

# BOARD REPORT (SECTION 134)

Dear Members,

Your Directors have pleasure in presenting the 8<sup>th</sup> Annual Report along with the Audited Financial Statements of L&T Technology Services Limited for the year ended March 31, 2020.

## FINANCIAL RESULTS

(₹ million)

Particulars	Standalone	
	2019-20	2018-19
Profit Before Depreciation, exceptional and extra ordinary items & tax	12,084	10,145
Less: Depreciation, amortization and obsolescence	1,534	731
Profit / (Loss) before exceptional items and tax	10,550	9,414
Add: Exceptional Items	-	-
Profit / (Loss) before tax	10,550	9,414
Less: Provision for tax	2,650	2,413
Profit for the period carried to the Balance Sheet	7,900	7,001
Add: Balance brought forward from previous year	11,770	7,240
Less: Dividend for the year (Including dividend distribution tax and deemed dividend)	2,641	2,449
Add: ESOP cancellation impact	10	
Less: Impact of IND AS 116 in opening reserve	335	
Less: Impact of Ind AS 115 and ECL on contract asset in opening reserve		22
Balance available for disposal	16,704	11,770
Balance to be carried forward	16,704	11,770

## Performance of the Company

### State of Company Affairs

The gross sales and other income for the financial year under review were ₹ 53,936 million as against ₹ 48,632 million for the previous financial year registering an increase of 10.91%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 10,550 million and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 7,900 million for the financial year under review as against ₹ 9,414 million and ₹ 7,001 million respectively for the previous financial year, registering an increase of 12.07% and 12.84% respectively.

### Segmental Performance

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

Segmental	FY20	% of overall	FY19	% of overall
Transportation	17,014	32.8%	14,067	29.9%
Plant Engineering	9,101	17.6%	7,220	15.3%
Industrial Products	10,717	20.7%	10,182	21.6%
Medical Devices	5,109	9.9%	3,378	7.2%
Telecom & Hi Tech	9,872	19.0%	12,273	26.0%
<b>Total</b>	<b>51,813</b>	<b>100.0%</b>	<b>47,120</b>	<b>100.0%</b>

The detailed segmental performance is referred in Note No. 40 of the Notes forming part of the standalone financial statements.

### Geographical Performance

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

GEO	FY20	% of overall	FY19	% of overall
North America	<b>30,258</b>	58.4%	25,729	54.6%
Europe	<b>8,256</b>	15.9%	8,334	17.7%
India	<b>7,457</b>	14.4%	7,012	14.9%
Rest of the World	<b>5,842</b>	11.3%	6,045	12.8%
<b>Total</b>	<b>51,813</b>	<b>100.0%</b>	<b>47,120</b>	<b>100.0%</b>

### Capital & Finance

During the year under review, the Company had allotted 4,98,233 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, 2020 the total paid up equity share capital of the Company was ₹ 20,90,23,116/- consisting of 10,45,11,558 equity shares of ₹ 2 each, fully paid up. During the year under review, our Promoter and Holding Company - Larsen & Toubro Limited (L&T) - sold 40,63,632 equity shares, reducing its stake by 4.26% in order to achieve the minimum public shareholding requirement of 25% in compliance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Regulation 38 of SEBI LODR. The Company thus achieved the minimum public shareholding requirement on June 26, 2019, wherein L&T's holding was reduced to 74.99%.

As on March 31, 2020, L&T holds 7,79,86,899 shares constituting 74.62% of the paid-up share capital of the Company.

### Capital Expenditure

As at March 31, 2020, the gross fixed and intangible assets including leased assets, stood at ₹ 13,527 million (previous year ₹ 8,087 million) and the net fixed and intangible assets, including leased assets, at ₹ 9,595 million (previous year ₹ 5,654 million). Capital expenditure during the year is ₹ 1,347 million (previous year ₹ 872 million).

### Deposits

During the year ended March 31, 2020, the Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act and the Rules framed thereunder. Hence the Company does not have any unclaimed deposits as on date.

Pursuant to the Ministry of Corporate Affairs (MCA) notification amending the Companies (Acceptance of Deposits) Rules, 2014, the Company is required to file with MCA annual return of deposits in Form DPT-3 on or before June 30, 2020 for outstanding receipts of amounts which are not considered as deposits as on 31.03.2020.

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

### Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form only. As on March 31, 2020, 99.99% of the Company's total paid up capital representing 10,44,99,712 shares are in dematerialized form. LODR w.e.f. April 1, 2019 mandated that all transfer of shares except transmission and transposition to be carried out only in dematerialized form.

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

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

### Transfer to Investor Education and Protection Fund

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

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

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

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

**Subsidiary/Associate/Joint Venture Companies**

During the year under review, the Company has incorporated a wholly owned subsidiary in China named L&T Technology Services (Shanghai) Co. Limited. The Company also formed an overseas company named L&T Technology Services (Canada) Limited through its wholly owned subsidiary, L&T Technology Services LLC, which holds 100% shares in the said Canadian entity.

During the year, the Company has also acquired the shares of Esencia Technologies India Private Limited (India) from Esencia Technologies Inc. and the business of Graphene Solutions PTE. Ltd (Singapore), Graphene Solution SDN. BHD (Malaysia), Graphene Solutions Taiwan limited (Taiwan) and Seastar Labs Private Limited (India) from Graphene Semiconductor Services Private Limited.

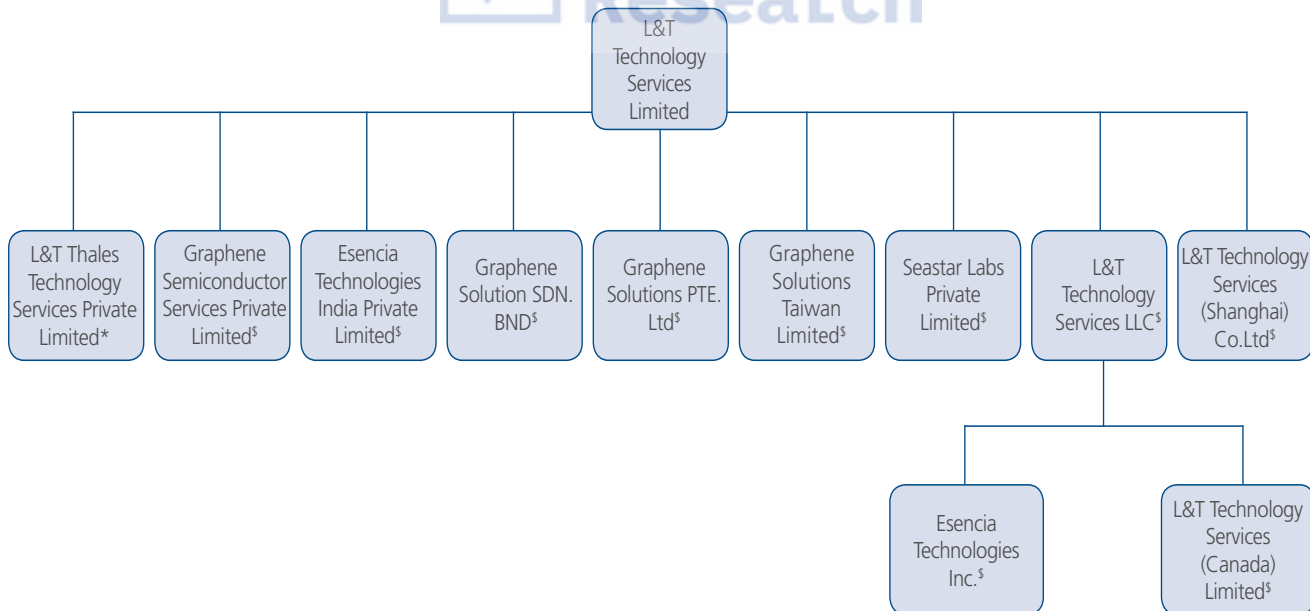
The details of investments in such companies during the year are as under:

**A) Shares acquired during the year:**

Name of the Company	Type of Shares	No. of shares
Graphene Solutions PTE. Ltd (Singapore)	Equity	60,501
Graphene Solution SDN. BHD (Malaysia)	Equity	1,00,000
Graphene Solutions Taiwan Limited (Taiwan)	Equity	NA*
Seastar Labs Private Limited	Equity	50,000
Esencia Technologies India Private Limited	Equity	10,000

\*As per the local laws in Taiwan, share capital is not divided in number of shares

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



\* holding in the company - 74%  
 \$ holding in the company - 100%

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

A statement containing the salient features of the financial statement of subsidiaries/associate/joint venture companies and their contribution to the overall performance of the Company is annexed to this Annual Report at page no.255.

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

**Particulars of Loans given, Investments made, Guarantees given or Security provided by the Company**

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided as required under Section 186 of Act, and Regulation 34(3) read with Schedule V of the LODR in Note 37 forming part of the financial statements.

**Particulars of Contracts or Arrangements with Related Parties**

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

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

All the Related Party Transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the Related Party Transactions for FY 2019-20 and estimated transactions for FY 2020-21 as required under the provisions of Section 177 of the Act.

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

**Amount to be Carried to Reserves**

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

**Dividend**

The Board at its meeting held on October 18, 2019 declared an interim dividend of ₹ 7.50 (375%) per equity share amounting to ₹ 782 million (the total payout including Dividend

Distribution Tax amounted to ₹ 943 million). The dividend was paid on November 5, 2019.

Further, the Board of Directors, in its meeting held on May 15, 2020 have recommended the payment of final dividend of ₹ 13.50 (675%) per equity share of ₹ 2 each for the financial year ended March 31, 2020. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) to be held on July 17, 2020.

The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹ 1411 million.

The dividend is based upon the parameters mentioned in the Dividend Distribution Policy approved by the Board of Directors of the Company which is in line with Regulation 43A of the LODR. The Policy is provided as Annexure 'A' forming a part of this Board Report and also uploaded on the Company's website at <http://www.lts.com/investors/>

**Material changes and commitments affecting Financial position of the Company, between the end of the Current Financial Year and the date of the Report**

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

**Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo**

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

**Risk Management Policy**

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

The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment, including cyber security and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The details of the same are given in Annexure 'D' Report on Corporate Governance forming part of this Board Report.

A detailed note on risk management and the internal controls with reference to the financial statement is given under the financial review section of the Management Discussion and Analysis on page no. 115 and 120 of the Annual Report.

### Corporate Social Responsibility

The Corporate Social Responsibility (CSR) Committee comprises of Mr. Arjun Gupta, Mr. Sudip Banerjee and Dr. Keshab Panda as its Members. Mr. Arjun Gupta is the Chairman of the Committee.

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

The CSR Policy framework is available on the Company's website <https://www.lts.com/investors/corporate-governance>

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

During the year under review, the Company has amended the CSR Policy to include Sports and Environment as its CSR theme.

### Contribution to the PM Cares Fund to fight the Covid-19 Pandemic

During the year ended March 31, 2020, as part of the L&T Group's resolve to contribute ₹ 1500 million to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund i.e. PM (CARES) FUND, your Company as part of its CSR initiative has made a contribution of ₹ 183.09 million and the employees have contributed ₹ 16.91 million to the PM(CARES) FUND.

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

In line with the Govt of India's directive, State wise guidelines and directives issued by respective countries, and as a protective step for all its employees welfare and safety, the Company had put in place a Policy of "Work From Home" for all its employees from March 23, 2020 at all its Centers and Offices in India and overseas. With the objective of well-being and safety of all its employees, the Senior Management and Business Continuity Team took lot of initiatives and implemented various policies for the benefit of employees. The Human Resource Development Team was constantly in touch with all the employees and regularly gave

instructions to the employees to face this Pandemic through advisory emails.

### Directors and Key Managerial Personnel Appointed/ Resigned during the year

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Act and LODR and are placed on the website of the Company <https://www.lts.com/investors/corporate-governance>.

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

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

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

- a. Mr. Abhishek, Chief Operating Officer, was appointed as a Whole Time Director for a period of three years with effect from October 18, 2019 upto and including October 17, 2022, subject to the approval of shareholders in the general meeting.
- b. Ms. Apurva Purohit was appointed as an Independent Director of the Company with effect from December 11, 2019 for a term of five years up to and including December 10, 2024, subject to the approval of the shareholders in general meeting.
- c. Mr. Amit Chadha, President Sales & Business Development and Whole-Time Director of the Company, was appointed as the Deputy Chief Executive Officer & Whole-Time Director of the Company with effect from April 1, 2020.
- d. Mr. S. N. Subrahmanyam and Dr. Keshab Panda, Directors, retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

#### B. Resignation of Directors & Key Managerial Personnel:

- a. Ms. Renuka Ramnath resigned as an Independent Director of the Company on October 18, 2019 due to her other professional commitments. She has confirmed to the Company that there are no other material reasons for her resignation.



- b. Mr. Bhupendra Bhate resigned as Chief Operating Officer and Whole Time Director of the Company on May 3, 2019. He was appointed as the Chief Innovation Officer of the Company.

The Board places on record its appreciation towards valuable contribution made by them during their tenure as Directors of the Company.

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

Pursuant to the amendments in the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Company have registered themselves with the Databank of Independent Directors and are in the process of appearing for the online proficiency test, wherever required.

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

### Number of Meetings of the Board of Directors

This information is given in Annexure 'D' Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 61 of this Annual Report.

### Audit Committee

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

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

During the year under review 4 meetings were held on May 3, 2019, July 19, 2019, October 18, 2019 and January 17, 2020.

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

### Company Policy on Directors' Appointment and Remuneration

The Company has in place a Nomination and Remuneration Committee (NRC) in accordance with the requirements of Section 178 of the Act read with rules made thereunder and Regulation 19 of LODR.

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

NRC has formulated a policy on directors appointment and remuneration including recommendation of remuneration of the key managerial personnel and senior management personnel and the criteria for determining qualifications, positive attributes and independence of a Director and also disclosed the policy on the Company's website <http://www.lts.com/> and is also enclosed to the Board Report as Annexure 'I'

The Committee has formulated a policy on Board diversity.

### Stakeholders' Relationship Committee

The Company has in place a Stakeholders' Relationship Committee in terms of the requirements of the Act read with the rules made thereunder and Regulation 20 of the LODR.

The details of the same are given in Annexure 'D' Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 70 of this Annual Report.

### Declaration of Independence

The Company has received Declarations of Independence from Independent Directors as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from being appointed or continuing as Independent Director. The same are also displayed on the website of the Company <http://www.lts.com/investors/investor-download/>. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

### Adequacy of Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2020, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever such gaps would have a material effect on the Company's operations.

### Directors' Responsibility Statement

The Board of Directors of the Company confirms that:

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

### Performance Evaluation of Board, its Committees, Directors and Chairman

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made. All Directors responded through a structured questionnaire giving feedback about the performance of the Board, its Committees, individual Directors and the Chairman.

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

The questionnaires cover the Board composition, its structure, its culture, its effectiveness, its functioning, information availability, adequate discussions etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

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

The Board Performance Evaluation inputs were highlighted by the Chairman of Nomination and Remuneration Committee in the Nomination and Remuneration Committee as well as in the Board Meeting held on May 15, 2020. Further, the Chairman of the Nomination and Remuneration Committee apprised the Chairman on the outcome of Board Evaluation and suggested that the individual discussion with the Independent Director can be held, once the lockdown is lifted. Most of the suggestions from the Board Evaluation exercise of FY 2018-19 had been suitably implemented including Directors' Familiarization Programme, fixation of Board calendar in advance and adequate time allocation for meetings etc.

### Disclosure of Remuneration

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

The information in respect of employees of the Company required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is provided in Annexure 'F' forming part of this Board Report.

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

### Compliance with Secretarial Standards on the Board and General Meetings

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

### Protection of Women at Workplace

The Company has constituted an Internal Complaints Committee ('ICC') - in line with the requirements of the Sexual

Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The ICC has been constituted as per the Act, to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, 3 cases of sexual harassment were received on Ethics Line. The same were resolved and wherever necessary appropriate action was taken by the Company.

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

### Consolidated Financial Statements

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Act and Regulation 34 of the LODR and prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI), in this regard.

### Auditors' Report

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

### Statutory Auditors

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

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

The Auditors have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a 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 and declared that they have not taken up any prohibited non-audit assignments for the Company.

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

For the financial year 2019-20, the total fees paid by the Company and its subsidiaries, on a consolidated basis, to the Auditors and all entities in the network firm/entity of which the Auditors are a part thereof for all the services provided by them is ₹ 4.72 million.

The Auditors attend the AGM of the Company. Also see page no. 73 forming part of Annexure 'D' of this Board Report.

### Secretarial Audit Report

The Board had appointed Mrs. Naina Desai (M. No. F1351), Practicing Company Secretary, to carry out Secretarial Audit under the provisions of Section 204 of the Act for the financial year 2019-20.

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

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

### Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals

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

### Extract of Annual Return

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in Form MGT-9 is provided in Annexure 'H' to this Board Report and is also available on the website of the Company <http://www.lts.com/investors/>.

### Other Disclosures

#### 1. Corporate Governance Report

Pursuant to Regulation 34 read with Schedule V of the LODR, a Report on Corporate Governance and a certificate obtained from the Statutory Auditors confirming compliance, is provided in Annexure 'D' forming part of this Board Report.

#### 2. Employee Stock Option Scheme

There has been no material change in the Employee Stock Option Scheme – 2016 (ESOP Scheme – 2016) during the current financial year. The ESOP Scheme -2016 is in compliance with the SBEB Regulations.

The disclosure relating to the ESOP Scheme-2016 required to be made under the Act and rules made thereunder and the SBEB Regulations together with a certificate obtained from the Statutory Auditors, confirming compliance, is



provided on the website of the Company <http://www.lts.com/investors/>.

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

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

**4. Credit Rating**

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

**5. Vigil Mechanism**

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

The Company has a Whistle-Blower Policy in place since 2014 to encourage and facilitate employees to report concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct. The Policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the Chairperson of the Audit Committee. The Audit Committee of the Company oversees the implementation of the Whistle-Blower Policy. The Policy also establishes adequate safeguards to enable employees report instances of leak of unpublished price sensitive information.

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

**6. Reporting of Frauds**

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

**7. Business Responsibility Reporting**

As per Regulation 34 of LODR, a separate section on Business Responsibility Reporting forms a part of the

Annual Report (refer pages 124 to 133) describing initiatives taken by the Company from an environmental, social and governance perspective. The activities carried out by the Company as a part of its CSR initiatives during 2019-20 are covered in the same.

**8. Statutory Compliance**

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

**9. MSME**

The Ministry of Micro, Small and Medium Enterprises vide their Notification dated November 2, 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 complies with the requirement of submitting the half yearly return to the Ministry of Corporate Affairs within the specified timelines.

**Acknowledgement**

Your Directors take this opportunity to thank the customers, vendors, academic institutions, Financial Institutions, Regulatory authorities and Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also acknowledge the support and co-operation from the Government of India and the Governments of various countries, the concerned State Governments and other Government Departments and Governmental Agencies. The Directors appreciate the significant contributions made by the employees of the Company and its subsidiaries during the year under review and value the contributions made by every member of the LTTTS family globally.

For and on behalf of the Board

**Dr. Keshab Panda**  
CEO & Managing Director  
(DIN: 05296942)

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

Place: New Jersey, USA  
Date : May 15, 2020

Place: Chennai, India  
Date : May 15, 2020