
<b>Total financial liabilities</b>	<b>-</b>	<b>478</b>	<b>11,727</b>	<b>-</b>	<b>235</b>	<b>11,123</b>

### (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 March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Financial investment at FVPL	-	-	-	-	-	-	-	-
- Mutual funds	11,591	-	-	11,591	5,194	-	-	5,194
Financial investment at FVOCI	-	-	-	-	-	-	-	-
Derivative financial instruments	-	811	-	811	-	2,611	-	2,611
<b>Total financial assets</b>	<b>11,591</b>	<b>811</b>	-	<b>12,402</b>	<b>5,194</b>	<b>2,611</b>	-	<b>7,805</b>
<b>Financial liabilities</b>	-	-	-	-	-	-	-	-
Derivative financial instruments	-	478	-	478	-	235	-	235
<b>Total financial liabilities</b>	-	<b>478</b>	-	<b>478</b>	-	<b>235</b>	-	<b>235</b>

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 funds. 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.

### 42. Tax reconciliation statement

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Sr. No.	Particulars	Year ended March 31	
		2023	2022
(a)	<b>Profit before tax</b>	15,575	12,508
(b)	Corporate tax rate as per Income Tax Act, 1961	25.17%	25.17%
(c)	<b>Tax on accounting profit</b>	<b>(c)=(a)*(b)</b>	<b>3,920</b>
(d)	(i) Tax effect of exempt non-operating income	-	-
	(ii) Tax effect due to non-taxable income for Indian tax purposes	-	-
	(iii) Effect of non-deductible expenses	49	42
	(iv) Overseas taxes	312	119
	(v) Adjustments for prior period	70	-*
	(vi) Tax effect on various other items	120	14
	<b>Total effect of tax adjustments [(i) to (vi)]</b>	<b>551</b>	<b>175</b>
(e)	<b>Tax expense recognised during the year</b>	<b>(e)=(c)+(d)</b>	<b>4,471</b>
(f)	<b>Effective tax rate</b>	<b>(f)=(e)/(a)</b>	<b>28.71%</b>
			<b>26.57%</b>

\*represents value less than 0.5 million.

The applicable Indian statutory tax rate for fiscal year 2023 is 25.17% and fiscal year 2022 is 25.17%.

Overseas taxes are on account of income taxes payable overseas, principally in the United States of America.



## Notes forming part of the standalone financial statements

### 43. Disclosure pursuant to Ind AS 19 "Employee benefits"

#### i) Defined contribution plan

The Company has recognised ₹ 1,756 million (PY ₹ 1,601 million) towards defined contribution plan as an expense, which includes contribution to social security and employee state insurance scheme in statement of profit and loss account.

#### ii) Defined benefit plan

##### a) The amounts recognised in balance sheet are as follows:

	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company	
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
A. Present value of defined benefit obligation						
Wholly funded	1,185	982	-	-	7,924	6,620
Wholly unfunded	-	-	54	58	-	-
<b>Total (a)</b>	<b>1,185</b>	<b>982</b>	<b>54</b>	<b>58</b>	<b>7,924</b>	<b>6,620</b>
Less: Fair value of plan assets (b)	880	881	-	-	8,104	7,123
Amount to be recognised as liability or (asset) (a-b)	305	101	54	58	(180)	(503)
B. Amounts reflected in the balance sheet						
Liabilities	305	101	54	58	157	111
Assets	-	-	-	-	-	-
Net liability / (asset)	305	101	54	58	157	111

##### b) The amounts recognised in statement of profit and loss are as follows:

	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company	
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
1 Current service cost	172	164	27	22	673	418
2 Interest cost	3	3	4	4	556	477
3 Expected return on plan assets	-	-	-	-	(556)	(477)
4 Actuarial losses / (gains)	-	-	-	-	253	(35)
5 Past service cost	-	-	-	-	-	-
6 Actuarial gain/loss not recognized in books	-	-	-	-	(253)	35
<b>Total expense for the year included in staff cost</b>	<b>175</b>	<b>167</b>	<b>31</b>	<b>26</b>	<b>673</b>	<b>418</b>

## Notes forming part of the standalone financial statements

c) Amount recorded in other comprehensive income:

	Gratuity plan		Post retirement medical benefit plan		(₹ million)
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	
Opening amount recognised in OCI	148	200	(147)	(111)	
Remeasurement during the year due to					
a Changes in financial assumptions	(59)	(23)	(10)	(5)	
b Changes in demographic assumptions	-	(13)	-	(25)	
c Experience adjustments	206	1	(25)	(6)	
d Actual return on plan assets less interest on plan assets	6	(17)	-	-	
e Adjustment to recognize the effect of asset ceiling	-	-	-	-	
<b>Closing amount recognized in OCI outside profit and loss account</b>	<b>301</b>	<b>148</b>	<b>(182)</b>	<b>(147)</b>	

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company		
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	
Opening balance of the present value of defined benefit obligation	981	952	58	68	6,620	5,644	
Transfer in/(out)	-	-	-	-	382	275	
Current service cost	172	164	27	22	673	418	
Past service cost	-	-	-	-	-	-	
Interest on defined benefit obligation	54	50	4	4	556	477	
Remeasurements due to :							
Actuarial loss/(gain) arising from change in financial assumptions	(58)	(23)	(10)	(5)	-	-	
Actuarial loss/(gain) arising from change in demographic assumptions	-	(13)	-	(25)	-	-	
Actuarial loss/(gain) arising on account of experience changes	206	1	(25)	(6)	-	-	
Contribution by plan participants	-	-	-	-	1,064	787	
Benefits paid	(170)	(150)	-*	-*	(1,371)	(981)	
<b>Closing balance of the present value of defined benefit obligation</b>	<b>1,185</b>	<b>981</b>	<b>54</b>	<b>58</b>	<b>7,924</b>	<b>6,620</b>	

The Company expects to contribute ₹ 305.03 million towards its gratuity plan in FY 2023-24 (₹ 100 million in FY 2022-23)

## Notes forming part of the standalone financial statements

- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

	(₹ million)					
	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company	
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
Opening balance of the fair value of the plan assets	881	841	-	-	7,123	6,164
Expected return on plan assets	-	-	-	-	556	477
Add / (less) : transfer in/(out)	-	-	-	-	382	275
Add/(less) : actuarial gains/(losses)	-	-	-	-	(253)	35
Employer contributions	124	127	-	-	650	405
Contributions by plan participants	-	-	-	-	1,018	748
Interest on plan assets	51	46	-	-	-	-
Remeasurements due to :						
Actual return on plan assets less interest on plan assets	(7)	17	-	-	-	-
Benefits paid	(169)	(150)	-	-	(1,372)	(981)
Liabilities assumed / (settled)	-	-	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-	-	-
<b>Closing balance of the plan assets</b>	<b>880</b>	<b>881</b>	-	-	<b>8,104</b>	<b>7,123</b>

- f) Sensitivity analysis:

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
<b>Impact of increase in 100 bps on defined benefit obligation</b>				
Discount rate	-4.11%	-4.24%	-	-
Salary escalation rate	4.26%	4.43%	-	-
<b>Impact of decrease in 100 bps on defined benefit obligation</b>				
Discount rate	4.45%	4.61%	-	-
Salary escalation rate	-4.05%	-4.18%	-	-
<b>Discount rate</b>				
Impact of increase in 100 bps on defined benefit obligation	-	-	-12.58%	-14.01%
Impact of decrease in 100 bps on defined benefit obligation	-	-	15.99%	18.21%
<b>Healthcare costs rate</b>				
Impact of increase in 100 bps on defined benefit obligation	-	-	9.52%	10.33%
Impact of decrease in 100 bps on defined benefit obligation	-	-	-7.85%	-8.41%
<b>Life expectancy</b>				
Impact of increase in 1 year on defined benefit obligation	-	-	1.16%	1.30%
Impact of decrease by 1 year on defined benefit obligation	-	-	-1.22%	-1.36%

- i. The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.
- ii. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

## Notes forming part of the standalone financial statements

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 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
Government of India securities	Scheme with LIC	Scheme with LIC	11.35%	17.47%
State government securities			34.02%	27.81%
Corporate bonds			32.21%	30.50%
Public sector bonds			6.44%	10.38%
Mutual funds			9.12%	5.23%
Fixed deposits under Special Deposit Scheme framed by central government and other allowable investments			6.85%	8.61%

h) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	As at 31-3-2023	As at 31-3-2022
1 Discount rate:		
(a) Gratuity plan	7.30%	6.20%
(b) Post retirement medical benefit plan	7.30%	6.20%
2 Annual increase in healthcare costs	5.00%	5.00%
3 Salary growth rate	5.50%	5.50%
4 Attrition rate	15% to 40% for various age groups	25% to 40% for various age groups

### Risk exposure

#### i. Gratuity

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

#### ii. Post retirement medical benefits plan

The post-retirement medical care plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.



## Notes forming part of the standalone financial statements

- i) The amounts pertaining to defined benefit plans for the current year are as follows:

	(₹ million)	As at 31-3-2023	As at 31-3-2022
<b>Gratuity plan (wholly funded/ unfunded)</b>			
1 Defined benefit obligation	1,185	982	
2 Plan assets	880	881	
3 (Surplus) / deficit	305	101	
<b>Post retirement medical benefit plan (wholly unfunded)</b>			
1 Defined benefit obligation	54	58	
<b>Self - managed provident fund plan (wholly funded)</b>			
1 Defined benefit obligation	7,924	6,620	
2 Plan assets	8,104	7,123	
3 (Surplus) / deficit	(180)	(503)	

### 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 outside India

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. The Plan allows the employee and Company's contributions to vest 100% immediately. During the year ended March 31, 2023, the Company contributed ₹ 111 million towards the Plan (Previous year: ₹ 117 million).

\*represents value less than 0.5 million.

## Notes forming part of the standalone financial statements

### 44. Lease liability

Particulars	Year ended March 31	
	2023	2022
<b>1 Classwise right-of-use assets (office premises)</b>		
Opening balance	3,797	4,117
Addition during the year (net of deletion)	570	542
Depreciation during the year	869	862
<b>Closing balance</b>	<b>3,498</b>	<b>3,797</b>
<b>2 Repayment during the year (lease payment towards lease liability net of finance cost)</b>	(764)	(734)
<b>3 Maturity analysis of lease liability (undiscounted)</b>		
Less than 1 year	1,096	1,076
1 to 5 years	3,039	2,827
More than 5 years	1,651	2,322
<b>Total</b>	<b>5,786</b>	<b>6,225</b>
<b>Closing balance</b>		
Current liability	794	431
Non -current liability	3,445	4,052
	<b>4,239</b>	<b>4,483</b>
<b>4 Amount recognised in statement of profit and loss</b>		
Interest on lease liability	360	388
Rent expense - short term lease	143	71
<b>5 Gain /(loss) on derecognition of lease liability - right-of-use assets</b>		
Closing balance of lease liability as on date of derecognition	104	125
Less: Closing balance of right-of-use assets as on date of derecognition	86	93
Add: Interest free security deposit against lease premise	-	3
Gain/(loss) on derecognition of right-of-use	18	35
<b>6 Lease commitment</b>		
No lease commitments were entered into by the Company (PY ₹ Nil).		

### 45. Disclosure of related parties/related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

#### 45 (1) (i) List of related parties over which control exists/exercised

Name	Relationship
L&T Technology Services LLC	Wholly owned subsidiary
Esencia Technologies India Private Limited	Wholly owned subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Orchestra Technology Inc	Wholly owned subsidiary of L&T Technology Services LLC
Graphene Semiconductor Services Private Limited	Wholly owned subsidiary
L&T Technology Services 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



## Notes forming part of the standalone financial statements

### 45 (1) (ii) List of related parties which can exercise control

Name	Relationship
Larsen & Toubro Limited	Holding company

### 45 (1) (iii) Key management personnel

Executive directors	Status
Mr. Amit Chadha	Chief Executive Officer & Managing Director
Mr. Abhishek Sinha	Chief Operating Officer & Whole Time Director
Mr. Rajeev Gupta	Chief Financial Officer
Ms. Prajakta Powle	Company Secretary w.e.f. March 17, 2022
Mr. Kapil Bhalla	Company Secretary up to October 29, 2021

#### Non-executive directors

Mr. Anilkumar Manibhai Naik
Mr. Sekharipuram Narayanan Subrahmanyam
Dr. Keshab Panda

#### Independent directors

Mr. Sudip Banerjee
Mr. Narayanan Kumar
Ms. Apurva Purohit
Mr. Chandrasekaran Ramakrishnan
Mr. Luis Miranda
Mr. Samir Desai (Independent Director up to August 26, 2021)

### 45 (1) (iv) List of related parties with whom there were transactions during the year

Name	Relationship
Larsen & Toubro Limited	Holding company
LTIMindtree Limited**	Fellow subsidiary
LTIMindtree Canada Limited	Fellow subsidiary
LTIMindtree GMBH	Fellow subsidiary
LTIMindtree Financial Services Technologies Inc.	Fellow subsidiary
Larsen & Toubro Arabia LLC	Fellow subsidiary
Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
Larsen & Toubro (East Asia) SDN. BHD.	Fellow subsidiary
L&T Realty Developers Limited	Fellow subsidiary
L&T Finance Limited	Fellow subsidiary
L&T-Sargent & Lundy Limited	Joint Venture
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

## Notes forming part of the standalone financial statements

Name	Relationship
Graphene Semiconductor Services Private Limited	Subsidiary
Seastar Labs Private Limited	Subsidiary
Graphene Solutions Taiwan Limited	Subsidiary
L&T Technology Services Pte. Ltd.	Subsidiary
Graphene Solution SDN. BHD.	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

\*During the year, name of entity changed from Graphene Solution Pte Ltd. to L&T Technology Services Pte. Ltd

\*\*During the year, Mindtree Limited is merged with L&T Infotech Limited. Hence, transactions for the year ended March 31, 2022 and balances as on March 31, 2022 of Mindtree Limited are shown under LTIMindtree Limited.

The Company is in the process of incorporating a subsidiary in Poland under the name of 'L&T Technology Services Poland sp. z o.o.' The Company has not infused any capital till March 31, 2023.

### 45 (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

### 45 (1) (vi) Disclosure of related parties

Category of balance/relationship/parties	31-03-2023	31-03-2022	(₹ million)
<b>Trade receivable</b>			
<b>Holding Company</b>	<b>187</b>	<b>149</b>	
- Larsen & Toubro Limited	187	149	
<b>Fellow subsidiaries</b>	<b>242</b>	<b>258</b>	
- LTIMindtree Limited	242	258	
<b>Subsidiaries</b>	<b>430</b>	<b>713</b>	
- L&T Thales Technology Services Private Limited	220	91	
- L&T Technology Services LLC	53	509	
- Graphene Solutions Taiwan Limited	3	3	
- L&T Technology Services (Shanghai) Co. Ltd.	34	33	
- Orchestra Technology Inc	40	1	
- L&T Technology Services (Canada) Ltd.	80	76	
<b>Trade payable</b>			
<b>Holding Company</b>	<b>-</b>	<b>89</b>	
- Larsen & Toubro Limited	-	89	
<b>Fellow subsidiaries</b>	<b>139</b>	<b>74</b>	
- Larsen & Toubro (East Asia) SDN.BHD.	-^	-^	
- Larsen & Toubro Saudi Arabia LLC	27	15	
- Larsen & Toubro Arabia LLC	-	-^	
- LTIMindtree Limited	112	59	



## Notes forming part of the standalone financial statements

Category of balance/relationship/parties	31-03-2023	31-03-2022
<b>Joint Venture</b>	-^	3
- L&T-Sargent & Lundy Limited	-^	3
<b>Subsidiaries</b>	<b>308</b>	<b>393</b>
- Seastar Labs Private Limited	-^	1
- Graphene Solutions Taiwan Limited	-	-^
- L&T Technology Services (Canada) Ltd.	1	3
- L&T Thales Technology Services Private Limited	-	1
- L&T Technology Services LLC	281	234
- Orchestra Technology Inc	26	154
<b>Advances recoverable</b>		
<b>Holding Company</b>	<b>383</b>	<b>329</b>
- Larsen & Toubro Limited	383	329
<b>Fellow subsidiaries</b>	<b>375</b>	<b>1</b>
- LTIMindtree Financial Services Technologies Inc.	-	1
- L&T Realty Developers Limited	375	-
<b>Subsidiaries</b>	<b>20</b>	<b>34</b>
- L&T Thales Technology Services Private Limited	3	-
- Graphene Semiconductor Services Private Limited	-	-^
- L&T Technology Services Pte Ltd.	-	20
- Graphene Solutions Taiwan Limited	2	-
- Graphene Solution SDN. BHD.	1	-^
- L&T Technology Services (Shanghai) Co. Ltd.	14	14
<b>Corporate guarantee issued by the company</b>		
<b>Subsidiaries</b>	<b>1,356</b>	<b>1,251</b>
- L&T Technology Services LLC	1,356	1,251
<b>Corporate guarantee issued on behalf of the company</b>		
<b>Holding Company</b>	<b>4,883</b>	-
- Larsen & Toubro Limited	4,883	-
<b>Capital Commitment</b>		
<b>Fellow Subsidiaries</b>	<b>1,250</b>	-
- L&T Realty Developers Limited	1,250	-

Nature of transaction/relationship/major parties	31-03-2023	31-03-2022
<b>Revenue from services</b>		
<b>Holding Company</b>	<b>257</b>	<b>212</b>
- Larsen & Toubro Limited	257	212
<b>Fellow subsidiaries</b>	<b>1,012</b>	<b>946</b>
- LTIMindtree Limited	1,012	946
<b>Associates</b>	-	<b>3</b>
- L&T Chiyoda Limited	-	3
<b>Subsidiaries</b>	<b>1,870</b>	<b>1,142</b>

## Notes forming part of the standalone financial statements

Nature of transaction/relationship/major parties	31-03-2023	31-03-2022 (₹ million)
- L&T Thales Technology Services Private Limited	757	467
- L&T Technology Services LLC	1,070	594
- L&T Technology Services (Shanghai) Co. Ltd.	1	1
- L&T Technology Services (Canada) Ltd.	(2)	79
- Orchestra Technology Inc	44	1
<b>Purchase of services</b>		
<b>Holding Company</b>	<b>35</b>	<b>52</b>
- Larsen & Toubro Limited	35	52
<b>Fellow subsidiaries</b>	<b>774</b>	<b>550</b>
- LTIMindtree Limited	774	550
<b>Joint Venture</b>	<b>12</b>	<b>7</b>
- L&T-Sargent & Lundy Limited	12	7
<b>Subsidiaries</b>	<b>1,672</b>	<b>1,256</b>
- L&T Thales Technology Services Private Limited	11	-^
- L&T Technology Services LLC	1,566	1,061
- L&T Technology Services (Shanghai) Co. Ltd.	-^	-
- Orchestra Technology Inc	95	195
<b>Rent paid</b>		
<b>Holding Company</b>	<b>255</b>	<b>247</b>
- Larsen & Toubro Limited	255	247
<b>Fellow subsidiaries</b>	<b>28</b>	<b>22</b>
- LTIMindtree GMBH	-	2
- LTIMindtree Limited	27	19
- LTIMindtree Financial Services Technologies Inc.	-^	-^
- Larsen & Toubro (East Asia) SDN.BHD.	1	1
<b>Subsidiaries</b>	<b>8</b>	<b>5</b>
- L&T Technology Services LLC	8	5
<b>Interest Income</b>		
<b>Fellow Subsidiary</b>	<b>59</b>	-
- L&T Finance Limited	59	-
<b>Services availed by the Company</b>		
<b>Holding Company</b>	<b>199</b>	<b>197</b>
- Larsen & Toubro Limited	199	197
<b>Fellow subsidiaries</b>	<b>13</b>	<b>23</b>
- Larsen & Toubro (East Asia) SDN.BHD.	-	-^
- LTIMindtree Limited	13	23
<b>Subsidiaries</b>	<b>-</b>	<b>19</b>
- L&T Thales Technology Services Private Limited	-	-^
- L&T Technology Services LLC	-	19
- Esencia Technologies Inc	-	-



## Notes forming part of the standalone financial statements

Nature of transaction/relationship/major parties	31-03-2023	31-03-2022
<b>Services rendered by the Company</b>		
<b>Holding Company</b>	<b>284</b>	<b>210</b>
- Larsen & Toubro Limited	284	210
<b>Fellow subsidiaries</b>	<b>-</b>	<b>-^</b>
- LTIMindtree GMBH	-	-^
- LTIMindtree Limited	-	-^
<b>Subsidiaries</b>	<b>320</b>	<b>333</b>
- L&T Thales Technology Services Private Limited	10	49
- Orchestra Technology Inc	7	-
- L&T Technology Services LLC	303	284
<b>Trademark fees</b>		
<b>Holding Company</b>	<b>120</b>	<b>99</b>
- Larsen & Toubro Limited	120	99
<b>Interim/final dividend paid - equity</b>		
<b>Holding Company</b>	<b>2,340</b>	<b>2,691</b>
- Larsen & Toubro Limited	2,340	2,691

### Compensation to Key Managerial Personnel

Particulars	2022-23	2021-22
<b>Short-term employee benefits</b>	<b>111</b>	<b>95</b>
<b>Executive Directors</b>	<b>89</b>	<b>77</b>
Mr. Amit Chadha	73	61
Mr. Abhishek Sinha	16	16
<b>Key Managerial Personnel</b>	<b>22</b>	<b>18</b>
Mr. Rajeev Gupta	17	13
Mr. Kapil Bhalla***	-	5
Ms. Prajakta Powle	5	-^
<b>Post-employment benefits</b>	<b>1</b>	<b>1</b>
<b>Executive Directors</b>	<b>-^</b>	<b>-^</b>
Mr. Abhishek Sinha	-^	-^
<b>Key Managerial Personnel</b>	<b>1</b>	<b>1</b>
Mr. Rajeev Gupta	1	-^
Mr. Kapil Bhalla	-	1
Ms. Prajakta Powle	-^	-^
<b>Share-based payment</b>	<b>27</b>	<b>149</b>
<b>Executive Directors</b>	<b>21</b>	<b>142</b>
Mr. Amit Chadha	-	140
Mr. Abhishek Sinha	21	2
<b>Key Managerial Personnel</b>	<b>6</b>	<b>7</b>
Mr. Rajeev Gupta	6	7
<b>Total compensation</b>	<b>139</b>	<b>245</b>

\*\*\*Mr. Kapil Bhalla (previous Company Secretary) resigned on Oct 29, 2021, his proportionate compensation has been included in calculation of remuneration of FY22.

## Notes forming part of the standalone financial statements

### Compensation to non-executive directors

Particulars	(₹ million)	
	2022-23	2021-22
<b>Sitting fees</b>	<b>3</b>	<b>3</b>
<b>Non-executive directors</b>	<b>1</b>	<b>1</b>
Mr. A M Naik	1	1
Dr Keshab Panda	-^	-^
<b>Independent Directors</b>	<b>2</b>	<b>2</b>
Mr. Samir Desai****	-	-^
Mr. Sudip Banerjee	-^	1
Mr. Narayanan Kumar	1	1
Ms. Apurva Purohit	1	-^
Mr. Chandrasekaran Ramakrishnan	-^	-^
Mr. Luis Miranda	-^	-^
<b>Commission due to Directors</b>	<b>27</b>	<b>26</b>
<b>Non-executive directors</b>	<b>17</b>	<b>15</b>
Mr. A M Naik	12	11
Dr. Keshab Panda	5	4
<b>Independent Directors</b>	<b>10</b>	<b>11</b>
Mr. Samir Desai	-	3
Mr. Sudip Banerjee	2	2
Mr. Narayanan Kumar	2	2
Ms. Apurva Purohit	2	2
Mr. Chandrasekaran Ramakrishnan	2	2
Mr. Luis Miranda	2	-^
<b>Share-based payment</b>	<b>-</b>	<b>217</b>
<b>Non-executive directors</b>	<b>-</b>	<b>217</b>
Dr Keshab Panda	-	217
<b>Other compensation</b>	<b>-</b>	<b>43</b>
<b>Non-executive directors</b>	<b>-</b>	<b>43</b>
Dr Keshab Panda	-	43
<b>Total compensation</b>	<b>30</b>	<b>289</b>

\*\*\*\*Mr. Samir Desai resigned on Aug 26,2021, his proportionate compensation has been included in calculation of FY22.

### Transactions with trust managed employees provident fund

Particulars	(₹ million)	
	2022-23	2021-22
Towards employer's contribution	650	405
Paid during the year*****	1,667	1,152
Due to trust (year end liability)	157	111

\*\*\*\*\*Includes Employer & Employee Contribution



## Notes forming part of the standalone financial statements

### Transactions with approved gratuity fund

Particulars	₹ million)	
	2022-23	2021-22
Towards employer's contribution	124	127
Paid during the year	124	127
Due to trust (year end liability)	305	100

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except for borrowings and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

<sup>^</sup>represents value less than 0.5 million.

### 46. Disclosure pursuant to Ind AS 115 "Revenue from contract with customers":

#### a) Disaggregation of revenue

The nature of contract impacts the method of revenue recognition and the contracts are classified as fixed-price contracts and time and material contracts.

##### i) Revenue by contract type

	₹ million)	
	For year ended March 31, 2023	For year ended March 31, 2022
Fixed price contracts	20,113	17,771
Time and materials contracts	50,968	40,966
<b>Total</b>	<b>71,081</b>	<b>58,737</b>

ii) Refer note 39 for disaggregation of revenue by industry and geographical segments.

iii) The Company believes that this disaggregation best depicts how the nature, amount, timing of its revenues and cash flows are affected by industry, market and other economic factors.

#### b) Transaction price allocated to remaining performance obligation

i) The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2023, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 8,670 million. Out of this, the Company expects to recognize revenue of ₹ 7,352 million 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

Particulars	(₹ million)			
	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Unbilled revenue	Unearned revenue	Unbilled revenue	Unearned revenue
<b>Opening balance</b>	<b>1,813</b>	<b>702</b>	<b>1,815</b>	<b>510</b>
Revenue recognised during year	2,675	(694)	1,811	(476)
Invoiced during year (incl. translation gain/loss)	(1,810)	625	(1,813)	668
<b>Closing balance</b>	<b>2,678</b>	<b>633</b>	<b>1,813</b>	<b>702</b>

### 47. Government grants

- A. During the year ended March 31, 2023, there has been no case of reversal of government grant against export of services. (previous year ₹ 320 million.) which is disclosed as export incentive as part of other income.
- B. The Company has received incentives amounting to ₹ 17 million (previous year ₹ 26 million) from government of UK against money spent on research and development and has accounted for it under other income.
- C. The Company has received government grants amounting to ₹ 6 million (previous year ₹ 34 million) 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.

### 48. Struck off companies disclosure

Name of Struck off company	Nature of transaction with struck off company	Relationship with struck off company if any, to be disclosed	Balance outstanding as at March 31, 2023	(₹ million)	
				Balance outstanding as at March 31, 2022	Balance outstanding as at March 31, 2022
TRANSFERET RELOCATION SERVICES (INDIA) PRIVATE LIMITED	Payables	N/A	-*	-*	-*

\*represents value less than 0.5 million.

### 49. Disclosures pursuant to Indian accounting standard (IND AS) 103 "Business combinations"

On January 12, 2023, L&T Technology Services Limited ("Company") executed Business Transfer Agreement for the acquisition of Smart World & Communication ("SWC") Business of Larsen & Toubro Limited through a slump sale for a cash consideration of ₹ 8 billion.

The Company's acquisition of SWC of Larsen & Toubro Limited was consummated on April 1, 2023, being the closing date on which consideration of INR 8 billion was transferred and the net assets of SWC were transferred to Company.



## Notes forming part of the standalone financial statements

- 50. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2023. The disclosure pursuant to the said act is as under:**

	(₹ million)	As at March 31, 2023	As at March 31, 2022
Principal amount due to suppliers under MSMED Act, 2006	95	31	
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-	
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-	
Interest paid to suppliers under MSMED Act (other than section 16)	-	-	
Interest paid to suppliers under MSMED Act (section 16)	-	-	
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-	
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	
Amount of further interest remaining due and payable even in the succeeding years	-	-	

Dues to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, have been determined to the extent such parties have been identified on the basis of information collected by the Management.

- 51.** In December 2019, Officers of the U.S. Department of Homeland Security came to our offices in New Jersey and Illinois seeking information regarding Company's non-immigrant visa program. It was subsequently learned by Company that this was part of larger inquiry by the U.S. Department of Homeland Security and South Carolina U.S. Attorney's office. In response, Company has made certain procedural changes in Visa program documentation in consultation with U.S. legal counsel.

In March 2023, the Company resolved the Government's investigation by entering into a \$9.9 million civil settlement. The claims resolved by the settlement are allegations only, and there has been no determination of liability.

- 52.** The Company did not have significant long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 53.** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2023 (previous year: ₹ Nil).
- 54.** Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached  
**For M S K A & Associates**  
Chartered Accountants  
Firm's registration no. 105047W  
by the hand of

**VISHAL DIVADKAR**  
Partner  
Membership no. 118247

Place: Mumbai  
Date: April 26, 2023

**RAJEEV GUPTA**  
Chief Financial Officer

Place: Mumbai  
Date: April 26, 2023

**PRAJAKTA POWLE**  
Company Secretary  
Membership no. A20135

Place: Mumbai  
Date: April 26, 2023

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: Mumbai  
Date: April 26, 2023

**ABHISHEK SINHA**  
Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai  
Date: April 26, 2023

# 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** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, 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 (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by other auditors and unaudited financial information of certain other subsidiaries furnished to us by the management, 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 Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2023, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountants of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion.

### 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.



Sr. No Key Audit Matter	How the Key Audit Matter was addressed in our audit
<p><b>1 Revenue recognition - fixed price contracts</b></p> <p>Refer Note 2(f) to accounting policies, Note 24 and Note 44 to the consolidated financial statements.</p> <p>The Group engages in fixed price contracts with its customers wherein revenue from such contracts are recognized over time. The Group uses input method to recognise revenue, as it represents efforts expended towards satisfying a performance obligation relative to the total expected efforts or inputs to satisfy the performance obligation.</p> <p>This involves computation of actual cost incurred and estimation of total cost on each contract to measure progress towards completion.</p> <p>Amount of revenue recognition in respect of fixed price contracts has been identified as a Key Audit Matter considering that:</p> <ul style="list-style-type: none"> <li>• these contracts involve identification of actual cost incurred on each contract;</li> <li>• these contracts require estimation of future cost for completion of each contract; and</li> <li>• at the period end a significant amount of contract assets (unbilled revenue) or contract liabilities (unearned revenue) related to each contract is to be identified.</li> </ul> <p>For the year ended March 31, 2023, revenue from fixed price contracts amounts to ₹ 22,509 million.</p>	<p><b>Our audit procedures with respect to this area included, among others, following:</b></p> <ol style="list-style-type: none"> <li>1. Obtained an understanding of the systems, processes and controls implemented by the Company with respect to recognition of actual cost incurred on each contract, estimation of future cost to completion, measurement of unbilled revenue, unearned revenue and the total contract revenue on its completion.</li> <li>2. Involved Information Technology ('IT') specialists to assess the design and operating effectiveness of the key IT controls relating to revenue recognition and in particular: <ul style="list-style-type: none"> <li>• Assessed the IT environment in which the business systems operate and tested system controls over computation of revenue recognised;</li> <li>• Tested the IT controls over appropriateness of cost and revenue reports generated by the system;</li> <li>• Assessed the appropriateness of actual cost incurred on contracts including the testing of the IT general controls and specific IT application controls over information systems used for capturing these costs; and</li> <li>• Tested the controls pertaining to allocation of resources and budgeting systems which prevent the unauthorized recording/changes to costs incurred on sample basis.</li> </ul> </li> <li>3. Verified on test check basis that the revenue recognized is in accordance with the applicable Indian Accounting Standards, including: <ul style="list-style-type: none"> <li>• Verification of the underlying agreements and other forms of supporting documentation to ensure that each party's rights and obligations regarding the goods or services to be transferred and payment terms are identified and contracts have commercial substance.</li> <li>• Inspection of the underlying agreements and other forms of supporting documentation to ensure that various performance obligations within a contract have been properly identified by management.</li> <li>• Inspection of the underlying agreements and other forms of supporting documentation to ensure that transaction price has been properly determined and allocated to relevant performance obligations on an appropriate basis.</li> </ul> </li> </ol>

<b>Sr. Key Audit Matter No</b>	<b>How the Key Audit Matter was addressed in our audit</b>
2 <b>Derivative financial instruments and hedge accounting</b>	<p style="text-align: center;"><b>Our audit procedures with respect to this area included, among others, following:</b></p> <ul style="list-style-type: none"> <li>• Verification of the Company's computation of revenue to be recognized over a period of time on a sample basis, where we performed the following <ul style="list-style-type: none"> <li>○ Verified management's process relating to the estimation of contract costs required to complete the respective projects and assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel and are appropriate;</li> <li>○ Verified the reasonableness of management's estimation of cost projections by comparing actual cost incurred with management initial/updated estimation of total cost for that project;</li> <li>○ Recomputed the amount of revenue recognised on these contracts and compared the same with the actual revenue recorded;</li> <li>○ Assessed the appropriateness of work in progress (contract assets and contract liabilities) as at the balance sheet date by evaluating the underlying documentation to identify possible delays in achieving milestones which require changes in estimated costs to complete the remaining performance obligations; and</li> <li>○ Checked journal entries impacting the revenue recognition for the period selected based on specified risk-based criteria.</li> </ul> </li> <li>4. Assessed the adequacy and appropriateness of disclosures made in consolidated financial statements in compliance with applicable Indian Accounting Standards and applicable financial reporting framework.</li> </ul>



Sr. Key Audit Matter No	How the Key Audit Matter was addressed in our audit
<p>Derivative financial assets and derivative financial liabilities measured at fair value amounted to ₹ 811 million and ₹ 478 million respectively as at March 31, 2023. The net movement of cashflow hedge reserve (net of taxes) recorded in other comprehensive income for the year ended March 31, 2023 amounted to ₹ (1,600) million.</p> <p>In order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable forecasted transaction, that the hedges are effective and maintain adequate hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward and option contracts are driven by movements in financial markets. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a Key Audit Matter.</p>	<ol style="list-style-type: none"> <li>3. Verified the assertion relating to existence of the derivative contracts outstanding as at March 31, 2023 by obtaining independent balance confirmation from the respective counterparties, verification on a sample basis the underlying agreements and other forms of supporting documentation and verification of supporting documentation for subsequent realisation or settlement after the end of the reporting year.</li> <li>4. Verified the assertion relating to completeness of derivative transactions by requesting confirmation from counterparties who are frequently used but with whom the accounting records indicate there are presently no derivatives, reading other information, such as minutes of meetings of the board of directors or other relevant committees, inspecting documentation in paper or electronic form for activity subsequent to the end of the reporting period.</li> <li>5. Verified the assertion relating to existence and accuracy by inspecting on a sample basis the underlying agreements and other forms of supporting documentation.</li> <li>6. Verified management's hedge documentation and underlying hedge contracts, on a sample basis.</li> <li>7. Verified management's expectation at the inception of the hedge that the hedging relationship will be highly effective and its periodic assessment of the ongoing effectiveness of the hedging relationship in accordance with the applicable Indian Accounting Standards.</li> <li>8. Verified that the amounts reclassified from cash flow hedge reserve to the Statement of Profit and Loss as a reclassification adjustment being in the period in which the cash flows of the hedged items affect the Statement of Profit and Loss.</li> <li>9. Verified on a sample basis the input data used in the company's valuation model with independent sources and externally available market data.</li> <li>10. Re-performed the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Company including assessing the valuation methodology and key assumptions used therein.</li> <li>11. Assessed the adequacy and appropriateness of disclosures made in consolidated financial statements in compliance with applicable Indian Accounting Standards and applicable financial reporting framework.</li> </ol>

## Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Director's 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 in the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the 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 the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process each Company.

## 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 Standards on Auditing ("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.

We give in "**Annexure A**" a detailed description of Auditor's responsibilities for audit of the consolidated financial statements.

## Other Matters

- a. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 7,409 million as at March 31, 2023, total revenues of ₹ 12,592 million and net cash inflows amounting to ₹ 153 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.

Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally



accepted in their respective country and which have been audited by other auditor under generally accepted auditing standards applicable in their respective country. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective country 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 balances and affairs of such subsidiaries located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- b. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 185 million as at March 31, 2023, total revenues of ₹ 41 million and net cash inflows amounting to ₹ 19 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and 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 such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
- c. The consolidated financial statements of the Company for the year ended March 31, 2022, were audited by another auditor whose report dated April 21, 2022 expressed an unmodified opinion on those statements.

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 statements 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 and on the consideration of report of the other auditors on separate financial statements of such subsidiaries as was audited by other auditors, as noted in

the "Other Matter" paragraph we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, 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 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 Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the

other auditors on separate financial statements of the subsidiaries as noted in the "Other Matter" paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group— Refer Note 32 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts during the year ended March 31, 2023. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2023.
- iv. (1) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or any of such subsidiaries or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The respective Managements of the Holding Company and its subsidiaries which are incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities ("funding parties") with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the funding parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

- v. On the basis of our verification and on consideration of the reports of the statutory auditors of subsidiaries that are Indian companies under the Act, we report that
  - i) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.



- ii) The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act, 2013.
- iii) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of their respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. (Refer Note 17.9 to the consolidated financial statements).
- vi. Proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company, and its subsidiary companies incorporated in India only w.e.f. April 1, 2023, and accordingly reporting under this clause is not applicable for the financial year ended March 31, 2023.
- 2. In our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company and its subsidiary companies incorporated in India, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.
- 3. With respect to matters specified in paragraph 3(xxi) and 4 of the Companies Auditor's Report Order 2020 issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of subsidiaries included in the consolidated financial statements of the Group to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

**Vishal Divadkar**

Partner

Place: Mumbai

Date: April 26, 2023

Membership no. 118247

UDIN: 23118247BGYDKK4513

# Annexure A to the Independent Auditors' Report of even date on the Consolidated Financial Statements of L&T Technology Services Limited

## Auditor's Responsibilities for the Audit of the 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 control 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 with reference to consolidated financial statements 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 statements/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.

We communicate with those charged with governance of the Holding 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 for 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.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

**Vishal Divadkar**

Partner

Membership no. 118247

UDIN: 23118247BGYDKK4513

Place: Mumbai

Date: April 26, 2023

# Annexure B to the Independent Auditors' Report of even date on the Consolidated Financial Statements of L&T Technology Services Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditor's Report of even date to the Members of L&T Technology Services Limited on the Consolidated Financial Statements for the year ended March 31, 2023]

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls reference to consolidated financial statements of L&T Technology Services Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies which are incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal controls with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established

by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, which are companies incorporated in India.

### **Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding

prevention or timely detection of unauthorized 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 with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matter**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

**Vishal Divadkar**

Partner

Place: Mumbai

Membership no. 118247

Date: April 26, 2023

UDIN: 23118247BGYDKK4513

# Consolidated Balance Sheet

as at March 31, 2023

(₹ million)

	Note No.	As at March 31, 2023	As at March 31, 2022
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	4	2,760	2,324
(b) Right-of-use assets	4	3,777	4,073
(c) Capital work-in-progress	4	65	99
(d) Goodwill	5	6,010	5,881
(e) Other intangible assets	5	393	549
(f) Financial assets			
(i) Investments	6	1,752	861
(ii) Trade receivables	7	-	-
(iii) Other financial assets	8	1,047	2,364
(g) Deferred tax assets (net)	9	138	138
(h) Other non-current assets	10	1,821	1,370
<b>Total non-current assets</b>		<b>17,763</b>	<b>17,659</b>
<b>II. Current assets</b>			
(a) Financial assets			
(i) Investments	11	21,088	13,918
(ii) Trade receivables	12	17,301	16,959
(iii) Cash and cash equivalents	13	5,346	2,347
(iv) Other bank balances	14	1,553	4,395
(v) Other financial assets	15	2,170	2,564
(b) Other current assets	16	3,952	3,068
<b>Total current assets</b>		<b>51,410</b>	<b>43,251</b>
<b>TOTAL ASSETS</b>		<b>69,173</b>	<b>60,910</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Equity share capital	17	211	211
(b) Other equity	18	49,298	41,414
<b>Equity attributable to equity shareholders of the Company</b>		<b>49,509</b>	<b>41,625</b>
Non-controlling interest		180	137
<b>Total equity</b>		<b>49,689</b>	<b>41,762</b>
<b>II. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	19	3,731	4,276
(ii) Other financial liabilities	19	165	274
(b) Deferred tax liabilities (net)	9	397	809
(c) Provisions	23	52	56
<b>Total non-current liabilities</b>		<b>4,345</b>	<b>5,415</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
Due to micro enterprises and small enterprises	20	95	31
Due to others	20	4,410	3,903
(ii) Lease liabilities	21	811	495
(iii) Other financial liabilities	21	4,599	3,984
(b) Other current liabilities	22	2,746	2,583
(c) Provisions	23	1,313	1,896
(d) Current tax liabilities (net)		1,165	841
<b>Total current liabilities</b>		<b>15,139</b>	<b>13,733</b>
<b>Total liabilities</b>		<b>19,484</b>	<b>19,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>69,173</b>	<b>60,910</b>
Notes forming part of the consolidated financial statements		1-51	

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of  
**L&T TECHNOLOGY SERVICES LIMITED**

**RAJEEV GUPTA**

Chief Financial Officer

**PRAJAKTA POWLE**

Company Secretary  
Membership no. A20135

**AMIT CHADHA**

Chief Executive Officer &  
Managing Director  
(DIN: 07076149)

**ABHISHEK SINHA**

Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai

Date: April 26, 2023



# Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(₹ million)

	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<b>Income:</b>			
I. Revenue from operations	24	80,136	65,697
II. Other income (net)	25	2,080	1,524
<b>III. Total income</b>		<b>82,216</b>	<b>67,221</b>
<b>IV. Expenses:</b>			
(a) Employee benefits expenses	26	45,639	36,505
(b) Other expenses	27	17,390	15,043
(c) Depreciation and amortisation expenses		2,315	2,144
(d) Finance costs	28	435	437
<b>Total expenses</b>		<b>65,779</b>	<b>54,129</b>
<b>V. Profit before tax (III - IV)</b>		<b>16,437</b>	<b>13,092</b>
<b>VI. Tax expense:</b>			
(a) Current tax		4,561	3,572
(b) Deferred tax (net)		135	(86)
<b>Total tax expense</b>	29	<b>4,696</b>	<b>3,486</b>
<b>VII. Profit for the year (V - VI)</b>		<b>11,741</b>	<b>9,606</b>
<b>VIII. Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurements of the defined benefit plans		(121)	89
(b) Income tax on remeasurements of the defined benefit plans		30	(23)
(B) (i) Items that will be reclassified subsequently to the statement of profit and loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		(2,137)	989
(b) Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge		538	(249)
(c) Exchange differences on the translation of foreign operation		226	94
<b>Total other comprehensive income (net of tax)</b>		<b>(1,464)</b>	<b>900</b>
<b>IX. Total comprehensive income for the year</b>		<b>10,277</b>	<b>10,506</b>
<b>Profit for the year attributable to:</b>			
- Equity shareholders of the Company		11,698	9,570
- Non-controlling interest		43	36
<b>Other comprehensive income for the year attributable to :</b>			
- Equity shareholders of the Company		(1,464)	900
- Non-controlling interest		-	-
<b>Total comprehensive income for the year attributable to:</b>			
- Equity shareholders of the Company		10,234	10,470
- Non-controlling interest		43	36
<b>X. Earnings per equity share</b>	30		
Equity share of face value of ₹ 2 each			
- Basic (₹)		110.80	90.92
- Diluted (₹)		110.48	90.74
<b>XI. Notes forming part of the consolidated financial statements</b>		<b>1-51</b>	

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

**RAJEEV GUPTA**

Chief Financial Officer

**PRAJAKTA POWLE**Company Secretary  
Membership no. A20135**AMIT CHADHA**Chief Executive Officer &  
Managing Director  
(DIN: 07076149)**ABHISHEK SINHA**Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai

Date: April 26, 2023

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of

**L&T TECHNOLOGY SERVICES LIMITED**

# Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(₹ million)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
Profit before tax	16,437	13,092
<b>Adjustments for:</b>		
Depreciation and amortisation	2,315	2,144
Interest income	(876)	(492)
Finance cost	435	437
(Profit)/ loss on sale of property, plant and equipment (net)	2	(5)
(Gain)/ loss on de-recognition of ROU (net)	(18)	(35)
Employee stock option forming part of staff expenses	817	55
Bad debts written off, allowances for bad and doubtful debts and ECL	225	148
Investment income	(357)	(294)
Unrealised foreign exchange loss/(gain) (net)	(71)	27
<b>Operating profit before working capital changes</b>	<b>18,909</b>	<b>15,077</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	(290)	(5,227)
Increase/(decrease) in trade and other payables	(898)	3,775
<b>(Increase)/decrease in working capital</b>	<b>(1,188)</b>	<b>(1,452)</b>
<b>Cash generated from operations</b>	<b>17,721</b>	<b>13,625</b>
Direct taxes paid	(4,670)	(3,563)
<b>Net cash (used in)/from operating activities</b>	<b>13,051</b>	<b>10,062</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles	(1,755)	(1,624)
Sale of property, plant and equipment and intangibles	29	69
(Purchase)/ sales of current investments (net)	(6,984)	1,211
(Purchase)/ sales of non-current investments (net)	(891)	(861)
Deposits placed/loans given (net)	2,857	(3,743)
Income received from investments	316	135
Interest income	710	330
<b>Net cash (used in)/from investing activities</b>	<b>(5,718)</b>	<b>(4,483)</b>



# Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(₹ million)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>C. Cash flow from financing activities</b>		
Equity share capital issued	-*	1
Finance cost	(435)	(437)
Lease liability paid	(833)	(913)
Dividend paid	(3,167)	(3,633)
<b>Net cash (used in) / from financing activities</b>	<b>(4,435)</b>	<b>(4,982)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>2,898</b>	<b>597</b>
Cash and cash equivalents at beginning of the year	2,374	1,777
<b>Cash and cash equivalents at end of the year</b>	<b>5,272</b>	<b>2,374</b>

\*represents value less than 0.5 million.

## 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 other 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 :

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash and cash equivalents as per balance sheet</b>	5,346	2,347
Add: Unrealised exchange (gain)/loss on cash and cash equivalents (net)	(74)	27
<b>Total cash and cash equivalents as per statement of cash flows</b>	<b>5,272</b>	<b>2,374</b>

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

**RAJEEV GUPTA**

Chief Financial Officer

**PRAJAKTA POWLE**

Company Secretary  
Membership no. A20135

**AMIT CHADHA**

Chief Executive Officer &  
Managing Director  
(DIN: 07076149)

**ABHISHEK SINHA**

Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of

**L&T TECHNOLOGY SERVICES LIMITED**

Place: Mumbai

Date: April 26, 2023

Place: Mumbai

Date: April 26, 2023

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

## A. Equity share capital

Particulars	01-04-2022 to 31-03-2023		01-04-2021 to 31-03-2022	
	Number of shares	₹	Number of shares	₹
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	105,532,167	211	105,045,823	210
Add: Shares issued on exercise of employee stock options during the year	75,975	-*	486,344	1
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	<b>105,608,142</b>	<b>211</b>	<b>105,532,167</b>	<b>211</b>

\*represents value less than 0.5 million.

## B. Other equity

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			
<b>Balance as at 01-04-2022</b>	<b>11,396</b>	<b>187</b>	<b>27,713</b>	<b>225</b>	<b>1,896</b>	<b>(3)</b>	<b>41,414</b>	<b>137</b>	<b>41,551</b>
Profit for the year (a)	-	-	11,698	-	-	-	11,698	43	11,741
Other comprehensive income (net of taxes) (b)	-	-	-	226	(1600)	(90)	(1,464)	-	(1,464)
<b>Total comprehensive income for the year (a+b)</b>	<b>-</b>	<b>-</b>	<b>11,698</b>	<b>226</b>	<b>(1600)</b>	<b>(90)</b>	<b>10,234</b>	<b>43</b>	<b>10,277</b>
Deemed dividend - ESOP	-	-	-	-	-	-	-	-	-
Dividends	-	-	(3,167)	-	-	-	(3,167)	-	(3,167)
Employees shares options outstanding	-	1,514	-	-	-	-	1,514	-	1,514
Deferred employee compensation expense (net)	-	(763)	-	-	-	-	(763)	-	(763)
Addition/(deduction) during the year	66	-	-	-	-	-	66	-	66
<b>Balance as at 31-03-2023</b>	<b>11,462</b>	<b>938</b>	<b>36,244</b>	<b>451</b>	<b>296</b>	<b>(93)</b>	<b>49,298</b>	<b>180</b>	<b>49,478</b>
<b>Balance as at 01-04-2021</b>	<b>11,229</b>	<b>297</b>	<b>21,777</b>	<b>131</b>	<b>1,156</b>	<b>(69)</b>	<b>34,521</b>	<b>101</b>	<b>34,622</b>
Profit for the year(c)	-	-	9,570	-	-	-	9,570	36	9,606
Other comprehensive income (net of taxes)(d)	-	-	-	94	740	66	900	-	900
<b>Total comprehensive income for the year (c+d)</b>	<b>-</b>	<b>-</b>	<b>9,570</b>	<b>94</b>	<b>740</b>	<b>66</b>	<b>10,470</b>	<b>36</b>	<b>10,506</b>
Deemed dividend - ESOP	-	-	(1)	-	-	-	(1)	-	(1)
Dividends	-	-	(3,633)	-	-	-	(3,633)	-	(3,633)
Employees shares options outstanding	-	(192)	-	-	-	-	(192)	-	(192)
Deferred employee compensation expense	-	82	-	-	-	-	82	-	82
Addition/(deduction) during the year	167	-	-	-	-	-	167	-	167
<b>Balance as at 31-03-2022</b>	<b>11,396</b>	<b>187</b>	<b>27,713</b>	<b>225</b>	<b>1,896</b>	<b>(3)</b>	<b>41,414</b>	<b>137</b>	<b>41,551</b>

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of

**L&T TECHNOLOGY SERVICES LIMITED**

**RAJEEV GUPTA**

Chief Financial Officer

**PRAJAKTA POWLE**

Company Secretary  
Membership no. A20135

**AMIT CHADHA**

Chief Executive Officer &  
Managing Director  
(DIN: 07076149)

**ABHISHEK SINHA**

Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai

Date: April 26, 2023



# 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, Industrial products, medical Devices technology, Telecom and Hitech process engineering companies, to help them develop p 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, 2023, Larsen & Toubro Limited, the holding company, owns 73.85% (Previous Year 73.90%) of the Company's equity share capital.

## 2. Significant accounting policies

### a) Statement of compliance

These Consolidated Financial Statements ("CFS") have been prepared in accordance with the provisions of the Companies Act, 2013 ("the Act") and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, amendments thereof issued by Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS. These financial statements have been approved for issue by the Board of Directors at their meeting held on April 26, 2023.

### 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 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 on sale of 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.

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

## Notes forming part of the consolidated financial statements

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months.

### 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

Amounts in the consolidated financial statements are presented in Indian Rupees in million [1 million = 10 lakhs] rounded off to nearest digits as permitted by schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places. All amounts disclosed in consolidated financial statements and notes have been rounded off to the nearest millions as per requirement of Schedule III of the Act, unless otherwise stated.

### 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.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the

investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent group, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of changes in equity respectively.

### e) Business combination/goodwill on consolidation

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. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with



## Notes forming part of the consolidated financial statements

Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively

- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right

Goodwill arising on consolidation of acquisitions represents the excess of (a) consideration paid for acquiring control and (b) acquisition date fair value of previously held ownership interest, if any, in a subsidiary over the Group's share in the fair value of the net assets (including identifiable intangibles) of the subsidiary as on the date of acquisition of control. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised as Capital Reserve. Goodwill arising on consolidation is not amortised, however, it is tested for impairment.

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.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

### f) 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. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to the contract are committed to perform their respective obligations under the contract

The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract.

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's contracts may include variable consideration including rebates, volume discounts and penalties. The Group includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

The Group allocates the transaction price to each distinct performance obligation based on the relative standalone selling price.

Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.

Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is

## Notes forming part of the consolidated financial statements

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. Estimates of total costs or efforts are continuously monitored over the term of the contracts and are recognized in the net profit in the period when these estimates change or when the estimates are revised. Provisions for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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

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).

### **g) 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.

### **h) 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.

### **i) 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.

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*	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	6
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.

\*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.

## Notes forming part of the consolidated financial statements

### 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 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), 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

### k) 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 considers 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

##### Property, plant and equipment 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### l) Employee benefits

#### i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits. The benefits like salaries, wages, and short term compensated

## Notes forming part of the consolidated financial statements

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 recognized in the statement of profit and loss in the period in which the employee renders the related service. 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.

#### 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. 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.

For overseas employees, for defined benefit plans, the Company provides for post-employment benefits payable as per the laws applicable in respective countries.

#### iii) Long term employee benefits:

The group treats accumulated leave expected to be carried forward beyond twelve months, as short-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.



## Notes forming part of the consolidated financial statements

### m) Leases

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

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 comprises 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

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

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset

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. 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.

### n) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value . In the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115

All financial liabilities are recognised initially at fair value and, in the case of those financial liabilities subsequently measured at amortised cost, net of directly attributable transaction costs.

#### (i) Financial assets:

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

## Notes forming part of the consolidated financial statements

### 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss

### b) Financial assets (debt instruments) at fair value through other comprehensive income (FVOCI)

Financial assets are measured at FVOCI if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual term give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. For debt instruments measured at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets

measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established.

### 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 (equity instruments designated at FVOCI or debt instruments measured at FVOCI). 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.

This category includes derivative instruments not designated in a cash flow hedging relationship and investments in mutual funds.



## Notes forming part of the consolidated financial statements

### (ii) Financial liabilities – classification, subsequent measurement and gains and losses:

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See note 2 (n)iv for financial liabilities designated as hedging instruments

### (iii) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency forward and option contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group designates eligible derivative contracts as hedge instruments in respect of foreign exchange risks arising from highly probable forecasted sale in a cash flow hedging relationship. Changes in the fair value of derivatives which do not qualify for hedge accounting are recorded in statement of profit and loss.

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 effective portion of change in the fair value of the forward contract designated in a hedging relationship is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss. Amount accumulated in cash flow hedge reserve is reclassified to statement of profit and loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The Group designates the change in intrinsic value of option contracts in a cash flow hedging relationship. The effective portion of change in the intrinsic value of option contracts is recognised in the OCI and accumulated under the heading cash flow hedge reserve. The ineffective portion of designated hedges are recognised immediately in statement of profit and loss. Change in time value of option contract are separately accounted for as cost of hedging reserve in OCI. Amount accumulated in cost of hedging reserve and cash flow hedge reserve is reclassified to statement of profit and loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

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.

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.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The amount that has been accumulated in the cash flow hedge reserve and/or cost of hedging reserve, remains in OCI until the hedged future cash flow occurs at which time the accumulated gain/loss is reclassified to statement of profit and loss

## Notes forming part of the consolidated financial statements

### (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.

### (o) 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.

### (p) Securities premium account

- (i) Securities premium includes:
  - a) Any share issued for consideration over and above face value.
  - b) The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to the Company's stock options scheme.
- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

### (q) 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.

### (r) Borrowing costs

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred as the Group does not have any qualifying assets wherein borrowing cost will be eligible for capitalisation.

### (s) Company's stock option scheme

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an employee benefits expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. If a grant lapses after the vesting period, the cumulative amount recognised as expense in respect of such grant is transferred to general reserve.

When the terms of an equity-settled award are modified, the minimum expense recognised by the Group is the grant date fair value of the unmodified award, provided the service conditions specified on grant date of the award are met. Further, additional expense, if any, is measured and recognised as at the date of modification, in case such modification increases the total fair value of the share-based payment plan, or is otherwise beneficial to the employee.

### (t) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity/foreign operation, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency of each entity/foreign operation within the Group has been determined based on the primary economic environment in which that entity/foreign operations operate in, the currency in which funds are generated, spent and retained by that entity

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction



## Notes forming part of the consolidated financial statements

Financial statements of foreign operations whose functional currency is other than Indian Rupees are translated into Indian Rupees as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) income and expenses for each income statement are translated at average exchange rates; and
- c) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations. The portion of foreign currency translation reserve attributed to non-controlling interest is reflected as part of non-controlling interest.

### **u) Income-tax**

Income tax expense comprises current tax expense and the net change in deferred tax 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.

Current income tax payable by overseas branches and overseas subsidiaries of the Group is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Group's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

The Group recognizes interest levied related to income tax assessments in interest expenses. The Group recognizes interest levied related to income tax assessments in interest expenses.

#### **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. Deferred tax is not recognized for

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill

Deferred income tax assets are 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.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off the

## Notes forming part of the consolidated financial statements

recognized amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### v) Provisions, contingent liabilities, and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if:

- i) The Group has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- 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 asset is not recognised in consolidated financial statements since this may result in the recognition of income that may never be realized

Provisions, contingent liabilities, and contingent assets are reviewed at each balance sheet date.

### w) Commitments

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

- i) Estimated amounts of contracts remaining to be executed on capital account and not provided for; and
- ii) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

### x) Statement of cash flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the profit before tax excluding exceptional items for the effects of:

- i. changes during the period in operating receivables and payables, transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses; and
- iii. all other items for which the cash effects are investing or financing cash flows

### y) 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 Judgements, 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years. The Group based its assumptions and estimates on parameters available when the financial statements were prepared

The estimates and underlying assumptions are reviewed on an ongoing basis. Key accounting estimates include useful lives of property, plant and equipment, and intangible assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, future cash inflows (net) of hedged items for hedging purpose, share based payments, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

### z) Earnings per equity share

Basic earnings per equity share is computed by dividing the consolidated 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



## Notes forming part of the consolidated financial statements

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	
		2023	2022
1 L&T Technology Services LLC *	USA	100	100
2 L&T Thales Technology Services Private Limited	India	74	74
3 Esencia Technologies, Inc.**			
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
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	100

#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.

\*\* 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.

**bb) Accounting and reporting information for operating segments**

Ind AS 108 establishes standards for the way that entities 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.. 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

## Notes forming part of the consolidated financial statements

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements** The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably

be expected to influence decisions of primary users of general-purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes** The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

## Notes forming part of the consolidated financial statements

### 4. Property, plant and equipment

Particulars	Gross block			Depreciation/amortisation			Net block (₹ million)		
	As at 01-04-2022	Additions	Foreign currency fluctuation	As at March 31, 2023	01-04-2022	For the year	On disposals	As at March 31, 2023	As at March 31, 2022
Leasehold improvements	532	46	-	578	299	16	-	375	233
Plant and equipment	55	1	-	27	29	2	-	22	7
Computers	2,729	744	8	3,332	1,732	618	8	1,477	2,211
Furniture and fixtures	247	42	-	19	270	111	-	18	121
Vehicles	333	104	-	84	353	103	-	55	104
Office equipments	331	79	3	7	406	227	63	7	286
Electrical installations	188	12	-	3	197	93	20	3	110
Aircondition and refrigeration	160	26	-	2	184	54	16	2	68
Laboratory equipments	653	495	2	1,138	240	205	1	12	434
Canteen equipments	4	1	-	5	1	-	-	1	4
<b>Total</b>	<b>5,232</b>	<b>1,550</b>	<b>13</b>	<b>303</b>	<b>6,492</b>	<b>2,908</b>	<b>1,084</b>	<b>272</b>	<b>2,760</b>
<i>Previous year figures</i>	<i>4,349</i>	<i>1,197</i>	<i>4</i>	<i>318</i>	<i>5,232</i>	<i>2,286</i>	<i>874</i>	<i>3</i>	<i>2,324</i>

### Right-of-use assets

Particulars	Gross block			Depreciation/amortisation			Net block (₹ million)		
	As at 01-04-2022	Additions	Foreign currency fluctuation	As at March 31, 2023	01-04-2022	For the year	On disposals	As at March 31, 2023	As at March 31, 2022
Right-of-use assets	6,220	716	30	462	6,504	2,147	941	3,76	4,073
<b>Total</b>	<b>6,220</b>	<b>716</b>	<b>30</b>	<b>462</b>	<b>6,504</b>	<b>2,147</b>	<b>941</b>	<b>3,777</b>	<b>4,073</b>
<i>Previous year figures</i>	<i>5,731</i>	<i>387</i>	<i>6</i>	<i>404</i>	<i>6,220</i>	<i>1,534</i>	<i>919</i>	<i>3,717</i>	<i>4,197</i>

### Capital Work-in-progress

	For less than 1 year			2 to 3 years			More than 3 years			<b>Total</b>
	As at 31-03-2023	For less than 1 year	2 to 3 years	As at 01-04-2022	For the year	More than 3 years	As at 01-04-2022	For the year	More than 3 years	
<b>As at 31-03-2022</b>	<b>8</b>	<b>42</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>57</b>	<b>57</b>	<b>-</b>	<b>65</b>	<b>99</b>
<i>As at 31-03-2022</i>	<i>8</i>	<i>42</i>	<i>-</i>	<i>57</i>	<i>-</i>	<i>57</i>	<i>57</i>	<i>-</i>	<i>65</i>	<i>99</i>

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan

### 5. Goodwill and other intangible assets

Particulars	Gross block			Depreciation/amortisation			Net block (₹ million)		
	As at 01-04-2022	Additions	Foreign currency fluctuation	As at March 31, 2023	01-04-2022	For the year	On disposals	As at March 31, 2023	As at March 31, 2022
Goodwill	4,267	-	-	4,396	-	-	-	-	4,267
Goodwill on consolidation	1,614	-	-	1,614	-	-	-	-	1,614
<b>Goodwill subtotal (a)</b>	<b>5,881</b>	<b>-</b>	<b>129</b>	<b>6,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,881</b>
Specialised softwares	1,835	111	1	1,769	1,618	121	1	179	1,561
Technical knowhow	143	-	-	143	143	-	-	-	143
Customer Contracts and relationships	1,880	-	-	128	2,008	1,548	169	106	1,823
Tradename	106	-	-	-	-	106	-	-	106
Non-compete agreements	-	-	-	-	-	-	-	-	-
<b>Other intangibles</b>	<b>3,964</b>	<b>111</b>	<b>129</b>	<b>178</b>	<b>4,026</b>	<b>3,415</b>	<b>290</b>	<b>107</b>	<b>179</b>
<b>Subtotal (b)</b>	<b>9,845</b>	<b>111</b>	<b>258</b>	<b>178</b>	<b>10,036</b>	<b>3,415</b>	<b>290</b>	<b>107</b>	<b>3,633</b>
<b>Total (a+b)</b>	<b>9,587</b>	<b>150</b>	<b>108</b>	<b>-</b>	<b>9,845</b>	<b>3,023</b>	<b>351</b>	<b>41</b>	<b>3,93</b>
<i>Previous year figures</i>	<i>9,587</i>	<i>150</i>	<i>108</i>	<i>-</i>	<i>9,845</i>	<i>3,023</i>	<i>351</i>	<i>41</i>	<i>3,93</i>

#### Note on Goodwill Impairment Testing

Goodwill is tested for impairment annually or when events or circumstances indicate that an impairment loss may have occurred. If the recoverable amount of cash generating unit ("CGU") is less than its carrying amount, the carrying amount of CGU is reduced to its recoverable amount and resultant impairment loss is recognized in the statement of profit and loss. The recoverable amount of a CGU is determined based on higher of value-in-use and fair value less cost to sell. The calculation of value-in-use involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

## Notes forming part of the consolidated financial statements

### 6. Non Current investment

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
<b>Corporate deposits</b>		
Corporate deposit with Bajaj Finance Ltd.	1,000	131
Corporate deposit with HDFC Ltd.	500	730
<b>Non convertible debentures</b>		
L&T Finance Ltd.	252	-
	<b>1,752</b>	<b>861</b>

### 7. Trade receivables - non-current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Undisputed considered good	-	-
	-	-
Less: Allowance for bad and doubtful debt	-	-
	-	-

### 8. Other financial assets - non-current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Security deposits	561	536
Fixed deposits*	5	265
Derivative financial instruments	481	1,563
	<b>1,047</b>	<b>2,364</b>

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



## Notes forming part of the consolidated financial statements

### 9. Deferred tax assets (net)

Description	DTL/(DTA) As at 01-04-2021	Charge/ (credit) to P&L	Charge/ (credit) to OCI	Foreign currency translation reserve	DTL/(DTA) As at 01-04-2022	Charge/ (credit) to P&L	Charge/ (credit) to OCI	Foreign currency translation reserve	₹ million)
									DTL/(DTA) As at 31-03-2023
<b>Deferred tax assets:</b>									
Property, plant and equipment and other intangible assets	136	(41)	-	5	100	(2)	-	9	107
Provision for employee benefits	(73)	(46)	-	(3)	(122)	1	-	(10)	(131)
Other items giving rise to timing differences	(130)	19	-	(5)	(116)	10	-	(8)	(114)
<b>Net deferred tax assets</b>	<b>(67)</b>	<b>(68)</b>	<b>-</b>	<b>(3)</b>	<b>(138)</b>	<b>9</b>	<b>-</b>	<b>(9)</b>	<b>(138)</b>
<b>Deferred tax liabilities:</b>									
Property, plant and equipment and other intangible assets	698	(67)	-	-	631	73	-	-	704
Branch profit tax	586	58	-	-	644	142	-	-	786
Provision for employee benefits	(302)	95	-	-	(207)	(41)	-	-	(248)
Cash flow hedges	389	-	249	-	638	-	(538)	-	100
IND AS-116 impact	(178)	(18)	-	-	(196)	(14)	-	-	(210)
Other items giving rise to timing differences	(302)	(86)	-	-	(388)	(34)	-	-	(422)
MAT credit entitlement	(313)	-	-	-	(313)	-	-	-	(313)
<b>Net deferred tax liabilities</b>	<b>578</b>	<b>(18)</b>	<b>249</b>	<b>-</b>	<b>809</b>	<b>126</b>	<b>(538)</b>	<b>-</b>	<b>397</b>

### 10. Other non-current assets

			₹ million)	
			As at March 31, 2023	As at March 31, 2022
Prepaid expenses			23	5
Income tax receivable (net)			1,798	1,365
			<b>1,821</b>	<b>1,370</b>

### 11. Investments

Financial assets: investments - current	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
a) Quoted mutual funds				
Investment carried at fair value through profit and loss				
Axis Banking & PSU Debt Fund - Direct - Growth	-	-	239,992	525
Axis Liquid Fund - Direct - Growth	451,715	1,130	-	-
Axis Overnight Fund - Direct - Growth	843,614	1,000	-	-

## Notes forming part of the consolidated financial statements

Financial assets: investments - current	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Arbitrage Fund - Direct - Growth	-	-	9,039,230	206
Aditya Birla SunLife Liquid Fund - Direct - Growth	2,276,655	827	1,894,707	650
Aditya Birla Sun Life Overnight Fund - Direct - Growth	824,911	1,000	-	-
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	-	-	1,389,349	415
DSP Liquidity Fund - Direct - Growth	-	-	214,616	653
HSBC Liquid Fund - Direct - Growth	425,812	955	-	-
ICICI Prudential Overnight Fund - Direct - Growth	566,920	685	-	-
ICICI Prudential Liquid Fund - Direct - Growth	2,881,057	960	-	-
Invesco India Corporate Bond Fund - Direct - Growth	-	-	121,009	331
Kotak Overnight Fund - Direct - Growth	837,283	1,001	320,179	363
Kotak Liquid Fund - Direct - Growth	141,469	644	-	-
Kotak Money Market Fund - Direct - Growth	-	-	167,785	608
L&T Arbitrage Opportunities Fund - Direct - Growth	-	-	9,639,231	536
L&T Ultra Short Fund - Direct - Growth	-	-	-	-
LIC MF Liquid Fund - Direct - Growth	112,166	458	-	-
Nippon India Liquid Fund - Direct - Growth	193,794	1,067	-	-
Nippon India Overnight Fund - Direct - Growth	8,309,539	1,000	-	-
SBI Liquid Fund - Direct - Growth	178,374	628	-	-
Sundaram Liquid Fund - Direct - Growth	-	-	133,069	250
Tata Liquid Fund - Direct - DDR	-	-	186,451	627
Tata Arbitrage Fund - Direct - Growth	-	-	17,212,791	206
UTI Liquid Cash Plan Fund - Direct - Growth	186,062	686	-	-
UTI Arbitrage Fund - Direct - Growth	-	-	6,947,167	206
<b>b) Corporate deposits</b>				
Corporate deposit with Bajaj Finance Ltd.	-	1,130	-	920
Corporate deposit with HDFC Ltd.	-	1,230	-	1,120
Corporate deposit with LIC Housing Finance Ltd.	-	1,200	-	1,600
<b>c) Non convertible debentures</b>				
Aditya Birla Finance Ltd.	-	-	-	264
Kotak Mahindra Prime Ltd.	-	357	-	259
Tata Capital Financial Services Ltd.	-	-	-	266
HDB Financial Services Ltd.	-	512	-	518
L&T Finance Ltd.	-	-	-	929
HDFC Ltd.	-	259	-	-
TATA Capital Housing Finance Ltd.	-	251	-	-
<b>d) Commercial papers</b>				
Aditya Birla Finance Ltd.	-	494	-	241
Kotak Mahindra Prime Ltd.	-	248	-	243



## Notes forming part of the consolidated financial statements

Financial assets: investments - current	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
Tata Capital Financial Services Ltd.	-	-	-	489
HDFC Securities Ltd.	-	-	-	498
HDFC Ltd.	-	237	-	-
Kotak Mahindra Investments Ltd.	-	478	-	-
TATA Capital Limited	-	237	-	-
Tata Cleantech Capital Limited	-	237	-	-
ICICI Securities Ltd.	-	742	-	995
<b>e) Certificate of Deposits</b>				
SIDBI	-	1,192	-	-
HDFC Bank Ltd.	-	243	-	-
		<b>21,088</b>		<b>13,918</b>
Aggregate amount of quoted investment at cost	-	21,048	-	13,758
Aggregate amount of quoted investment at market value	-	21,088	-	13,918

### 12. Financial assets: trade receivables - current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Undisputed considered good	17,591	17,209
	<b>17,591</b>	<b>17,209</b>
Less: Allowance for bad and doubtful debts	(290)	(250)
	<b>17,301</b>	<b>16,959</b>

Trade receivable ageing							Allowance for bad and doubtful debt	Total
	Less than 6 months	For less than 1 year	1 to 2 years	2 to 3 years	More than 3 years			
As at 31-03-2023	16,823	552	157	18	41		(290)	17,301
As at 31-03-2022	16,666	283	164	45	51		(250)	16,959

### 13. Financial assets: cash and cash equivalents - current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Balances with banks	3,026	1,829
Cheques on hand	9	-
Remittance in transit	196	518
Fixed deposits with banks (maturity less than 3 months)	2,115	-
	<b>5,346</b>	<b>2,347</b>

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. Financial assets: other bank balances - current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Fixed deposits with banks		
Maturity more than 3 months but less than 12 months	1,549	4,392
Earmarked balances with banks - unclaimed dividend	4	3
	<b>1,553</b>	<b>4,395</b>

### 15. Financial assets: others - current

	(₹ million)	
Current	As at March 31, 2023	As at March 31, 2022
Advances to employees	90	90
Security deposits	14	20
Derivative financial instruments	331	1,048
Loans and advances to related parties	761	331
Other receivables	6	26
Unbilled revenue*	992	1,074
Less: ECL on unbilled revenue	(24)	968
	<b>2,170</b>	<b>2,564</b>

\*For those contracts where right to consideration is unconditional upon passage of time.

### 16. Other current assets

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Unbilled revenue *	2,281	1,612
Less: ECL on unbilled revenue	(52)	(51)
	<b>2,229</b>	<b>1,561</b>
Prepaid expenses	1,070	933
Advances to suppliers	308	229
GST receivable	215	309
Service tax/GST recoverable	98	15
Retention money not due	24	18
Other receivables	8	3
	<b>1,699</b>	<b>1,489</b>
	<b>3,952</b>	<b>3,068</b>

\*For those contracts where right to consideration is conditional upon completion of contractual milestones.



## Notes forming part of the consolidated financial statements

### 17. Equity share capital

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
<b>17.1 Authorised :</b>		
5,250,000,000 (previous year: 5,250,000,000) equity shares of ₹ 2 each	10,500	10,500
	<b>10,500</b>	<b>10,500</b>
<b>17.2 Issued, subscribed and fully paid up</b>		
Issued, subscribed and fully paid up equity shares outstanding at the end of the year [105,532,167 (previous year: 105,045,823) equity shares of ₹ 2 each]	<b>211</b>	<b>210</b>
Add: shares issued on exercise of employee stock options during the period [75,975 (previous year: 486,344) equity shares of ₹ 2 each]	-*	1
Issued, subscribed and fully paid up equity shares outstanding at the end of the period [105,608,142 (previous year: 105,532,167) equity shares of ₹ 2 each]	<b>211</b>	<b>211</b>
<b>Total issued, subscribed and paid up capital</b>	<b>211</b>	<b>211</b>

\*represents value less than 0.5 million.

#### 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	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	77,986,899	73.85%	77,986,899	73.90%
	<b>77,986,899</b>		<b>77,986,899</b>	

#### 17.5 Shares held by Promoters

Equity shares	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	77,986,899	73.85%	77,986,899	73.90%
	<b>77,986,899</b>		<b>77,986,899</b>	

#### 17.6 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 17.8 of the consolidated financial statements.

## Notes forming part of the consolidated financial statements

### 17.7 In the period of five years immediately preceding March 31, 2023 :

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil (previous year: Nil)

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil (previous year: Nil)

Aggregate number and class of shares bought back - Nil (previous year: Nil)

### 17.8 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. In Series A, the options are vested equally over a period of 5 years and in Series B options are vested equally over period of 4 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, 2021 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	
	2022-23	2021-22
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	215,725	732,469
Options lapsed during the year	22,700	30,400
Options granted during the year	397,200	-
Options exercised during the year	75,975	486,344
Options granted and outstanding at the end of the year-(a)	514,250	215,725
of (a) above - vested outstanding options	50,350	66,605
of (a) above - unvested outstanding options	463,900	149,120
Weighted average remaining contractual life of options (in years)	3.84	0.24

- iv) 1,10,000 options were granted to key managerial personnel during the current year (previous year - nil).



## Notes forming part of the consolidated financial statements

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

Particulars	2022-23		2021-22	
	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	215,725	2	732,469	2
Options granted during the year	397,200	2	-	2
Options exercised during the year	75,975	2	486,344	2
Options lapsed during the year	22,700	2	30,400	2
Options granted and outstanding at the end of the year -(a)	514,250	2	215,725	2
Options exercisable at the end of the year out of -(a) above	50,350	2	66,605	2

- vi) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 3,692.66 per share. (previous year ₹ 4,770.17 per share).
- vii) No options expired during the periods covered in the above table.
- viii) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2022-23 is ₹ 816 Million (previous year: ₹ 55 Million).
- ix) There were 3,97,200 new options granted during the year ended 31-03-2023. The fair value at grant date of options granted during previous year: ₹ 4,169.6. 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	2022-23	2021-22
Weighted average exercise price	2	
Grant date	21-Apr-22	
Expiry date	20-Apr-29	No new ESOP grant during the year
Weighted average share price at grant date	₹ 4244.3 per option	
Weighted average expected price volatility of company's share	40.52%	
Weighted average expected dividend yield over life of option	2.07%	
Weighted average risk-free interest	5.86%	
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.	

## Notes forming part of the consolidated financial statements

### 17.9 Dividends

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders in accordance with Companies Act, 2013 is as follows:

- (a) During the year ended March 31, 2023, the Company paid the final dividend of ₹ 15 per equity share for the year ended March 31, 2022.
- (b) The Company paid, on November 10, 2022 an Interim dividend of ₹ 15 per equity share for the year ended March 31, 2023.
- (c) On April 26, 2023, the Board of Directors of the Company have recommended the final dividend of ₹ 30 per equity share for the year ended March 31, 2023 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, 2023 is expected to be ₹ 3,168 million.

### 18. Other equity

(₹ million)

	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Securities premium account [note 2(p)]	11,462	11,396
Share options outstanding account [note 2(s)]		
Employee share options outstanding	1,764	250
Deferred employee compensation expense	(826)	938
Retained earnings	36,244	27,713
Cash flow hedge reserve [note 2(n)(iii)]	296	1,896
Foreign currency translation reserve	451	225
Other items of other comprehensive income	(93)	(3)
	<b>49,298</b>	<b>41,414</b>

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.

#### Nature and Purpose of reserves.

##### Securities Premium Account

Amounts received on issue of shares in excess of the par value has been classified as securities premium, net of utilisation.

##### Share options outstanding account

Employee Share options reserve represents the cumulative expense to be recognized for equity-settled transactions at each reporting date until the employee share options are vested/expired upon which such amount is transferred to Profit and Loss.



## Notes forming part of the consolidated financial statements

### Retained Earnings

This reserve represents undistributed accumulated earnings of the Group as on the balance sheet date.

### Capital Reserve

The Group recognizes difference between the amount of consideration paid and net worth of acquired business as capital reserve for common control business combination transactions.

### Cash flow hedge reserve

When a derivative is designated as cashflow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in Other Comprehensive Income (OCI) and accumulated in cashflow hedge reserve.

Cumulative gains or losses previously recognised in cashflow hedge reserve are recognised in the statement of profit and loss in the period in which such transaction occurs/hedging instruments are settled/ cancelled.

### Foreign currency translation reserve

The foreign exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented under equity in the foreign currency translation reserve. The amount is transferred to retained earnings upon disposal of investment in foreign operation.

### 19. Financial liabilities: others - non-current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Lease liabilities	3,731	4,276
Liability towards employee compensation	-	154
Derivative financial instruments	165	120
	<b>3,896</b>	<b>4,550</b>

### 20. Financial liabilities: Trade payable - current

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
Due to micro and small enterprises	95	31
Due to others	4,410	3,903
	<b>4,505</b>	<b>3,934</b>

## Notes forming part of the consolidated financial statements

	(₹ million)				
	Upto 1 year	1 to 2 year	2 to 3 year	> 3 year	Total
<b>As at 31-03-2023</b>					
Due to Micro and small enterprise	95	-*	-	-	95
Due to others	4,252	73	72	13	4,410
<b>Total</b>	<b>4,347</b>	<b>73</b>	<b>72</b>	<b>13</b>	<b>4,505</b>
<b>As at 31-03-2022</b>					
Due to Micro and small enterprise	31	-	-	-	31
Due to others	3,883	18	-*	2	3,903
<b>Total</b>	<b>3,914</b>	<b>18</b>	<b>-</b>	<b>2</b>	<b>3,934</b>

\*represents value less than 0.5 million.

### 21. Financial liabilities: others - current

	As at March 31, 2023	As at March 31, 2022
Lease liabilities	811	495
Unclaimed dividend	4	3
Due to others		
Liability towards employee compensation	3,883	3,532
Other payables	314	130
Derivative financial instruments	313	115
Financial guarantee contract	-	-
Suppliers ledger - capital goods/services	78	197
Liability - employee car schemes	7	7
	<b>5,410</b>	<b>4,479</b>

### 22. Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Unearned revenue	663	747
Other payables	1,947	1,709
Liability - employee car schemes	136	127
	<b>2,746</b>	<b>2,583</b>



## Notes forming part of the consolidated financial statements

### 23. Provisions

	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Provisions for employee benefits	1,313	1,144
Others (legal matter)	-	752
	<b>1,313</b>	<b>1,896</b>
<b>Non-Current</b>		
Provisions for employee benefits	52	56
	<b>52</b>	<b>56</b>

### 24. Revenue from operations

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Engineering and technology services	80,136	65,697
	<b>80,136</b>	<b>65,697</b>

### 25. Other income

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest received**	876	492
Foreign exchange gain* (net)	728	905
Net gain/(loss) on sale of investment	425	302
Miscellaneous income	121	148
Gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	(68)	(8)
Profit/(loss) on sales of fixed asset	(2)	5
Export incentive	-	(320)
	<b>2,080</b>	<b>1,524</b>

\*The foreign exchange gain reported above includes loss of ₹ 203 million (previous year: ₹ 635 million gain) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.

\*\* Interest income includes interest earned and accrued interest on account of investment in various instruments such as commercial paper, fixed deposits, Non convertible debentures etc.

## Notes forming part of the consolidated financial statements

### 26. Employee benefits expenses\*

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, incentives and allowances	43,234	35,354
Contribution to and provision for:		
Contribution to provident and pension fund	888	641
Contribution to gratuity fund	187	177
Share based payments to employees	817	55
Staff welfare expenses	513	278
	<b>45,639</b>	<b>36,505</b>

\*Refer Note no. 41 for disclosure pertaining to IND AS - 19 - Employee benefits

### 27. Other expenses

	(₹ million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Subcontracting and component charges	2,961	2,875
Engineering & technical consultancy fees	5,532	4,699
Cost of computer software	1,977	1,703
Travelling Expenses	2,391	2,102
Rent and establishment expenses	240	148
Communication expenses	358	298
Legal and professional charges	551	531
Advertisement and sales promotion	282	203
Recruitment	592	408
Repairs to buildings and machineries	447	403
General repairs and maintenance	204	180
Power and fuel	258	190
Equipment hire charges	47	35
Insurance charges	127	124
Rates and taxes	377	386
Bad debts written off	192	86
Allowances for doubtful debts	(77)	61
ECL on unbilled revenue	110	2
Overheads charged by group companies	132	106
Trademark fees	120	99
Corporate social responsibility	194	171
Commission to Directors	27	25
Miscellaneous expenses	348	208
	<b>17,390</b>	<b>15,043</b>



## Notes forming part of the consolidated financial statements

### 28. Finance costs

(₹ million except stated otherwise)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Interest paid</b>		
Interest on lease liability	376	397
Interest paid/payable - others	27	34
Interest on bill discounting	32	6
	<b>435</b>	<b>437</b>

### 29. Provision for taxation

(₹ million)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Current tax</b>		
Current tax on profits for the year	4,492	3,572
Tax expenses for prior periods	69	-
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax assets	152	(55)
(Decrease)/increase in deferred tax liabilities	(17)	(31)
	<b>4,696</b>	<b>3,486</b>

### 30. Basic and diluted earning per equity share

(₹ million except stated otherwise)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Basic EPS</b>		
Profit after tax (₹ million)	11,698	9,570
Profit attributable to equity shareholders (₹ million)	11,698	9,570
Weighted average number of equity shares outstanding	105,571,928	105,265,550
Basic EPS (₹)	110.80	90.92
<b>Diluted EPS</b>		
Profit after tax (₹ million)	11,698	9,570
Profit attributable to equity shareholders (₹ million)	11,698	9,570
Weighted average number of equity shares outstanding	105,571,928	105,265,550
Add - No. of potential equity shares	307,701	212,090
Weighted average number of equity shares outstanding	105,879,629	105,477,640
Diluted EPS (₹)	110.48	90.74

## Notes forming part of the consolidated financial statements

**31.** Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 1,459 Million (previous year: ₹ 599 Million).

### 32. Contingent liabilities

	(₹ million)	
	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Corporate guarantee	1,356	1,251
	<b>1,356</b>	<b>1,251</b>

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.

### 33. Financial ratios

<b>Ratio / Measure*</b>	<b>Formula considered</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Current ratio	Current assets / Current liabilities	3.4	3.1
Debt equity ratio	Debt / Total shareholder's equity	NA	NA
Debt service coverage ratio	EBIT / Debt	NA	NA
Return on equity	PAT / Total average equity	25.7%	25.1%
Trade receivables turnover ratio	Revenue from operation / Average trade receivable	4.7	4.5
Trade payable turnover ratio	Adjusted expenses / Average trade payables	4.0	4.2
Net capital turnover ratio	Revenue from operation / Average working capital	2.4	2.5
Net profit %	Net profit / Revenue	14.7%	14.6%
EBITDA %	EBITDA / Revenue	21.3%	21.5%
EBIT %	EBIT / Revenue	18.5%	18.3%
Return on capital employed %	PBIT / Average capital employed	36.9%	35.3%
Return on investment	Interest income, net gain on sale of investment and fair value gain over cost of investment	5.4%	5.3%

#### Note:

EBIT - Earnings before interest and taxes (excl. other income).

EBITDA - Earnings before interest, taxes, depreciation and amortisation (excl. other income).

PBIT - Profit before interest and taxes.

PAT - Profit after taxes.

Adjusted expenses - Other expense net of CSR expense, bad debts written off and allowances for doubtful debts.



## Notes forming part of the consolidated financial statements

### 34. Disclosures pursuant to Indian Accounting Standard (IND AS) 103 "Business combinations"

On January 12, 2023, L&T Technology Services Limited ("Company") executed Business Transfer Agreement for the acquisition of Smart World & Communication ("SWC") Business of Larsen & Toubro Limited through a slump sale for a cash consideration of ₹ 8 billion.

The Company's acquisition of SWC of Larsen & Toubro Limited was consummated on April 1, 2023, being the closing date on which consideration of INR 8 billion was transferred and the net assets of SWC were transferred to Company.

### 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 March 31, 2023				As at March 31, 2022			
	Nominal amount	Average rate* (₹)	Within twelve months	After twelve months	Nominal amount	Average rate* (₹)	Within twelve months	After twelve months
<b>(a) Receivable hedges</b>								
US Dollar	75,882	88.41	39,222	36,660	70,027	84.14	31,355	38,671
EURO	6,230	95.85	4,493	1,737	5,923	102.13	3,795	2,128
GBP	2,390	99.59	1,461	929	-	-	-	-
<b>(b) Payable hedges</b>								
US Dollar	8,620	83.48	5,954	2,666	5,923	82.08	3,795	2,128
EURO	2,766	85.10	1,996	770	2,648	91.32	1,677	971
GBP	1,096	91.33	697	399	-	-	-	-

\*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 March 31, 2023			As at March 31, 2022		
	Current	Non- current	Total	Current	Non- current	Total
Other financial assets	331	480	811	1,048	1,563	2,611
Other financial liabilities	313	165	478	115	120	235
<b>Total</b>	<b>644</b>	<b>645</b>	<b>1,289</b>	<b>1,163</b>	<b>1,683</b>	<b>2,846</b>

#### iii) Break up of hedging reserve

(₹ million)

Cash flow hedging reserve	As at March 31, 2023	As at March 31, 2022
Balance towards continuing hedge	8	1,533
Balance for which hedge accounting discontinued	288	363
<b>Total</b>	<b>296</b>	<b>1,896</b>

## Notes forming part of the consolidated financial statements

### iv) Movement of hedging reserve

Hedging reserve	2022-23	2021-22 (₹ million)
Opening Balance	1,896	1,156
Changes in fair value of derivative financial instruments designated as hedging instruments	(1,879)	1,567
Amount reclassified to statement of profit & loss where hedge item has became on-balance sheet	(258)	(578)
Tax impact on above	538	(249)
<b>Closing balance</b>	<b>297</b>	<b>1,896</b>

## 36. Segment reporting

### (a) Description of segments and principal activities

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the Chief Executive Officer.

**The group has identified business segments as reportable segments. The business segments comprise of:-**

- Transportation
- Industrial products
- Hi-Tech communications and media
- Plant Engineering
- Medical Devices

**Brief description of each segment and principal activities are as under:**

1. **Transportation:** Transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.
2. **Industrial Products:** Industrial products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.
3. **Hi-Tech communications and media:** Hi-Tech communications and media caters to OEM/ODMs, chipset vendors, telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement and sustenance, testing and validation, system integration for communication and related solutions and systems and field implementation services.
4. **Plant Engineering:** Plant engineering segment provides end-to-end engineering services for leading plant operators across the globe. The industry span and services are broadly for chemical, consumer packaged goods (FMCG) and energy and utility sector clients.



## Notes forming part of the consolidated financial statements

- 5. Medical devices:** Medical devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance. Medical device industry comprises of diagnostic, life sciences, surgical, cardiovascular, home healthcare, general medical and other devices.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

- (i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

Particulars	Transportation	Industrial products	Telecom and Hi-Tech	Plant Engineering	Medical Devices	Total
<b>Revenue</b>	<b>27,705</b>	<b>15,257</b>	<b>15,559</b>	<b>12,795</b>	<b>8,820</b>	<b>80,136</b>
<b>% to Total</b>	<b>34.6%</b>	<b>19.0%</b>	<b>19.4%</b>	<b>16.0%</b>	<b>11.0%</b>	<b>100.0%</b>
	20,991	12,766	14,042	10,141	7,757	65,697
<b>% to Total</b>	<b>32.0%</b>	<b>19.4%</b>	<b>21.4%</b>	<b>15.4%</b>	<b>11.8%</b>	<b>100.0%</b>
<b>Segment operating profits</b>	<b>5,362</b>	<b>4,544</b>	<b>1,935</b>	<b>3,449</b>	<b>2,867</b>	<b>18,157</b>
<b>% to Revenue</b>	<b>19.4%</b>	<b>29.8%</b>	<b>12.4%</b>	<b>27.0%</b>	<b>32.5%</b>	<b>22.7%</b>
	3,971	3,778	1,813	2,521	2,485	14,568
<b>% to Revenue</b>	<b>18.9%</b>	<b>29.6%</b>	<b>12.9%</b>	<b>24.9%</b>	<b>32.0%</b>	<b>22.2%</b>
Un-allocable expenses (net)						<b>1,050</b>
						419
Other income						<b>2,080</b>
						1,524
Operating profit						<b>19,186</b>
						15,673
Finance cost						<b>435</b>
						437
Depreciation						<b>2,315</b>
						2,144
Profit before extraordinary items and tax						<b>16,437</b>
						13,092

- (ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

Particulars	North America	Europe	India	Rest of World	Total
External revenue by location of customers	<b>49,842</b>	<b>13,010</b>	<b>11,032</b>	<b>6,252</b>	<b>80,136</b>
	41,044	10,857	8,911	4,885	65,697

Numbers in italics are for the previous year.

Property, Plan and Equipment (PPE) used and liabilities contracted for performing the Group's business have not been identified to any of the above reported segments as the PPE 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 March 31, 2022 and March 31, 2023.

## 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 are accounted in the balance sheet of the Group. The Group manages its exposures normally for a period of up to three years based on the estimated exposures over that period. As the period increases, the cash flows hedged as a percentage of the total expected cash flows diminish, as there is increased uncertainty of the total cash flows materializing over a longer period of time. The recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect the Group's financial condition and operating results. Hence, the Group monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on balance sheet exposures, the Group monitors the risks on net un-hedged exposures.

#### ii) Price risk management

The Group's investment policy and strategy are focused on preservation of capital and supporting the Group's liquidity requirements. The Group uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Group typically invests in money market funds, under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. To provide a meaningful assessment of the price risk associated with the Group's investment portfolio, the Group performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% move in debt funds and debt securities Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- ₹ 22.53 million as of March 31, 2023, and +/- ₹ 10.4 million as of March 31, 2022. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

#### iii) Foreign currency risk management

In general, the Group is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Group's net sales and gross margins as expressed in Indian Rupees.

The Group may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Group's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Group may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Group may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Group's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Group uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange



## Notes forming part of the consolidated financial statements

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 ₹ 238 million as of March 31, 2023 and ₹ 264 million as of March 31, 2022.

Actual future gains and losses associated with the Group's investment portfolio and derivative positions may differ materially from the sensitivity analysis performed as of March 31, 2023 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange rates and the Group's actual exposures and position.

### iv) Credit/counter-party risk management

The principal credit risk that the Group is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Group reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Group also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Group makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Group retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ₹ 289 million as at March 31, 2023 and ₹ 250 million as at March 31, 2022. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

	(₹ million)	
	2022-23	2021-22
Opening balance of allowances for doubtful accounts	250	165
Allowances recognized (reversed)	40	85
<b>Closing balance of allowances for doubtful accounts</b>	<b>290</b>	<b>250</b>

The percentage of revenue from its top five customers is 16% for 2022-23 (17% for 2021-22).

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 management

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position.

## Notes forming part of the consolidated financial statements

The contractual maturities of financial assets and financial liabilities is as follows:

Financial assets	As at March 31, 2023			As at March 31, 2022		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Investments	21,088	1,752	22,840	13,918	861	14,779
Trade receivables	17,301	-	17,301	16,959	-	16,959
Other financial assets	1,839	561	2,400	1,516	536	2,052
<b>Total</b>	<b>40,228</b>	<b>2,313</b>	<b>42,541</b>	<b>32,393</b>	<b>1,397</b>	<b>33,790</b>

Financial liabilities	As at March 31, 2023			As at March 31, 2022		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Trade payables	4,505	-	4,505	3,934	-	3,934
Lease liabilities	811	3,731	4,542	495	4,276	4,771
Other financial liabilities	4,287	-	4,287	3,869	154	4,023
<b>Total</b>	<b>9,603</b>	<b>3,731</b>	<b>13,334</b>	<b>8,298</b>	<b>4,430</b>	<b>12,728</b>

### 38. Fair value measurements

#### Financial instruments by category

	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Investments						
- Mutual funds	12,042	-	-	5,576	-	-
- Bank fixed deposits	-	-	5	-	-	265
- Corporate deposits	-	-	5,060	-	-	4,501
- Non Convertible Debentures	-	-	1,630	-	-	2,236
- Commercial papers	-	-	2,673	-	-	2,466
- Certificate of Deposits	-	-	1,435	-	-	-
Loans	-	-	-	-	-	-
Trade receivables	-	-	17,301	-	-	16,959
Cash and cash equivalents	-	-	5,346	-	-	2,347
Other bank balances	-	-	1,553	-	-	4,395



## Notes forming part of the consolidated financial statements

	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Derivative financial instruments	-	811	-	-	2,611	-
Security deposits	-	-	575	-	-	556
Loans - related parties	-	-	761	-	-	331
Advances - to employees	-	-	90	-	-	90
Other receivables	-	-	974	-	-	1,075
<b>Total financial assets</b>	<b>12,042</b>	<b>811</b>	<b>37,403</b>	<b>5,576</b>	<b>2,611</b>	<b>35,221</b>
<b>Financial liabilities</b>						
Trade payables	-	-	4,505	-		3,934
Derivative financial instruments	-	478		-	235	-
Lease liabilities	-	-	4,542	-	-	4,771
Supplier ledger - capital goods/services	-	-	78	-	-	197
Liability towards employee compensation	-	-	3,883	-	-	3,686
Unclaimed dividend	-	-	5	-	-	3
Other payables	-	-	321	-	-	137
<b>Total financial liabilities</b>	<b>-</b>	<b>478</b>	<b>13,334</b>	<b>-</b>	<b>235</b>	<b>12,728</b>

### (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:

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Financial investment at FVPL	-	-	-	-	-	-	-	-
- Mutual funds	12,042	-	-	12,042	5,576	-	-	5,576
Financial investment at FVOCI	-	-	-	-	-	-	-	-
Derivative financial instruments	-	811	-	811	-	2,611	-	2,611
<b>Total financial assets</b>	<b>12,042</b>	<b>811</b>	<b>-</b>	<b>12,853</b>	<b>5,576</b>	<b>2,611</b>	<b>-</b>	<b>8,187</b>

## Notes forming part of the consolidated financial statements

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>								
Derivative financial instruments	-	478	-	478	-	235	-	235
<b>Total financial liabilities</b>	<b>-</b>	<b>478</b>	<b>-</b>	<b>478</b>	<b>-</b>	<b>235</b>	<b>-</b>	<b>235</b>

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 funds. 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.

## Notes forming part of the consolidated financial statements

### 39. Tax reconciliation statement

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Sr. No.	Particulars	Year ended March 31,	
		2023	2022
(a)	<b>Profit before tax</b>	16,437	13,092
(b)	Corporate tax rate as per Income Tax Act, 1961	25.17%	25.17%
(c)	<b>Tax on accounting profit</b>	(c)=(a)*(b) 4,137	3,295
(d)	(i) Tax effect of exempt non-operating income	-	-
	(ii) Tax effect due to non-taxable income for Indian tax purposes	-	-
	(iii) Effect of non-deductible expenses	56	51
	(iv) Overseas taxes	348	143
	(v) Tax effect on various other items	155	(3)
	<b>Total effect of tax adjustments [(i) to (v)]</b>	559	191
(e)	<b>Tax expense recognised during the year</b>	(e)=(c)+(d) 4,696	3,486
(f)	<b>Effective tax rate</b>	(f)=(e)/(a) 28.6%	26.6%

The applicable Indian statutory tax rate for fiscal 2023 is 25.17% and fiscal 2022 is 25.17%.

Overseas taxes are on account of income taxes payable overseas, principally in the United States of America.

### 40. Disclosure pursuant to Ind AS 19 "Employee benefits"

#### i) Defined Contribution Plan

The Company has recognised ₹ 2,115 Million (PY ₹ 1,835 Million) towards defined contribution plan as an expense, which includes contribution to social security and employee state insurance scheme in statement of profit and loss account.

#### ii) Defined benefit plan

##### a) The amounts recognised in balance sheet are as follows:

	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company	
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
A. Present value of defined benefit obligation						
Wholly funded	1,185	982	-	-	7,924	6,620
Wholly unfunded	8	5	54	58	-	-
<b>Total (a)</b>	<b>1,193</b>	<b>987</b>	<b>54</b>	<b>58</b>	<b>7,924</b>	<b>6,620</b>
Less: Fair value of plan assets (b)	880	881	-	-	8,104	7,123
Amount to be recognised as liability or (asset) (a-b)	313	106	54	58	(180)	(503)
B. Amounts reflected in the balance sheet						
Liabilities	313	106	54	58	157	111
Assets	-	-	-	-	-	-
<b>Net liability / (asset)</b>	<b>313</b>	<b>106</b>	<b>54</b>	<b>58</b>	<b>157</b>	<b>111</b>

## Notes forming part of the consolidated financial statements

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 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
1 Current service cost	173	165	27	22	673	418
2 Interest cost	3	4	4	4	556	477
3 Expected return on plan assets	-	-	-	-	(556)	(477)
4 Actuarial losses / (gains)	-	-	-	-	253	(35)
5 Past service cost	-	-	-	-	-	-
6 Actuarial gain/loss not recognized in books	-	-	-	-	(253)	35
<b>Total expense for the year included in staff cost</b>	<b>176</b>	<b>169</b>	<b>31</b>	<b>26</b>	<b>673</b>	<b>418</b>

c) Amount recorded in other comprehensive income :

(₹ million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
Opening amount recognized in OCI outside Profit and Loss Account	140	193	(147)	(111)
Remeasurement during the year due to				
a Changes in financial assumptions	(59)	(22)	(10)	(5)
b Changes in demographic assumptions	-*	(13)	-	(25)
c Experience adjustments	208	(1)	(25)	(6)
d Actual return on plan assets less interest on plan assets	6	(17)	-	-
e Adjustment to recognize the effect of asset ceiling	-	-	-	-
<b>Closing amount recognized in OCI outside profit and loss account</b>	<b>295</b>	<b>140</b>	<b>(182)</b>	<b>(147)</b>



## Notes forming part of the consolidated financial statements

- 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 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
Opening balance of the present value of defined benefit obligation	987	958	59	68	6,620	5,643
Transfer in/(out)	-	-	-	-	382	276
Current service cost	173	165	27	22	673	418
Interest on defined benefit obligation	54	50	3	4	556	477
Remeasurements due to :						
Actuarial loss/(gain) arising from change in financial assumptions	(59)	(22)	(10)	(5)	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	-*	(13)	-	(24)	-	-
Actuarial loss/(gain) arising on account of experience changes	208	(1)	(25)	(6)	-	-
Contribution by Plan Participants	-	-	-	-	1,064	787
Benefits paid	(170)	(150)	-*	-*	(1,371)	(981)
<b>Closing balance of the present value of defined benefit obligation</b>	<b>1,193</b>	<b>987</b>	<b>54</b>	<b>59</b>	<b>7,924</b>	<b>6,620</b>

The Company expects to contribute ₹ 305.03 million towards its gratuity plan in FY 2023-24 (₹ 100 million in FY 2022-23).

- e) Changes in the fair value of plan assets representing reconciliation of the 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 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
Opening balance of the fair value of the plan assets	881	841	-	-	7,123	6,163
Expected return on plan assets	-	-	-	-	556	477
Add / (less) : transfer in/(out)	-	-	-	-	382	276
Add/(less) : actuarial gains/(losses)	-	-	-	-	(253)	35
Employer contributions	125	127	-	-	650	405
Contributions by plan participants	-	-	-	-	1,017	748
Interest on plan assets	51	46	-	-	-	-

## Notes forming part of the consolidated financial statements

	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company		(` million)
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022	
<b>Remeasurements due to :</b>							
Actual return on plan assets less interest on plan assets	(7)	17	-	-	-	-	-
Benefits paid	(170)	(150)	-	-	(1,371)	(981)	
Liabilities assumed / (settled)	-	-	-	-	-	-	
Liabilities extinguished on settlements	-	-	-	-	-	-	
<b>Closing balance of the plan assets</b>	<b>880</b>	<b>881</b>	-	-	<b>8,104</b>	<b>7,123</b>	

f) Sensitivity analysis:

	Gratuity plan		Post retirement medical benefit plan		As at 31-3-2023	As at 31-3-2022
	As at 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022		
<b>Impact of increase in 100 bps on defined benefit obligation</b>						
Discount rate	-4.11% to -7.01%	-4.24% to -6.59%				
Salary escalation rate	4.26% to 7.29%	4.43% to 6.86%				
<b>Impact of decrease in 100 bps on defined benefit obligation</b>						
Discount rate	4.45% to 7.95%	4.61% to 7.43%				
Salary escalation rate	-4.05% to -7.18%	-4.18% to -6.71%				
<b>Discount rate</b>						
Impact of increase in 100 bps on defined benefit obligation			-12.58%	-14.01%		
Impact of decrease in 100 bps on defined benefit obligation			15.99%	18.21%		
<b>Healthcare costs rate</b>						
Impact of increase in 100 bps on defined benefit obligation			9.52%	10.33%		
Impact of decrease in 100 bps on defined benefit obligation			-7.85%	-8.41%		
<b>Life expectancy</b>						
Impact of increase in 1 year on defined benefit obligation			1.16%	1.30%		
Impact of decrease by 1 year on defined benefit obligation			-1.22%	-1.36%		

- i. The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.
- ii. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.



## Notes forming part of the consolidated financial statements

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 31-3-2023	As at 31-3-2022	As at 31-3-2023	As at 31-3-2022
Government of India securities			11.35%	17.47%
State government securities			34.02%	27.81%
Corporate bonds			32.21%	30.50%
Public sector bonds	Scheme with LIC	Scheme with LIC	6.44%	10.38%
Mutual Funds			9.12%	5.23%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds & other allowable investments			6.85%	8.61%

h) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

		As at 31-3-2023	As at 31-3-2022
1	Discount rate:		
(a)	Gratuity plan	7.30%	6.20% to 6.55%
(b)	Post retirement medical benefit plan	7.30%	6.20%
2	Annual increase in healthcare costs	5.00%	5.00%
3	Salary growth rate	5.50%	5.50%
4	Attrition rate	1% to 40% for various age groups	1% to 40% for various age groups

### Risk exposure

#### i. Gratuity

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

#### ii. Post retirement medical benefits plan

The post-retirement medical care plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

## Notes forming part of the consolidated financial statements

- i) The amounts pertaining to defined benefit plans for the current year are as follows:

	(₹ million)	As at 31-3-2023	As at 31-3-2022
<b>Gratuity plan (wholly funded/ unfunded)</b>			
1 Defined benefit obligation	1,193	987	
2 Plan assets	880	881	
3 (Surplus) / deficit	313	106	
<b>Post retirement medical benefit plan (wholly unfunded)</b>			
1 Defined benefit obligation	54	58	
<b>Self - managed provident fund plan (wholly funded)</b>			
1 Defined benefit obligation	7,924	6,620	
2 Plan assets	8,104	7,123	
3 (Surplus) / deficit	(180)	(503)	

### 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 outside India

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 Orchestra Technologies Inc.. The Plan allows the employee and Company's contributions to vest 100% immediately. During the year ended March 31, 2023, the Company contributed ₹ 150 million towards the Plan (Previous year: ₹ 142 million).

\*represents value less than 0.5 million.



## Notes forming part of the consolidated financial statements

### 41. Lease liability

(₹ million)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>1 Classwise right-of-use assets (in our case it will be only office premise)</b>		
Opening balance	4,073	4,197
Addition during the year (net of deletion)	622	788
Depreciation during the year	941	919
FCTR impact	23	7
<b>Closing balance</b>	<b>3,777</b>	<b>4,073</b>
<b>2 Repayment during the year (lease payment towards lease liability net of finance cost)</b>	(833)	(913)
<b>3 Maturity analysis of lease liability (undiscounted)</b>		
Less than 1 year	1,172	1,100
1 to 5 years	3,198	3,010
More than 5 years	1,718	2,402
<b>Total</b>	<b>6,088</b>	<b>6,512</b>
Closing balance		
Current liability	811	495
Non -current liability	3,731	4,276
	<b>4,542</b>	<b>4,771</b>
<b>4 Amount recognised in P&amp;L account</b>		
Interest on lease liability	376	398
Rent expense - short term lease	145	77
<b>5 Gain / (loss) on derecognition of lease</b>		
Closing balance of Lease Liability as on date of Derecognition	104	125
Less: Closing balance of Right to Use as on date of Derecognition	86	93
Add: Interest free security deposit against lease premise	-	3
Gain /(loss)on derecognition of Right to Use	18	35
<b>6 Lease commitment</b>		
No lease commitments were entered into by the Company. (PY ₹ Nil)		

## 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 31-03-2023

(₹ 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)
<b>A – Parent</b>								
L&T Technology Services Limited	91.38%	46,881	94.33%	11,104	115.32%	(1,688)	91.35%	9,416
<b>B – Subsidiaries</b>								
<b>(i) Indian subsidiaries</b>								
L&T Thales Technology Services Private Limited	1.32%	679	1.40%	165	0.09%	(1)	1.59%	164
Graphene Semiconductor Services Private Limited	0.22%	114	0.03%	4	-	-	0.04%	4
Esencia Technologies India Private Limited	0.01%	6	0.00%	(0)	-	-	0.00%	(0)
Seastar Lab Private Limited	0.00%	1	0.00%	(0)	-	-	0.0%	(0)
<b>(ii) Foreign subsidiaries</b>								
L&T Technology Services LLC (Consolidated)	6.97%	3,574	4.09%	481	-15.39%	225	6.86%	707
Graphene Solutions PTE Ltd.	0.01%	4	-0.01%	(1)	-0.03%	0	-0.01%	(1)
Graphene Solutions SDN. BHD	0.00%	1	0.00%	(0)	-	0	0.00%	(0)
Graphene Solutions Taiwan Limited	0.00%	1	-0.01%	(1)	0.00%	0	-0.01%	(1)
L&T Technology Services (Shanghai) Co. Ltd	0.08%	42	0.17%	20	0.02%	(0)	0.19%	19
<b>Subtotal (A+B)</b>	<b>100%</b>	<b>51,303</b>	<b>100%</b>	<b>11,772</b>	<b>100%</b>	<b>(1,464)</b>	<b>100%</b>	<b>10,308</b>
a. Adjustments arising out of consolidation		(1,615)		(31)		-		(31)
b. Non-controlling interests in all subsidiaries		(179)		(43)		-		(43)
<b>Total owners's share</b>		<b>49,509</b>		<b>11,698</b>		<b>(1,464)</b>		<b>10,234</b>



## Notes forming part of the consolidated financial statements

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at 31-03-2022

(₹ 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)
<b>A – Parent</b>								
L&T Technology Services Limited	91.86%	39,816	95.05%	9,185	89.56%	806	94.58%	9,991
<b>B – Subsidiaries</b>								
(i) Indian subsidiaries								
L&T Thales Technology Services Private Limited	1.19%	515	1.40%	135	0.11%	1	1.29%	136
Graphene Semiconductor Services Private Limited	0.25%	110	0.01%	1	-	-	0.01%	1
Esencia Technologies India Private Limited	0.01%	6	-	-	-	-	-	-
Seastar Lab Private Limited	-	1	-0.01%	(1)	-	-	-	(1)
(ii) Foreign subsidiaries								
L&T Technology Services LLC (Consolidated)	6.62%	2,867	3.45%	334	10.33%	93	4.04%	427
Graphene Solutions PTE Ltd.	0.01%	5	-0.01%	(1)	-	-	-0.01%	(1)
Graphene Solutions SDN. BHD	-	1	-	-	-	-	-	-
Graphene Solutions Taiwan Limited	0.01%	2	-0.01%	(1)	-	-	-0.01%	(1)
L&T Technology Services (Shanghai) Co. Ltd.	0.05%	23	0.11%	11	-	-	0.10%	11
<b>Subtotal (A+B)</b>	<b>100%</b>	<b>43,346</b>	<b>100%</b>	<b>9,663</b>	<b>100%</b>	<b>900</b>	<b>100%</b>	<b>10,563</b>
a. Adjustments arising out of consolidation		(1,584)		(57)		-		(57)
b. Non-controlling interests in all subsidiaries		(137)		(36)		-		(36)
<b>Total owners's share</b>		<b>41,625</b>		<b>9,570</b>		<b>900</b>		<b>10,470</b>

## Notes forming part of the consolidated financial statements

### 43. Disclosure of related parties/related party transactions pursuant to Ind AS 24 "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
Esencia Technologies India Private Limited	Wholly owned subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Orchestra Technology Inc	Wholly owned subsidiary of L&T Technology Services LLC
Graphene Semiconductor Services Private Limited	Wholly owned subsidiary
L&T Technology Services 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

#### 43 (1) (ii) List of related parties which can exercise control

Name	Relationship
Larsen & Toubro Limited	Holding company

#### 43 (1) (iii) Key management personnel

Executive directors	Status
Mr. Amit Chadha	Chief Executive Officer & Managing Director
Mr. Abhishek Sinha	Chief Operating Officer & Whole Time Director
Mr. Rajeev Gupta	Chief Financial Officer
Ms. Prajakta Powle	Company Secretary w.e.f. Mar 17, 2022
Mr. Kapil Bhalla	Company Secretary up to Oct 29, 2021

#### Non-executive directors

Mr. Anilkumar Manibhai Naik
Mr. Sekharipuram Narayanan Subrahmanyam
Dr. Keshab Panda

#### Independent directors

Mr. Sudip Banerjee
Mr. Narayanan Kumar
Ms. Apurva Purohit
Mr. Chandrasekaran Ramakrishnan
Mr. Luis Miranda
Mr. Samir Desai (Independent Director up to Aug 26, 2021)



## Notes forming part of the consolidated financial statements

### 43 (1) (iv) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding company
LTIMindtree Limited**	Fellow subsidiary
LTIMindtree Canada Limited	Fellow subsidiary
LTIMindtree GMBH	Fellow subsidiary
LTIMindtree Financial Services Technologies Inc.	Fellow subsidiary
Larsen & Toubro Arabia LLC	Fellow subsidiary
Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
Larsen & Toubro (East Asia) SDN. BHD.	Fellow subsidiary
L&T Realty Developers Limited	Fellow subsidiary
L&T Finance Limited	Fellow subsidiary
L&T-Sargent & Lundy Limited	Joint Venture
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Graphene Semiconductor Services Private Limited	Subsidiary
Seastar Labs Private Limited	Subsidiary
Graphene Solutions Taiwan Limited	Subsidiary
L&T Technology Services Pte. Ltd.	Subsidiary
Graphene Solution SDN. BHD.	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

\*During the year, name of entity changed from Graphene Solution Pte Ltd. to L&T Technology Services Pte. Ltd.

\*\*During the year, Mindtree Limited is merged with L&T Infotech Limited. Hence, transactions for the year ended March 31, 2022 and balances as on March 31, 2022 of Mindtree Limited are shown under LTIMindtree Limited.

The Company is in the process of incorporating a subsidiary in Poland under the name of 'L&T Technology Services Poland sp. z o.o.' The Company has not infused any capital till March 31, 2023.

### 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 parties/related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

Category of balance/relationship/parties	31-03-2023	(₹ million) 31-03-2022
<b>Trade receivable</b>		
<b>Holding Company</b>	<b>199</b>	<b>157</b>
- Larsen & Toubro Limited	199	157
<b>Fellow subsidiaries</b>	<b>243</b>	<b>259</b>
- LTIMindtree Limited	243	259
<b>Trade payable</b>		
<b>Holding Company</b>	<b>109</b>	<b>90</b>
- Larsen & Toubro Limited	109	90

## Notes forming part of the consolidated financial statements

Category of balance/relationship/parties	31-03-2023	31-03-2022 (₹ million)
<b>Fellow subsidiaries</b>	<b>177</b>	<b>91</b>
- Larsen & Toubro (East Asia) SDN. BHD.	-^	-^
- Larsen & Toubro Saudi Arabia LLC	26	15
- Larsen & Toubro Arabia LLC	-	-^
- LTIMindtree Limited	151	76
<b>Joint Venture</b>	<b>-^</b>	<b>3</b>
- L&T-Sargent & Lundy Limited	-^	3
<b>Associate Company</b>	<b>1</b>	<b>-</b>
- Thales Services SAS, France	1	-
<b>Advances recoverable</b>		
<b>Holding Company</b>	<b>383</b>	<b>329</b>
- Larsen & Toubro Limited	383	329
<b>Fellow subsidiaries</b>	<b>375</b>	<b>1</b>
- LTIMindtree Financial Services Technologies Inc.	-	1
- L&T Realty Developers Limited	375	-
<b>Corporate guarantee issued on behalf of the company</b>		
<b>Holding Company</b>	<b>4,883</b>	<b>-</b>
- Larsen & Toubro Limited	4,883	-
<b>Capital Commitment</b>		
<b>Fellow Subsidiaries</b>	<b>1,250</b>	<b>-</b>
- L&T Realty Developers Limited	1,250	-

Nature of transaction/relationship/major parties	31-03-2023	31-03-2022 (₹ million)
<b>Revenue from services</b>		
<b>Holding Company</b>	<b>257</b>	<b>212</b>
- Larsen & Toubro Limited	257	212
<b>Fellow subsidiaries</b>	<b>1,012</b>	<b>946</b>
- LTIMindtree Limited	1,012	946
<b>Associates</b>	<b>-</b>	<b>3</b>
- L&T Chiyoda Limited	-	3
<b>Purchase of services</b>		
<b>Holding Company</b>	<b>35</b>	<b>52</b>
- Larsen & Toubro Limited	35	52
<b>Fellow subsidiaries</b>	<b>849</b>	<b>614</b>
- LTIMindtree Limited	849	614
<b>Joint Venture</b>	<b>12</b>	<b>7</b>
- L&T-Sargent & Lundy Limited	12	7
<b>Rent paid</b>		
<b>Holding Company</b>	<b>255</b>	<b>247</b>
- Larsen & Toubro Limited	255	247
<b>Fellow subsidiaries</b>	<b>28</b>	<b>22</b>
- LTIMindtree GMBH	-	2



## Notes forming part of the consolidated financial statements

Nature of transaction/relationship/major parties	31-03-2023	31-03-2022
- LTIMindtree Limited	27	19
- LTIMindtree Financial Services Technologies Inc.	-^	-^
- Larsen & Toubro (East Asia) SDN. BHD.	1	1
<b>Rent Received :</b>		
<b>Fellow subsidiaries</b>	<b>2</b>	<b>2</b>
- LTIMindtree Limited	2	2
<b>Guarantee Charges:</b>		
<b>Holding company</b>	<b>-</b>	<b>3</b>
- Larsen & Toubro Limited	-	3
<b>Interest Income</b>		
<b>Fellow Subsidiaries</b>	<b>59</b>	<b>-</b>
- L&T Finance Limited	59	-
<b>Services availed by the Company</b>		
<b>Holding Company</b>	<b>202</b>	<b>198</b>
- Larsen & Toubro Limited	202	198
<b>Fellow subsidiaries</b>	<b>13</b>	<b>23</b>
- Larsen & Toubro (East Asia) SDN. BHD.	-	-^
- LTIMindtree Limited	13	23
<b>Services rendered by the Company</b>		
<b>Holding Company</b>	<b>284</b>	<b>216</b>
- Larsen & Toubro Limited	284	216
<b>Fellow subsidiaries</b>	<b>-</b>	<b>-^</b>
- LTIMindtree GMBH	-	-^
- LTIMindtree Limited	-	-^
<b>Trademark fees</b>		
<b>Holding Company</b>	<b>120</b>	<b>99</b>
- Larsen & Toubro Limited	120	99
<b>Interim/final dividend paid - equity</b>		
<b>Holding Company</b>	<b>2,340</b>	<b>2,691</b>
- Larsen & Toubro Limited	2,340	2,691

### Compensation to key managerial personnel

Particulars	2022-23	2021-22
<b>Short-term employee benefits</b>	<b>111</b>	<b>95</b>
<b>Executive Directors</b>	<b>89</b>	<b>77</b>
Mr. Amit Chadha	73	61
Mr. Abhishek Sinha	16	16
<b>Key Managerial Personnel</b>	<b>22</b>	<b>18</b>
Mr. Rajeev Gupta	17	13
Mr. Kapil Bhalla***	-	5
Ms. Prajakta Powle	5	-^
<b>Post-employment benefits</b>	<b>1</b>	<b>1</b>
<b>Executive Directors</b>	<b>-^</b>	<b>-^</b>
Mr. Abhishek Sinha	-^	-^

## Notes forming part of the consolidated financial statements

Particulars	(₹ million)	
	2022-23	2021-22
<b>Key Managerial Personnel</b>	<b>1</b>	<b>1</b>
Mr. Rajeev Gupta	1	-^
Mr. Kapil Bhalla	-	1
Ms. Prajakta Powle	-^	-^
<b>Share-based payment</b>	<b>27</b>	<b>149</b>
<b>Executive Directors</b>	<b>21</b>	<b>142</b>
Mr. Amit Chadha	-	140
Mr. Abhishek Sinha	21	2
<b>Key Managerial Personnel</b>	<b>6</b>	<b>7</b>
Mr. Rajeev Gupta	6	7
<b>Total compensation</b>	<b>139</b>	<b>245</b>

\*\*\*Mr. Kapil Bhalla (previous Company Secretary) resigned on Oct 29,2021, his proportionate compensation has been included in calculation of remuneration of FY22.

### Compensation to non-executive directors

Particulars	(₹ million)	
	2022-23	2021-22
<b>Sitting fees</b>	<b>3</b>	<b>3</b>
<b>Non-executive directors</b>	<b>1</b>	<b>1</b>
Mr. A M Naik	1	1
Dr Keshab Panda	-^	-^
<b>Independent Directors</b>	<b>2</b>	<b>2</b>
Mr. Samir Desai****	-	-^
Mr. Sudip Banerjee	-^	1
Mr. Narayanan Kumar	1	1
Ms. Apurva Purohit	1	-^
Mr. Chandrasekaran Ramakrishnan	-^	-^
Mr. Luis Miranda	-^	-^
<b>Commission due to Directors</b>	<b>27</b>	<b>26</b>
Non-executive directors	17	15
Mr. A M Naik	12	11
Dr. Keshab Panda	5	4
<b>Independent Directors</b>	<b>10</b>	<b>11</b>
Mr. Samir Desai	-	3
Mr. Sudip Banerjee	2	2
Mr. Narayanan Kumar	2	2
Ms. Apurva Purohit	2	2
Mr. Chandrasekaran Ramakrishnan	2	2
Mr. Luis Miranda	2	-^
<b>Share-based payment</b>	<b>-</b>	<b>217</b>
<b>Non-executive directors</b>	<b>-</b>	<b>217</b>
Dr Keshab Panda	-	217
<b>Other compensation</b>	<b>-</b>	<b>43</b>
Non-executive directors	-	43



## Notes forming part of the consolidated financial statements

Particulars	₹ million)	
	2022-23	2021-22
Dr Keshab Panda	-	43
<b>Total compensation</b>	<b>30</b>	<b>289</b>

\*\*\*\*Mr. Samir Desai resigned on Aug 26,2021, his proportionate compensation has been included in calculation of FY22.

### Transactions with trust managed employees provident fund

Particulars	₹ million)	
	2022-23	2021-22
Towards employer's contribution	650	405
Paid during the year****	1,667	1,152
Due to trust (year end liability)	157	111

\*\*\*\*\*Includes Employer & Employee Contribution

^represents value less than 0.5 million.

### Transactions with approved gratuity fund

Particulars	₹ million)	
	2022-23	2021-22
Towards employer's contribution	124	127
Paid during the year	124	127
Due to trust (year end liability)	305	100

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except for borrowings and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 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 and material contracts.

#### i) Revenue by contract type

	For year ended March 31, 2023	For year ended March 31, 2022
Fixed price contracts	22,509	18,979
Time and materials contracts	57,627	46,718
<b>Total</b>	<b>80,136</b>	<b>65,697</b>

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.

## Notes forming part of the consolidated financial statements

### 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, 2023, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 9,312 million. Out of this, the Group expects to recognize revenue of ₹ 7,993 million within the next one year. Remaining performance obligation estimates are subject to change and are affected by several factors, including changes in the scope of contracts, periodic revalidations, and adjustments for currency.
- ii) The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

### c) Movement in contract balances

- i) The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for time and material jobs where right to consideration is unconditional upon passage of time. Unbilled revenue for fixed price contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.
- ii) Movement in contract asset and contract liability

Particulars	For year ended March 31, 2023		For year ended March 31, 2022	
	Unbilled revenue	Unearned revenue	Unbilled revenue	Unearned revenue
<b>Opening balance</b>	<b>2,610</b>	<b>747</b>	<b>2,415</b>	<b>555</b>
Revenue recognised during year	3,144	(739)	2,482	(520)
Invoiced during year (incl. translation gain/loss)	(2,611)	655	(2,308)	712
ECL movement*	-**	-	(2)	-
Translation Gain/loss on consolidation	54	-	23	-**
<b>Closing balance</b>	<b>3,197</b>	<b>663</b>	<b>2,610</b>	<b>747</b>

\*ECL movement is revalued figure.

\*\*represents value less than 0.5 million.

### 45. Government grants

- A. During the year ended March 31, 2023, there has been no case of reversal of government grant against export of services. (previous year ₹320 million.) which is disclosed as export incentive as part of other income.
- B. The Company has received incentives amounting to ₹ 17 million (previous year ₹ 26 million) from government of UK against money spent on research and development and has accounted for it under other income.
- C. The Company has received government grants amounting to ₹ 6 million (previous year ₹ 34 million) 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.



## Notes forming part of the consolidated financial statements

### 46. Capital Management Note

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Group determines the capital requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through operating cash flows generated, and equity. The Group is not subject to any externally imposed capital requirements.

**Capital Structure of the company is as under :-**

Particulars	(₹ million)	
	As at March 31, 2023	As at March 31, 2022
<b>Equity attributable to shareholders of the company (A)</b>	49,689	41,762
As a % of total capital	91.6%	89.7%
Borrowings	-	-
Lease Liabilities	4,542	4,771
<b>Total Borrowings and Lease Liabilities (B)</b>	<b>4,542</b>	<b>4,771</b>
As a % of total capital	8.4%	10.3%
<b>Total Capital (Equity , Borrowings and Lease Liabilities ) ( C ) = ( A ) + ( B )</b>	<b>54,231</b>	<b>46,533</b>

As evident from the above table , the group is predominantly equity-financed. Also , the group has been generating healthy free cash flow along with major investments in liquid instruments. 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.

### 47. Struck off companies disclosure

Name of Struck off company	Nature of transaction with struck off company	Relationship with struck off company if any , to be disclosed	Balance outstanding as at March 31, 2023	Balance outstanding as at March 31, 2022
Transferet Relocation Services (India) Private Limited	Payables	N/A	-*	-*

\*represents value less than 0.5 million.

**48.** In December 2019, Officers of the U.S. Department of Homeland Security came to the Company's offices in New Jersey and Illinois seeking information regarding Company's non-immigrant visa program. It was subsequently learned by Company that this was part of larger inquiry by the U.S. Department of Homeland Security and South Carolina U.S. Attorney's office. In response, Company has made certain procedural changes in Visa program documentation in consultation with U.S. legal counsel.

In March 2023, the Company resolved the Government's investigation by entering into a \$9.9 million civil settlement. The claims resolved by the settlement are allegations only, and there has been no determination of liability.

## Notes forming part of the consolidated financial statements

- 49.** The Group did not have any significant long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 50.** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2023.
- 51.** Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

**For M S K A & Associates**

Chartered Accountants

Firm's registration no. 105047W

by the hand of

**VISHAL DIVADKAR**

Partner

Membership no. 118247

Place: Mumbai

Date: April 26, 2023

**RAJEEV GUPTA**

Chief Financial Officer

Place: Mumbai

Date: April 26, 2023

**PRAJAKTA POWLE**

Company Secretary  
Membership no. A20135

Place: Mumbai

Date: April 26, 2023

For and on behalf of the Board of Directors of

**L&T TECHNOLOGY SERVICES LIMITED**

Chief Executive Officer &

Managing Director  
(DIN: 07076149)

Place: Mumbai

Date: April 26, 2023

**ABHISHEK SINHA**

Chief Operating Officer &  
Whole-Time Director  
(DIN: 07596644)

Place: Mumbai

Date: April 26, 2023

**FORM NO. AOC.1 - STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Sr no	Particulars	L&T Thales Technology Services Private Limited	L&T Technology Services LLC	Orchestra Technology Inc.	L&T Technology Services (Canada) Limited	Esencia 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 / incorporated	June 26, 2014	June 26, 2014	October 2, 2020		August 20, 2019	June 1, 2017	October 15, 2018	August 06, 2019				
Financial year ending on	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	December 31, 2022
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 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	Wholly owned subsidiary of L&T Technology Services Limited
Currency	INR	US\$	US\$	CAD	INR	INR	INR	INR	SGD	INR	TWD	CNY
Exchange rate on the last day of financial year	1.00	82.17	82.17	60.67	1.00	1.00	1.00	61.79	18.62	2.69	1.00	11.95
1 Share capital	21	1,783	495	0.4	0.1	14	3	2	13	1	1	39
2 Reserves	658	2,233	(42)	(8.8)	5.5	99	1	(1)	(12)	0	0	18
3 Non-current liabilities	-	437	-	-	1	-	-	-	-	-	-	-
4 Current liabilities	374	832	799	83	0	1	1	0	6	1	1	(0)
<b>5 Total equity and liabilities (1+2+3+4)</b>	<b>1,053</b>	<b>5,284</b>	<b>842</b>	<b>74</b>	<b>6</b>	<b>115</b>	<b>5</b>	<b>1</b>	<b>7</b>	<b>2</b>	<b>57</b>	
6 Non-current assets	50	2,763	206	-	0	3	-	-	(0)	0	0	-
7 Current assets	1,003	2,521	636	74	6	112	5	1	7	2	2	57
<b>8 Total assets (6+7)</b>	<b>1,053</b>	<b>5,284</b>	<b>842</b>	<b>74</b>	<b>6</b>	<b>115</b>	<b>5</b>	<b>1</b>	<b>7</b>	<b>2</b>	<b>57</b>	
9 Investments included in non-current assets (6 above)	-	1,102	-	-	-	-	-	-	-	-	-	-
10 Investments included in current assets (7 above)	341	-	-	-	-	110	-	-	-	-	-	-
11 Revenue from operations	1,174	8,878	2,540	2	-	-	-	-	-	-	-	22
12 Profit before taxation	222	895	(110)	1	(0)	5	(1)	(0)	(1)	(0)	(0)	17
13 Provision for taxation	57	254	11	-	1	-	-	-	-	-	-	1
14 Profit after taxation	165	640	(99)	1	(0)	4	(1)	(0)	(1)	(0)	(0)	17
15 Interim dividend - equity	-	-	-	-	-	-	-	-	-	-	-	-
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 5th 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
AUTOSAR	AUTomotive Open System ARchitecture; a development partnership of automotive interested parties founded in 2003
BCP	Business Continuity Process
BPM	Business Process Management
BRSR	Business Responsibility and Sustainability Reporting
BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
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	L&T Technology Services Limited Employee Stock Option Scheme 2016 EV
EV	Electric Vehicle
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 Center
Holding Company	Larsen & Toubro Limited
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
IndustryX.Now	The ecosystem of connected factories, industrial automation, and Sourcing and Value Engineering as a Service (SVaaS)
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
IIoT	Industrial 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
LODR	Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015
LTE	Long-Term Evolution
"LTTS", "our Company", "The Company" or "Parent Company"	L&T Technology Services Limited
MCA	Ministry of Corporate Affairs
mDaaS	Medical Device as a Service
Metaverse	A simulated digital environment that uses augmented reality (AR), virtual reality (VR), and blockchain, along with concepts from digital media, to create spaces for rich user interaction
MIoT	Medical Internet of Things
ML	Machine Learning
MSME	Ministry of Micro, Small and Medium Enterprises
MSMDE Act	The Micro, Small and Medium Enterprises Development Act, 2006
M2M	Machine to Machine
NASSCOM	National Association of Software and Services Companies

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
O-RAN	Open Radio Access Network Alliance
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
Phygital	A Combination of Physical and Digital systems
PLM	Product Lifecycle Management
QARA	Quality Assurance and Regulatory Affairs
Return on Net Worth	Ratio of Net Income 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
SaMD	Software as a Medical Device
SDV	Software Defined Vehicle
SDEB Regulations	Securities & Exchange Board of India (Share Based Employee Benefit) Regulations, 2014
SEZ	Special Economic Zone
SME	Small and Medium Enterprises
SRC	Stakeholders' Relationship Committee
SRT	Secure Reliable Transport
STPI	Software Technology parks India
SVaaS	Sourcing and Value Engineering as a Service
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 States of America
VLSI	Very Large-Scale Integration
VR	Virtual Reality
VRF	Systems Variable Refrigerant Flow Systems
WFH	Work From Home
XR	Extended Reality, a combination of AR and VR

## **L&T Technology Services Limited**

### **Registered Office:**

L&T House, N. M. Marg, Ballard Estate,  
Mumbai-400 001, Maharashtra, India.

For additional information,

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