

# Management Discussion and Analysis

## 1. Overview

L&T Technology Services Limited (LTTS) is a leading global pure-play Engineering Research & Development (ER&D) services company. It offers design and development solutions throughout the product development chain and provides services and solutions in the areas of mechanical and manufacturing engineering, embedded systems, engineering analytics and plant engineering. LTTS' customer base includes 69 Fortune 500 companies and 53 of the world's top ER&D companies, across Industrial Products, Transportation, Telecom & Hi-tech, Medical Devices, and Plant Engineering. The business also provides digital engineering advisory services to some of the world's leading enterprises. The key differentiators for LTTS' business are its customer-centric industry innovations, domain expertise, and multi-vertical presence spanning major industry segments.

**Transportation:** LTTS offers the complete gamut of engineering services and solutions for its global customers in the transportation industry, including OEMs and Tier 1 suppliers in Automotive, Trucks & Off-highway vehicles, and Aerospace sectors. In the automotive sector, LTTS helps its customers through best-in-class platforms and solutions in areas such as Advanced Driver Assistance System (ADAS), Autonomous Drive (AD) and Electrical Vehicles (EV). In the Aerospace sector, LTTS' offerings encompass a wide spectrum including aero engines, aero structure & systems, avionics, air traffic management and new-age digital transformation solutions which cater to all the phases of aircraft life-cycle - design, manufacturing, and aftermarket services. LTTS' distinct advantages in the aerospace landscape include certified state-of-the-art facilities, robust lab & testing infrastructure, and strategic alliances with Fortune 500 companies. LTTS has over a decade of domain expertise in the Trucks and Off-highway segment, offering services across industries like Construction & Mining, Cranes & Material Handlers, Commercial Vehicles, Agricultural & Gardening Equipment, Powersports and Polymer. LTTS caters to customer requirements through specialized state-of-the-art research and test labs for power electronics, tear down, material testing and smart manufacturing across its global delivery centers.

**Industrial Products:** LTTS helps its OEM customers in the areas of building automation, home and office products, energy and utilities, process control and industrial machinery. LTTS brings in innovative ideas and engineers them into solutions that address some of the most pertinent modern-day industrial concerns, such as product design, industrial automation, ruggedization, equipment maintenance, and advanced safety. LTTS' expertise spans the entire value chain from design, development and deployment to monitoring, testing and automation of processes, products and solutions. The Company has a home-grown building management solution iBEMS, that breaks the silos between various systems in a facility and enables cost savings, energy management and quicker decision making by using predictive analytics and real-time insights.

**Telecom & Hi-tech:** LTTS' Telecom and Hi-tech vertical provides engineering services and solutions that cater to five key sectors: Telecom, Consumer Electronics, Semiconductor, ISV, and Media & Entertainment. For the Telecom sector, LTTS' services include product variant design & development, maintenance, testing, support, optimization, system integration and professional services (pre-deployment, deployment & post-deployment). For the Semiconductors industry, LTTS provides turnkey design services, IC design services, hardware system design, platform software, modem services, verification & validation, multimedia, connectivity, storage, mechanical engineering, and customer engineering support. In Consumer Electronics, LTTS provides services in the areas of product conceptualization, design & development, platform software, testing & certification, manufacturing support, product maintenance, and product launch support. For the Media & Entertainment industry, LTTS provides services in product engineering, product conceptualization, design & development, testing & certification, manufacturing support, product maintenance, and value engineering. And, in ISV, LTTS offers services like application engineering, VLSI, cloud engineering, product uplift, platform development & migration, product support, testing and certification.

LTTs also provides services and solutions in latest technologies such as 5G, LTE, SDN/NFV, multimedia, connectivity, cloud, microservices, DevOps, big data/ analytics, data center, OTT and RDK (video, broadband, camera).

**Plant Engineering:** As an engineering, procurement, and construction management (EPCM) specialist, LTTs supports every phase of a plant's lifecycle from concept to commissioning. LTTs enables its customers to address all their engineering requirements from streamlining their processes, resolving downtime issues to ensuring adherence to statutory, human safety, machine safety, regulatory compliance, and local & global standards. LTTs provides end-to-end solutions in the areas of plant design, process engineering, project management, construction management, MOC (Management of Change), and handover of operations to its customers in Chemical, Consumer Packaged Goods (CPG), and Oil & Gas sectors. LTTs has broad expertise in traditional EPCM and sustenance engineering, as well as contemporary digital engineering enterprises. LTTs also offers services and solutions in the digital sphere to its customers in the areas of 'Smart Manufacturing' technologies such as 'integrated digital factory' & 'factory of the future' using Industry 4.0, IoT, and analytics platforms.

**Medical Devices:** LTTs helps medical device OEMs address various industry challenges including, acceleration of the development cycle for new products, reduction in time-to-market in developing new products, value engineering, and geo-specific/regional product launches. It focuses on delivering solutions in in-vitro diagnostics, patient mobility services, musculoskeletal services, surgical services, cardiovascular, home healthcare and general medical. LTTs has designed and developed innovative products and solutions such as world's first drug patch applicator, smart inhalers, connected hospitals, robotic endo trainer for laparoscopic surgeries, integrated reusable vessel sealing, and surgical staplers for emerging markets along with world's first airway clearance system with Bluetooth connectivity among others. LTTs also provides pre-compliance testing and validation support including product/compliance remediation, complaints management, and regulatory documentation support.

**2. Business Environment**

According to NASSCOM, India's ER&D services sector (comprising of embedded systems, ER&D and product engineering services) is the fastest growing sector within the Indian technology space - estimated to grow at 11 percent Y-o-Y to reach USD 32.7 billion in FY20.

NASSCOM reports that over the last 5-6 years, India's ER&D services sector has been a story of consistent double-digit growth, even as the overall IT industry has grown in single digits.

Global ER&D spend remained strong at USD 1.5 trillion in calendar year 2019 (growth of 5.3% Y-o-Y) driven by increasingly software-led engineering and digital technologies (like IoT and analytics). Digital Engineering is going to be the focus area for the enterprises with growing requirements for better user experience and personalization, greater adoption of platforms & cloud, and consolidation to build full-stack capabilities.

Zinnov reiterates this fact by observing that global ER&D spend is resilient and has witnessed growth despite slowdown and geo-political factors. Zinnov too, forecasts that the enterprises will continue to invest in Digital Engineering initiatives to stay relevant. The global spend of Digital Engineering is expected to grow at a CAGR of 19 percent from USD 403 billion in 2019 to reach USD 1153 billion by 2025.

The key technologies that will drive the ER&D sector's growth are: Artificial Intelligence, Machine Learning, Platform Engineering, Big Data Analytics, Cybersecurity, Factory 4.0, Autonomous Vehicles, SDN/NFV, Automation, Predictive Maintenance, AR/VR, Chip Development, In-flight Connectivity, Remote Patient Monitoring, Robotics, and Preventive Healthcare.

LTTs' service portfolios have well-defined offerings in each of these technology areas and through our services and solutions in the areas of Core Engineering, Digital Engineering and Digital Advisory Practice combined with our Innovation Engine, we are well positioned to provide our customers business value propositions throughout their value chain needs across domains and industries. This is further corroborated through our positioning as established technology leaders by the industry experts such as Zinnov, ISG, ARC, IDC, Nelson Hall, and Frost & Sullivan.

Personalization and Servitization of services are other two key areas where LTTs is developing its capabilities to enable our customers to provide a value add to their end-customers. Customers today look for personalization in nearly every product and service, hence customization on a large scale is the key for success. And the extent of this will only continue to increase in the future and with it, the need for accessibility to user information. Another key differentiator when it comes to serving today's consumer

is the overall experience comprising of ease of usage, simplicity, and interactivity and this is where the concept of servitization takes precedence. As products and services evolve with consumer requirements, experience is bound to take the top spot as a differentiator. At LTTS, we are cognizant of these developments and are investing in creating capabilities in these areas through training and development. We have multiple PoCs, use-cases and pilots in these areas that give us a head start over our peers.

### 3. Major Achievements

LTTS had a healthy inflow of projects across all its verticals. The Company won several multi-million-dollar deals across the globe.

#### Deal Wins

##### Transportation

- A global automotive manufacturer has chosen LTTS for the development of AUTOSAR platform and integration of 5G telematics modules. As part of this same engagement, LTTS has also been selected by their after-market group for cloud migration and maintenance support.
- A European components supplier for autonomous vehicles has selected LTTS as its engineering partner for key programs in Advanced Driving Assistance Systems (ADAS) and Automated Driving (AD) domains.
- Selected as strategic partner by a European automotive manufacturer for its Electric Powertrain (ePowertrain) practice. LTTS will be responsible for the functional qualification of the ePowertrain ECU (Electronics Control Unit).
- A Sweden-based leading component supplier for autonomous vehicles has selected LTTS as a strategic partner for key programs in autonomous driving domains.
- Airbus India selected LTTS to manage their avionics software development, V&V (Verification & validation), and data analytics.
- A multi-national power company has selected LTTS as its strategic engineering partner to develop an IoT platform that combines hardware, software, and

communication elements to bring diverse power components into a unified system that can be monitored and managed effectively. In addition, the customer's aero division has chosen LTTS for analysis & simulation of engine systems and structures.

- A leading auto parts maker has awarded LTTS a multi-year program for design and development of their Engine Control Unit (ECU) for enhanced fuel efficiency for a new range of powertrain vehicles.
- LTTS secured a project to take ownership of multi-disciplinary engineering design activities for an OEM involved in energy generation solutions. LTTS is leveraging its niche Plant Engineering global capabilities to deliver end to end engineering design & development.
- A leading Swedish automotive OEM has awarded LTTS a multi-year program to set-up a SCRUM team to develop and manage the software components in brakes, steering, suspension, and climate control domains.

##### Industrial Products

- For an industrial automation company, LTTS won a deal to develop IoT firmware for next generation motor drives and controllers.
- LTTS is setting up a development and design center in India for a European manufacturer to provide engineering projects across embedded, mechanical and connectivity domains.
- A global manufacturer of drinking water management solutions has chosen LTTS to be their sole engineering services partner to support various advanced digital programs including NPD and sensorization.
- A major Industrial automation company has awarded LTTS a multi-year contract to develop an electrical power module using end-to-end engineering protocols including product qualification.

##### Telecom and Hi-Tech

- LTTS has been selected by a global semiconductor OEM to set up a center of excellence as part of a two-year embedded systems program with a value of USD 15 million in the first phase of the project.

- LTTS has been chosen as a preferred engineering partner by a global technology company based out of the United States. Under the new 3-year engagement, LTTS will provide ER&D services for the customer in the embedded, RF engineering, hardware, electrical, thermal, and firmware domains. LTTS will also set up a U.S. based Center of Excellence (CoE) focused on incubating new & emerging technologies.
- LTTS won a contract from a social networking and technology company for VLSI engineering services spanning its product suite of AR & VR enabled solutions.
- One of the world's leading technology firm has awarded LTTS a multi-year deal involving an engineering analytics program for next generation wireless laptops and processors.
- Awarded a 2-year program to set up a Center of Excellence (CoE) in the embedded systems space. The program is extendable by additional two years after completion of the first phase. Through the CoE, LTTS will provide VLSI design services to support the next-generation product development requirements of the customer in the semiconductor domain.
- The world's leading datacenter solutions provider has awarded LTTS a program to validate their family of high-speed platforms. LTTS will build BSPs for accelerating deployment of their IoT solutions. Additionally, LTTS won a deal to set up a development and validation Center of Excellence (CoE) for the customer, with a plan to scale up over the next three years.
- A multinational technology company has selected LTTS as its technology partner for a digital transformation program that involves setting up of global standards development & POCs for the customer's global sites across 12 workstreams. LTTS will also deploy its intelligent buildings framework i-BEMS for the Company's Headquarters in the U.S.A to help optimize energy conservation, implement analytics and enhance UX.
- A European media and communications conglomerate awarded a Digital Rights Management (DRM) contract to LTTS. Under the engagement, LTTS will develop next-generation hybrid boxes that

support 4K used Widewine as the DRM solution for linear and Over-the-Top (OTT) Set-top boxes.

- LTTS has been awarded a program by a global media firm to design and develop a next generation chipset for broad-band and video security.
- LTTS won a managed services deal with a Media & Entertainment customer for the development and maintenance of interactive customer experience applications. LTTS will also provide 24x7 operations support including defect fixes & upgrades for the customer's software platforms.
- For a video solutions provider, LTTS is developing a next gen smart cards platform which will enable significant cost reductions per chip. LTTS' Israel VLSI team will provide end-to-end expertise from design & verification through manufacturing (by 3rd party), post silicon analysis and ongoing support.

**Medical Devices**

- For a leading medical device manufacturer, LTTS is executing a complete DHF and EU medical device regulation and remediation project in newborn care and neurology markets. As part of the project, the team will be conducting gap analysis & complete DHF and MDR remediation and certifications for 50+ accessories covering class 1 products.
- A medical technology company has awarded LTTS a multi-year program to set up a global team to support the customer's manufacturing operations worldwide. LTTS will provide next-generation software that will help digitally transform the customer's end-to-end systems and processes.
- LTTS has secured the next phase of development of a digital health program for one of the top life sciences companies in the US. LTTS will integrate the customer's new range of glucose monitoring devices to physician portals and handheld devices.
- A global medical devices OEM awarded LTTS a contract to develop a new IoT platform to remotely monitor their life sciences products installed globally.
- For a global healthcare company, LTTS was chosen to be their engineering partner to set up a Center of Excellence (CoE) that will provide support investigating and analyzing reporting of complaints

for regulatory filing in the U.S. and Europe for vital sign monitoring products. Additionally, LTTS will also provide engineering support for transfer of manufacturing lines for some of the customer's scanning devices from to India. Activities include line transfer, validation, design, manufacturing and supply of test fixtures.

- Secured a deal from a medical equipment manufacturer to complete design and development of a new bed side patient monitoring device including hardware & software development, mechanical engineering and prototype building.

**Plant Engineering**

- LTTS is setting up a greenfield food manufacturing plant for a global consumer goods firm. The project is expected to be completed over a period of two years.
- A leading German chemical company has awarded LTTS a program to offer end-to-end services for a brownfield plant expansion. The entire spectrum of engineering, procurement and construction management activities will be delivered by LTTS.
- Won a large deal to implement over 600 engineering applications for a leading U.S.-based EPC company. LTTS will ensure uptime of the applications and improve engineering productivity.
- One of the largest beverage companies in the world has selected LTTS for an Engineering Construction Management Program (EPCM) to replace the age-old wastewater treatment system at one of its key manufacturing plants. LTTS will upgrade the plant with the latest Industry 4.0 technologies.
- LTTS was awarded a project to set up an Engineering Value center (EVC) by a multinational brewery company for execution of site based projects across pan-India sites.

**Customer Recognitions**

- LTTS launched the 'smartest office campus in the world' in Israel for a leading technology conglomerate, which runs on its proprietary smart building platform.
- Agappe Diagnostics, a diagnostics reagents and equipment manufacturer, launched the first indigenously developed blood cell counter in

partnership with L&T Technology Services. The blood cell counter provides accurate diagnostics for critical ailments such as Dengue fever, rat fever, allergic conditions, Leukaemia, Typhoid, and Anaemia

- Honda conferred LTTS with the 'Performance Excellence Award' for exceeding performance standards including quality, cost and service

**4. Significant Initiatives**

LTTS believes in incremental efforts to enhance its technology and service footprint across the industry sectors that it caters to globally. This drives us to carve out various initiatives that enable our vision and commitment towards excellence.

**Aerospace & Defense Engineering Design center:**

LTTS inaugurated an aerospace and defense engineering design center in Rockford, Illinois to cater to the new age digital requirements of the aerospace and defense markets.

**World's first cost-effective robotic endo-training kit:**

LTTS developed the world's first cost-effective Robotic Endo-training Kit in association with GITA and Department of Science and Technology (DST). This kit is a futuristic surgical training robot that gives a high-definition observation of the patient's anatomy and the instruments. The research and development for the kit has been a joint effort between India and the Republic of Korea.

**Industry4.NOW:**

LTTS' new framework unveiled a line-up of Digital Manufacturing Solutions (DMS) that can unlock value based digital transformation and help global manufacturers scale their digital initiatives.

**TECHgium® Edition 3:**

The third edition of LTTS' national futuristic technology-based innovation competition received record-breaking 19,000 applications from over 270 reputed colleges & universities across India clocking a 200% increase in participants from its inception year 2016.

**Engineering Hackathon:**

LTTS set out on a dual-purpose Europe mission to showcase its engineering expertise to the customers through a technology-lab-on-a-bus tour and finding solutions to key technological challenges through an engineering hackathon. The Company's 16-day pan-Europe initiative included customer campus visits and roadshows through a 3,000 km innovation-on-wheels drive covering Greater Manchester & Ellesmere Port (Cheshire) in the UK, Amiens & Paris in France and Eindhoven in Netherlands, culminating in Germany.



**Google CWIP Certification:** LTTS completed Google's CWIP certification program for Widevine DRM solutions for OTT delivery of secure content to devices for streaming or download.

**Consolidating the European Footprint:** L&T Technology Services expanded its footprint in Europe by setting up an office in the Hi-Tech campus, Eindhoven. The objective of this office is to enhance customer centricity in the Netherlands. Located in the High-Tech campus, the office will act as a focal point to serve LTTS' local customers and prospects better in their digital journey.

**Factory D.0:** LTTS unveiled its one-stop solution for factories of the future to address the fundamental problems with the smart factory solutions of today.

**5. Environment Health & Safety**

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

**Energy Conservation**

- Utilization of water-cooled chillers which consume lesser power as compared to air cooled chillers
- Installation of double-glazing façade having less transfer of heat and less usage of HVAC
- Utilization of free cooling during winter (making use of ambient temperature to cool office areas)
- Achieved energy saving by increasing chilled water temperature by 2 degrees
- Installation of occupancy sensors in work areas, to switch off lights when there are no employees
- Installation of VRF units for 24x7 operation that consume much less power as compared to conventional split air conditioner units.
- Implemented odd/even floor elevator operations combined with forced shut-down of 2 elevators during non-peak hours, to reduce power consumption by approximately 4500 units per annum.

- Replacement of CFL lights by LED lights across locations contributing to a monthly saving of approx. 4000 kWh per month.

**Water Conservation**

- Creation of rain-water percolation pits to recharge ground water and to have minimum runaways
- Installation of aerators in all taps to reduce usage of water
- Usage of treated water for flushing, road-washing, gardening and having rain-water sump and using rainwater for raw water usages like washing hands.
- Installation of pressmatic taps to reduce water wastage
- Collection of terrace runaway water in UG sumps for reuse

**Carbon Footprint Reduction**

The Company has developed digital communication channels that facilitate virtual meetings to reduce travel and logistics costs and thereby the carbon footprint.

**Health and Safety**

LTTS is committed to providing health and safety support to our global and diverse workforce of nearly 17,000 employees.

All our facilities are equipped to provide medical assistance in case of emergencies. Our cafeteria vendors across all the locations comply with Food Safety Standards Authority of India (FSSAI) regulations and we conduct regular inspections and audits to ensure that the standards are met.

LTTS ensures that all its employees and vendors working on-site and offshore are trained to ensure 'zero-harm' to themselves and the people operating around them.

LTTS' runs 'i-CALL' a completely anonymous and confidential counselling service by trained professional counsellors for its employees. The service is aimed to improve the mental wellbeing of employees over telephone, emails and chat, at no cost. Employees can simply call the i-CALL helpline or email the service to be counselled by a trained mental health expert.

LTTS also designed a digital solution called 'VIGOR' to foster employees to take microbreaks every 45 minutes to practice ergonomics. VIGOR enables employees to work out while at their desks with basic techniques such as stretching of hands and back.

During the fourth quarter of FY20, as an early response to the COVID 19 pandemic, LTTs rolled out immediate steps like cancelling all large events and shifting them to video conferencing, encouraging all employees returning from affected countries to self-quarantine, sending out awareness mails on prevention, protection precautionary measures to be taken, equipping all LTTs offices with hand sanitization facilities and enabling Work From Home (WFH) for employees and readying the IT infrastructure to support it. LTTs also rolled out a policy of 28 days of paid sick leave to the employees for self-quarantine and recouping.

## 6. Risks & Concerns

With an objective to look at risk management in a more structured and comprehensive manner in line with industry standards, LTTs created a Risk Management Framework that describes the principles behind risk management, defines a Risk Management Organization that will be entrusted with the responsibility of owning and managing risks and documents a Risk Management Process to identify, treat, monitor and report risks in a timely manner. The Risk Management Framework was placed before the Risk Management Committee and the Audit Committee meetings held on 14 May, 2020 for evaluation and approval.

Key Risks	Mitigation
Economic slowdown in key geographies or cyclical downturns in key segments could materially affect revenue growth and profitability	<ul style="list-style-type: none"> <li>Broad-based revenue mix that is diversified across geographies and industry segments</li> <li>Strategy to cross-sell technology expertise and capabilities derived from one industry segment/geography to clients in other segments and markets, thereby broad-basing exposure and de-risking from cyclical in any one segment</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>Continuous competency and capability building in leading edge technologies supported by investments in labs and center of Excellence (CoE) prepares the Company to address changing customer requirements</li> <li>Focus on innovation and development of solutions and accelerators to reduce time-to-market for customers</li> </ul>
Change in strategy at any of our top customers leading to sale/divestiture or shutdown of parts of their businesses, could result in a discontinuity or a ramp-down of existing engagements of LTTs and thereby materially impact revenue and profits	<ul style="list-style-type: none"> <li>Clauses in the contractual agreements with customers to mitigate impact of sudden termination of business</li> <li>Strong relationships with customers will be leveraged to explore alternate areas of engagement</li> </ul>
Exchange rate volatility in various currencies could materially and adversely impact results of operations	<ul style="list-style-type: none"> <li>Long term cash flow hedges taken to minimize the impact of exchange volatility on net profit</li> <li>Regular evaluation of hedging policy by internal risk management to assess 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>Robust data security protection and controls to prevent unauthorized access and/or 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>
Cybersecurity risks that could lead to data leakage, malware or ransomware attacks, hacking etc.	<ul style="list-style-type: none"> <li>Periodic assessment of cybersecurity maturity</li> <li>Periodic threat hunting exercises to identify gaps</li> <li>Mailers, campaigns, sessions to raise employee awareness and participation that will help prevent security mishaps</li> <li>Strict implementation of all protocols, policies relating to Work From Home and VPN access</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>Local hiring at multiple locations abroad to reduce the dependency on work visas</li> <li>Proactive engagement with legislative and regulatory stakeholders to improve internal processes for visa filing</li> </ul>

In addition to the above risks that are relevant to the company at any point of time, the Company is addressing the following concerns that are more immediate in nature:

The Covid-19 pandemic is expected to create a sharply different business environment. It could lead to business or financial distress for some of the Company's customers and yet at the same time augur well for customers in select industry segments. At this stage, the utmost priority of the Company is to ensure the health and safety of its employees and to work closely with its key customers during this unprecedented crisis, with an objective of minimizing the impact arising out of this crisis.

On 4<sup>th</sup> of December 2019, officers of the U.S. Department of Homeland Security came to our offices in New Jersey and Illinois seeking information concerning non-immigrant worker visas. The Company is fully cooperating with the U.S. government agencies. The Company has appointed legal counsel in the U.S. to represent it in connection with these matters and has also engaged an expert consultancy firm to conduct a review of its U.S. non-immigrant worker visa processes. U.S. authorities have not filed any formal allegations against the Company in connection with the aforesaid matters.

**7. Internal Control Systems and their Adequacy**

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

**8. Outlook**

According to NASSCOM, the Indian ER&D landscape has been growing at a healthy rate of 11 percent y-o-y. As an ER&D leader in the industry this bodes well for us. Our strategic business approach helps us to continuously assess the changing business needs, build innovation infrastructure to meet those needs and enable our customers to gain market share and technology edge. Our industry exposure and deep domain knowledge

helps us to develop core and digital solutions to help our customers overcome short-and long-term challenges.

Current circumstances have presented us with a unique opportunity for providing unwavering support to our customers at a difficult time. As an ER&D service provider, at LTTs, we perceive ourselves as not just business solution providers but as all-weather partners to our customers. We have thus identified areas where we can support our customers in these times and help them in their quest to see-through the current challenges as well as help them come out stronger. We have launched services for the Manufacturing industry to address the shift in demand with our manufacturing line expansion/re-design/transfer, achieve business continuity with our AGILE sourcing and supply chain services and plan healthcare for their machines with our remote asset care services.

Furthermore, during our conversations with the customers and industry experts, we realized that a whole lot of digital initiatives failed to provide the desired ROI. This led us to carve out a Digital Advisory Practice (DAP) that goes beyond selling the solutions and services and helps companies to architect and execute their digital roadmap with LTTs as a consulting partner.

The industry outlook points to a steady demand for ER&D led innovation in the form of cutting-edge technology solutions that will help transform customer experiences. LTTs aspires to be the transformation-agent that the customers can bank upon to realize their vision and aspirations.

**9. Significant Factors Affecting our Results of Operations**

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



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

## 10. Financial Conditions (Consolidated)

### 1. Equity Capital

	(₹ million)	
Equity Share Capital	As at 31-03-2020	As at 31-03-2019
<b>Authorized</b>		
5,250,000,000 equity shares of ₹ 2 each (previous year 5,250,000,000 equity shares of ₹ 2 each)	<b>10,500</b>	10,500
<b>Issued, subscribed and fully paid up</b>		
104,511,558 equity shares of ₹ 2 each (previous year: 104,013,325 of ₹ 2 each)	<b>209</b>	208
<b>Equity Share Capital</b>	<b>209</b>	<b>208</b>

### 2. Other Equity

	(₹ million)	
Other Equity	As at 31-03-2020	As at 31-03-2019
Retained Earnings	<b>17,344</b>	12,132
Hedging reserve	<b>(1,332)</b>	1,171
Securities premium	<b>11,043</b>	10,890
Foreign currency translation reserve	<b>189</b>	66
Employee stock options outstanding (Net of deferred compensation)	<b>354</b>	344
Other Items of other comprehensive income	<b>(121)</b>	(20)
<b>Total Other Equity</b>	<b>27,477</b>	<b>24,583</b>

Total Other equity at the end of March 31, 2020 stood at ₹ 27,477 Million as against ₹ 24,583 Million at the end of at March 31, 2019.

### 3. Long Term and Short Term Borrowings

	As at 31-03-2020			As at 31-03-2019		
Long Term and Short Term Borrowings	Non-current	Current	Total	Non-current	Current	Total
Long Term Borrowings						
Secured Loans			-			-
Term Loans from bank			-			-
Short Term Borrowings						
Secured Loans			-		426	426
Unsecured loans from bank		<b>303</b>	<b>303</b>		276	276
<b>Total</b>	-	<b>303</b>	<b>303</b>	-	<b>702</b>	<b>702</b>

The Company's short-term borrowings stood at ₹ 303 Million at March 31, 2020 from ₹ 702 Million as at March 31, 2019 on account of net repayment of loans.

4. Current Liabilities (other than borrowings)

(₹ million)

Current Liabilities	As at 31-03-2020	As at 31-03-2019
Trade payables	1,975	1,879
Other financial liabilities	3,752	2,750
Other current liabilities	2,376	1,899
Short-term provisions	1,654	1,341
Current tax liabilities	328	56
<b>Total</b>	<b>10,085</b>	<b>7,925</b>

Current liabilities consisting of Trade payables, other financial liabilities, other current liabilities, short term provisions and current tax liabilities stood at ₹ 10,085 Million as of March 31, 2020 from ₹ 7,925 Million as of March 31, 2019.

5. Non-current Liabilities (other than borrowings)

(₹ million)

Non-current Liabilities	As at 31-03-2020	As at 31-03-2019
Lease Liability	3,268	-
Other financial liabilities	1,622	60
<b>Total</b>	<b>4,890</b>	<b>60</b>

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

6. Property, plant and equipment

(₹ million)

Property, plant and equipment	As at 31-03-2020	As at 31-03-2019
Property, plant and equipment	2,099	1,443
Right of Use Assets	3,490	-
Capital work-in-progress	87	-
Goodwill	5,460	5,365
Other tangible assets	686	992
<b>Total</b>	<b>11,822</b>	<b>7,800</b>

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

**Additions:**

Additions to the gross block in the year ended March 31, 2020 amounted to ₹ 2,324 Million (out of which ₹ 940 Million pertains to ROU). The Company has been investing in infrastructure facilities on account of computers, office equipment, expansion of development centers and overseas offices, in line with business growth.

**Deductions:**

During the year, the Company disposed various assets with a gross block of ₹ 66 Million.

**7. Trade Receivables**

Trade Receivables amounted to ₹ 13,807 Million as at March 31, 2020, compared to ₹ 10,643 Million as at March 31, 2019. The day's sales outstanding stood at 90 days as at March 31, 2020 as compared to 76 days as at March 31, 2019.

**8. Cash & Bank balances**

The Bank balances in India include both rupee accounts and foreign currency accounts. The Bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations.

Deposits with bank represent surplus money deployed in the form of deposits and collaterals kept against open ended bank guarantees issued to customers. The Cash & Bank balance stood at ₹ 2,439 Million as at March 31, 2020 from ₹ 2,051 Million as at March 31, 2019.

**9. Current Assets (other than Cash and Trade Receivables)**

	(₹ million)	
<b>Current Assets</b>	<b>As at 31-03-2020</b>	<b>As at 31-03-2019</b>
Investments	6,110	5,749
Loans	1	-
Other Financial assets	1,730	1,541
Other Current assets	5,015	3,736
<b>Total</b>	<b>12,856</b>	<b>11,026</b>

Investments comprises of Investments in mutual funds & Corporate Deposits.

Other financial assets consisting advance to employees, security deposits, forward contract receivable, etc. which increased from ₹ 1,541 Million as at March 31, 2019 to ₹ 1,730 Million as at March 31, 2020 primarily on account of Unbilled Revenue (T&M Accruals).

Other current assets increased primarily on account of Unbilled Revenue (FP accruals).

**10. Non-current Assets (other than Property and Deferred Tax)**

	(₹ million)	
<b>Non- current Assets</b>	<b>As at 31-03-2020</b>	<b>As at 31-03-2019</b>
Investments	310	-
Other financial assets	827	1,362
Other non-current assets	661	635
<b>Total</b>	<b>1,798</b>	<b>1,997</b>

Other Financial assets as at March 31, 2020 decreased by ₹ 535 Million primarily on account of decrease in forward contract receivable.

11. Net Deferred Tax Assets / Liabilities

(₹ million)

Deferred tax asset	As at 31-03-2020	As at 31-03-2019
Deferred tax asset	311	126
Deferred tax liability		134

Deferred tax asset and liability is recognised on temporary differences between the tax base of assets and liabilities, and their reported amounts in financial statements, which will result in taxable or deductible amounts in the future and quantified using the tax rates and laws enacted or substantively enacted as at balance sheet date.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

11. Results of our operations (Consolidated)

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

	FY 20		FY 19	
	(₹ million)	% of total income	(₹ million)	% of total income
<b>Income</b>				
Revenue from operations	56,191	100.0%	50,783	100.0%
<b>Expenses</b>				
Employee benefit expenses	32,916	58.6%	30,318	59.7%
Other Operating expenses	12,170	21.7%	11,307	22.3%
Change in contingent consideration	-	0.0%	11	0.0%
<b>Total Expenses</b>	<b>45,086</b>	<b>80.2%</b>	<b>41,636</b>	<b>82.0%</b>
Depreciation and amortisation expenses	1,829	3.3%	1,042	2.1%
<b>Operating Profit (EBIT)</b>	<b>9,276</b>	<b>16.5%</b>	<b>8,105</b>	<b>16.0%</b>
Other Income	2,091	3.7%	2,228	4.4%
Finance Costs	365	0.6%	19	0.0%
<b>Profit before extraordinary items and tax</b>	<b>11,002</b>	<b>19.6%</b>	<b>10,314</b>	<b>20.3%</b>
Extraordinary items	-	0.0%	-	0.0%
<b>Profit before tax</b>	<b>11,002</b>	<b>19.6%</b>	<b>10,314</b>	<b>20.3%</b>
Tax Expenses				
- Current tax	2,269	4.0%	2,517	5.0%
- Deferred tax	509	0.9%	113	0.2%
	2,778	4.9%	2,630	5.2%
<b>Profit after Tax</b>	<b>8,224</b>	<b>14.6%</b>	<b>7,684</b>	<b>15.1%</b>
Minority Interest	38	0.1%	28	0.1%
<b>PROFIT FOR THE YEAR</b>	<b>8,186</b>	<b>14.6%</b>	<b>7,656</b>	<b>15.1%</b>

## 12. Financial Year 2020 compared to Financial Year 2019 (Consolidated)

### 1. Income

Our revenue from continuing operations increased by 10.6% to ₹ 56,191 Million for the year ended March 31, 2020 from ₹ 50,783 Million for the year ended March 31, 2019, with growth being led primarily by the Transportation, Plant Engineering, and Medical Devices segments.

Our USD revenue from continuing operations comprise revenues denominated in USD, in addition to amounts in foreign currencies across our operations, that are converted into USD using the day-end exchange rates for the relevant period. Such revenues increased by 8.7% to USD 786 Million for the year ended March 31, 2020 from USD 723 Million for the year ended March 31, 2019.

### 2. Expenses

Our expenses include employee benefit expenses, other operating expenses, change in contingent consideration, finance costs, depreciation and amortization and tax expenses. The total of such expenses increased by 10.4% to ₹ 50,058 Million for the year ended March 31, 2020 from ₹ 45,327 Million for the year ended March 31, 2019, primarily as a result of an increase in employee benefit expenses, which was attributable to the growth of our operations and annual increase in salaries.

Employee benefit expenses comprise salaries (including overseas staff expenses), share based payment, staff welfare, contributions to provident funds and contributions to gratuity funds.

Our employee benefit expenses increased by 8.6% to ₹ 32,916 Million for the year ended March 31, 2020 (which represented 58.6% of our revenue from operations for such year) from ₹ 30,318 Million for the year ended March 31, 2019 (which represented 59.7% of our revenue from operations for such year). This is primarily as a result of increase in salaries, including overseas staff expenses, to ₹ 31,775 Million from ₹ 29,307 Million on account of annual increments and increase in the headcount from 15,140 as at March 31, 2019 to 16,883 as at March 31, 2020.

Employee benefit expenses earlier consisted of Travel Cost of Billable Employees which in FY 20 are regrouped under Other Operating Expense and FY 19 figures are regrouped accordingly.

### 3. Other Operating expenses

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

Our Other Operating expenses increased by 7.6% to ₹ 12,170 Million for the year ended March 31, 2020 (which represented 21.7% of our revenue from operations for such year) from ₹ 11,307 Million for the year ended March 31, 2019 (which represented 22.3% of our revenue from operations for such year). CSR expenditure which is included in Other Operating expenses totalled ₹ 326 Million in the year ended March 31, 2020 (compared to ₹ 101 Million in the year ended March 31, 2019) and was higher due to a one-time contribution of ₹ 183 Million to the PM CARES Fund for COVID relief measures.

### 4. Other Income

Our Other Income primarily consists of income from foreign exchange gains investments in mutual funds, interest received, net gain on fair value of investment and miscellaneous income. In miscellaneous income, the income from sale of export licenses (obtained as a result of government incentives) increased by ₹ 655 Million in FY 20 (FY20: ₹ 931 Million and in FY19: ₹ 276 Million) which was more than offset by the absence of the one-time income of ₹ 780 Million registered in FY19 (which was towards a transaction with one of the Company's customers), leading to decrease in our Other Income to ₹ 2,091 Million for the year ended March 31, 2020 from ₹ 2,228 Million for the year ended March 31, 2019.

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges. The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are



recognized immediately in the statement of profit and loss. The effective portion of change in the fair value of the designated hedging instrument is recognized 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 recognized in other comprehensive income and accumulated in equity till that time remains and is recognized 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.

**5. Finance costs**

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

Our finance costs increased to ₹ 365 Million for the year ended March 31, 2020 (majorly on account of Interest on Lease Liability booked amounting to ₹ 350 Million as a part of adoption of IND AS 116 effective 1st April 2019) from ₹ 19 Million for the year ended March 31, 2019.

**6. Depreciation and Amortization**

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

Our depreciation and amortization on tangible & intangible assets increased to ₹ 1,829 Million for the year ended March 31, 2020 (out of which ₹ 783 Million accounted as Depreciation on ROU created as per IND AS 116) from ₹ 1,042 Million for the year ended March 31, 2019.

**7. Profit before Extraordinary Items and Tax**

As a result of the above-mentioned factors, our profit before extraordinary items and tax increased by 6.7% to ₹ 11,002 Million for the year ended March 31, 2020 (which represented 19.6% of our revenue from operations for such year) and ₹ 10,314 Million for the year ended March 31, 2019 (which represented 20.3% of our revenue from operations for such year).

**8. Tax Expenses**

Tax expenses comprise of current tax and deferred tax. Current income tax is the amount expected to be paid to the tax authorities in accordance with the applicable tax

laws in relevant jurisdictions. Deferred income tax reflects the impact of timing differences between taxable income and accounting income.

Our current tax decreased by 9.8% to ₹ 2,269 Million for the year ended March 31, 2020 from ₹ 2,517 Million for the year ended March 31, 2019. Our deferred tax charge for the year ended March 31, 2020 was ₹ 509 Million as against our deferred tax charge for the year ended March 31, 2019 of ₹ 113 Million.

Our total tax expense has increased by 5.6% to ₹ 2,778 Million for the year ended March 31, 2020 from ₹ 2,630 Million for the year ended March 31, 2019. The increase in current tax is mainly on account of higher profit before tax.

**9. Net Profit after Tax**

As a result of the above-mentioned factors, our net profit increased by 7.0% to ₹ 8,224 Million for the year ended March 31, 2020 from ₹ 7,684 Million for the year ended March 31, 2019.

**10. Earnings Per Share (EPS)**

Our Basic EPS before extraordinary items has increased by 6.1% to ₹ 78.56 per share in the year ended March 31, 2020 from ₹ 74.06 per share in the year ended March 31, 2019. The diluted EPS has increased by 6.6% to ₹ 77.70 per share in the year ended March 31, 2020 from ₹ 72.91 per share in the year ended March 31, 2019. The increase is on account of higher profit attributable to equity shareholders.

**13. Key Financial Ratios (Consolidated)**

Ratio	FY 20	FY 19
Days Sales Outstanding (in days)	90	76
Interest Coverage Ratio	1,120	641
Current Ratio	2.8	2.8
Debt Equity Ratio	0.0	0.0
Operating Profit Margin (%)	16.5%	16.0%
Net Profit Margin (%)	14.6%	15.1%
Return on Net Worth (%)	31%	35%

**Explanations for changes in ratios:**

- Days Sales Outstanding for the year ended March 31, 2020 increased because of greater increase in Trade receivables as compared to Revenues.
- Interest Coverage ratio for the year ended March 31, 2020 improved due to growth in operating profit and reduction in short term debt.

3. Operating profit margin marginally improved to 16.5% in FY20 compared to 16.0% in FY 19 primarily on account of rupee depreciation.
4. Net profit margin declined slightly to 14.6% in FY20 as compared to 15.1% in FY 19, on account of slightly lower Other income.
5. Return on Net Worth for the year ended March 31, 2020 declined slightly on account of lower net profit margin.

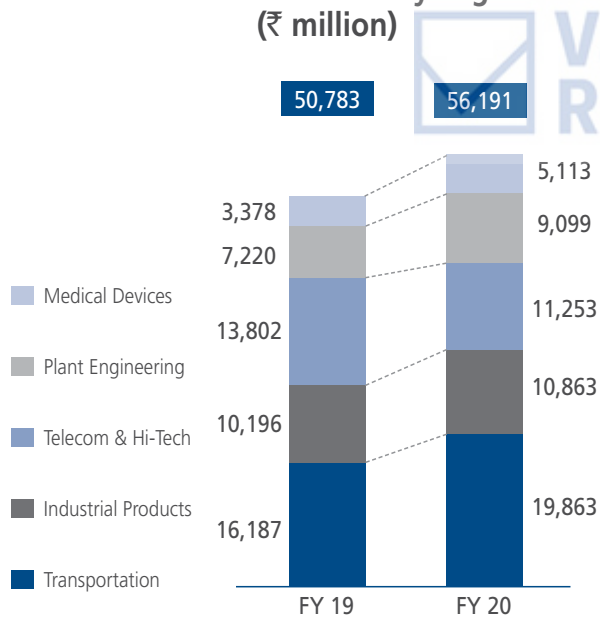
**14. Segment Reporting (Consolidated)**

Our segmental reporting comprises business and geographic segmentation.

**Business Segmentation**

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

**Revenue Contribution By Segments**  
(₹ million)



**Transportation**

Transportation segment is our largest segment by revenue and contributed 35.4% of the company's total revenue in FY'20 vs 31.9% of the total revenue in FY'19. The segment clocked a healthy topline growth of 22.7% Y-o-Y. The operating margin of this segment has increased from 16.7% in FY'19 to 17.7% in FY'20. Increase in operating margin is due to increase in revenue from FY'19 to FY'20.

**Telecom & Hi-tech**

Telecom segment is the second largest segment. The segment has contributed 20% of the company's total revenue in FY'20 vs 27.1% of the total revenue in FY'19. The operating margin of this segment has improved to 16.5% in FY'20 from 15.6% in FY'19.

**Industrial Products**

The Industrial Products segment is the third largest segment and has contributed 19.3% of the company's total revenue in FY'20 vs 20.1% of the total revenue in FY'19. The segment has shown a decent growth in revenue by 6.5% Y-o-Y. The operating margin of this segment has improved from 24.9% in FY'19 to 26.1% in FY'20.

**Plant Engineering**

Plant Engineering contributed 16.2% of the company's total revenue in FY'20 vs 14.2% of the total revenue in FY'19. The segment showed an increase of 26% Y-o-Y. The operating margin of this segment has significantly increased from 22.7% in FY'19 to 25.4% in FY'19.

**Medical Devices**

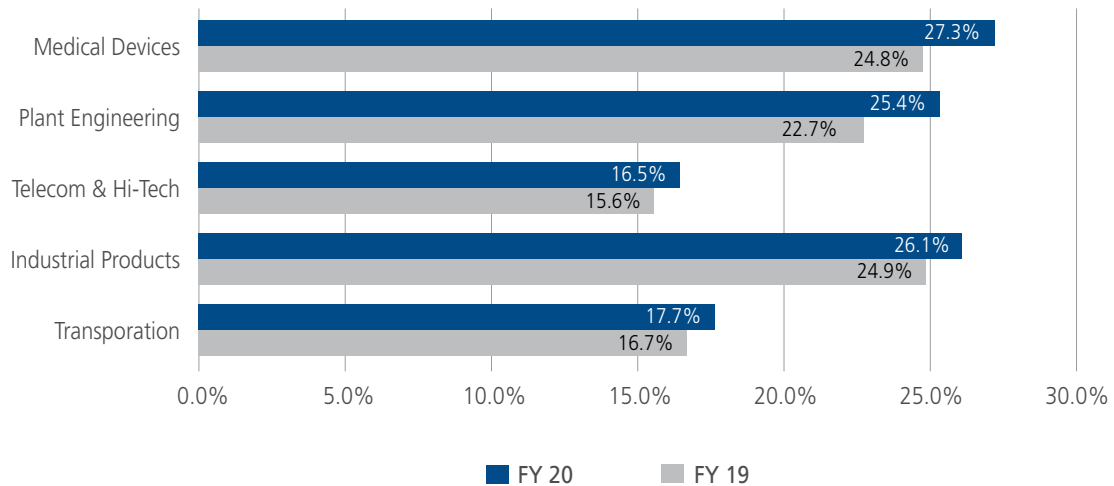
Medical Devices segment is the smallest segment and contributed 9.1% of the company's total revenue in FY'20 whereas in FY'19 it was 6.7%. This segment grew by 51.4% Y-o-Y and was the fastest growing segment in FY'20. The operating margin of this segment has improved from 24.8% in FY'19 to 27.3% in FY'20.

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

Segments	FY 20		FY 19	
	INR Million	% to total revenue	INR Million	% to total revenue
Transportation	19,863	35.4%	16,187	31.9%
Industrial Products	10,863	19.3%	10,196	20.1%
Telecom & Hi-Tech	11,253	20.0%	13,802	27.1%
Plant Engineering	9,099	16.2%	7,220	14.2%
Medical Devices	5,113	9.1%	3,378	6.7%
<b>Total operating revenue</b>	<b>56,191</b>	<b>100.0%</b>	<b>50,783</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:

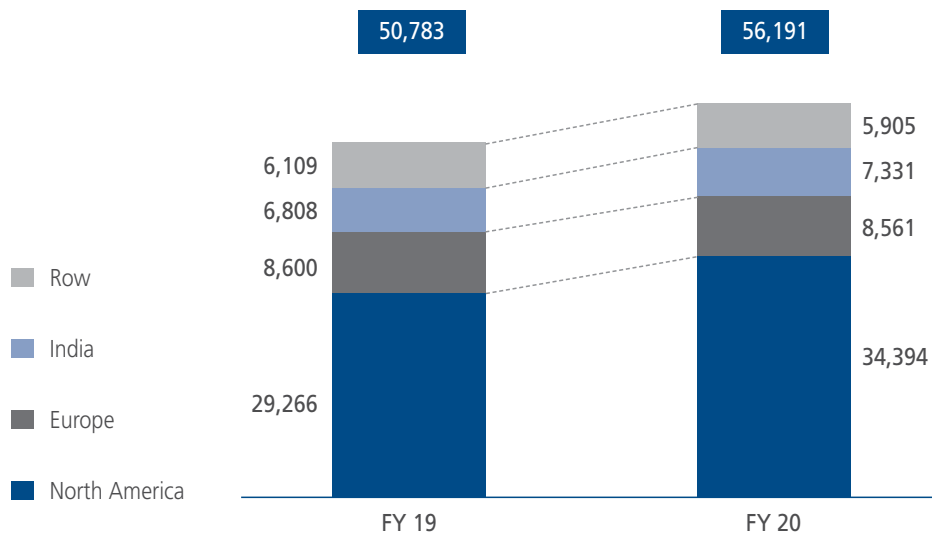
**Segmental Operating Profits (% to Revenue from Operations)**



**Geographical Segmentation**

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

**Revenue Contribution By Geography (₹ million)**



# Annual Business Responsibility Report 2019-20

We are happy to present the Business Responsibility Report of the Company for the financial year ended as on March 31, 2020, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Business Responsibility Report covers the responses across environment, governance and stakeholder relationships of all the business. This report conforms to Business Responsibility Reporting (BRR) requirement of SEBI based on the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of the Business (NVG-SEE) released by the Ministry of Corporate Affairs, Government of India.

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

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: **L72900MH2012PLC232169**
- Name of the Company: **L&T TECHNOLOGY SERVICES LIMITED**
- Registered address: **L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001**
- Website: **www.LTTS.com**
- E-mail id: **investor@ltts.com**
- Financial Year reported : **1<sup>st</sup> April 2019- 31<sup>st</sup> March 2020**

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

- List three key products/services that the Company manufactures/provides (as in balance sheet)  
**Engineering Research & Development Services in chosen verticals viz Industrial Products, Telecom & Hi-Tech, Plant Engineering, Transportation, and Medical Devices.**
- Total number of locations where business activity is undertaken by the Company  
**I. Number of International Locations - 30**  
**II. Number of National Locations - 8**
- Markets served by the Company – Local/State/National/ International: **All**

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital: **₹ 209 million**
- Total Turnover: **₹ 51,813 million**
- Total profit after taxes: **₹ 7,900 million**
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax: **More than 2%**
- List of activities in which expenditure in 4 above has been incurred: -  
**(a) Education**  
**(b) Skill development**  
**(c) Healthcare**  
**(d) Water Conservation**  
**(e) Environment**  
**(f) Corporate Volunteering Program**  
**(g) Sports for Specially abled**

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?  
**Yes.**
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)  
**No.**

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

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

**SECTION D: BR INFORMATION**

**1. Details of Director/Directors responsible for BR**

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: **05296942**
2. Name: **Dr. Keshab Panda**
3. Designation: **CEO & Managing Director**

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	<b>Not applicable</b>
2	Name	<b>Mr. K. N. Prabhakaran</b>
3	Designation	<b>CSR Head</b>
4	Telephone number	<b>+91 22 6752 5656</b>
5	e-mail id	<b>investor@lts.com</b>

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

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

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

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

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

P5- Business should respect and promote human rights

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

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

P8- Business should support inclusive growth and equitable development

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

Sr. No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	India based policies are aligned to National Standards. Policies pertaining to GEO NA, Europe & ROW are aligned with the International Standards. (respective GEO)								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director? Signed By the CEO & MD	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Available on Company's Intranet						<a href="https://www.lts.com/investors/corporate-governance">https://www.lts.com/investors/corporate-governance</a>	Available on Company's Intranet	
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y



Sr. No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

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

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

**3. Governance related to BR**

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

**Annually**

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

**No**

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

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

The Company's Code addressing bribery, corruption and tax evasion extends to all the group companies, suppliers, contractors, NGOs and other stakeholders. Additionally, the Company has drafted a separate CoC for its suppliers, customers and consultants to follow and to uphold business standards.

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**PRINCIPLE :1**

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

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

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

A vigilance mechanism is in place to report the concerns by the directors and associates about actual or suspected frauds, unethical behaviour or violation of the Company's values or CoC. This is ensured through the Whistle Blower Policy which has been in effect since 2014 and under which a Whistle Blower Investigation Committee is constituted. The Whistle Blower Policy is also displayed on the website of the Company. As per the amendments in SEBI (Prohibition of Insider Trading) (Amendment) Regulations in 2018, the Company has implemented a Policy and Procedure for inquiry in case of leak / suspected leak of Unpublished Price Sensitive Information (UPSI). If any employee has a suspect of leakage of UPSI, necessary investigation and action is taken by the Information Leakage Investigation Committee. Further as per the recent SEBI Notification, the Company has made necessary amendments to the Securities Dealing Code of the Company, in order to enable any Informant to raise concerns, if any, about alleged violation of insider trading laws by the Company

The Company, 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 this helpline, employees can raise their concerns, which are addressed and necessary action, if required is been taken by the Company. This helpline and the management always maintain the anonymity of the whistle-blower. It helps build a culture of trust, transparency, honest communication and ethical conduct and provides employees with non-threatening and impartial way of communicating their concerns while

allowing the organization to process and act on the given information. One of our constant endeavours is to promote 'ZERO TOLERANCE' for values violation & unethical conduct at the workplace. To promote this culture, 'Ethics Line' plays an important role.

During the financial year 2019-20, the Company received total 4 complaints via Ethics Line. Out of the same 2 complaints were resolved through appropriate action taken by the Company. The remaining 2 complaints were under investigation and action on the same was delayed on account of lockdown due to Covid-19.

**PRINCIPLE: 2**

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

The Company facilities that across all its locations there is an abundance of green spaces and plantations to ensure the well-being of employees. The Company is committed to ensure sustainability throughout its day-to-day operations. The Company is focused towards balancing its innovations across various industry verticals with eco-friendly processes, services and solutions that positively impact their life cycle. The Company constantly works on health, safety and providing conducive environment employees.

The water conservation effort alone has resulted in recycling up to 28,000 liters of water per day and zero waste discharge. We also have a sewage treatment plant to recycle waste water which is put to use for various purposes. Our Vadodara office in Knowledge City has been certified by CII's Indian Green Building Council (IGBC) under the LEED guidelines.

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

The Company has setup water cooled chillers in its campuses that consume lesser power as compared to air cooled chillers. We have also installed VRF units for 24x7 operations which consume much less power as compared to conventional split A/C. Further, we also utilize free cooling during winter. Due to our efforts we have saved 68,223 KWH power in FY20 as compared to FY19.

In Bengaluru, the Company has implemented double glazing façade that facilitates less transfer of heat and puts less pressure on the HVAC systems. This helps to efficiently consume electricity. We have installed occupancy sensors in work areas that switch off lights when no one is around and have installed 2 row coils to increase the efficiency of AHUs (Air Handling Unit).

### PRINCIPLE: 3

#### BUSINESS SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES:

The Company's growth truly depends upon the growth of employees within the organization. The Company's well-being strategy aims at creating a working environment that is supportive of work-life balance while meeting the Company's business needs. We have moved away from traditional ways of people management to contemporary and competency-based hiring, training & development, rewards & awards and career management with equal opportunity to all irrespective of caste, creed, gender or nationality. All the above is with the motive to service the stakeholders and society at large.

We believe that developing people internally is a better alternative for retention of culture, knowledge, longevity with clients giving the desired confidence, focused career management resulting in reduction in attrition which in turn reduces cost of hiring and leads to improvement of financial performance. We foster a healthy work culture and a work place free of any harassment. All our facilities are ergonomically equipped by state-of-the-art infrastructure leading to a vibrant work environment.

While the journey of investing in our assets started in FY 2017-18, FY 2018-19 saw robust implementation of these initiatives. In FY 2019-20, we were able to institutionalize many of these initiatives at organization level. We are in the people dependent business and our employees are our most important assets and therefore we have undertaken the following initiatives:

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

We believe leadership exists in every rung of the organization and it is mutually beneficial to catch them young.

**Young Leadership Program (YLP)** aims at providing knowledge, essential skills and attitude which are required to effectively transition to leadership role. A select few Project Leaders & Managers across the globe have undergone this 10 months intervention and have scaled new heights in their careers.

Potential lies everywhere, irrespective of level, function, location, gender, qualification, experience etc. It is important to provide a platform to allow them to surface. **CEO Club** is one such unique initiative to create future leaders – while the initiative is designed by us, the execution is outsourced to an internationally famed consulting firm to eliminate any bias in choosing the leaders benchmarked against world standards. All the successful candidates coming out of this initiative are experiencing exposure to unique projects, assignments, job enrichment, vertical career movement and investment in their continuous learning. The third edition of CEO club saw a huge surge in the participation from across the organization. We received 787 applications which is 114% increase over previous FY. This just reaffirms the value this initiative has created in the organization.

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

Our quest for development does not stop here, in FY 2019-20 we conducted 1500+ workshops covering 11,486 people, with unique methods like theatrics, AR/VR-based, ATL, overseas classroom programs leveraging webinars, which includes behavioral and technical programs specially designed to enhance present performance & career progression across functions.

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

630+ of our associates are now proficient in foreign languages like French, German, Japanese, Mandarin & Spanish under our initiative **GLOCAL** ensuring ease in communication with clients. This has helped us in strengthening relationship by breaking barriers of communication. They also act as a bridge between the teams and the clients.

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

The demographical bifurcation of our total workforce for the year 2019-20 is provided below. During the year, there were 3 sexual harassment complaints, which were duly addressed and closed.

1.	Total number of employees	17176
2.	Total number of employees hired on temporary/contractual/casual basis	747 (TPCs & Retainers)
3.	Number of permanent women employees.	3273
4.	Number of permanent employees with disabilities	NA
5.	Do you have an employee association that is recognized by management	No
6.	What percentage of your permanent employees are members of this recognized employee association?	None
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	3

**PRINCIPLE: 4**

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

The contribution of shareholders and investors to the growth of the Company is deeply valued, and we work hard to ensure that we deliver positive returns to the stakeholders. The Company maps both internal and external stakeholders along with vulnerable, marginalized and disadvantaged stakeholders. This enables us to understand that our stakeholders comprise a large and mixed community with varied and extended expectations, and LTTs always strives to match their expectations.

Our Corporate Social Responsibility (CSR) pay close attention to the society and its inhabitants within which we operate. As a responsible corporate citizen, we undertake several transformational initiatives that contribute towards community empowerment and all-round societal development. All our engagements are conducted in a transparent manner with honesty, integrity and openness; in compliance with local and international laws.

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

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

Internal Stakeholders	
Employees	Engagement modes
	Welfare initiatives for the employees
	Circulars to update about the organizational development/changes in the organization structure. Career development initiatives for all employees.
	In-house magazines and CSR program involvement of the employees

**PRINCIPLE: 5**

**BUSINESS SHOULD RESPECT AND PROMOTE HUMAN RIGHTS:**

LTTs’ legacy of engineering quality and excellence is rooted its innate respect for human values. Respecting, promoting, and protecting human rights at workplace is an absolute necessity and remains an unwavering responsibility of an organization. Our efficient grievance redressal system is supplemented by various organizational policies and boosted by an efficient whistle blower mechanism, and our online Ethics Line. It enables all employees of the Company to raise their concerns about unethical behaviour and actual or suspected fraud or leakage of Unpublished Price Sensitive Information (UPSI) without compromising on need for anonymity. Our CoC, covering Prohibition of Human trafficking and Slavery and Bonded Labor, strictly prohibits all forms of human rights violation including slavery, bonded labor, forced labor, debt bonded labor, child labor and trafficking of labor from any of its establishments to other establishments for conducting business.

In keeping with our avowed commitment to the adoption of best practices, the Company strictly prohibits involvement of its suppliers, contractors, vendors and any third parties involved directly or indirectly with the Company business for such practices, including protection of women’s rights. Our



policies also deal with complaints of sexual harassment, where suitable action is taken to ensure safety and security for the complainants.

Our Code of Conduct (CoC) reflects the effects of local culture, policies and the ecosystem, and provide the information needed to act with integrity in the workplace and in compliance with laws, regulations and company policies. We ensure that employees are sensitized to human rights clauses by mandating trainings around it, creating awareness using other channels like interactive sessions, intranet channels, policy manuals and posters. New employees are made aware of these policies via an elaborate induction plan.

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

**Principle: 6**

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

The Company recognizes the need to preserve and nurture our environment. The Company aligns its business performance to Environment, Social and Governance (ESG) aspects. The Company ensures the environmental sustainability of its own operations through the following approach:

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

Under Water & Environment themes the Company has carried out certain CSR projects, for restoration of environment and conservation of water as follows: -

**Water**

The Company has undertaken **Integrated Watershed Management Projects** interventions in two geographic location – Kolwadi in Maharashtra and Kokkranthangal in Tamil Nadu. These projects have yield successful results and the community has benefitted from these project. The beneficiaries are also encouraged to organize themselves into groups like Mahila Pani Samiti and Village Watershed Committee in order to maintain water conservation structures for the future. Some major highlights of these projects are as below:

**A. Kolwadi Watershed Project**

LTTs initiated the Kolwadi Watershed Management Project in 2016 and the project is still ongoing. It covers five villages Kolwadi, Kathwadi, Mangdari, Ketkavane

and Nigde in Velhe Taluka of Pune district in Maharashtra. An area with undulating topography and prone to erratic rainfall, water conservation was a daunting and challenging task in the region.

The project was initiated and built on holistic measures through natural resource management and water conservation in order to increase the ground water table for agricultural and domestic use. The ongoing efforts this year included construction of additional check dams, water absorption trenches, farm ponds, village ponds and de-silting of water bodies among many other initiatives.

Besides water conservation, other supplementary socio-economic initiatives were also carried out. These included building drainage facilities for the villages, constructing toilets and compost pits for individual homes, organizing veterinary camps for animals, distributing horticultural and agroforestry saplings and conducting training programs to open new income generating avenues for women members of the Mahila Pani Samitis.

**B. Kokkranthangal Watershed Project**

Started in 2017, this project covers four villages Kokkranthangal, Amaindhakaranai, Arcadu and Zamin Pudur in Kanchipuram district in Tamil Nadu. The project goals included turning the area into a self-sustaining area in terms of water security fortifying farmers’ ability to withstand delayed and irregular monsoons. The objective was to reduce farmer migration, improving agricultural practices to increase yield and income, and increasing other sources of income and quality of life for the community through water conservation.

During the financial year 2020, various continuing natural resource management efforts, complemented by socio-economic programs such as agricultural training workshops, exposure visits, distribution of horticultural plants for commercial cultivation and improving school facilities and infrastructure delivered significant impact for the community.

**C. Watershed+ Project**

**Key project deliverables:** Drinking water provision, sanitation, renewable energy, income generation program, capacity building and agricultural production system. The project components address the community’s needs by providing adequate and safe drinking water through proper pipeline network, restructuring the improper sewage drainage line, providing sanitation



facilities, renewable energy solution, promoting income generation activities and improving the agricultural production system. Gender mainstreaming is also the part of project delivery mechanism by strengthening and involving the Village Watershed Committee and Mahila Pani Samiti in the implementation process.

The project was conceived in 2018 which mainly addressed water conservation, agricultural interventions and improvements and additional income generation programs. The work done this year encompassed building drinking water wells and pipelines, installing solar energy pumps for water supply, building sewage and sanitation systems including toilets and bathrooms for individual households, installing biogas and smokeless cooking ranges and improving agricultural processes to enhance productivity. Community members, especially from the Village Watershed Committee and Mahila Pani Samiti were trained at various levels to sustain the project independently going forward.

**Environment**

Unbridled pollution, huge carbon footprints, depletion of the ozone layer, deforestation and the loss of green cover in our urban areas have caused immense damage to the environment, leading to climate change and its adverse impacts. The time to act to save our environment and our planet is now. The Company strives to address some important areas in society's collective endeavour to protect, preserve and nurture the environment.

The Company has undertaken the following steps:

- (i) Rural electrification using solar power
- (ii) The upkeep of public places in cities
- (iii) Solid waste management

**(i) Rural Electrification:**

The total requirement of electricity in a country as populous as India is a huge one and a challenge to the existing grid infrastructure.

Exploring alternate, cleaner forms of energy is a viable solution to overcome this challenge, and that is what the Company has done, by undertaking a project in this regard.

The Company has successfully implemented Phase I and Phase II of the project in FY 2018 & FY 2019 respectively. In FY 2020 Phase III of the project

was implemented which includes installation of solar lamps for 30 homes, 1 community center, 1 Anganwadi and 6 street lights were initiated in tribal colonies of Kanthanahaadi.

**Project Impact:**

- 1) After solar lamps installation, the households are able to prepare and cook meals at night.
- 2) People can mingle and interact without the fear of wild animals.
- 3) Able to move over to neighbours and friends houses without the fear of wild animals.
- 4) Almost all the households have TV now and watch entertainments programs and news.
- 5) Community as a whole is able to gather together and celebrate festivals after the sunset.
- 6) Community's social standards have also been improved.

**(ii) The upkeep of public places in cities**

"Swachh Bharat Abhiyan" or Clean India Mission was launched as a nation-wide campaign by the government a few years back to clean up the streets, roads and infrastructure of cities, towns and villages of the country. In alignment with this vision, and in keeping with the green ethos of the L&T group, the Company has been supporting clean and green initiatives in many parts of the country. The focus in all these projects has been on maintaining public places that are used by the masses; maintaining them, restoring them where needed, and working on elevating their aesthetic appeal and usability quotient.

**Veeranapalya Flyover Project, Hebbal, Bangalore**

The Company in partnership with India Rising Trust adopted this flyover under the Bangalore Municipal Commissioner's "Adopt a Flyover" initiative. The aim was to develop the walk path/foot path under the flyover and to turn it into a noteworthy aesthetic hotspot.

- 6000 sq. ft of area developed
- 35000 sq. ft area maintained through the year
- Wild Karnataka theme brought alive in a unique manner

**Road Median project:** Koparkhairane to Rabale police station

**Impact of project:**

- Air quality improvement: 250+ palms planted, absorbing 25 kg of CO<sub>2</sub> per annum per palm tree.
- Water conservation: A mixed usage of tanker water and drip irrigation used, saving water required for maintenance.
- Waste management: 5 tons of leaf fall generated, converted to manure and re-used in the project.

**(iii) Solid waste Management**

Waste management plays an important role in the sustainable development of nations. The Company has launched a solid waste management project in association with Society for Clean Environment (SOCLEEN) at Vadodara, Gujarat, in FY 2020.

The concept of waste segregation did not exist in Dumad village, the wet, dry and hazardous waste were all mixed together by the households and handed over to the Pourkarmikas. Starting from that point, today the village not only segregates its dry and wet waste, but has also learnt micro segregation. All reusable plastic waste that is generated by 1500 households is now sent for recycling and converted into useful objects like benches, toys and t-shirts, among other things.

An unusual incentive was offered to families to encourage them to participate in these segregation practices – they were given potatoes in exchange for the waste they segregated. This worked well with the villagers who welcomed the initiative and the result was wholehearted participation.

**PRINCIPLE: 7**

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

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

The major industry bodies where the Company participates are:

- 1) Member of the India Electronics & Semiconductor Association (IESA). The Company collectively works with the industry body to deliver on-ground activation for enabling innovation, investment and industry.
- 2) Member of the NASSCOM ER&D Council that seeks to create an eco-system of collaboration and innovation to propel India's burgeoning ER&D sector into the next phase of growth.
- 3) Member of the Confederation of Indian Industry (CII). The Company actively works with the premiere industry body to promote innovation & engineering excellence in the industry and scientific communities.
- 4) The Company strengthened its collaboration with the IEEE (Institute of Electrical and Electronics Engineers) and took part in a number of events organized by the technology body. In FY20, the Company participated with its subject matter experts as thought leaders in the 5G Summit held in Bangalore as well as multiple 5G workshops organized by the IEEE Bangalore Chapter.
- 5) We have ongoing relationship with FICCI for various measures to promote trade & commerce.

The senior leadership team offers their expertise and insights during public policy formulation. Regulatory compliance in passenger safety, autonomous drive and electrification through ISO 26262 classifies safety integrity levels based on severity of the fault. Additionally, we assist automotive manufacturers to reduce the cost and time required for ISO 26262 compliance. In compliance with ISO 26262 we have assisted OEMs and Tier 1 suppliers to achieve functional/process safety compliance while assisting in the development and improvement of their software-intensive products.

**PRINCIPLE: 8**

**BUSINESS SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT:**

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

- Corporate Social Responsibility (CSR) Policy
- Corporate Human Resources Policy
- Code of Conduct
- Anti-corruption Policy

- Prohibition of Bribery Prohibition of Human trafficking, Slavery and Bonded labor
- Whistle Blower Policy

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

**PRINCIPLE: 9**

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

The Company offers design and development solutions throughout the product development chain and provides solutions in the areas of mechanical and manufacturing engineering, embedded systems, process engineering and digital engineering. Ever since our establishment, we have made consistent investments in innovation labs and currently the Company has 51 innovation labs. These include design tear down labs, digital and communication labs, design studios, automotive labs, electrical and power labs, optical labs and environmental and testing facilities. The setting up of labs in association with clients instills a differentiating collaborative

model culture and helps us retain our clients for multiple years to come. As a recent practice, the Company is bringing R&D innovations closer to the customer by launching virtual clones of our labs starting with the Think Studio in Bengaluru. The virtual walkthrough of our labs allows the customer to view our technologies and capabilities while sitting at home.

In essence, we are the innovation enablers and partners to our clients. We engage with customers through regular customer meets, customer satisfaction surveys, training programs for customer representatives and market-based research. Customer complaints, comments and suggestions are systematically addressed. Consumer satisfaction trends are measured by capturing CSAT scores & Net promoter scores. Our CSAT scores have consistently ranged over 89%. We are continuously on an upward trajectory in terms of customer satisfaction and key attributes like quality and delivery. Our customers are satisfied with our product development efforts and over 99% of our customers have rated us as satisfied, very satisfied, or delighted.

The high percentage of our repeat orders (90% repeat business) is a reliable indication of customer satisfaction and confidence in our products, projects and services. There is no case against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

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