Notes forming part of the Financial Statements

1 Corporate information

L&T Technology Services Limited ("the Company") is a leading global pure-play Engineering Research and Development (ER&D) services company. ER&D services are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers.

The Company is a listed public company incorporated and domiciled in India and has its registered office at L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001. As at March 31, 2020, Larsen & Toubro Limited, the holding company owns 74.62% of the Company's equity share capital.

2 Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs under section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financials statements have been approved for issue by the Board of Directors at their meeting held on May 15, 2020.

b) Basis of accounting

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values or at amortised cost at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are categorised as below, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer.

Accounting policies have been consistently applied except where a new accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

c) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in schedule III to the Act. The statement of cash flows has been prepared under indirect method and presented as per the requirements of Ind AS 7 "Statement of cash flows". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

Amounts in the financial statements are presented in Indian Rupees in million [1 million = 10 lakhs] rounded off to two decimal places as permitted by schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

Notes forming part of the Financial Statements

d) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

e) Revenue recognition

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services:

a. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.

b. Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

c. Revenues in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (unearned revenue).

d. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company presents revenue net of discounts, collection charges, indirect taxes and value-added taxes in its statement of profit and loss.

e. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.

f) Other income

a. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

b. Dividend income is accounted in the period in which the right to receive the same is established.

c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

g) Exceptional items

Exceptional items are those items that management considers, by virtue of its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company.

h) Property, plant and equipment

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives, based on evaluation, using straight-line method. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes forming part of the Financial Statements

(i) The estimated useful lives are as mentioned below:

Sr. No.	Asset class	Useful life (in years)
1	Plant and equipment *	12
2	Air-condition and refrigeration *	12
3	Canteen equipment *	8
4	Laboratory equipment *	8
5	Electrical installations	10
6	Computers *	3 – 5
7	Office equipment *	>1 – 4
8	Furniture and fixtures	10
9	Owned vehicles *	7
10	Leasehold improvements	Lease period

**The useful lives for these assets are different from the useful lives as prescribed under part C of schedule II of the Act. Based on technical evaluation, the management believes that the useful lives as given above best represents the period over which the management expects to use these assets.*

(ii) Estimated useful life of following assets is different than useful life as prescribed under part C of schedule II of the Act.

Sr. No.	Category of asset class	Useful life as per schedule II (in years)	Useful life adopted (in years)
1	Plant and equipment	15	12
2	Air-condition and refrigeration	15	12
3	Canteen equipment	15	8
4	Laboratory equipment	10	8
5	Computers	3 – 6	3 - 5
6	Office equipment	5	>1 – 4
7	Owned vehicles	8	7

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

i) Right-of-use asset

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and accumulated impairment losses if any, and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term life of right-of-use asset.

j) Intangible assets and amortisation

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

Intangible assets purchased are measured at cost (net of tax/duty credits availed, if any) or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of computer software and technical know-how which are amortised on straight line basis over the useful life as given below:

Asset class	Useful life (years)
Specialised software	5
Technical knowhow	4

k) Goodwill

Goodwill represents the excess of consideration paid over the net value of assets acquired. Goodwill is not amortised; however, it is tested for impairment on an annual basis. Refer note l (ii) for accounting policy on impairment of assets.

l) Impairment of assets

i) Trade receivables

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default by customers. In making this assessment, the Company has considered current and anticipated future economic conditions relating to industries/ business verticals that the company deals with and the countries where it operates.

Notes forming part of the Financial Statements

ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Goodwill is tested for impairment annually and if events or changes in circumstances indicate that an impairment loss may have occurred. In the impairment test, the carrying amount of the cash generating unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognised, up to a maximum amount of the goodwill related to the cash generating unit.

m) Employee benefits

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

(ii) Post-employment benefits

a. Defined contribution plan

The Company's contribution to state governed provident fund scheme, employee state insurance scheme and employee pension scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised in the statement of profit and loss in the period in which the employee renders the related service.

b. Defined benefit plans

The employee provident fund schemes are managed by board of trustees established by the Larsen & Toubro Limited, employees' gratuity fund schemes managed by LIC and post-retirement medical benefit scheme are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, for eligible employees.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government bonds, having maturity periods approximating to the terms of related obligations. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Other changes in net defined benefit obligation like current service cost, past

Notes forming part of the Financial Statements

service cost, gains and losses on curtailment and net interest expense or income are recognized in the statement of profit and loss.

(iii) Long term employee benefits

The obligation for long term employee benefits like long term compensated absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above and compensated absences generated for overseas employees is recognized as per entitlement.

(iv) Social security plans

Employer' contribution payable for oversees employees with respect to social security plans, which are defined contribution plans, is charged to the statement of profit and loss in the period in which employee renders the services.

n) Leases

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

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- Modified retrospective approach - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

Company has followed Modified retrospective approach for accounting and accordingly comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. 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 and the Company has not restated comparative figures and the cumulative effect of initially applying this Standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019. The standard, however, does not require an entity to recognize assets and liabilities for (a) short- term leases (for a period of twelve months or less) and (b) leases of low value assets.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts

The Company has elected not to apply the requirements of Ind AS 116 leases to short-term leases where lease term is 12 months or less and leases for which the underlying asset is of low value. The lease payments related to these leases are recognised as an expense.

Notes forming part of the Financial Statements

o) **Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

(i) Non-derivative financial assets

a. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

b. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

c. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

(ii) Non-derivative financial liabilities

Financial liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

(iii) Derivative financial instrument

Cash flow hedge

The Company designates foreign exchange forward & options contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract.

The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time it remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain

Notes forming part of the Financial Statements

or loss accumulated in equity is transferred to the statement of profit and loss.

(iv) De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance with banks, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

q) Securities premium account

(i) Securities premium includes:

a. Any share issued for consideration over and above face value.

b. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to the Company's stock options scheme.

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

r) Government grants

The Company recognizes government grant only when there is reasonable assurance that conditions attached to them shall be complied with and grants will be received.

Government grants receivable in the form of duty credit scripts is recognised as other income in the statement of profit and loss in the period in which application is made to the government authorities. Grants are disclosed after netting of all expenses which might not have been incurred by the Company if grant had not been available.

s) Borrowing costs

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

t) Company's stock option scheme

In respect of stock options granted pursuant to the Company's stock options scheme, the excess of fair value of the option over the exercise price is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognised as expense each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to general reserve.

u) Foreign currencies

The functional currency of the Company is Indian rupee.

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

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

v) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and

Notes forming part of the Financial Statements

overseas. The current tax payable by the Company in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

The Company recognizes interest levied related to income tax assessments in interest expenses.

w) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

i) The Company has a present obligation as a result of a past event;

ii) A probable outflow of resources is expected to settle the obligation; and

iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

ii) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Notes forming part of the Financial Statements

x) Commitments

Commitments are future liability for contractual expenditure. Commitment are classified and disclosed as follows:

i) Estimated amount of contracts remaining to be executed on capital account and not provided for,

ii) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

y) Statement of cash flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The Company segregate the cash flows in operating, investing and financing activities.

z) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, future cash inflows (net) for hedging purpose, fair value measurement etc. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

aa) Investment in subsidiaries

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

bb) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

cc) Business combination

Common control business combination where the Company is transferee is accounted using the pooling of interest method. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new assets is recognised. The difference between the amount of consideration paid and the net worth of the transferor company is recognised as capital reserve on business combination and is separately disclosed from other capital reserves.

dd) Accounting and reporting information for operating segments

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations predominantly relate to

Notes forming part of the Financial Statements

providing end-to-end business solutions to enable clients to enhance business performance. The Company evaluates performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the accounting policies.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Revenue for 'all other segments' represents revenue generated by the Company. Allocated expenses of segments include expenses incurred for rendering services (offsite and onsite) Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Company.

Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments and it is not practicable to provide segment disclosures relating to total assets and liabilities.

3 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes forming part of the Financial Statements

4 Property, plant and equipment

(₹ million)

Particulars	Gross block					Depreciation/amortisation					Net block as at	
	As at 01-04-2019	Pursuant to transfer of Graphene business*	Additions	Disposals	As at 31-03-2020	As at 01-04-2019	Pursuant to transfer of Graphene business*	For the year	On disposals	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
Leasehold improvements	314	8	84	-	**406**	113	6	48	-	**167**	**239**	201
Plant and equipment	75	-	-	5	**70**	54	-	11	5	**60**	**10**	21
Computers	1,133	8	691	10	**1,822**	535	6	356	10	**887**	**935**	598
Furniture and fixtures	204	-	70	7	**267**	116	-	31	6	**141**	**126**	88
Vehicles	235	-	113	28	**320**	34	-	44	19	**59**	**261**	201
Office equipments	236	1	86	6	**317**	171	1	41	6	**207**	**110**	65
Electrical installations	140	-	48	-	**188**	61	-	16	-	**77**	**111**	79
Aircondition and refrigeration	100	-	47	-	**147**	38	-	14	-	**52**	**95**	62
Laboratory equipments	135	-	90	-	**225**	49	-	25	-	**74**	**151**	86
Canteen equipments	-	-	2	-	**2**	-	-	1	-	**1**	**1**	-
Total	**2,572**	**17**	**1,231**	**56**	**3,764**	**1,171**	**13**	**587**	**46**	**1,725**	**2,039**	**1,401**
Previous year figures	1,980	-	687	95	**2,572**	750	-	499	78	**1,171**	**1,401**	**1,230**
Capital work-in-progress	-		-	-	**-**	-		-	-	**-**	**87**	

** refer note no. 38*

Right-of-use assets

(₹ million)

Particulars	Gross block					Depreciation/amortisation				Net block as at	
	As at 01-04-2019	Pursuant to Ind AS 116	Additions	Deductions	As at 31-03-2020	As at 01-04-2019	For the year	On disposals	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
Right-of-use assets	-	3,270	874	8	**4,136**	-	747	2	**745**	**3,391**	-
Total	**-**	**3,270**	**874**	**8**	**4,136**	**-**	**747**	**2**	**745**	**3,391**	**-**

5 Goodwill and other intangible assets

(₹ million)

Particulars	Gross block				Depreciation/amortisation				Net block as at	
	As at 01-04-2019	Additions	Disposals	As at 31-03-2020	As at 01-04-2019	For the year	On disposals	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
Goodwill*	3,891	-	-	**3,891**	-	-	-	**-**	**3,891**	3,891
Specialised softwares	1,481	112	-	**1,593**	1,119	200	-	**1,319**	**274**	362
Technical knowhow	143	-	-	**143**	143	-	-	**143**	**-**	-
Total	**5,515**	**112**	**-**	**5,627**	**1,262**	**200**	**-**	**1,462**	**4,165**	**4,253**
Previous year figures	5,330	185	-	**5,515**	1,030	232	-	**1,262**	**4,253**	**4,300**

** Goodwill has been tested for impairment.*

Notes forming part of the Financial Statements

6 Investments - non-current

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Unquoted		
a) Investment in equity instruments of subsidiaries (at cost):		
1,520,692 (previous year 1,520,692) equity shares of nominal value of ₹ 10 each, fully paid in L&T Thales Technology Services Private Limited - Company's holding * - 74% (previous year: 74%) - Principal place of business: India	**60**	60
1,501,000 (previous year 1,501,000) common stock of nominal value of USD 10 each, fully paid in L&T Technology Services LLC - Company's holding * - 100% (previous year 100%) - Principal place of business: USA	**971**	971
1,431,736 (1,431,736) equity shares of nominal value of ₹ 10 each, fully paid in Graphene Semiconductor Services Private Limited - Company's holding * - 100% (100%) - Principal place of business: India	**177**	815
60,501 (previous year Nil) equity shares of nominal value of SGD 1 each, fully paid in Graphene Solutions PTE Ltd. - Company's holding * - 100% (previous year Nil) - Principal place of business: Singapore	**3**	-
1,00,000 (previous year Nil) equity shares of nominal value of MYR 1 each, fully paid in Graphene Solutions SDN. BHD - Company's holding * - 100% (previous year Nil) - Principal place of business: Malaysia	**2**	-
Capital investment (previous year Nil) in Graphene Solutions Taiwan Limited - Company's holding * - 100% (previous year Nil) - Principal place of business: Taiwan	**11**	-
50,000 (previous year Nil) equity shares of nominal value of ₹ 10 each, fully paid in Seastar Labs Private Limited - Company's holding * - 100% (previous year Nil) - Principal place of business: India	**1**	-
10,000 (previous year Nil) equity shares of nominal value of ₹ 10 each, fully paid in Esencia Technologies India Private Limited	**6**	-
Capital investment (previous year Nil) in L&T Technology Services (Shanghai) Co. Ltd - Company's holding * - 100% (previous year Nil) - Principal place of business: China	**33**	-
	1,264	**1,846**
Aggregate amount of quoted investment		
At book value	**-**	-
At market value	**-**	-
Aggregate amount of unquoted investment		
At book value	**1,264**	1,846
** Voting power is same as the Company's holding % in respective subsidiaries*		
b) Corporate Deposits		
Corporate Deposit with Bajaj Finance	**131**	-
Corporate Deposit with HDFC	**80**	-
Corporate Deposit with LIC Housing Finance	**99**	-
	310	**-**
	1,574	**1,846**

Notes forming part of the Financial Statements

7 Trade receivables - non current

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Non current		
Increase in credit risk	**69**	23
Credit impaired	**189**	168
	258	191
Less: Allowance for bad and doubtful debt	**(258)**	(191)
	-	-

8 Other financial assets - non-current

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Security deposits	**444**	385
Fixed deposits*	**2**	2
Foreign currency forward and options contracts	**370**	961
	816	**1,348**

** Fixed deposits are margin money deposits against bank guarantees*

9 Deferred tax assets (net)

(₹ million)

Description	DTL/(DTA) As at 01-04-2019	Ind AS 116 impact	Charge/ (credit) to P&L	Charge/ (credit) to OCI	Transferred from Graphene	DTL/(DTA) As at 31-03-2020
Property, plant and equipment and other intangible assets	626	-	56	-	(1)	**681**
Branch profit tax	466	-	127	-	-	**593**
Cash flow hedges	343	-	-	(728)	-	**(385)**
Net gain/(loss) on fair valuation of investments	-	-	(1)	-	-	**(1)**
Provision for employee benefits	(219)	-	(62)	-	(3)	**(284)**
Allowances for doubtful debts	(58)	-	(75)	-	-	**(133)**
IND AS-116 impact	-	(100)	(28)	-	-	**(128)**
Other items giving rise to timing differences	(22)	-	(55)	-	-	**(77)**
MAT credit entitlement	(1,103)	-	693	-	-	**(410)**
Branch deferred tax	(134)	-	(88)	-	-	**(222)**
Total	**(101)**	**(100)**	**567**	**(728)**	**(4)**	**(366)**

Notes forming part of the Financial Statements

10 Other non-current assets

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Prepaid expenses	22	111
Income tax receivable (net)	559	479
	581	590

11 Investments - current

(₹ million)

Financial assets: investments - current	As at 31-03-2020	As at 31-03-2019
a) Quoted		
Investment carried at fair value through profit and loss		
Aditya Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment	-	350
Birla SunLife Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	318	202
Aditya Birla Sun Life Floating Rate Fund - Direct Plan - Daily Dividend Reinvestment	303	-
LIC MF Liquid Fund – Direct Growth	300	-
Franklin India Savings Fund – Direct – Daily Dividend	352	-
UTI Money Fund - Direct Growth	458	-
Invesco India Money Fund - Direct Plan - Daily Dividend Reinvestment	-	90
Kotak Corporate Bond Fund -Direct Plan - Monthly Dividend Reinvestment	405	-
Kotak Liquid Fund - Direct - Daily Dividend Reinvestment	-	500
Sundaram Money Fund -Direct Daily Dividend Reinvestment	-	651
DSP BlackRock Liquidity Fund - Direct - Daily Dividend Reinvestment	250	552
Invesco India Money Fund - Direct Growth	101	-
HSBC Cash Fund - Direct - Daily Dividend Reinvestment	-	430
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment	-	582
Axis Liquid Fund - Direct - Daily Dividend Reinvestment	-	581
Axis Treasury Advantage Fund - Daily Dividend Reinvestment	406	-
Invesco India Liquid Fund - Direct Daily Dividend Reinvestment	-	490
Invesco India Treasury Advantage Fund - Direct Plan - Daily Dividend Reinvestment	132	-
Tata Liquid Fund - Direct - Daily Dividend Reinvestment	250	672
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment	-	578
UTI Floater Fund - Direct - Quarterly Dividend Reinvestment	101	-
Franklin India Liquid Fund –Direct Plan - Daily Dividend Reinvestment	100	-
Nippon Money Market Fund - Direct Plan - Daily Dividend Reinvestment	409	-
HDFC Ultra Short Term Fund -Direct Plan - Daily Dividend Reinvestment	445	-
L&T Liquid Fund - Daily Dividend Reinvestment	440	-
ICICI Prudential Money Market Fund - Direct Growth	402	-
	5,172	5,678
b) Corporate Deposits		
Corporate Deposit with Bajaj Finance	300	-
Corporate Deposit with HDFC	307	-
Corporate Deposit with LIC Housing Finance	299	-
	906	-
	6,078	5,678
Aggregate amount of quoted investment at cost	6,073	5,677
Aggregate amount of quoted investment at market value	6,078	5,678

Notes forming part of the Financial Statements

12 Trade receivables

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Current		
Unsecured, considered good	**13,438**	10,227
	13,438	10,227
Less: Allowance for bad and doubtful debt	**(226)**	(54)
	13,212	**10,173**

13 Cash and cash equivalents

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Balances with banks	**1,919**	1,275
Cheques on hand	**56**	57
Cash on hand	**-**	-
Remittance in transit	**36**	581
	2,011	**1,913**

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

14 Other bank balances

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Fixed deposits with banks		
Maturity more than 3 months but less than 12 months	**258**	2
Earmarked balances with banks - unclaimed dividend	**2**	1
	260	**3**

15 Loans

(₹ million)

Current	As at 31-03-2020	As at 31-03-2019
Unsecured, considered good		
Intercorporate deposits with related parties	**92**	90
Others	**1**	-
	93	**90**

Notes forming part of the Financial Statements

16 Other financial assets

(₹ million)

	As at 31-03-2020		As at 31-03-2019	
Advances to employees		237		265
Security deposits		7		6
Foreign currency forward and options contracts		271		489
Loans and advances to related parties		360		224
Other receivables		30		35
Premium receivable on financial guarantee contracts		1		7
Unbilled revenue	802		579	
Less: ECL on unbilled revenue	(31)	771	(8)	571
		1,677		1,597

17 Other current assets

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Unbilled revenue	2,233	1,645
Less: ECL on unbilled revenue	(85)	(24)
	2,148	1,621
Retention money not due	10	-
Advance to suppliers	222	88
Prepaid expenses	857	835
Service tax/GST recoverable	49	36
GST receivable	404	392
Other receivables	777	293
	2,309	1,644
	4,467	3,265

18 Equity share capital

(₹ million)

		As at 31-03-2020	As at 31-03-2019
18.1	**Authorised :**		
	5,250,000,000 (previous year: 5,250,000,000) equity shares of ₹ 2 each	10,500	10,500
		10,500	10,500

Notes forming part of the Financial Statements

(₹ million)

	As at 31-03-2020	As at 31-03-2019
18.2 Issued, subscribed and fully paid up		
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year [10,40,13,325 (previous year: 102,456,047) equity shares of ₹ 2 each]	**208**	205
Add: shares issued on exercise of employee stock options during the year [4,98,233 (previous year: 15,57,278) equity shares of ₹ 2 each]	**1**	3
Issued, subscribed and fully paid up equity shares outstanding at the end of the year [10,45,11,558 (previous year: 10,40,13,325) equity shares of ₹ 2 each]	**209**	208

18.3 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. They entitle the holder to participate in the dividends, and to share in the proceeds of the winding up the Company in proportion to the number of and amounts paid on the shares held. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

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

Equity shares	31-03-2020		31-03-2019	
	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	**77,986,899**	**74.62%**	82,050,531	78.88%
	77,986,899		82,050,531	

18.5 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 18.8

18.6 In the period of five years immediately preceding March 31, 2020:

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil (previous year: Nil)

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil (previous year: Nil)

Aggregate number and class of shares bought back - Nil (previous year: Nil)

18.7 Capital management

The Company continues its policy of a conservative capital structure which has ensured that it retains the highest credit rating. Low gearing levels also equip the Company with the ability to navigate business stresses on one hand and raise growth capital on the other. This policy also provides flexibility of fund raising options for future, which is especially important in times of global economic volatility. The gross debt equity ratio is 0:1 (as at 31-3-2019: 0:1)

Notes forming part of the Financial Statements

18.8 Share based payments

i) The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent. The options are vested equally over a period of 5 years subject to the discretion of the management and fulfilment of certain conditions.

ii) The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years (84 months) from the date of grant of options or six years from the date of first vesting or three years (36 months) from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI (Share Based Employee Benefits) Regulations, 2014 and shall be subject to compliance with accounting policies under the said regulation. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.

iii) Details of grant under ESOP Scheme, 2016 is summarised below:

Series reference	ESOP scheme, 2016	
	2019-20	2018-19
Grant price - ₹	2	2
Grant dates	28-07-2016 onwards	
Vesting commences on	28-07-2017 onwards	
Options granted and outstanding at the beginning of the year	1,738,667	3,224,945
Options lapsed during the year	84,000	164,000
Options granted during the year	166,000	235,000
Options exercised during the year	498,233	1,557,278
Options granted and outstanding at the end of the year-(a)	1,322,434	1,738,667
of (a) above - vested outstanding options	105,074	82,187
of (a) above - unvested outstanding options	1,217,360	1,656,480
Weighted average remaining contractual life of options (in years)	2.99	4.51

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

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

Particulars	2019-20		2018-19	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Options granted and outstanding at the beginning of the year	1,738,667	2	3,224,945	2
Options granted during the year	166,000	2	235,000	2
Options allotted during the year	498,233	2	1,557,278	2
Options lapsed during the year	84,000	2	164,000	2
Options granted and outstanding at the end of the year -(a)	1,322,434	2	1,738,667	2
Options exercisable at the end of the year out of -(a) above	105,074	2	82,187	2

Notes forming part of the Financial Statements

vi) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 1619.53 per share. (previous year ₹ 1435.59 per share).

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

viii) Expense on Employee Stock Option Schemes debited to the statement of profit and loss during 2019-20 is ₹ 207 million (previous year: ₹ 184 million).

ix) The fair value at grant date of options granted during the year ended 31-03-2020 was ₹ 1,588.88 & ₹ 1527.59 (previous year: ₹ 1,231.30). The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, term of option, share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The model inputs for options granted during the year included:

Particulars	2019-20		2018-19
Weighted average exercise price	**2**	**2**	2
Grant date	**19-Jul-19**	**18-Oct-19**	23-Jul-18
Expiry date	**18-Jul-26**	**17-Oct-26**	22-Jul-25
Weighted average share price at grant date	**₹ 1660.45 per option**	**₹ 1593.30 per option**	₹ 1,281.80 per option
Weighted average expected price volatility of company's share	**24.01%**	**23.21%**	22.47%
Weighted average expected dividend yield over life of option	**5.30%**	**5.08%**	5.06%
Weighted average risk-free interest	**6.22%**	**6.03%**	7.67%
Method used to determine expected volatility	The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility based on publicly available information.		

18.9 Dividends

(a) During the year ended March 31, 2020, the Company paid the final dividend of ₹ 13.50 per equity share for the year ended March 31, 2019.

(b) On October 18, 2019, the Company paid an interim dividend of ₹ 7.50 per equity share for the year ended March 31, 2020.

(c) On May 15, 2020, the Board of Directors of the Company have recommended the final dividend of ₹ 13.50 per equity share for the year ended March 31, 2020 subject to approval by the shareholders at the forthcoming annual general meeting. On approval, the total dividend payment based on number of shares outstanding as on March 31, 2020 is expected to be ₹ 1,411 million.

Notes forming part of the Financial Statements

19 Other equity

(₹ million)

	As at 31-03-2020		As at 31-03-2019	
Securities premium account [note 2(q)]		**11,043**		10,890
Share options outstanding account [note 2(t)]				
Employee share options outstanding	**650**		618	-
Deferred employee compensation expense	**(297)**	**353**	(274)	344
Retained earnings		**16,704**		11,770
Cash flow hedge reserve [note 2(o)(iii)]		**(1,332)**		1,171
Capital reserve on business combination*		**(653)**		-
Other items of other comprehensive income		**(124)**		(24)
		25,991		**24,151**

** Capital reserve on business combination has arisen on transfer of business between entities under common control. It represents the difference, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor.*

20 Other financial liabilities

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Lease liability	**3,189**	-
Liability towards employee compensation	**47**	-
Foreign currency forward and options contracts	**1,575**	60
	4,811	**60**

21 Short-Term Borrowings

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Unsecured borrowing from banks	**-**	-
Short term borrowings from inter-company	**239**	-
Loans repayable on demand from banks	**-**	426
	239	**426**

22 Trade payable

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Due to related parties*	**539**	415
Due to Micro and small enterprises	**27**	7
Due to others	**1,304**	1,280
	1,870	**1,702**

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

Notes forming part of the Financial Statements

23 Other financial liabilities

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Unclaimed dividend	**2**	1
Due to others		
Lease liability	**658**	-
Liability towards employee compensation	**2,105**	2,213
Other payables	**-**	226
Foreign currency forward and options contracts	**739**	88
Financial guarantee contract	**1**	6
Suppliers ledger - capital goods/services	**46**	109
	3,551	**2,643**

24 Other current liabilities

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Unearned revenue	**467**	224
Other payables	**1,711**	1,449
Liability - employee car/computer schemes	**114**	94
	2,292	**1,767**

25 Provisions

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Provisions for employee benefits		
Leave enchashment	**1,554**	1,242
Post retirement medical benefits	**71**	59
	1,625	**1,301**

26 Revenue from operations

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Engineering and technology services	**51,813**	47,120
	51,813	**47,120**

Notes forming part of the Financial Statements

27 Other income

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Export incentive	**931**	276
Foreign exchange gain/ (loss)*	**738**	939
Profit/(loss) on sales of fixed asset	**-**	(1)
Dividend income and gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	**190**	172
Interest income	**185**	6
Miscellaneous income	**100**	120
Net gain/(loss) on sale of investment	**(21)**	-
	2,123	**1,512**

**The foreign exchange gain reported above includes loss of ₹ 58 million (previous year gain of: ₹ 704 million) being effective portion of the gain/loss on derivative instruments which are designated as cash flow hedges.*

28 Employee benefits expenses

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Salaries including overseas staff expenses	**28,541**	26,663
Contribution to and provision for:		
Contribution to provident and pension fund	**450**	364
Contribution to gratuity fund	**103**	108
Share based payments to employees	**207**	184
Staff welfare expenses	**358**	329
	29,659	**27,648**

29 Other expenses

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Subcontracting and component charges	**2,939**	2,286
Engineering, professional, technical and consultancy fees	**2,251**	2,046
Cost of computer software	**1,043**	830
Travelling and conveyance	**2,176**	2,183
Rent and establishment expenses	**161**	878
Communication expenses	**275**	280
Legal and professional charges	**466**	318
Advertisement and sales promotion expenses	**269**	222
Recruitment expenses	**262**	188
Repairs to buildings & machineries	**352**	347
General repairs and maintenance	**149**	108
Power and fuel	**161**	143
Equipment hire charges	**16**	11

Notes forming part of the Financial Statements

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Insurance charges	76	77
Rates and taxes	212	111
Bad debts written off	1	29
Less : Allowance for doubtful debts written back	-	-
Allowances for doubtful debts on trade receivable	239	147
ECL on unbilled revenue	84	12
Overheads charged by group companies	129	191
Trademark fees	84	76
Corporate social responsibility expenditure	326	101
Commission to Directors	12	30
Miscellaneous expenses	159	203
	11,842	**10,817**

30 Finance costs

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Interest expense		
Interest expense	5	5
Interest on bill discounting	6	6
Interest on lease liability	340	-
	351	**11**

31 Provision for taxation

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Current tax		
Current tax on profits for the year	2,081	2,276
Tax expenses for prior periods	2	(2)
Deferred tax	567	139
	2,650	**2,413**

Notes forming part of the Financial Statements

32 Basic and diluted EPS

(₹ million except stated otherwise)

	Year ended 31-03-2020	Year ended 31-03-2019
Basic EPS		
Profit after tax	**7,900**	7,001
Profit attributable to equity shareholders	**7,900**	7,001
Weighted average no. of equity shares outstanding	**104,198,134**	103,376,513
Basic EPS (₹)	**75.82**	67.72
Diluted EPS		
Profit after tax	**7,900**	7,001
Profit attributable to equity shareholders	**7,900**	7,001
Weighted average no. of equity shares outstanding	**104,198,134**	103,376,513
Add - No. of potential equity shares	**1,156,615**	1,627,949
Weighted average no. of equity shares outstanding	**105,354,749**	105,004,462
Diluted EPS (₹)	**74.99**	66.67

33 Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 288 million (previous year: ₹ 179 million).

34 Contingent liability

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Corporate guarantee	**1,309**	1,196
	1,309	**1,196**

(Corporate bank guarantee of USD 16.5 million (previous year: USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA and USD 0.8 million (previous year: USD 0.8 million) issued to Bank of America for securing borrowings of Esencia Technologies Inc., USA.)

35 Details of payment to auditors

(₹ million)

	Year ended 31-03-2020	Year ended 31-03-2019
Payment to auditors (net of taxes)		
As auditor:		
Audit fee	**0.96**	0.96
Taxation matters	**0.29**	0.29
Company law matters	**0.02**	0.02
Other services :		
- Limited review	**0.68**	0.47
- Other services including certification work	**1.59**	0.92
Re-imbursement of expenses	**0.38**	0.50
	3.92	**3.16**

Notes forming part of the Financial Statements

36 Corporate social responsibility expenditure

a) As per section 135 of the Act, a company meeting the applicability threshold , needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility ('CSR') activities. The Company's CSR ambit covers skill development, innovation & technology, water, health & education, and environment and it is continuously investing in welfare initiatives and programmes to provide support to people in the communities where the Company has presence. A CSR committee has been formed by the Company as per the Act.

b) Amount required to be spent by the Company on CSR related activities during the year is ₹ 127 million (previous year: ₹ 103 million).

c) Amount spent during the year:

(₹ million)

Particulars	Year ended 31-03-2020			Year ended 31-03-2019		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purposes other than (i) above (disclosed under note 29 - other expenses)	**308**	**18**	**326**	101	-	101
Total	**308**	**18**	**326**	**101**	**-**	**101**

37 Particulars in respect of loans and advances in nature of loans to related parties as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(₹ million)

Name of the company	Balance as at		Maximum outstanding during	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
L&T Thales Technology Services Private Limited	**90**	90	**90**	250
Seastar Labs Private Limited	**2**	-	**2**	-

Note:

i) Loans to employees (including directors) under various schemes of the Company (such as housing loan etc.) have been considered to be outside the purview of the disclosure requirements.

38. Business Combination:

During the year, the Company entered into agreement with its wholly owned subsidiary, Graphene Semiconductor Services Private Limited ('Graphene'), for purchase of its business. The agreement was effective from October 1, 2019 and a cash consideration of ₹ 206 million was paid to Graphene under this agreement.

Graphene provides end to end solutions – from chip design and embedded software, through providing support to mass manufacturing, thereby being a one-stop service and solution provider. Further, the transfer has been accounted using pooling of interest method, involving the following:

a. The assets and liabilities of Graphene has been recognised at their carrying amounts. No adjustment has been made to reflect the fair values or recognize any new asset or liability.

Notes forming part of the Financial Statements

b. The excess amount of investment by the Company in Graphene over the Net assets of Graphene as on acquisition date has been treated as Capital reserve in Company's Financial statements and presented separately from other Capital reserve [Refer Note no. 2(cc)].

The Company entered into agreement with its subsidiaries for purchase of investments in step-down subsidiaries.

39 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

i) **Outstanding currency exchange rate hedge instruments:**

Forward and options covers taken to hedge exchange rate risk and accounted as cash flow hedge:

(₹ million)

Particulars	As at 31-03-2020				As at 31-03-2019			
	Nominal amount	Average rate* (₹)	Within twelve months	After twelve months	Nominal amount	Average rate (₹)	Within twelve months	After twelve months
(a) Receivable hedges								
US Dollar	**73,894**	**77.09**	**31,171**	**42,723**	64,298	73.82	35,214	29,084
EURO	**7,435**		**3,427**	**4,008**	5,713		2,944	2,769
(b) Payable hedges								
US Dollar	**9,081**		**5,479**	**3,602**	12,475		9,706	2,769
EURO	**2,906**		**1,317**	**1,589**	2,537		1,334	1,203

*Average rate is attributable to forward contracts only.

ii) **Carrying amounts of hedge instruments for which hedge accounting is followed:**

(₹ million)

Cashflow hedge	As at 31-03-2020			As at 31-03-2019		
	Current	Non- current	Total	Current	Non- current	Total
Other financial assets	**271**	**370**	**641**	489	961	1,450
Other financial liabilities	**(739)**	**(1,575)**	**(2,314)**	(88)	(60)	(148)
Total	**(468)**	**(1,205)**	**(1,673)**	**401**	**901**	**1,302**

iii) **Break up of hedging reserve**

(₹ million)

Cash flow hedging reserve	As at 31-03-2020	As at 31-03-2019
Balance towards continuing hedge	**(1,534)**	1,096
Balance for which hedge accounting discontinued	**202**	75
Total	**(1,332)**	**1,171**

Notes forming part of the Financial Statements

iv) Movement of hedging reserve

(₹ million)

Hedging reserve	As at 31-03-2020	As at 31-03-2019
Opening Balance	**1,171**	1,164
Changes in fair value of forward and options contracts designated as hedging instruments	**(2,822)**	676
Amount reclassified to statement of profit & loss where hedge item has became on-balance sheet	**(409)**	(691)
Tax impact on above	**728**	22
Closing balance	**(1,332)**	**1,171**

40 Segment reporting

(a) Description of segments and principal activities

The Company's management examines the Company's performance both from industry and geographic perspective and has identified five reportable segments of its business:

1. **Transportation:** The Company offers engineering services and solutions over the complete spectrum of the transportation industry, that includes original equipment manufacturer 'OEM' and Tier 1 suppliers in automotive, trucks and off-highway vehicles, aerospace and rail industries. The segment delivers end-to-end services from concept to detailed design through manufacturing, testing, after-market and sourcing support helping OEMs and Tier 1s develop products in a cost-effective manner. The Company also helps its clients develop cutting-edge transportation technologies such as autonomous driving, electric vehicle and drones. The Company's domain expertise, globalized and customer centric approach, proprietary solutions and a repository of over 150 co-authored patents drive innovation and sustained business growth. The adherence to safety protocols, design and processes and use of cross-disciplinary engineering facilitates superlative experience to the Company's customers.

2. **Industrial products:** Industrial products practice helps original equipment manufacturer (OEM) customers across building automation, home and office products, energy, process control and machinery. The Company's expertise in engineering industrial products helps customer drive innovation and efficiency, and retain a competitive edge The Company helps streamline the product development value chain, enabling customers spearhead business growth.

   This Industrial Products segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

3. **Telecom & Hi-tech:** The Company's expertise in digital engineering such as the cloud, internet of things (IoT), artificial intelligence, data analytics and other areas in telecom domain enables its partners to leverage the right telecommunications strategy. With expertise in product variant development, 5G capabilities, simulations and automation, and product and mid of life support, the Company is a one stop-solution for the clients. It also provides futuristic solutions and IP Cores that address some of the pressing needs of the semiconductor industry. The Company's narrow band IoT (nBIoT) solution provides the complete IoT device management designed with low memory and low power footprint enabling easy integration to custom target platforms.

Notes forming part of the Financial Statements

The Company's experience in product development, digitalization, user experience engineering, and testing and certification enables the customers to expand to new markets, innovate newer and smarter products, and roll-out products faster and cheaper. The Company's designs for 3D cameras, speech recognition, smart glasses and connectivity programs involving wireless mesh networks are seeing increasing traction from the industry.

4. **Plant engineering:** The plant engineering practice provides end to end engineering services for leading plant operators across the globe. The Company provides services in E/EPCM, engineering reapplication and global rollouts, plant sustenance and management, regulatory compliance engineering along with chemical, consumer packaged goods (FMCG) and energy and utility sector clients. The Company specializes in traditional engineering procurement construction management (EPCM) and operational maintenance projects, as well as contemporary digital engineering enterprises. The Company is advancing its engineering footprint to encompass the digital sphere and working with customers on 'Smart Manufacturing' technologies such as automation, IoT, analytics, and augmented reality (AR).

5. **Medical devices:** The Company's domain expertise, supported by robust technological capabilities, helps medical device OEMs address industry challenges, accelerate time to market, and optimize costs. The Company focuses on delivering solutions in diagnostics, patient mobility services, musculoskeletal services, life sciences, surgical services, cardiovascular, home healthcare and general medical.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

(i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

(₹ million)

Particulars	Transportation	Industrial Products	Telecom and Hi-tech	Plant Engineering	Medical Devices	Total
Revenue	**17,014**	**10,717**	**9,872**	**9,101**	**5,109**	**51,813**
% to Total	**32.8%**	**20.7%**	**19.0%**	**17.6%**	**9.9%**	**100.0%**
	14,067	*10,182*	*12,273*	*7,220*	*3,378*	*47,120*
% to Total	*29.9%*	*21.6%*	*26.0%*	*15.3%*	*7.2%*	*100.0%*
Segment operating profits	**3,064**	**2,695**	**1,649**	**2,315**	**1,397**	**11,120**
% to Revenue	**18.0%**	**25.1%**	**16.7%**	**25.4%**	**27.3%**	**21.5%**
	2,414	*2,533*	*1,944*	*1,642*	*839*	*9,372*
% to Total	*17.2%*	*24.9%*	*15.8%*	*22.7%*	*24.9%*	*19.9%*
Un-allocable expenses (net)						**808**
						728
Other income						**2,123**
						1,512
Operating profit						**12,435**
						10,156
Finance cost						**351**
						11
Depreciation						**1,534**
						731
Profit before extraordinary items and tax						**10,550**
						9,414

Notes forming part of the Financial Statements

(ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

(₹ million)

Particulars	North America	Europe	India	Rest of World	Total
External revenue by location of customers	30,258	8,256	7,457	5,842	51,813
	25,729	*8,334*	*7,012*	*6,045*	*47,120*

Numbers in italics are for the previous year.

Fixed assets used and liabilities contracted for performing the Company's Business have not been identified to any of the above reported segments as the fixed assets and services are used inter-changeably among segments.

(iii) No single customer represents 10% or more of the Company's total revenue for the year ended March 31, 2020.

41 Financial risk management

i) Market risk management

The Company regularly reviews its foreign exchange forward and option positions, both on a standalone basis and in conjunction with its underlying foreign currency related exposures. The Company follows cash flow hedge accounting for highly probable forecasted exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the balance sheet of the Company. The Company manages its exposures normally for a period of up to three years based on the estimated exposures over that period. As the period increases, the cash flows hedged as a percentage of the total expected cash flows diminish, as there is increased uncertainty of the total cash flows materializing over a longer period of time. The recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect the Company's financial condition and operating results. Hence, the Company monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on balance sheet exposures, the Company monitors the risks on net un-hedged exposures.

ii) Price risk management

The Company's investment policy and strategy are focused on preservation of capital and supporting the Company's liquidity requirements. The Company uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Company typically invests in money market funds, under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. To provide a meaningful assessment of the price risk associated with the Company's investment portfolio, the Company performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% move in debt funds and debt securities Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- ₹ 8 million as of March 31, 2020, and +/- ₹ 9 million as of March 31, 2019. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

iii) Foreign currency risk management

In general, the Company is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Company's net sales and gross margins as expressed in Indian Rupees.

Notes forming part of the Financial Statements

The Company may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Company's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Company may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Company may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Company uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. The overnight VAR for the Company at 95% confidence level is ₹ 205 million as of March 31, 2020 and ₹ 255 million as of March 31, 2019.

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of March 31, 2020 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Company's actual exposures and position.

iv) Credit/counter-party risk management

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ₹ 484 million as at March 31, 2020 and ₹ 245 million as at March 31, 2019. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(₹ million)

	2019-20	2018-19
Opening balance of allowances for doubtful accounts	**245**	98
Allowances recognized (reversed)	**239**	147
Closing balance of allowances for doubtful accounts	**484**	**245**

Notes forming part of the Financial Statements

The percentage of revenue from its top five customers is 19.95% for 2019-20 (27.26% for 2018-19).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments.

The Company invests its surplus funds in liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.

v) Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position.

The Company has no borrowings as on 31-Mar-20 but it has credit facilities with banks that will help it to generate funds for the business if required. The contractual maturities of financial assets and financial liabilities is as follows:

(₹ million)

Financial assets	Less than 1 year	More than 1 year	Total
Investments	6,078	310	6,388
Trade receivables	13,212	-	13,212
Loans	93	-	93
Other financial assets	1,406	444	1,850
Total	**20,789**	**754**	**21,543**

(₹ million)

Financial liabilities	Less than 1 year	More than 1 year	Total
Short-term borrowings	239	-	239
Trade payables	1,870	-	1,870
Lease liabilities	658	3,189	3,847
Other financial liabilities	2,154	47	2,201
Total	**4,921**	**3,236**	**8,157**

Notes forming part of the Financial Statements

42 Fair value measurements

Financial instruments by category

(₹ million)

	As at 31-03-2020			As at 31-03-2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments (other than those held in subsidiary)						
- Mutual funds	**5,172**			5,678		
- Bank fixed deposits			**2**			2
- Corporate deposits			**1,216**			
Loans			**93**			90
Trade receivables			**13,212**			10,173
Cash and cash equivalents			**2,011**			1,913
Other bank balances			**260**			3
Derivative financial instruments		**641**			1,450	
Security deposits			**451**			391
Premium receivable on financial guarantee contracts			**1**			7
Loans - related parties			**360**			224
Advances - to employees			**237**			265
Other receivables			**801**			606
Total financials assets	**5,172**	**641**	**18,644**	**5,678**	**1,450**	**13,674**
Financial liabilities						
Borrowings			**239**			426
Trade payables			**1,870**			1,702
Derivative financial instruments		**2,314**		9	139	
Lease liability			**3,847**			
Supplier ledger - capital goods/services			**46**			109
Liability towards employee compensation			**2,152**			2,213
Financial guarantee contract			**1**			6
Unclaimed dividend			**2**			1
Other payables			**-**			226
Total financials liabilities	**-**	**2,314**	**8,157**	**9**	**139**	**4,683**

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the

Notes forming part of the Financial Statements

financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31-03-2020				As at 31-03-2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial investment at FVPL								
Mutual funds	5,172			5,172	5,678			5,678
Financial investment at FVOCI								-
Derivative financial instruments		641		641		1,450		1,450
Total financials assets	5,172	641	-	5,813	5,678	1,450	-	7,128
Financial liabilities								
Derivative financial instruments		2,314		2,314		148		148
Total financials liabilities	-	2,314	-	2,314	-	148	-	148

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

iii) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (net asset value) considered for the fair valuation of the current investment i.e. Mutual fund. Gain/(loss) on fair valuation is recognised in statement of profit and loss.
- The carrying amounts of trade receivable, unbilled revenue, trade payable, cash and bank balances, short term loans and advances, statutory dues/receivable, short term borrowing, employee dues are considered to be the same as their fair value owing to their short-term nature.

Notes forming part of the Financial Statements

- The fair value of premium receivable on financial guarantee contract is derived by discounting premium receivable over the period of contract. Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the period of the contract.
- The fair value of non-current security deposits are calculated by discounting future cash inflows.

(iv) Fair value of financial assets and financial liabilities measured at amortised cost:

The carrying amounts of all financials assets and financial liabilities are considered to be the same as their fair values owing to their short term nature.

(iv) Fair value of financial assets and financial liabilities measured at amortised cost:

The carrying amounts of all financials assets and financial liabilities are considered to be the same as their fair values owing to their short term nature.

43 Tax reconciliation statement

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ million)

Sr. no.	Particulars		Year ended 31 March, 2020	2019
(a)	**Profit before tax**		**10,550**	9,414
(b)	Corporate tax rate as per Income tax Act, 1961		**34.94%**	34.94%
(c)	**Tax on accounting profit**	(c)=(a)*(b)	**3,686**	3,290
(d)	(i) Tax effect of exempt non-operating income		**(64)**	(60)
	(ii) Tax effect due to non-taxable income for Indian tax purposes		**(1,433)**	(1,144)
	(iii) Effect of non-deductible expenses		**59**	37
	(iv) Overseas taxes		**275**	364
	(v) Tax effect on various other items		**127**	(73)
	Total effect of tax adjustments [(i) to (v)]		**(1,036)**	(876)
(e)	**Tax expense recognised during the year**	(e)=(c)-(d)	**2,650**	**2,413**
(f)	**Effective tax rate**	(f)=(e)/(a)	**25.12%**	**25.64%**

The applicable Indian statutory tax rate for fiscal 2020 and fiscal 2019 is 34.94%.

Overseas taxes are on account of income taxes payable overseas, principally in the United States of America. In India, the Company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005(SEZ). SEZ units which commenced operations on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Upto 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-Investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income tax Act, 1961.

Notes forming part of the Financial Statements

44 Disclosure pursuant to Ind AS 19 "Employee benefits"

a) The amounts recognised in balance sheet are as follows:

(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
A. Present value of defined benefit obligation						
Wholly funded	**861**	627	**-**	-	**4,618**	4,138
Wholly unfunded			**71**	59	**-**	-
Total (a)	**861**	627	**71**	59	**4,618**	4,138
Less: Fair value of plan assets (b)	**691**	540	**-**	-	**4,894**	4,164
Amount to be recognised as liability or (asset) (a-b)	**170**	87	**71**	59	**(276)**	(26)
B. Amounts reflected in the balance sheet						
Liabilities	**170**	87	**71**	59	**78**	62
Assets						
Net liability / (asset)	**170**	87	**71**	59	**78**	62

b) The amounts recognised in Statement of Profit and Loss are as follows :

(₹ million)

		Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company	
		As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
1	Current service cost	**101**	101	**24**	20	**270**	224
2	Interest cost	**3**	7	**4**	4	**355**	306
3	Expected return on plan assets	**-**	-	**-**	-	**(355)**	(306)
4	Actuarial losses / (gains)	**-**	-	**-**	-	**(284)**	(34)
5	Past service cost	**-**	-	**-**	-	**-**	-
6	Actuarial Gain/loss not recognized in books	**-**	-	**-**	-	**284**	34
	Total expense for the year included in staff cost	**104**	108	**28**	24	**270**	224

Notes forming part of the Financial Statements

c) Amount recorded In other comprehensive income :

(₹ million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Opening amount recognized in OCI Profit and Loss Account	**93**	43	**(63)**	(49)
Remeasurement during the period due to	**-**	-	**-**	-
a Changes in financial assumptions	**43**	15	**11**	5
b Changes in demographic assumptions	**-**	-	**-**	3
c Experience adjustments	**108**	24	**(28)**	(22)
d Actual return on plan assets less interest on plan assets	**(6)**	11	**-**	-
e Adjustment to recognize the effect of asset ceiling	**-**	-	**-**	-
Closing amount recognized in OCI outside profit and loss account	**238**	**93**	**(80)**	**(63)**

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ million)

	Gratuity plan		Post retirement medical benefit plan		Provident Fund trust managed by the holding company	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Opening balance of the present value of defined benefit obligation	**627**	576	**59**	49	**4,138**	3,292
Transfer in/(Out)	**-**	-			**191**	231
Current service cost	**101**	101	**24**	20	**270**	224
Past service cost	**-**	-			**-**	-
Interest on defined benefit obligation	**41**	40	**4**	4	**355**	306
Remeasurements due to :	**-**	-			**-**	-
Actuarial loss/(gain) arising from change in financial assumptions	**43**	15	**12**	5	**-**	-
Actuarial loss/(gain) arising from change in demographic assumptions	**-**		**-**	3	**-**	-
Actuarial loss/(gain) arising on account of experience changes	**107**	24	**(28)**	(22)	**-**	-
Contribution by Plan Participants	**-**	-			**578**	484
Benefits paid	**(66)**	(65)		-	**(912)**	(401)
Due to Members Unclaimed	**-**	-			**(2)**	2
Liabilities assumed / (settled)*	**8**	(63)		-	**-**	-
Liabilities extinguished on settlements		-		-	**-**	-
Closing balance of the present value of defined benefit obligation	**861**	**627**	**71**	**59**	**4,618**	**4,138**

** On account of Graphene business combination*

Notes forming part of the Financial Statements

The Company expects to contribute ₹ 100 million towards its gratuity plan in FY 2020-21 (₹ 100 million in FY 2019-20)

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows

(₹ million)

	Gratuity plan		Provident Fund trust managed by the holding company	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Opening balance of the fair value of the plan assets	**540**	453	**4,164**	3,320
Expected return on plan assets	**-**	-	**355**	306
Add / (less) : transfer in/(out)	**-**	-	**191**	231
Add/(less) : actuarial gains/(losses)	**-**	-	**284**	34
Employer contributions	**173**	131	**263**	219
Contributions by plan participants	**-**	-	**549**	455
Interest on plan assets	**38**	33		
Remeasurement due to:				
Actual return on plan assets less interest on plan assets	**6**	(11)		
Benefits paid	**(66)**	(65)	**(912)**	(401)
Liabilities assumed / (settled)	**-**	-		
Closing balance of the plan assets	**691**	540	**4,894**	4,164

f) Sensitivity analysis :

(₹ million)

	Gratuity plan		Post retirement medical benefit plan	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Impact of increase in 100 bps on defined benefit obligation				
Discount rate	**-5.49%**	-5.27%		
Salary escalation rate	**6.12%**	5.80%		
Impact of decrease in 100 bps on defined benefit obligation				
Discount rate	**6.11%**	5.84%		
Salary escalation rate	**-5.60%**	-5.35%		
Discount rate				
Impact of increase in 100 bps on defined benefit obligation			**-17.54%**	-17.72%
Impact of decrease in 100 bps on defined benefit obligation			**23.44%**	23.30%
Healthcare costs rate				
Impact of increase in 100 bps on defined benefit obligation			**15.14%**	19.61%
Impact of decrease in 100 bps on defined benefit obligation			**-12.15%**	-15.46%
Life expectancy				
Impact of increase in 1 year on defined benefit obligation			**0.97%**	0.44%
Impact of decrease by 1 year on defined benefit obligation			**-1.01%**	-0.47%

i. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

ii. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes forming part of the Financial Statements

g) The major categories of plan assets as a percentage of total plan assets are as follows:

(₹ million)

	Gratuity plan		Provident Fund trust managed by the holding company	
	As at 31-03-2020	As at 31-03-2019	**As at 31-03-2020**	As at 31-03-2019
Government of India securities	**Scheme with LIC**	Scheme with LIC	**21.53%**	23.64%
State government securities			**25.41%**	24.00%
Corporate bonds			**28.88%**	20.91%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds			**5.04%**	5.33%
Public sector bonds			**16.07%**	22.00%
Mutual Funds			**3.07%**	4.12%

h) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

(₹ million)

	As at 31-03-2020	As at 31-03-2019
1 Discount rate:		
(a) Gratuity plan	**6.15%**	7.05%
(b) Post retirement medical benefit plan	**6.15%**	7.05%
2 Annual increase in healthcare costs	**5.00%**	5.00%
3 Salary growth rate	**5.00%**	5.00%
4 Attrition rate	**14% to 19% for various age groups**	17% to 19% for various age groups

Risk exposure

i. Gratuity

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

ii. Post retirement medical benefits plan

The Post-retirement medical care plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

Notes forming part of the Financial Statements

i) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ million)

		As at 31-03-2020	As at 31-03-2019
Gratuity plan (wholly funded)			
1	Defined benefit obligation	**861**	627
2	Plan assets	**691**	540
3	(Surplus) / deficit	**169**	87
4	Experience Adjustments plan liabilities	**-**	-
5	Experience Adjustments plan assets	**-**	-
Post retirement medical benefit plan (wholly unfunded)			
1	Defined benefit obligation	**71**	59
2	Experience Adjustments plan liabilities	**-**	-
3	Experience Adjustments plan assets	**-**	-
Self - managed provident fund plan (wholly funded)			
1	Defined benefit obligation	**4,618**	4,138
2	Plan assets	**4,894**	4,164
3	(Surplus) / deficit	**(276)**	(26)

General descriptions of defined benefit plans:

a Gratuity plan

The Company makes contributions to the employees' group gratuity-cum-life assurance scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

c Provident Fund trust managed by the holding company

The Company's provident fund plan is managed by its holding company through a trust permitted under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

Employee benefit plan

In In January 2018, the Company established the L&T Technology Services 401k Plan (the "Plan") for the benefit of its employees in USA. As allowed under section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions for eligible employees of L&T Technology Services Limited, L&T Technology Services LLC and Esencia Technologies Inc. The Plan allows the employee and Company's contributions to vest 100% immediately. During the year ended March 31, 2020, the Company contributed ₹ 37 million towards the Plan (Previous year: ₹ 30 million)

Notes forming part of the Financial Statements

45 Lease liability

(₹ million)

1	Reconciliation of IND AS 17 lease commitments with lease liability as on April 1, 2019	
	Total Operating Lease commitments disclosed as at March 31, 2019	**6,191**
	Less: Recognition exemptions	
	Short term leases	(76)
	Less: Impact of discounting under Ind AS 116	(1,601)
	Add: Extension and termination options reasonably certain to be exercised	(914)
	Lease liability as on April 1, 2019	**3,600**
2	Impact of change in accounting policy /adoption of IND AS 116	
	Decrease in fixed assets	-
	Increase lease liability	3,600
	Increase Right-of-use	3,270
	Increase / decrease in deferred tax assets	(100)
	Increase in finance cost	340
	Increase in depreciation	747
3	Classwise right of use assets (in our case it will be only office premise)	
	Balance as on April 1, 2019	**3,270**
	Addition during the year (net of deletion)	868
	Depreciation during the year	(747)
	Closing balance as on March 31, 2020	**3,391**
4	Lease liability movement	
	Balance as on April 1, 2019	3,600
	Addition during the year	842
	Repayment during the year (lease payment towards lease liability net of finance cost)	(595)
	Closing balance as on March 31, 2020	**3,847**
5	Maturity analysis of lease liability (undiscounted)	
	Less than 1 year	967
	1 to 5 years	2,912
	More than 5 years	1,554
	Total	**5,433**
	Closing balance as on March 31, 2020	
	Current liability	658
	Non -current liability	3,189
		3,847
6	Amount recognised in P&L account	
	Interest on lease liability	340
	Rent expense - low value lease agreements	93
7	**Lease commitment**	
	Leases not yet commenced as on March 31, 2020 to which the Company is committed is ₹ 180 million for period more than 5 years.	

Notes forming part of the Financial Statements

46 Related party disclosure

46 (1) (i) List of related parties over which control exists/exercised

Name	Relationship
L&T Technology Services LLC	Wholly owned subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Esencia Technologies Inc	Wholly owned subsidiary of L&T Technology Services LLC
Esencia Technologies India Private Limited	Wholly owned subsidiary
Graphene Semiconductor Services Private Limited	Wholly owned subsidiary
Graphene Solutions Pte. Ltd.	Wholly owned subsidiary*
Graphene Solution SDN. BHD.	Wholly owned subsidiary*
Graphene Solutions Taiwan Limited	Wholly owned subsidiary*
Seastar Labs Private Limited	Wholly owned subsidiary*
L&T Technology Services (Shanghai) Co. Ltd.	Wholly owned subsidiary
L&T Technology Services (Canada) Ltd.	Wholly owned subsidiary of L&T Technology Services LLC

**Wholly owned subsidiary w.e.f October 1, 2019. Earlier wholly owned by Graphene Semiconductor Services Private Limited*

46 (1) (ii) List of related parties which can exercise control

Name	Relationship
Larsen and Toubro Limited	Holding company

46 (1) (iii) Key management personnel

Executive directors	Status
Dr. Keshab Panda	Chief Executive Officer & Managing Director
Mr. Amit Chadha	Deputy Chief Executive Officer and Whole Time Director
Mr. Abhishek	Chief Operating Officer & Whole Time Director
Mr. P. Ramakrishnan	Chief Financial Officer
Mr. Kapil Bhalla	Company Secretary

Non-executive directors
Mr. Anilkumar Manibhai Naik
Mr. Sekharipuram Narayanan Subrahmanyan

46 (1) (iv) List of related parties with whom there were transactions during the year

Name	Relationship
Larsen & Toubro Limited	Holding company
Larsen & Toubro Infotech Limited	Fellow subsidiary
Larsen & Toubro Infotech Canada Limited	Fellow subsidiary
Larsen & Toubro Infotech GmbH	Fellow subsidiary
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Technologies INC	Fellow subsidiary
Larsen Toubro Arabia LLC	Fellow subsidiary

Notes forming part of the Financial Statements

Name	Relationship
Larsen &Toubro (East Asia) SDN.BHD	Fellow subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow subsidiary
L&T Hydrocarbon Engineering Limited	Fellow subsidiary
L&T Construction Equipment Limited	Fellow subsidiary
Servowatch Systems Limited	Fellow subsidiary
L&T Valves Limited	Fellow subsidiary
Kesun Iron & Steel Company Private Limited	Fellow subsidiary
L&T Overseas Projects Nigeria Limited	Fellow subsidiary
Tamco Switchgear (Malaysia) SDN BHD	Fellow subsidiary
L&T-Sargent & Lundy Limited	Joint Venture
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary
Esencia Technologies INC	Subsidiary
Esencia Technologies India Private Limited	Subsidiary
Graphene Semiconductor Services Private Limited	Subsidiary
Seastar Labs Private Limited	Subsidiary
Graphene Solutions Taiwan Limited	Subsidiary
L&T Technology Services (Shanghai) Co. Ltd.	Subsidiary

46 (1) (v) Name of post-employment benefit plans with whom transactions were carried out during the year:

Larsen & Toubro Officers & Supervisory Staff Provident Fund

L&T Technology Services Limited Employee Group Gratuity Scheme

46 (1) (vi) Disclosure of related party transactions

(₹ million)

Particulars	31-03-20	31-03-19
Revenue from services :		
Holding Company	**412**	**349**
- Larsen & Toubro Limited	**412**	349
Fellow subsidiaries	**1,075**	**733**
- L&T Hydrocarbon Engineering Limited	**40**	22
- Larsen & Toubro Infotech Limited	**1,032**	707
- L&T Construction Equipment Limited	**1**	-
- L&T Valves Limited	**-**	2
- L&T Metro Rail (Hyderabad) Limited	**2**	2
Subsidiaries	**945**	**829**
- L&T Thales Technology Services Private Limited	**643**	553
- L&T Technology Services LLC	**269**	192
- Esencia Technologies Inc	**1**	84
- Graphene Semiconductor Services Private Limited	**32**	-
Purchase of services		
Holding Company	**1**	**1**
- Larsen & Toubro Limited	**1**	1
Fellow subsidiaries	**1,150**	**822**
- L&T Hydrocarbon Engineering Limited	**81**	280
- Larsen & Toubro Infotech Limited	**1,046**	440

Notes forming part of the Financial Statements

(₹ million)

Particulars	31-03-20	31-03-19
- Larsen & Toubro Infotech GMBH	22	99
- L&T-Sargent & Lundy Limited	1	3
Subsidiaries	**662**	**460**
- L&T Thales Technology Services Private Limited	24	40
- L&T Technology Services LLC	527	379
- Esencia Technologies Inc	44	34
- Graphene Semiconductor Services Private Limited	67	7
Rent paid		
Holding Company	**234**	**192**
- Larsen & Toubro Limited	234	192
Fellow subsidiaries	**31**	**48**
- Larsen & Toubro Infotech Limited	22	37
- Larsen & Toubro Infotech GMBH	8	8
- Larsen & Toubro Saudi Arabia LLC	-	3
- Larsen & Toubro (East Asia) Sdn. Bhd.	1	-
Subsidiaries	**17**	**-**
- Graphene Semiconductor Services Private Limited	4	-
- L&T Technology Services LLC	13	-
Commission paid		
Fellow subsidiaries	**1**	**2**
- Larsen & Toubro Infotech Limited	1	2
Interest receivable		
Holding Company	**113**	**22**
- Larsen & Toubro Limited	113	22
Subsidiaries	**9**	**8**
- L&T Thales Technology Services Private Limited	8	8
- Graphene Semiconductor Services Private Limited	1	-
Interest payable		
Subsidiaries	**5**	**-**
- Graphene Semiconductor Services Private Limited	5	-
Services availed by the Company		
Holding Company	**257**	**326**
- Larsen & Toubro Limited	257	326
Fellow subsidiaries	**39**	**60**
- Larsen & Toubro Infotech Limited	26	57
- Larsen & Toubro Infotech GmbH	-	3
- L&T Hydrocarbon Engineering Limited	1	-
- L&T Information Technology Services (Shanghai) Co. Ltd.	12	-
Subsidiaries	**8**	**2**
- L&T Thales Technology Services Private Limited	1	-
- L&T Technology Services LLC	6	1
- Esencia Technologies India Private Limited	-	1
- Graphene Semiconductor Services Private Limited	1	-
Services rendered by the Company		
Holding Company	**1**	**9**
- Larsen & Toubro Limited	1	9

Notes forming part of the Financial Statements

(₹ million)

Particulars	31-03-20	31-03-19
Fellow subsidiaries	**7**	**3**
- Larsen & Toubro Infotech Limited	**4**	-
- L&T Hydrocarbon Engineering Limited	**1**	-
- Servowatch Systems Limited	**2**	3
Subsidiaries	**716**	**442**
- L&T Thales Technology Services Private Limited	**199**	147
- L&T Technology Services LLC	**499**	259
- Esencia Technologies Inc	**11**	14
- Esencia Technologies India Private Limited	**-**	11
- Graphene Semiconductor Services Private Limited	**6**	11
- L&T Technology Services (Shanghai) Co. Ltd.	**1**	-
Trademark fees		
Holding Company	**84**	**76**
- Larsen & Toubro Limited	**84**	76
Inter corporate deposit to		
Subsidiaries	**92**	**90**
- L&T Thales Technology Services Private Limited	**90**	90
- Seastar Labs Private Limited	**2**	-
Inter corporate borrowing from		
Subsidiaries	**239**	**-**
- Graphene Semiconductor Services Private Limited	**239**	**-**
Trade receivable		
Holding Company	**168**	**89**
- Larsen & Toubro Limited	**168**	89
Fellow subsidiaries	**356**	**179**
- Larsen & Toubro Infotech Limited	**342**	177
- L&T Metro Rail (Hyderabad) Limited	**2**	2
- L&T Construction Equipment Limited	**1**	-
- L&T Hydrocarbon Engineering Limited	**11**	-
Subsidiaries	**627**	**436**
- L&T Thales Technology Services Private Limited	**220**	319
- L&T Technology Services LLC	**277**	117
- Graphene Semiconductor Services Private Limited	**127**	-
- Graphene Solutions Taiwan Limited	**3**	-
Trade payable		
Holding Company	**152**	**142**
- Larsen & Toubro Limited	**152**	142
Fellow subsidiaries	**298**	**258**
- Larsen & Toubro Infotech Limited	**135**	107
- L&T Hydrocarbon Engineering Limited	**133**	92
- L&T-Sargent & Lundy Limited	**-**	1
- Larsen & Toubro Infotech GmBH	**2**	47
- Larsen & Toubro Saudi Arabia LLC	**28**	10
Subsidiaries	**89**	**15**
- Esencia Technologies INC	**19**	14
- Esencia Technologies India Private Limited	**-**	1
- Graphene Semiconductor Services Private Limited	**70**	-

Notes forming part of the Financial Statements

(₹ million)

Particulars	31-03-20	31-03-19
Loans and advances recoverable		
Fellow subsidiaries	**6**	**4**
- Kesun Iron & Steel Company Private Limited	-	2
- Servowatch Systems Limited	-	2
- L&T Infotech Financial Services Technologies Inc.	1	-
- L&T Valves Limited	4	-
- Tamco Switchgear (Malaysia) SDN BHD	1	-
Subsidiaries	**354**	**220**
- L&T Thales Technology Services Private Limited	243	122
- L&T Technology Services LLC	99	96
- Graphene Semiconductor Services Private Limited	-	2
- L&T Technology Services (Shanghai) Co. Ltd.	12	-
Corporate guarantee outstanding as on respective balance sheet date		
Subsidiaries	**1,309**	**1,196**
- L&T Technology Services LLC	1,248	1,141
- Esencia Technologies INC	61	55
(Corporate bank guarantee of USD 16.5 million (previous year USD 16.5 million) issued to Bank of America for securing borrowings of L&T Technology Services LLC, USA and USD 0.8 million (previous year USD 0.8 million) issued to Bank of America for securing borrowings of Esencia Technologies INC, USA)		
Interim/final dividend paid - equity		
Holding Co.	**1,638**	**1,630**
- Larsen & Toubro Limited	1,638	1,630
Compensation to key managerial personnel		
Short-term employee benefits	124	137
Post-employment benefits	1	1
Share-based payment	143	-
Total compensation*	**268**	**138**
*Mr. Bhupendra Bhate (previous Chief Operating Officer & Whole Time Director) resigned on May 3, 2019, his proportionate compensation has been included in 2019-20. Mr. Abhishek (current Chief Operating Officer & Whole Time Director) joined LTTS on May 6, 2019 and appointed in Board on October 18, 2019, his proportionate compensation has been included in 2019-20.		
Compensation to non-executive directors		
Sitting fees	2	2
Commission	20	22
Total compensation	**22**	**24**
Transactions with trust managed employees provident fund		
Towards employer's contribution	**263**	**222**
Paid during the year	813	675
Due to trust (year end liability)	78	62
Transactions with approved gratuity fund		
Towards employer's contribution	173	130
Paid during the year	173	130
Due to trust (year end liability)	170	87

Notes forming part of the Financial Statements

47 Disclosure pursuant to Ind AS 115 "Revenue from contract with customers":

a) **Disaggregation of revenue**

The nature of contract impacts the method of revenue recognition and the contracts are classified as fixed-price contracts and time & material contracts.

i) Revenue by contract type

(₹ million)

Particulars	For year ended 31-03-2020	For year ended 31-03-2019
Fixed price contracts	**20,989**	19,370
Time and materials contracts	**30,824**	27,750
Total	**51,813**	**47,120**

ii) Refer note 40 for disaggregation of revenue by industry and geographical segments.

iii) The Company believes that this disaggregation best depicts how the nature, amount, timing of its revenues and cash flows are affected by industry, market and other economic facto.

b) **Transaction price allocated to remaining performance obligation**

i) The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2020, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 10,241 million. Out of this, the Company expects to recognize revenue of around 100% within the next one year. Remaining performance obligation estimates are subject to change and are affected by several factors, including changes in the scope of contracts, periodic revalidations, and adjustments for currency.

ii) The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

c) **Movement in contract balances**

i) The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for time and material jobs where right to consideration is unconditional upon passage of time. Unbilled revenue for fixed price contracts is classifed as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

ii) Movement in contract asset and contract liability

(₹ million)

Particulars	For year ended March 31, 2020		For year ended March 31, 2019	
	Unbilled revenue	Unearned revenue	Unbilled revenue	Unearned revenue
Opening balance	**2,191**	**224**	2,002	313
Revenue recognised during period	**51,592**	**(221)**	46,807	(313)
Invoiced during period	**(50,780)**	**464**	(46,585)	224
ECL movement	**(84)**	**-**	(33)	-
Closing balance	**2,919**	**467**	**2,191**	**224**

Notes forming part of the Financial Statements

48 Estimation uncertainty relating to COVID-19

The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on current estimates, the Company expects to fully recover the carrying amount of trade receivables including unbilled receivables, intangible assets and investments. The Company has considered internal and certain external sources of information including reliable credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. Management of the Company has also reviewed goodwill and is of the opinion that no impairment is required at present. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

49 The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2020. The disclosure pursuant to the said act is as under:

(₹ million)

	As at 31-03-2020	As at 31-03-2019
Principal amount due to suppliers under MSMED Act, 2006	**27**	7
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
Amount of further interest remaining due and payable even in the succeeding years	-	-

50 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2020 (previous year: ₹ Nil).

51 Previous year's figures have been regrouped / reclassified wherever necessary.

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

by the hand of

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

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place: Mumbai
Date: May 15, 2020

P. RAMAKRISHNAN
Chief Financial Officer

Place: Mumbai
Date: May 15, 2020

KAPIL BHALLA
Company Secretary
Membership No. F3485

Place: Mumbai
Date: May 15, 2020

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

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

AMIT CHADHA
Deputy CEO &
Whole-Time Director
(DIN: 07076149)

Place: Washington, USA
Date: May 15, 2020