



Let's Solve

ANNUAL REPORT 2017-18

A decorative graphic consisting of several diagonal bars of varying lengths and shades of blue and white, creating a sense of upward movement and growth. One prominent bar is a solid orange color, rising from the bottom left towards the top right.

# Amplifying Outcomes



A Larsen & Toubro  
Group Company

# Inside

## CORPORATE OVERVIEW

- Chairman's Message / 01
- CEO & MD's Message / 02
- Board of Directors / 04
- Mapping LTI / 06
- The Elements of Amplifying Outcomes / 07
- Doing Less / 08
- Doing Fast / 09
- Doing More / 10
- Doing Better / 11
- Awards & Recognitions / 12
- Financial Highlights / 13
- Amplifying Outcomes for the Society / 14
- Corporate Information / 16

## STATUTORY REPORTS

- Management Discussion & Analysis / 17
- Directors' Report / 33
- Corporate Governance Report / 40

## FINANCIAL STATEMENTS

- Standalone Financial Statements / 72
- Consolidated Financial Statements / 122

### Dear Shareholders,

This has been an excellent year for your Company. Larsen & Toubro Infotech is scaling new heights, and amplifying the momentum of its growth journey. In a rapidly transforming digital landscape, LTI has posted exceptional performance while delivering outstanding value to its customers and stakeholders.

At the heart of this success odyssey is the rich, customer-focused lineage of LTI's parent – Larsen & Toubro. LTI draws extensively on the domain knowledge of its parent company, and has also leveraged Larsen & Toubro's client base which includes multiple global majors. All this works in tandem with a business strategy built around an outcome-oriented approach.

Team LTI is explicit in its willingness to remain flexible and open to learning new things, and perhaps also to unlearn and relearn concepts and practices that enable us to stay relevant to the changing needs of our client base.

# Chairman's Message



LTI is emerging as the preferred digital partner to some of the world's leading enterprises across segments. Our proprietary Mosaic platform is accelerating digital transformation, and helping our customers surge ahead of their competitors. Best-in-class technologies are also steering our own systems and processes, and our agile workforce is closely aligned to the emerging developments, enabling us to deliver impactful solutions that address complex challenges.

We are living in an age of near constant change – in technologies, customer expectations and socio-economic patterns. Your Company's ability to map emerging trends and focus on exponential technologies is enabling it to cross new frontiers of capabilities and performance. We have thereby joined a differentiated league of industry players who are leading global new-age businesses towards more positive outcomes across their value chain.

As more and more companies look for specialised, cutting-edge digital solutions to achieve their business goals, the opportunity horizon ahead of us is expansive. With its intense focus on designing solutions for a world where the digital and the physical converge, your Company is well poised for rapid and sustained growth.

I take this opportunity to congratulate LTI on achieving the coveted USD1 Billion milestone in revenues, and for winning several awards and recognitions that endorse its deep domain expertise and capabilities. Under the guidance of a very effective leadership team, I am confident that LTI will continue to amplify business outcomes for its customers in the years ahead.

My best wishes and support are always with the entire LTI team.

**A. M. Naik**  
Founder Chairman

# CEO & MD's Message



/// We reported a growth of 16.7% for FY18, with digital revenues showing an impressive 42% increase Y-o-Y, with an exit rate accounting for 33% of our total revenue ///


## Dear Shareholders,

It is with a sense of happiness and pride that I present to you the Annual Report for FY18. Your Company has reported an industry-leading performance and is rapidly being seen as the challenger and disruptor of status quo. We reported a growth of 16.7% for FY18, with digital revenues showing an impressive 42% increase Y-o-Y, with an exit rate accounting for 33% of our total revenue. This superlative performance marks our emergence as one of the fastest growing organizations in this sector, underlining our domain expertise and customer-centricity.

Steered by sustained investments in exponential technologies and people development, we have recorded a broad-based growth across verticals and service lines and have won more than USD 300 Million of new Total Contract Value (TCV) in large deals during the last 18 months – translating into exceptional performance across all key indicators. Our acquisitions of AugmentIQ and Syncordis are enriching our digital platform, Mosaic and expanding footprint in European financial services market.

I'm often asked the secret of our significantly faster growth compared to the industry. What sets us apart is our unflinching focus on outcomes that are important to customers. Rather than just meeting the Service Level Agreements (SLAs), our thrust is on delivering business outcomes that enable transformation and competitiveness. Our ability to look at every challenge as an opportunity lends us the strength to amplify these outcomes and help our clients address the complex digital demands of an ever-evolving industry.

While we are proud and excited to be where we stand today, this is not the time for us to be complacent of our accomplishments. We have an immense opportunity ahead of us and have our targets firmly set on becoming the most valuable partner for each of our customers. We will continue to strengthen our market presence while remaining agile and responsive to the demands of our clients.



The secret of building further on our momentum is to follow the principles of 'Shoshin' - a Zen Buddhism philosophy that means "a beginner's mind", a mind with openness, eagerness and no preconceptions. While we continue to build on our expertise, which of course remains critical to our growth, we shall also focus more concertedly on being open to continuous learning and finding new solutions to old problems. As we surge ahead, we will keep evolving as a 'learning company', with the most curious people in every department, and in every country.

With deeply-rooted industry expertise and one of industry's most dynamic teams, we are well-positioned to establish LTI among the emerging leaders in this industry. That is my goal as we step into the next financial year.

**Sanjay Jalona**

CEO & Managing Director

# Board of Directors

At the helm of our efforts to amplify the outcomes is a visionary Board, supported by an experienced and agile leadership.



## Standing (L-R)

- / Aftab Zaid Ullah
- / R. Shankar Raman
- / Sanjeev Aga
- / Sudip Banerjee
- / Arjun Gupta
- / Sudhir Chaturvedi
- / Vedika Bhandarkar

## Sitting (L-R)

- / Sanjay Jalona
- / Samir Desai
- / A. M. Naik
- / M. M. Chitale
- / S. N. Subrahmanyam

# Leadership Team

## Corporate

- Sanjay Jalona  
Chief Executive Officer & Managing Director
- Aftab Zaid Ullah  
Chief Operating Officer
- Sudhir Chaturvedi  
President Sales
- Ashok Kumar Sonthalia  
Chief Financial Officer
- Peeyush Dubey  
Chief Marketing Officer
- Manoj Koul  
Company Secretary & Compliance Officer
- Ajay Tripathi  
Chief Human Resources Officer

## Vertical Head

- Anil Vazirani  
Chief Business Officer, Insurance Americas
- Harsh Naidu  
Chief Business Officer, Banking & Financial Services, Americas
- Siddharth Bohra  
Chief Business Officer, Tech, Media, CRP & Digital, Americas
- Rohit Kedia  
Chief Business Officer, Manufacturing & ERP, Americas
- Sarbajit Deb  
Chief Business Officer, Nordics
- Satya Samal  
Chief Business Officer, Europe (excluding Nordics)



# Mapping LTI

A global technology consulting and digital solutions Company, Larsen & Toubro Infotech (NSE: LTI, BSE: 540005) helps clients succeed in a converging world by accelerating their digital transformation. With the rich legacy of Larsen & Toubro Limited, LTI powers the augmentation of client efficiencies to enable them to deliver greater value to their customers, employees and shareholders.

Among top <b>20</b> Global IT Services Companies	<b>6<sup>th</sup></b> Largest Indian IT Services Company	<b>25</b> Delivery Centers	<b>49</b> Sales Office
<b>59</b> Fortune 500 Clients	<b>300</b> Active Clients	<b>27</b> Countries	<b>24,000+</b> Headcount

## Innovation partner to world's leading brands across:

- / Banking
- / Insurance
- / Financial Services
- / Oil & Gas
- / Utility
- / Consumer Packaged Goods & Retail
- / Logistics
- / Hi-tech
- / Pharmaceuticals
- / Healthcare
- / Media & Entertainment
- / Process Manufacturing
- / Automotive & Aerospace
- / Industrial Manufacturing
- / Engineering & Construction





# The Elements of Amplifying Outcomes

Across industries, existing technologies are giving way to new ones every day, and digital has emerged as the universal disruptor for businesses striving to address new challenges in the transforming milieu.

However, the struggle for finding the right technology to address their business requirements is in itself a big challenge for businesses. With a plethora of technological offerings, search for the right digital partner to give the right solutions for delivering the desired results and ROI becomes fraught with difficulties.

LTI helps make the choice easier. We are focused on outcomes, rather than further aggravating the

clients' dilemma of choices. And we ensure that we deliver these outcomes by employing best-of-breed technologies backed by an empowered team.

Thus, while others are talking about technologies, we prefer to talk about outcomes.

## And we do this by:

### Doing less:

Automating and reducing work volume

### Doing fast:

Using latest technologies and agile ways of working

### Doing more:

With proprietary and domain-specific solutions and accelerators

### Doing better:

Accelerating digital transformation with Mosaic

We are committed to amplifying outcomes, for our clients.

Our business philosophy is centered on enhancing business outcomes through automation and innovation, which we are continuously driving through our partnership approach.

# Doing Less

Because the beginner's mind favors a bottom-up approach to finding the right solutions.

At LTI, we believe in fundamental reduction in work, going well beyond the traditional concepts like continuous improvement. Leveraging operations transformation and technology modernization to reduce the work at source, we accomplish the goal of doing less to deliver more.

Significant reduction in operations through Automation and AI is at the core of our agenda. Our business strategy is aimed at achieving 25%-50% reduction in volume of work for our clients.

The focus is on eliminating work through specialized tools and digitization of workflows. Our tools-driven approach, which includes innovative measures such as de-customization in SAP, helps in significant reduction of technical debt.

Automation is a high priority investment area for enterprises as they seek to accelerate speed-to-market and improve resiliency of their software applications. A well-balanced portfolio of dev-test automation tools and continuous investments to strengthen its partner network and upskill its talent has helped LTI secure the position of Major Contender in the Automation in Application Dev-Test PEAK Matrix™ assessment.

Chirajeet Sengupta  
Partner, Everest-Group

## Case study

LTI helped a global market leader in beauty products reduce 8-10% tickets through cognitive end-user assistance, resulting in 30% upfront cost reduction.

# Doing Fast

Because fresh learning requires faster unlearning of old systems and processes.

With speed being the essence of digital revolution, we are continuously powering our business operations. The thrust is on delivering faster, through deployment of the latest technologies and more agile ways of working.

Our agile delivery centers are investing in space and infrastructure for teams to better operate in agile methodologies – agile rooms, video conferencing, collaboration tools like digital whiteboards, and training.

For applications management programs, our integrated full-stack Business Command Center, with end-to-end accountability of high priority tickets, helps customers move faster through automation.

When it comes to apps and infrastructure management, our focus is on enabling 1-touch resolution for faster turnaround. 24X7 monitoring across infra and apps propels this strategy, facilitating faster learnings and outcomes for customers.

Our delivery centers in Poland, Johannesburg, and Costa Rica ensure speed and business alignment where rapid results are a key requirement.

LTI has showcased strong focus on IoT Integration and Managed Services. LTI's Mosaic offerings across the IoT technology stack is a differentiator that helps customers with accelerated solutions.

Sidhant Rastogi  
Partner & Practice Head, Zinnov

## Case study

LTI helped a leading American Multinational Energy Corporation by DevOps approach adoption to improve Business User Experience through Business-led innovations, which in turn improved Time-to-Market by 30%.

# Doing More

Because the new-age business demands a deeper understanding of client needs.

We believe in going the extra mile to ensure client satisfaction, by understanding their needs better and learning to address them more effectively with our own solutions and accelerators that bring a wealth of industry specific knowledge.

Unitrax, our SaaS-based proprietary transfer agency record-keeping platform, enables fund managers and insurance providers with better administration of their wealth management products.

Syncordis Studio: LTI acquired Luxembourg-based Syncordis SA during the year, which is Europe's leading implementation partner of Temenos core banking software solutions. The Syncordis Studio automates the critical COB process for banks. Besides regular T24 COB processes, Syncordis Studio also automates backups, messaging and alert systems, and other customized processes.

AccuRUSI: Our property and casualty insurance company, LTI AccuRUSI, the underwriter's Workbench,

brings rigor, efficiency and control, by leveraging data from multiple third-party sources, including IoT sensors. AccuRUSI brings the power of single view of risk, cognitive risk intelligence, advanced risk visualization, real-time risk monitoring, and adaptive underwriting workflow.

Toolset driven levers, such as Bots, Mobility, Analytics, Automation and Personal Maps, are extensively used to ensure that our integrated teams deliver on their E2E goals with total ease. We also have in place a system of service provider payouts linked to IT and business SLAs, personal CSAT, and contribution to business outcome.

**LTI has a wealth of solutions and accelerators, which make its consulting and implementation services more repeatable and faster to implement. NelsonHall welcomes this approach based on repeatability and quality.**

Dominique Raviart  
IT Services Research Director at NelsonHall

## Case study

A Canadian asset servicing company partnered with LTI Canada to transition all its transfer agency clients onto Unitrax, which boosted business growth, improved long-term servicing performance, reliability and scalability of unit holder record-keeping solution, and effectively managed risk with a proven solution.

# Doing Better

Because learning to excel is vital for business success in the transforming digital environment.

We are cognizant of the need to continuously improve business processes and outcomes to remain competitive and successful in the transforming industry landscape.

LTI's Mosaic platform enables better outcomes and accelerates digital transformation through data engineering, advanced analytics, knowledge-led automation, IoT connectivity, improved experience and better cybersecurity for its users.

through a partnership approach rooted in targeted interventions. Better leverage of existing technology and data assets is ensured through a strong innovation thrust, which we have successfully institutionalized as a way of life at LTI.

We are highly focused on driving a better customer experience at every step of our engagement



## mosaic

Accelerating Digital Transformation



mosaic  
things

Intelligent  
Devices



mosaic  
decisions

Impactful  
Decision-making




mosaic  
AI

Reinvent  
Problem-Solving



mosaic  
automation

Smarter  
Execution



mosaic  
experience

Unmatched  
Customer  
Experience



mosaic  
security

Total  
Cybersecurity

### mosaic academy

In combining machine learning with the other Mosaic automation products, LTI is addressing the continuum of automation from RPA to machine learning that customers seem to be demanding.

Nick Patience  
Co-Founder & Research Vice President, 451 Research

### Case study

A highly ambitious, large-scale digital transformation program for a 'Navratna' PSU eliminated paper movement at all levels to improve transparency and enhance corporate governance.

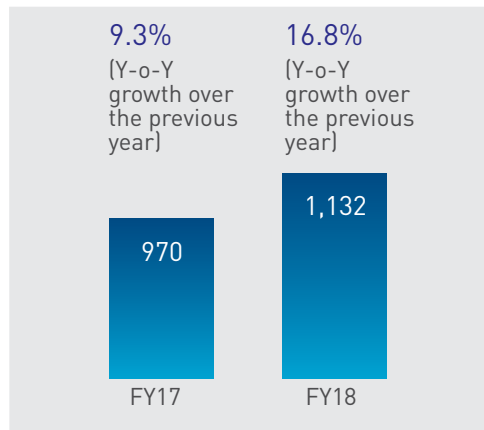
# Awards & Recognitions

The success of our 'Amplifying Outcomes' strategy is endorsed by the various awards and recognitions received during the year.

- / #1 in the 'Challengers' list in Everest Group's PEAK Matrix™ Service Provider of the Year 2018
- / Sanjay Jalona recognized among the Best CEOs in the Institutional Investor 2018 rankings for listed IT Services companies in Asia
- / Sanjay Jalona chosen as Exemplary CEO of the Year 2017 by BW Businessworld
- / Leader in Zinnov Zones 2017 for Digital Services
- / Recognized by ISG as one the Breakthrough 15 Sourcing Standouts in the Americas and EMEA regions in its 4Q17 Global ISG Index™
- / Recognized by Microsoft as "Azure Emerging partner of the Year"
- / Ranked among leaders in Property & Casualty and Life & Annuities categories in Novarica 2018 Market Navigator™ for IT Services Providers for Insurers
- / Major Player in IDC MarketScape: Worldwide Manufacturing Customer Experience Systems Integration and IT Strategic Consulting 2018 Vendor Assessment
- / Positioned as a 'Leader' for RPA and AI in Banking, 'Leader' in Digital Focus, 'Leader' for IoT Services, and 'Innovator' for SAP S/4HANA capabilities in NelsonHall's NEAT 2017
- / Won the Oracle Digital Transformation award for Optimizing JD Edwards with IaaS
- / Featured as High Performer in HfS Blueprint Report: Enterprise Blockchain Services 2017
- / Ranked as the Top Service Provider in France in the 2017 French IT outsourcing study conducted by Whitelane Research
- / Mentioned in Gartner's Market Guide for European Non-Life-Insurance Policy Administration Systems
- / Positioned as a Niche Player in Gartner's Magic Quadrant for Oracle Application Services, Worldwide
- / Mosaic mentioned in Gartner's Competitive Landscape of IoT Platform Vendors report for 2017
- / Recognized as a Representative Vendor in Gartner's Market Guide for Blockchain Consulting and Proof-of-Concept Development Services report, dated 13th March 2018

# Financial Highlights

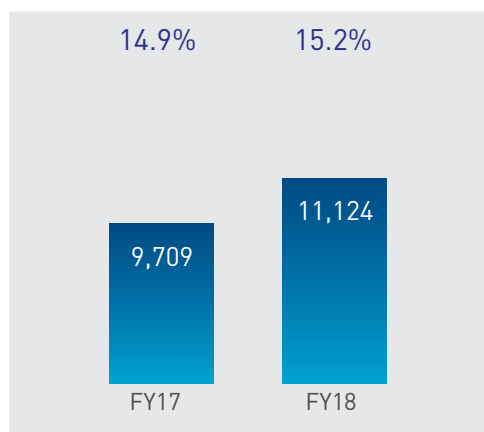
## Revenue in USD Million



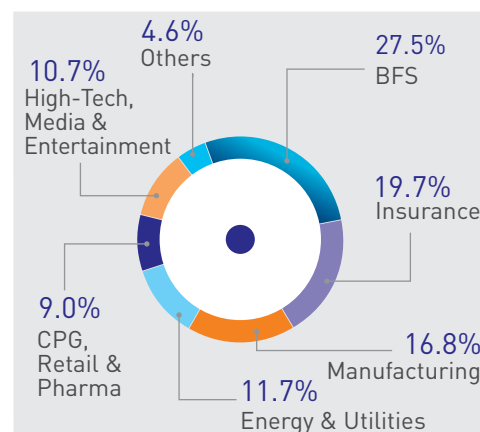
## Revenue in INR Million



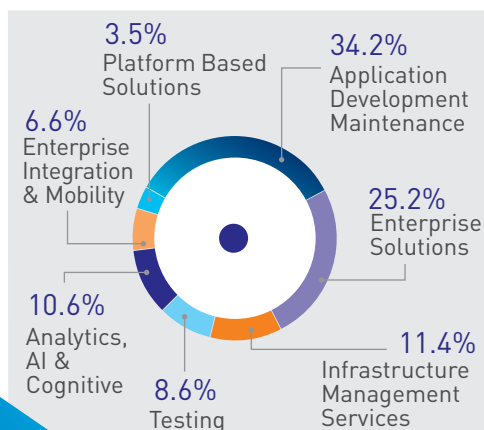
## PAT (INR Million) & PAT Margins (%)



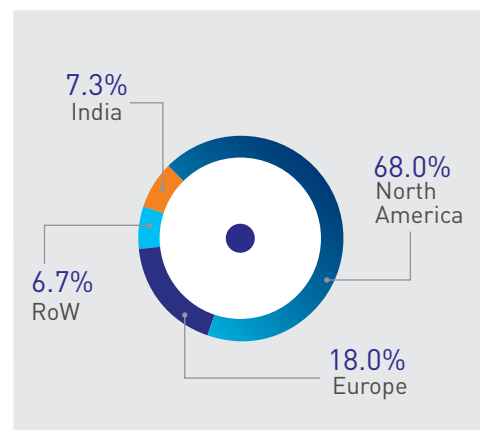
## % Revenue by Verticals



## % Revenue by Service Offering



## % Revenue by Geography





# Amplifying Outcomes for the Society

Solving for society is one of our core beliefs, and LTI 1Step initiative is our unique approach to corporate social responsibility, driving both organizational-level and individual-level contributions to communities, globally.

## Our focus is on three causes:

### Education

- ✓ Digital learning - leveraging technology to connect children in remote villages of India to passionate volunteer teachers virtually over video conferencing tool
- ✓ Experiential learning - 'Introduction to Basic Technology' program is implemented in schools from classes 08-10
- ✓ Mid-day meals at Government schools to encourage attendance and reduce drop-out rate





### Empowerment

- // Digital Sakshar-the program to help the youth learn IT skills to enhance employability
- // Women empowerment - supporting marginalized women in urban and rural areas, helping them become financially independent
- // I learn-I earn - helping differently-abled youth learn computer skills



### Environment

- // Green cover - Tree plantation drives, paper recycling initiatives and e-waste collection
- // Water harvesting - To help farmers have a regular water source through the year



# Corporate Information

## Board of Directors

**A. M. Naik**

Non-Executive Chairman

**S. N. Subrahmanyam**

Non-Executive Vice Chairman

**Sanjay Jalona**

Chief Executive Officer and  
Managing Director

**R. Shankar Raman**

Non-Executive Director

**Aftab Zaid Ullah**

Chief Operating Officer &  
Whole-time Director

**Sudhir Chaturvedi**

President-Sales & Whole-time Director

**Samir Desai**

Independent Director

**M. M. Chitale**

Independent Director

**Vedika Bhandarkar**

Independent Director

**Arjun Gupta**

Independent Director

**Sanjeev Aga**

Independent Director

**Sudip Banerjee**

Independent Director

**Chief Financial Officer**

Ashok Kumar Sonthalia

**Company Secretary and**

**Compliance Officer**

Manoj Koul

**Statutory Auditors**

B. K. Khare & Co.

**Secretarial Auditor**

Naina R Desai

**Registrar & Share Transfer Agent**

Link Intime India Private Limited

## Committee Positions

### Audit Committee

**M. M. Chitale**

Chairperson

**S. N. Subrahmanyam**

**Samir Desai**

**Vedika Bhandarkar**

### Stakeholders' Relationship Committee

**Vedika Bhandarkar**

Chairperson

**Sanjay Jalona**

**Aftab Zaid Ullah**

### Risk Management Committee

**S. N. Subrahmanyam**

Chairperson

**Sanjay Jalona**

**Aftab Zaid Ullah**

**Ashok Kumar Sonthalia**

### Nomination and Remuneration Committee

**Samir Desai**

Chairperson

**A. M. Naik**

**S. N. Subrahmanyam**

**Arjun Gupta**

### Corporate Social Responsibility Committee

**Sanjay Jalona**

Chairperson

**Aftab Zaid Ullah**

**Arjun Gupta**

### Strategic Investment Committee

**A. M. Naik**

Chairperson

**S. N. Subrahmanyam**

**R. Shankar Raman**

**Sanjay Jalona**

### Registered Office

L&T House  
Ballard Estate  
Mumbai - 400 001

### Corporate Office

Technology Tower 1  
Gate No. 5, Saki Vihar Road  
Powai, Mumbai - 400 072

### Bankers

Citibank N.A.  
Standard Chartered Bank  
Barclays Bank PLC  
ICICI Bank Limited  
HSBC

# Management Discussion & Analysis

## I. Global Economic Scenario

Global synchronous growth in CY17 was led by consumption, investment, manufacturing and trade surpluses. Changes introduced in the US tax plan plus additional Spending bill is expected to boost US GDP growth. Initial US Industrial Production and PMI data point to a better 2018.

The global economic activity strengthened compared to CY16 with the world growth at 3.8%. For the next year, US GDP growth is expected to accelerate to 2.9% from 2.3% last year and growth for Euro area is expected to improve marginally to 2.4% over 2.3% last year. Emerging markets and developing economies grew at 4.8% in CY17 and are projected to grow at 4.9% in CY18. Overall, this should lead World growth to rise to 3.9% in CY18.

Source: International Monetary Fund. 2018. World Economic Outlook: Cyclical Upswing, Structural Change. Washington, DC, April.

## II. Overview of the Industry

Global IT-BPM industry grew by 4.3% and the IT-BPM market excluding hardware stood at USD 1.3 trillion in CY17. Indian IT-BPM industry revenues including hardware stood at USD 167 billion in FY18. The industry added ~USD 12 billion in incremental revenues last year, representing year-on-year growth of ~8% in USD terms. IT-BPM export revenues for the industry for FY18 are expected to reach USD 126 billion, growth of 7.7% over the past year. Domestic IT-BPM revenues are estimated at USD 26 billion, a growth of 8% from USD 24 billion in FY17. IT-BPM export revenues are expected to grow by 7-9% in FY19 and the domestic market is likely to grow by 10-12% next year.

Digital technologies are increasingly becoming all pervasive and are not only blurring the boundaries between business units (technology, finance, marketing, etc.) but also between companies; it is now no longer tech and non-tech companies. Many companies especially in the banking, automotive and manufacturing space are re-branding themselves as tech companies.

In the age of digital technologies, the industry has been adept at building the necessary skills and capabilities to address new and changing customer demands. Over the past few years, firms have made substantial investments in building their portfolio of capabilities around these technologies and have set up a number of labs and CoEs to deliver digital services to customers. Consequently, the industry is now well equipped to manage the stage of Bi-modal IT. While currently the traditional services (ISO, CADM, software testing, F&A, HRO, etc.) continue to have a major share of revenue (~80%), the share of digital revenue is increasing rapidly. From about 14% in FY2016, it is now 18+% and is expected to reach 38% by 2025.

Source: NASSCOM IT-BPM Strategic Review 2018

## III. Our Business

Larsen & Toubro Infotech Limited (LTI) (NSE: LTI), is a global technology consulting and digital solutions company helping more than 300 clients succeed in a converging world. With operations in 27 countries, we go the extra mile for our clients and accelerate their digital transformation with LTI's Mosaic platform enabling their mobile, social, analytics, IoT (Internet of Things), cloud and cyber security journeys. In 2017, NASSCOM ranked the Company as the sixth largest Indian IT services company in terms of export revenues. The company was amongst the top 15 IT service providers globally in 2017 according to the Everest Group's PEAK Matrix for IT service providers. Its clients comprise some of the world's largest and well-known organizations, including 59 of the Fortune Global 500 companies. LTI offers an extensive range of IT services to its clients in diverse industries such as Banking & Financial Services, Insurance, Manufacturing, Energy & Utilities, Consumer Packaged Goods, Retail and Pharma, High-Tech and Media & Entertainment. Its range of services includes application development, maintenance and outsourcing, enterprise solutions, infrastructure management services, testing, digital solutions, cyber security and platform-based solutions. The company serves its clients across these industries, leveraging its domain expertise, diverse technological capabilities, wide geographical reach, an efficient global delivery model, thought partnership and 'new age' digital offerings.

LTI is headquartered in Mumbai, India and part of the Larsen & Toubro (L&T) Group. The Company has inherited the engineering & innovation mind-set, domain expertise, and large program management capabilities from the promoter group. It leverages the strengths and heritage of L&T Group in imbibing virtuous risk management and corporate governance practices.

### 1. Strategy

LTI's overall business strategy for long term growth has the following key elements:

- i. Client centricity
- ii. Deliver Amplified Outcomes to our clients
- iii. Investing in new technologies to build differentiated service offerings
- iv. Transforming as an organization to align ourselves in this dynamic world
- v. Focusing on new large transformation deals
- vi. Expanding in new geographies
- vii. Investing in new avenues through Partnerships, Alliances and Acquisitions

Client Centricity is at the nucleus of Company strategy with primary focus on solving complex problems at the convergence of digital and physical world for its clients. LTI's long association with key clients, understanding of their business and investment in account management teams through programs like Minecraft, ADEA (Analytics and Digital in Every Account) has positioned it well to deliver profitable growth. The Company posted significant improvement in client satisfaction over the last two years.

Company is focussed on amplifying outcomes for its clients by:

- Enabling new business models
- Enabling revenue growth
- Transforming customer and employee experiences
- Next gen efficient operations

LTI sees customers' world changing through tectonic changes in technology. There are three things that are happening in the industry – First, there are exponential technologies that are available today. Second, these are all new technologies and they are new for everyone. No one has the incumbency advantage. Third, to help clients navigate and win in these times, one needs deep business knowledge to imagine and co-create with the customer. To facilitate and deliver amplified outcomes to its clients, Company has embraced the concept of 'Shoshin', Beginner's mind - a mind that has openness, eagerness, and lack of preconceptions. In the beginner's mind, there are many possibilities, in the expert's mind there are few. Expertise is important however, what is needed is the willingness and openness to keep learning and then keep building expertise.

Conversant with latest technology and regulatory trends in an ever-evolving business ecosystem, LTI has created differentiated service offerings catering to a wide span of industry sectors. These include regulation-related offerings in the banking sector, underwriting-related offerings in the property and casualty insurance sector, digital operations management for Oil & Gas, Automotive etc. Considering the challenges around cyber security and data protection, LTI launched MOSAIC Security - it's industry-agnostic offerings in the security space with a key focus on cyber-analytics.

Company's relentless focus on digital, analytics, automation, IoT and cloud technologies through its proprietary MOSAIC™ platform is helping it differentiate in the marketplace. It's cutting edge work in these areas has been recognized by leading industry tech analysts in numerous studies, for example LTI has been recognised as Leader for Digital Focus in NelsonHall's NEAT for Digital Testing and High Performer in HFS Blueprint Report for Enterprise Blockchain Services 2017.

The Company continues to move on its own path of transformation - "Change from Within". LTI 2.0, the Company's deep-rooted transformation program that covers every part of the organization has enabled the organization to be more agile, responsive and transparent. The Company executed a

comprehensive brand launch and global rollout during FY2018. LTI's modern corporate identity reflects its aspiration to be the next generation IT services company with deep understanding of physical and digital convergence. On the Systems front, the Company revamped its internal systems to move away from standalone, legacy systems and replace them with a state-of-the-art, bespoke and tightly-coupled unified system to ensure streamlining of all processes and activities. Workplace has now become the platform of choice for all collaboration within the organization, this has helped create a unified front for all information and discussions and is the hot-bed for genesis of novel ideas. LTI also expanded its European footprint by setting up its latest development centre in Poland in FY2018. Located in Warsaw, the delivery centre will serve as a near-shore centre for local clients in the region.

To accelerate its revenue growth, the Company has adopted a three-pronged approach focusing on partnerships, acquisitions and association with start-up ecosystem. Together, these would assist in driving amplified outcomes for its clients.

**Acquisition:** In FY2018, the Company acquired Luxembourg-based Syncordis S.A., a leading core banking implementation services provider, along with its identified subsidiaries in France, UK, Luxembourg and India. Founded in 2004, Syncordis has an exclusive focus on Temenos Digital Suites that positions it as a leading independent pure play Temenos specialist. Syncordis has developed industry-leading accelerators that help with faster and consistent Temenos implementations and capture the fast-growing market opportunities for core banking product modernization services. This acquisition is poised to aid in growing LTI's presence in Europe by deepening capabilities in the Banking and Financial services sector.

**Partnerships:** The Company has identified and signed nine strategic partnerships with large OEMs. It has also created 360-degree relationships with a select few partners, viewing them as Global growth engines. The Company has defined joint go-to-market strategies, enhanced capacity and readiness and proliferated best practices across clients through these partnerships.

**LTI's Start-up Ecosystem:** The Company is creating an ecosystem to partner with innovators around the world and co-create value for clients through association with 600+ start-ups covering inputs from various Business Units.

The results from focus on client centricity and digital initiatives are evident from LTI's performance. LTI has achieved a revenue of \$1.13 Billion this year, steady customer satisfaction and is exiting the year with digital making 33% of revenues.

## 2. Opportunities

Company has a strong domain expertise derived from its parentage. It is at an inflection point, being right sized to attain agility of a start-up while maintaining stability of an established player which gives it a competitive advantage against its peers.



- a) **Banking and Financial Services:** The Company achieved 23.5% year-on-year growth in BFS in FY18 and it is optimistic about growth in this vertical. In the US market, the softening of regulatory changes have resulted in more funds being diverted to digital and data projects, with an intent to increase efficiency. Banks are focused on reducing their operational costs and they see IT as a major enabler for achieving this goal. They are increasingly adopting cloud infrastructure to drive down costs through radical automation and superior asset utilization. Spend on "change-the-bank" activities forms significant part of total banks' IT spend, of which the biggest proportion is for application change. They are moving towards master data management and analytics to allow for a single view of the customer and easier regulatory response and operations. However in Europe, focus will remain on modernizing the core banking operations. The anxiety towards Cloud and Blockchain has subsided to a certain extent as banks see these as technology enablers rather than mass disruptors.

Clients are relying on strategic partner such as LTI to help establish the new iterative model that some of the banks are looking to adopt. With the acquisition of Syncordis, LTI has gained expertise in Temenos, an industry-leading core banking solution. Temenos Digital Suites have ready-to-deploy solutions for banks looking to 'go digital' in a short span of time. LTI's position is further strengthened by Analyst mentions such as being featured at the forefront as "Major Contender" in Everest Group's inaugural PEAK Matrix for Risk & Regulatory Compliance Application Services in BFS.

- b) **Insurance:** The Company has achieved 8.5% year-on-year growth in this vertical in FY18. Spend on digital transformation is the emerging trend in this sector despite the pressure on run-the-business spend. Life Annuity Insurers are focused on digital, optimized workflow and operating efficiencies as they face changing customer expectations. Property & casualty insurers are focused on analytics and speed-to-market as market competition and threat of adverse selection drives their need for better and faster product deployment. In the European market, spending will be focused to make the core insurance platform more resilient with simultaneous investment in building digital frontend to enhance customer experience.

LTI has built deep expertise in leading insurance products like Duck Creek, Insurity, Guidewire, etc., it also has unique offerings (digital and non-digital) that can help clients reduce turnaround time for operations, one of the core enablers for cost reduction.

- c) **Manufacturing:** With 7.5% year-on-year growth, LTI is growing steadily in this sector. There are three key trends emerging in this vertical. First, cloud enabled IT

modernization has become mainstream and more and more clients are embarking on programs to move majority workloads to cloud and reduce cost of maintaining internal data centers. Second, manufacturing entities are proactively assessing ERP modernization, especially in SAP and Oracle economies. Third, clients in this industry have or are building definitive roadmaps for creating Digital-ready applications landscape for agility.

With its focus on Industry 4.0, LTI is uniquely positioned to address the digital transformation journey for its clients.

- d) **Energy and Utility:** With a strong 23.1% year-on-year growth, the Company is confident about continued growth in this sector. Clients in this space are focusing on technology to streamline operations for cost reduction. They see investment in digital technologies as value-add for reducing costs, faster & better decision support and increasing workforce productivity. Digital investments are majorly focused on IoT, Analytics, Mobility and Cloud adoption. Advanced analytics is a major investment area for oil and gas companies. Augmented Reality & Drones to aid worker productivity, Wearables to provide over-the-shoulder coaching to workers are some of the Next Gen areas where LTI sees traction in this market.

- e) **CPG, Retail and Pharma:** This sector has been a focus area for LTI and this resonates with 30.1% year-on-year growth the Company has achieved. Large players in CPG/Retail industry segment are facing intense local competition along with shifting consumer preference towards health & wellness and environment friendly products. Consumers are seen to drift towards more online purchases and it becomes imperative for these large players to directly engage with the consumers. Heavy focus is being given to supply chain optimization initiatives through Automation, IoT, Blockchain and direct to consumer initiatives enabled by AI and Machine Learning to set the tone for technology investment in this sector.

Clients in the Pharmaceuticals sector are focusing more on outcome-based patient care due to growing payer influence. To cope with the gap in funding and demand, providers are consolidating to procure at scale, leading to a change in the way they operate on the service delivery and purchasing fronts.

Medical device industry growth will be driven by North America and Asia, with profitability varying by segment. There is a more large-scale shift towards smarter technologies, which will help to enable many newer delivery model opportunities. IoT, Analytics, Hyper Automation, Wearables & Mobile apps, Health Informatics will drive the growth in this industry segment.

LTI has helped clients in their participation across the customer journey through smart support, chat bots and

automated interactions and will continue to enhance its offerings to reinforce such digital interactions.

- f) Hi-Tech, Media and Entertainment:** The Company has achieved 17.5% year-on-year growth in this industry vertical. In M&E space, changing demographic mix is leading to shifting spend patterns and is impacting Ad supported businesses. Technology adoption trends also see a shift in alignment with macro trends shaping the M&E industry segment. Augmented reality and Virtual reality would gain momentum, Blockchain, Cloud, AI, Analytics will be the driving force.

The Company sees Hi-Tech clients focus on faster speed-to-market initiatives, energy-efficient smart devices and industry models shifting towards pay per use models.

### Digital Business

Digital strategy is evolving with unprecedented speed of change in our clients' businesses. It is creating new businesses and new paradigms for clients. The Company aims to be digital transformation partner for clients to build their digital business and thrive in the digital era. New methodologies, like Design Driven Delivery help collapse layers and be more agile for clients.

For LTI, Digital will not just be a set of capabilities. It will be a Way of Working (WoW) and has below core components –

- Cutting edge capabilities
- Next gen delivery models
- Extreme domain focus
- Business outcome as a success metric
- Digital inside

### LTI's Digital WoW is strategized through:

- a) Digital Embed:** is about developing amplified outcomes model for IT support through digital levers and enablers like advanced analytics, Artificial Intelligence, Machine Learning, Cloud mobility and Design Thinking.
- b) Digitizing the Core:** Empowering users with personalized and intelligent products and services. Enabling companies to interact with customers in real time and serve them with a 360 degree view.
- c) Pivot on Platforms:** Strong ecosystem to create value with external digital partners and end users allowing them to consume digital services unlike before. Platform as an economy creates new path for growth tapping into new revenue streams.
- d) Service as a Product (SaaP):** focusses on developing scalable and repeatable service experience to ensure consistency in customer experience and scale services over time without quality issues.

### MOSAIC- LTI's proprietary digital transformation platform:

Mosaic is a converged platform offering data engineering, advanced analytics, process automation, IoT connectivity & improved solution experience to its users. Mosaic Ecosystem enables entities to undertake quantum leaps in digital transformation and bring an insights-driven approach to decision-making.

The ecosystem building blocks include:

- **MOSAIC Artificial Intelligence:** AI platform that integrates with Legacy and Micro Services based Architecture, understands Natural Language and derives Intelligence from knowledge assets
- **MOSAIC Automation:** Automation platform that addresses all the process automation needs of an enterprise
- **MOSAIC Decisions:** Analytics as a service offering designed for ease of data orchestration, data discovery, machine learning & AI, delivering industry specific use cases for accelerated data driven decision making
- **MOSAIC Things:** IoT framework for managing smart devices with seamless data injection, monitoring and control
- **MOSAIC Experience:** Provides features to measure, monitor and improve the application experience
- **MOSAIC Security:** Advanced cyber analytics, Resilient security ops orchestration, Advanced threat management, Multi-cloud security and Integrated IT-OT security

### 3. Human Capital

As we continue to take big strides in our transformation journey which has started with a simple goal of being the most customer centric company, we remain focused on three pillars of transformation – Sales & Marketing, Delivery and People practices.

Going forward, we want to build an organization that is recognized as the most meritocratic company in the Industry. Our ambitious goals can only be achieved when our employees are the happiest. Hence, people continue to be our most valued assets.

We are committed to nurturing an environment that promotes learning and growth which will lead us to build the next generation organization with a rigor on innovation, delivering business value and driving thought leadership. At LTI, we provide a range of professional skills to develop the finer aspects of executing our roles. Every day can be a new learning when it comes to delighting customers, managing people or delivering results. We believe that it's never too late to learn something new. Our Anytime, Anywhere, byte sized programs help employees to acquire new skills and/or enhance their existing ones.

We have also institutionalized our five key beliefs across the organization:

- Be agile

- Go the extra mile
- Push frontiers of innovation
- Keep learning
- Solve for society

These five guiding principles have helped our people to be nimble towards changes, work over and beyond the call of duty to serve its clients, innovate on a day-to-day basis to transform the approach to work, continuously enhance their way of working and also focus on welfare for the society.

As on March 31, 2018, our headcount was 24,139. During FY18, we added 3000+ net new hires. Hiring, Engaging and Retaining talent continues to be the major focus areas for LTI. Compared to FY17, we improved on attrition, the full-year attrition was 14.8% in FY18 as compared to 16.9% last year.

We have launched several people initiatives that are making LTI an exciting place to learn and grow. Our Mosaic Academy continues to help us build new skills that our customers require. We have initiated the Krossover program which aims to enhance business operations and user experience of people through simplification and digitization of processes across Delivery, Finance, People supply chain and HR functions thereby upgrading our internal IT systems to be more digital-focused.

LTI has laid a Talent Strategy to focus on every employee at the organization. Key focus and learning plans are available for all experience bands, making the workforce ready by leveraging the digital learning platforms.

**iRise:** This is a Global Sales Leadership Program where B-school graduates are inducted and provided a Career in Sales and Account Management with exposure across geographies. The six month long program bears a promise of challenging environment, engaging work and structured mentoring, thereby creating an ecosystem to develop future global leaders who will chart out LTI's growth story in the near future.

**Impact:** The program designed for the Leadership team will help the organization to create a pool of leadership talent, develop and engage them, give opportunities to work on key projects at an organization level and help build a career plan.

**Delivery Partner Program:** The objective is to prepare Delivery Managers to run and manage their accounts effectively. This program has participation from key leaders and domain experts, who ensure it's successfully delivered.

#### IV. Significant Factors Affecting Our Results of Operations

Our results of operations have been, and will be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that our management believes have

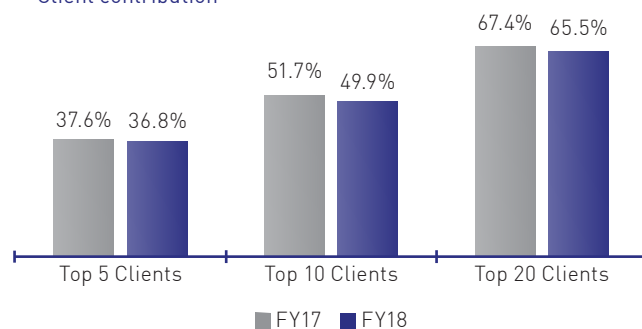
historically affected our results of operations, or which could affect our results of operations in the future.

#### Client relationships

Client relationships are at the core of our business. We have a history of high client retention and derive a significant proportion of our revenue from repeat business built on our successful execution of prior engagements. In the year ended March 31, 2018 we generated 97.9% of our revenue from existing clients as compared to 95.5% in the year March 31, 2017.

As a client relationship matures, we seek to maximize our revenue and profitability by expanding the scope of services offered to that client with the objective of winning more business from our clients, particularly in relation to our more substantive and value-added offerings. At the same time we continue our efforts to add new clients and expand client relationships.

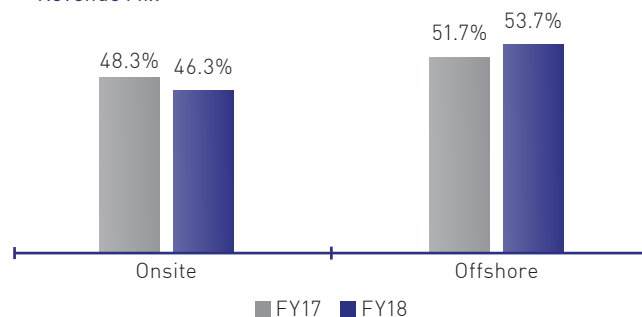
#### Client contribution



#### Composition of revenue portfolio

Our export service revenue consists of revenue from IT services both onsite and offshore. The mix of IT services performed onsite and offshore has an impact on our ability to achieve higher profit margins. The following table shows the proportionate contribution from our onsite and offshore service revenue on consolidated basis for the periods indicated:

#### Revenue Mix



#### Employees and employee costs

In order to compete effectively, our ability to attract and retain qualified employees is critical. Our total headcount increased to 24,139 as of March 31, 2018 from 21,023 as of March 31, 2017.

Our attrition rate for FY18 was 14.8% which has improved from 16.9% in FY17.

Employee benefits expenses constituted 56.0% and 55.6% of our total income in the year ended March 31, 2018 and March 31, 2017. Wage costs in India, including in the IT services industry, have historically been more competitive than wage costs in the United States, Europe and other developed economies. In addition, we continue to invest in the recruitment and retention of sales and administration staff in line with our growth and expand our markets.

#### Foreign currency fluctuations

Since majority of our revenue is foreign currency denominated, we carry translation and transaction foreign exchange risks. Although our foreign currency expenses partly provide a natural hedge, we are exposed to foreign exchange rate risk in respect of revenue or expenses entered into in a currency where corresponding expenses or revenue are denominated in different currencies. Major currencies in which we have exposures are US Dollars, Euro, Norwegian Krone, Swedish Krone, Canadian Dollars, British Pound Sterling and South African Rand. LTI has an active foreign exchange hedging policy in place to mitigate the risks arising out of foreign exchange fluctuations.

In addition, the overall competitiveness of the Indian IT industry in the global market is also significantly dependent on favorable exchange rates.

#### Tax benefits for Indian IT companies

We have historically benefited from the direct and indirect tax benefits given by the Government for the export of IT services from SEZs, including for our business. As a result, a substantial portion of our profits is exempt from income tax leading to a lower overall effective tax rate than that which we would have otherwise been subjected to if we were doing business outside SEZs, and we will continue to enjoy such benefits in the near future. Our effective tax rate has increased to 22.8% and 21.4%, respectively in the year ended March 31, 2018 and March 31, 2017 due to lower proportion of exemptions.

From July 1, 2017 onwards the company has successfully transitioned to the new indirect tax regime of Goods & Service Tax (GST).

Until March 31, 2011, direct and indirect tax benefits were also available to us for the export of IT services from software development centers registered under the STPI Scheme. From April 1, 2011 onwards, only indirect tax benefits are available for our business through software development centers registered under the STPI Scheme which continue under GST regime.

## V. Financial Conditions Consolidated

### Assets

#### 1. Tangible and Intangible Assets:

	(₹ in Mn)	
	As at March 31, 2018	As at March 31, 2017
Property, Plant and equipment	2,508	2,578
Capital work-in-progress	10	9
Goodwill	2,763	993
Other Intangible assets	1,535	1,848
Intangible assets under development	58	4
<b>Total</b>	<b>6,873</b>	<b>5,432</b>

#### Property, Plant and equipment:

The Company continued to invest in infrastructure facilities on account of computers, office equipment, expansion of development centers in India as well as overseas, in order to meet business growth. Property, Plant and equipment has reduced to ₹ 2,507 Million as at March 31, 2018 from ₹ 2,578 Million as at March 31, 2017 due to depreciation being higher than net additions during the year.

#### Goodwill and other Intangible assets:

Increase in Goodwill is primarily due to goodwill arising from acquisition of Syncordis S.A. The net decrease in Other Intangible assets during the year is mainly on account of amortization. Intangible assets under development represent efforts spent on assets which are under development.



**2. Other Non-current and current assets**

(₹ in Mn)

	As at March 31, 2018			As at March 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
<b>Non-Current Assets - Financial</b>						
Investments	1	-	1	-	-	-
Loans	387	-	387	311	-	311
<b>Other Financial Assets</b>	721	-	721	1,866	-	1,866
	<b>1,109</b>	<b>-</b>	<b>1,109</b>	<b>2,177</b>	<b>-</b>	<b>2,177</b>
<b>Other Non-current Assets</b>						
Tax assets	900	-	900	722	-	722
Other Assets	1,080	-	1,080	1,292	-	1,292
	<b>1,980</b>	<b>-</b>	<b>1,980</b>	<b>2,014</b>	<b>-</b>	<b>2,014</b>
<b>Current Assets</b>						
Loans	-	238	238	-	159	159
Other Financial Assets	-	1,976	1,976	-	2,518	2,518
Other Current Assets	-	1,125	1,125	-	988	988
<b>Total</b>	<b>3,089</b>	<b>3,339</b>	<b>6,428</b>	<b>4,191</b>	<b>3,665</b>	<b>7,856</b>

Non-current Financial Investment as of March 31, 2018 pertains to investment made by the Company in acquiring 4.76% shareholding of L&T LLC. The decrease in non-current and current other financial assets is attributable to decrease in marked to market gains of outstanding forward contracts.

**3. Trade Receivables**

Trade receivables amounted to ₹ 13,962 Million (net of provision for doubtful debts amounting to ₹ 345 Million) as at March 31, 2018, compared to ₹ 11,697 Million (net of provision for doubtful debts amounting to ₹ 230 Million) as at March 31, 2017.

Days of Sales outstanding of Trade Receivables as on March 31, 2018 is 70 days as against 66 days as on March 31, 2017.

**4. Unbilled Revenue**

Unbilled revenue represents value of services performed for customers not yet billed. Unbilled revenue stood at ₹ 8,365 Million as at March 31, 2018 as against ₹ 4,724 Million at March 31, 2017.

Days of Sales outstanding of unbilled revenue was 42 days as on March 31, 2018 as compared to 27 days as on March 31, 2017.

**5. Funds Invested**

(₹ in Mn)

	As at March 31, 2018	As at March 31, 2017
Investment in Mutual funds	12,643	9,406
Cash and Cash equivalents	3,323	2,291
Other Bank Balances	310	1,504
<b>Fund invested</b>	<b>16,277</b>	<b>13,201</b>

The investments in Mutual funds are primarily in Debt mutual funds having investments in sound rated instruments & in schemes with large assets under management, thus mitigating counterparty risk. These investments stood at ₹ 12,643 Million as at March 31, 2018 as against ₹ 9,406 Million as at March 31, 2017.

Cash and cash equivalents include both rupee accounts and foreign currency accounts and deposits with banks. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations.

Other Bank Balances are earmarked funds and term deposits, in rupee as well as foreign currency, having maturity of more than 3 months.

## 6. Share Capital

			(₹ in Mn)	
	As at March 31, 2018	As at March 31, 2017		
<b>Authorized:</b>				
260,000,000 equity shares of ₹ 1 each (Previous year 240,000,000 of ₹ 1 each)	260	240		
<b>Issued, paid up and subscribed</b>				
171,999,263 equity shares for ₹ 1 each (Previous year 170,571,113 of ₹ 1 each)	172	171		
<b>Equity Share Capital</b>	<b>172</b>	<b>171</b>		

Increase in Authorised Share Capital is due to amalgamation of AugmentIQ Data Sciences Pvt. Ltd. with LTI effective 1st Apr'17. The Issued, paid up and subscribed share capital increased on account of shares issued on exercise of employee stock options during the year ended March 31, 2018.

## 7. Other Equity

			(₹ in Mn)	
	As at March 31, 2018	As at March 31, 2017		
Other reserves	9,521	9,910		
Retained earnings	28,905	21,362		
Share application money pending allotment	0	0		
Non-Controlling interest	13	8		
<b>Other Equity</b>	<b>38,439</b>	<b>31,280</b>		

Other equity at the end of March 31, 2018 stood at ₹ 38,439 Million as against ₹ 31,280 Million at the end of at March 31, 2017. The decrease in Others reserves is primarily due to decrease in hedging reserve on account of lower marked to market gains on outstanding forward contracts due to rupee depreciation and also due to decrease in quantum of outstanding forward contracts.

## 8. Deferred tax assets / liabilities

			(₹ in Mn)	
	As at March 31, 2018	As at March 31, 2017		
Deferred tax assets	1,921	1,434		
Deferred tax liabilities	132	171		

Deferred tax assets and liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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

Deferred tax assets have increased to ₹ 1,921 Million as at March 31, 2018 from to ₹ 1,434 Million as at March 31, 2017. The increase is mainly due to reduction of Deferred tax liability on marked to market gains on outstanding forward contracts and additional Minimum Alternate Tax (MAT) for year ended March 31, 2018.

## 9. Other Non-Current and Current liabilities

							(₹ in Mn)		
	As at March 31, 2018			As at March 31, 2017					
	Non-current	Current	Total	Non-current	Current	Total			
<b>Non-Current liabilities</b>									
Financial Liabilities	1042	-	1041	-	-	-			
Provisions	279	-	280	285	-	285			

(₹ in Mn)

	As at March 31, 2018			As at March 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
<b>Current liabilities</b>						
Trade Payables	-	3,888	3,888	-	3,366	3,366
Other Financial Liabilities	-	6,106	6,106	-	5,998	5,998
Other Liabilities	-	1,617	1,617	-	1,158	1,158
Provisions	-	1,844	1,844	-	1,614	1,614
Current income tax liabilities (Net)	-	307	307	-	301	301
<b>Total</b>	<b>1,321</b>	<b>13,762</b>	<b>15,083</b>	<b>285</b>	<b>12,437</b>	<b>12,722</b>

Total Other Non-Current and Current liabilities stood at ₹ 15,083 Million as of March 31, 2018 from ₹ 12,722 Million as of March 31, 2017.

Non-current Financial Liabilities and Current Other financial liabilities as of March 31, 2018 include contingent consideration payable for acquisition of Syncordis S.A and liability under commercial settlement with a client.

Other current liabilities comprise of statutory dues including employee related statutory dues. Provisions comprise of provisions for employee benefits on account of compensated absences and post-retirement medical benefits.

## VI. Results of our consolidated operations

(₹ in Mn)

	2017-18		2016-17	
	₹ in Mn	% of Total Income	₹ in Mn	% of Total Income
<b>Income</b>				
Revenue from operations	73,065	94.5%	65,009	97.2%
Other income	4,261	5.5%	1,867	2.8%
<b>Total Income</b>	<b>77,326</b>	<b>100.0%</b>	<b>66,876</b>	<b>100.0%</b>
<b>Expenses</b>				
Employee benefit expenses	43,289	56.0%	37,153	55.6%
Operating expenses	16,845	21.8%	14,764	22.1%
Finance costs	157	0.2%	32	0.0%
Depreciation and Amortization	1,563	2.0%	1,779	2.7%
Other Expenses	1,057	1.4%	790	1.2%
<b>Total Expenses</b>	<b>62,911</b>	<b>81.4%</b>	<b>54,518</b>	<b>81.5%</b>
<b>Profit before tax</b>	<b>14,415</b>	<b>18.6%</b>	<b>12,358</b>	<b>18.5%</b>
<b>Tax expenses</b>				
- Current tax	3,654	4.7%	3,181	4.8%
- Deferred tax (net)	(363)	-0.5%	(532)	-0.8%
	<b>3,291</b>	<b>4.2%</b>	<b>2,649</b>	<b>4.0%</b>
<b>Net Profit for the period</b>	<b>11,124</b>	<b>14.4%</b>	<b>9,709</b>	<b>14.5%</b>
<b>Other Comprehensive income</b>	<b>(835)</b>		<b>1,945</b>	
<b>Total comprehensive income for the period</b>	<b>10,289</b>		<b>11,654</b>	
<b>Profit attributable to:</b>				
Owners of the company	11,120		9,707	
Non-controlling interests	4		2	
	<b>11,124</b>		<b>9,709</b>	
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	10,283		11,652	
Non-controlling interests	6		2	
	<b>10,289</b>		<b>11,654</b>	
<b>Earnings Per Share</b>				
Basic	₹ 64.93		₹ 57.08	
Diluted	₹ 63.48		₹ 55.80	

## Financial Year 2017-18 Compared to Financial Year 2016-17

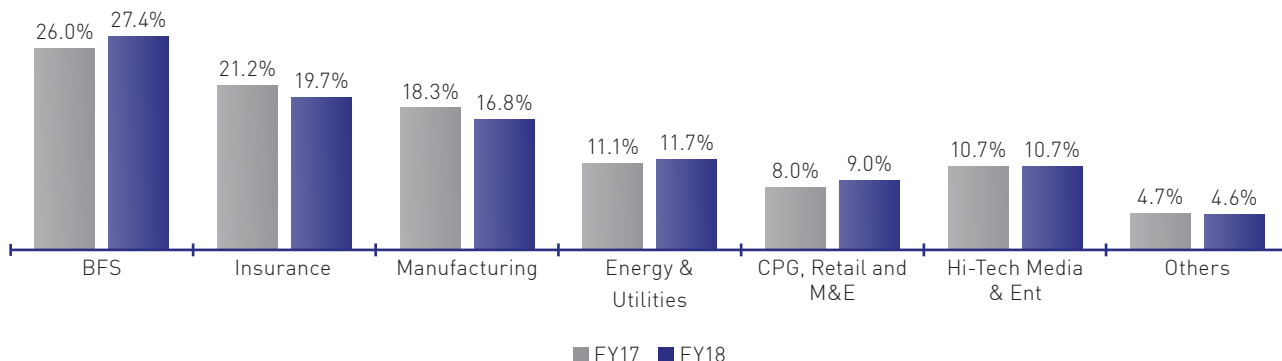
### 1. Income

Our total income comprises of revenue from operations and other income.

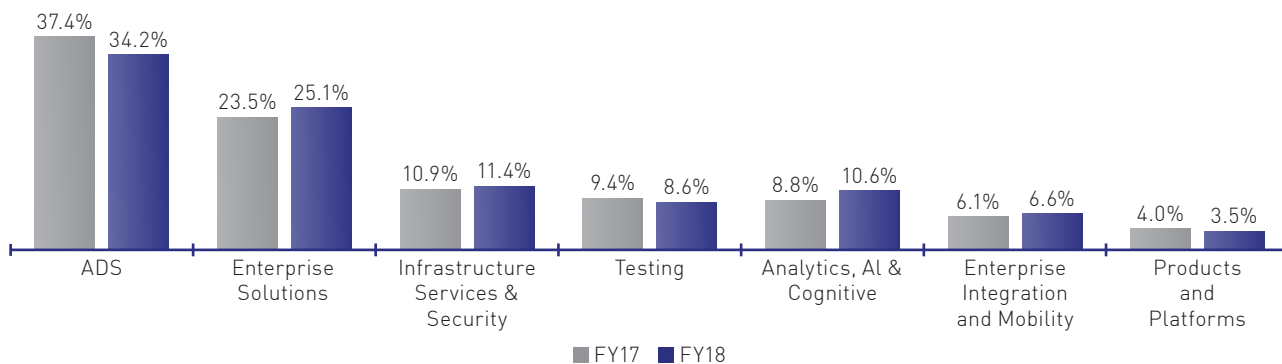
Our total income increased by 15.6% to ₹ 77,326 Million for the year ended March 31, 2018 from ₹ 66,876 Million for the year ended March 31, 2017.

#### Revenue from operations

##### Revenue Mix by Verticals



##### Revenue Mix by Services



Our revenue increased by 12.4% to ₹ 73,065 Million for the year ended March 31, 2018 from ₹ 65,009 Million for the year ended March 31, 2017, primarily due to growth in Banking and Financial services (growth of 18.3%), Energy & Utilities (growth of 18.5%) and CPG, Retail & Pharma (growth of 25.3%) verticals, which was partially offset by lower growth in revenues in our Insurance and Manufacturing business vertical.

Our service growth was higher mainly in Enterprise Solutions; Infrastructure Services & Security; Analytics, AI & Cognitive and Enterprise Integration & Mobility with growth of 19.9%, 17.4%, 35.1% and 21.4% respectively, which was partially offset by lower growth in other services.

### 2. Other Income

Other income primarily consists of income from foreign exchange gains (or losses), investments in mutual

funds, profit on sale of fixed assets, interest received and miscellaneous income. Other income for the year ended March 31, 2018 was ₹ 4,261 Million as against ₹ 1,867 Million for the year ended March 31, 2017.

#### Income from Investments in Mutual Funds

Income from investments in Mutual Funds was ₹ 738 Million in the year ended March 31, 2018 compared to ₹ 194 Million for the year ended March 31, 2017. The increase is primarily due to increase in surplus invested and switch from dividend to growth schemes.

#### Foreign Exchange Gains / (Losses)

In order to mitigate our foreign exchange risk, we have a long-term hedging policy. We hedge exposures in major currencies such as the US dollar and the Euro by entering into forward contracts. Our hedging policy runs on a net exposure basis, typically for a period of up to three years.

These forward contracts provide for payments by banks to us in the situations where the spot exchange rate on maturity is lower than the rate at which forward contracts were entered and payment by us to the banks in situations where the spot exchange rate on maturity is higher than the rate at which forward contracts were entered. Our foreign exchange gain was ₹ 3,427 Million in for the year ended March 31, 2018 as against ₹ 1,539 Million in the year ended March 31, 2017, the increase is primarily due to appreciation of Rupee against the US dollar.

### 3. Expenses

Our expenses include employee benefit expenses, operating expenses, finance costs, depreciation and amortization and other expenses. Our total expenses increased by 15.4% to ₹ 62,911 Million for the year ended March 31, 2018 from ₹ 54,518 Million for the year ended March 31, 2017, primarily as a result of an increase in employee benefit expenses and operating expenses.

### 4. Employee benefit expenses

Employee benefit expenses comprise salaries (including overseas staff expenses); staff welfare; contributions to provident and other funds; contributions to superannuation funds and contributions to gratuity funds.

Our employee benefit expenses increased by 16.5% to ₹ 43,289 Million for the year ended March 31, 2018 from ₹ 37,153 Million for the year ended March 31, 2017. The increase in the salaries was majorly due to increase in employee count due to growth of our operations and increments. This has also resulted in higher contribution to the Provident fund, Social security account and payroll taxes.

### 5. Operating expenses

Operating expenses comprise consultancy charges, cost of equipment, hardware and software packages, travelling and conveyance expenses, rent and establishment expenses etc.

Our operating expenses increased by 14.0% to ₹ 16,845 Million for the year ended March 31, 2018 from ₹ 14,764 Million for the year ended March 31, 2017. Operating expenses for year ended March 31, 2018 include one-time charge resulting from commercial settlement with a client of ₹ 617 Mn.

### 6. Finance costs

Finance costs comprise of interest on money received under Credit Support Agreement and interest payable on contingent consideration payable for acquisition of Syncordis S.A.

Our finance costs increased to ₹ 157 Million for the year ended March 31, 2018 from ₹ 32 Million for the year ended

March 31, 2017 primarily due to increase in interest on deposits received from bank under Credit Support Agreements entered in relation to our hedges.

### 7. Depreciation and amortization

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

Our depreciation and amortization decreased by 12.2% to ₹ 1,563 Million for the year ended March 31, 2018 from ₹ 1,779 Million for the year ended March 31, 2017.

### 8. Other Expenses

Other expenses increased by 35.8% to ₹ 1,057 Million for the year ended March 31, 2018 from ₹ 790 Million for the year ended March 31, 2017, primarily due to legal & professional fees, Corporate Social Responsibility expenses, donations, bank charges and other miscellaneous expenses.

### 9. Profit before tax

Our profit before tax increased by 16.6% to ₹ 14,415 Million for the year ended March 31, 2018 from ₹ 12,358 Million for the year ended March 31, 2017.

### 10. Tax expense

Tax expense comprises of current tax and deferred tax. Current income tax is the amount expected to be paid to the tax authorities in accordance with the applicable tax laws in relevant jurisdictions. Deferred income tax assets and liabilities reflect the impact of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements as well as other deferred tax assets recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available.

Total tax expense has increased by 24.3% to ₹ 3,291 Million for the year ended March 31, 2018 from ₹ 2,649 Million for the year ended March 31, 2017, primarily due to increase in profit, tax on mutual fund income after switch from dividend to growth schemes, reduction in tax exemptions etc.

### 11. Net profit after tax

As a result of the foregoing factors, our net profit increased by 14.6% to ₹ 11,124 Million for the year ended March 31, 2018 from ₹ 9,709 Million for the year ended March 31, 2017.

### 12. Earnings per share (EPS)

Our Basic EPS has increased by 13.7% to ₹ 64.93 per share for the year ended March 31, 2018 from ₹ 57.08 per share for the year ended March 31, 2017. Our Diluted EPS has increased by 13.7% to ₹ 63.48 per share for the year ended March 31, 2018 from ₹ 55.80 per share in the year ended March 31, 2017.

## Investments in Subsidiaries

### Syncordis S.A., Luxembourg

The Company acquired Syncordis S.A, Luxembourg, along-with its fully owned subsidiaries Syncordis SARL, France, Syncordis Ltd. UK, Syncordis PSF S.A , on December 15, 2017 and paid an enterprise value of Euro 14.65 million on acquisition for 100% of shares. In addition, Euro 13.50 million may be payable over a period of 4-5 years, which is contingent on performance. On December 11, 2017, the company acquired Syncordis Software Services India Private Limited, a wholly owned subsidiary of Syncordis S.A with an enterprise value of Euro 0.35 million, revenue of which was ₹ 30.22 million for Fiscal year 2017. Syncordis S.A. is a leading core banking implementation services provider, along with its identified subsidiaries in France, UK, Luxembourg and India. Established in Luxembourg in December 2004, Syncordis S.A. provides business and IT consultancy focused exclusively on the Temenos digital Suites. Syncordis's implementation, helpdesk, monitoring and application support services help clients reduce risks, increase efficiency and enhance quality of their banking system, allowing them to meet business needs on very cost-effective terms.

### Segment Results

The Company has changed reportable segments during the year ended March 31, 2018 to align with the Industry vertical of customers. The Company has identified segments as Banking, Financial Services & Insurance (BFSI), Manufacturing (MFG), Energy & Utilities (E&U), High-Tech, Media & Entertainment (HIME) and CPG, Retail, Pharma & Others (CRP & Others) and accordingly presented its segment results as summarized below. The reportable segment information for the year ended March 31, 2017 has been restated to reflect the above changes to facilitate comparability.

(₹ in Mn)

	2017-18		2016-17	
	₹ in Mn	% of revenue	₹ in Mn	% of revenue
<b>Revenue from operations</b>				
Banking, Financial Services & Insurance	34,515	47.2%	30,711	47.2%
Manufacturing	12,269	16.8%	11,891	18.3%
Energy & Utilities	8,556	11.7%	7,214	11.1%
High-Tech, Media & Entertainment	7,823	10.7%	6,927	10.7%
CPG, Retail, Pharma & Others	9,902	13.6%	8,266	12.7%
<b>Total revenue from operations</b>	<b>73,065</b>	<b>100.0%</b>	<b>65,009</b>	<b>100.0%</b>

(₹ in Mn)

	2017-18		2016-17	
	₹ in Mn	% of revenue	₹ in Mn	% of revenue
<b>Segmental Results</b>				
Banking, Financial Services & Insurance	7,332	21.2%	7,417	24.2%
Manufacturing	1,630	13.3%	2,102	17.7%
Energy & Utilities	1,405	16.4%	1,002	13.9%
High-Tech, Media & Entertainment	1,065	13.6%	1,212	17.5%
CPG, Retail, Pharma & Others	1,334	13.5%	1,057	12.8%
<b>Total Segment Results</b>	<b>12,766</b>	<b>17.5%</b>	<b>12,790</b>	<b>19.7%</b>

The following tables provides breakup of our revenue on the basis of the geographic location of our clients.

(₹ in Mn)

	2017-18		2016-17	
	₹ in Mn	% of revenue	₹ in Mn	% of revenue
North America	49,691	68.0%	44,760	68.9%
Europe	13,128	18.0%	11,861	18.2%
India	5,326	7.3%	4,356	6.7%
Asia Pacific	1,850	2.5%	1,560	2.4%
Rest of the world	3,070	4.2%	2,472	3.8%
<b>Total Revenue</b>	<b>73,065</b>	<b>100.0%</b>	<b>65,009</b>	<b>100.0%</b>

## VII. Liquidity

The Company has managed its cash flows during the year ended March 31, 2018 without raising short-term and long-term borrowings. The Company has financed its business growth including acquisition of Syncordis, S. A through cash generated from operations during the year.

The table below summarizes our consolidated cash flows

	(₹ in Mn)	
	2017-18	2016-17
Net cash generated from operating activities	8,438	11,696
Net cash (used) in Investing activities	(4,606)	(9,515)
Net cash (used) in financing activities	(4,076)	(328)
Net increase / (decrease) in cash and cash equivalents	(244)	1,854
Cash and cash equivalents at the beginning of the period	3,795	2,035
Effect of exchange differences on translation of Foreign currency cash and cash equivalents	82	(94)
<b>Cash and cash equivalents at the end of the period</b>	<b>3,633</b>	<b>3,795</b>

## VIII. Internal Controls

LTI has established a framework for Internal Controls, commensurate with the size and nature of its operations. Process has been set up for periodically apprising the senior management and the Audit Committee of the Board about Internal audit observations of the Company with respect to Internal Controls and status of statutory compliances.

Business Heads and Support functions are responsible for establishing effective internal controls within their respective functions. Standard operating procedures and internal control manuals are defined and continuously updated.

The Company has laid down Internal Financial Controls as detailed in the Companies Act, 2013. These have been established across the levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.

Internal Audit team periodically conducts audits across the Company, which include review of operating effectiveness of internal controls. The Company wherever necessary engages third party consultants for specific audits or reviews. The Audit Committee oversees internal audit function.

Some of the Internal and External Risks are given below -

Category	Risk	Narration	Mitigation Approach
Internal - Portfolio Risk	Rapid change in technologies and Digital Disruption	Rapid change in technologies with digital market marks a need of fast realignment to new technologies and business models, failure to which may attract low business.	Focused investments in creating new capabilities: <ul style="list-style-type: none"> <li>Strengthen new digital solution practice with a focus on digital service offering</li> <li>Continue develop expertise in new technologies through MOSAIC academy</li> <li>Creation and institutionalization of Digital Delivery Framework focusing on delivering rich experience to clients using methodologies based on Design Thinking, Agile and DevOps.</li> </ul>
	Business Concentration Risks	Exposure to limited number of clients creates risk of a major revenue loss in the event a major client exit.	Focused efforts to expand existing business and add new logos <ul style="list-style-type: none"> <li>Focused initiatives and strategies on winning new clients with large IT spends</li> <li>Strategies enabling strong account relationship driving account mining and profitability</li> <li>Innovations and value added deliverables to become trusted partners to client</li> <li>Expand business in Europe, Middle East, and increase focus on South Africa.</li> </ul> During FY'18 these measures have already resulted in addition of high revenue clients
Internal - Operational Risks	Execution Risks	Failure in deliverable execution could mark a risk of work getting transferred to the competition. Any loss of confidence or customer trust due to deficiencies and execution failures could damage the business and organization reputation	Strengthening of service assurance framework through: <ul style="list-style-type: none"> <li>Ensuring early identification and resolution of any issues</li> <li>Providing visibility of project execution status to right management levels and ensuring strong risk management</li> <li>Focused programs to strengthen program management capabilities</li> <li>Quality assurance through focused audits and quality control</li> </ul>

Category	Risk	Narration	Mitigation Approach
External – Economic Risks	FOREX Risks	Our profitability could be impacted due to currency movements impacting realization of revenue in ₹	<ul style="list-style-type: none"> <li>Financial Risk management policy has been approved by the Board. Hedges are taken to mitigate forex risk as per the policy.</li> <li>Treasury Committee takes hedging decisions in line with the policy. The hedge positions are periodically reviewed by the Audit Committee and the Board.</li> </ul>
External – Legal & Regulatory Risks	International Mobility Risks	Immigration policies of client countries may affect our ability to position consultants at client locations hindering operations.	<ul style="list-style-type: none"> <li>Dedicated leadership team for implementing a comprehensive solution</li> <li>Reduce dependence on work visas through staffing model changes</li> <li>Set up delivery center in USA and Poland</li> <li>Grow business in other geographies</li> </ul>
	Compliance Risks	As our operations are spread globally, it exposes us to numerous local regulation. Non-compliance to these laws, adversely affect our business and future financial performance.	<ul style="list-style-type: none"> <li>Compliance portal in place to capture the specific geography's regulatory requirement and our compliance towards the same</li> <li>Designated stakeholder responsible towards specific geography's regulatory compliance</li> <li>Each stakeholder provides a Compliance certificate confirming local compliances</li> </ul>
	Natural hazards	Natural hazards and disasters like earthquakes, floods, tsunamis, storms etc. can be threat to business requirements	Develop and implement robust Disaster Recovery and Business Continuity Plan <ul style="list-style-type: none"> <li>Business continuity plan (BCP) prepared for each Account and Organization as a whole</li> <li>BCP tested periodically ensuring its implementation in actual force majeure</li> <li>Backup site identified for each operating location, which shall act as its Disaster recovery site in the force majeure event</li> <li>Migration of key applications to Cloud</li> </ul>
	Cyber Attacks and Crime	In an era of 'Digital world', being affected by 'Stay Connected' syndrome, cyber vulnerability as well is amplified. This makes the organization vulnerable to cyber-crimes	<ul style="list-style-type: none"> <li>Security policy designed and deployed across the organization</li> <li>Various controls deployed for advanced security and monitoring</li> <li>Penetration testing by external vendors, through security checks and assessment to confirm on security requirements</li> </ul>
	GDPR	An organization if processes or stores any data of person residing in EU, the organizations needs to comply with GDPR requirements. Non-Compliance to the same shall attract heavy penalty	GDPR compliance team is constituted with key responsibility to: <ul style="list-style-type: none"> <li>Analyze the effect of GDPR compliance requirement on the organization</li> <li>Plan for its deployment and implementation</li> <li>Monitor and drive GDPR implementation</li> <li>Governance and reporting on compliance to the leadership</li> </ul>

### Outlook, Risks and Concerns

This section lists forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a results of certain factors. LTI does not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

Our client's business is getting impacted at an unprecedented speed due to world of digital and exponential technologies. LTI has made proactive investments in digital technologies, bringing our in-house expertise together under the MOSAIC platform and enhancing these offerings through acquisitions. Today, Enterprises want to work with partners that are agile, can de-clutter new technologies and can co-create solutions with them. Our sustained investments in digital and exponential technologies are establishing us as the partner-of-choice for our customers worldwide.

In FY18, we delivered an industry leading revenue growth of 16.7% in USD terms. With intense focus on client success and comprehensive transformation capabilities across digital, analytics, IoT, automation and cloud, we are optimistic about our future.

CY stands for Calender Year in this Annual Report.  
FY18 or FY2018 stands for financial year 2017-18 in this Annual Report.



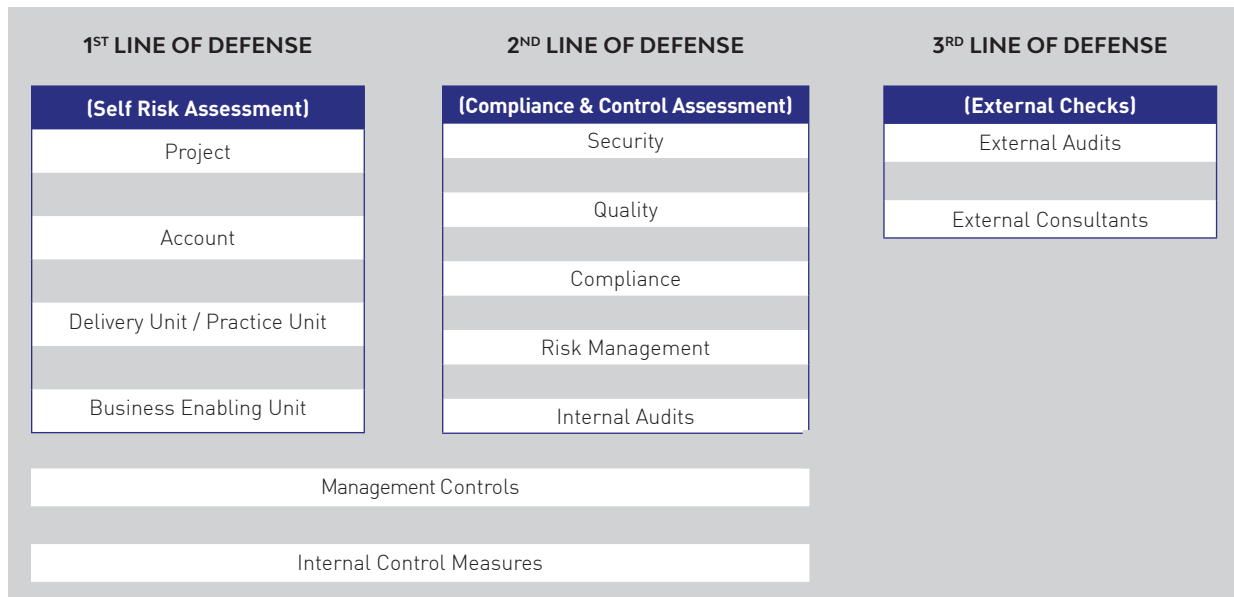
# Risk Management Framework

The following section outlines various dimensions of Risk Management framework and its implementation

## A. Overview:

Our objective of Risk Management framework is to address risks in a proactive manner to sustain business growth. The framework is established to ensure that risks that would impact key business objectives are identified, assessed, quantified and appropriately mitigated on a continuous basis.

### Multiple Lines of Defense for Risk Management



## B. Risk Governance:

Following are the Key roles and responsibilities that comprise risk governance for the organization:

### Board:

Key Responsibilities

- Ensure risk management framework and systems are in place;
- Monitor the development and implementation of Risk Management Framework.

### Risk Management Committee (RMC):

RMC comprises of members of board and senior executives of the Company. The Composition of RMC is provided in Corporate Governance section of this Annual Report.

#### Key Responsibilities:

- Review effectiveness of the Risk Policy and Enterprise Risk Management (ERM) framework
- Review Strategic, Macro - Economic and Sectoral Risks for the organization

### Risk Operating Committee (ROC):

ROC comprises of organization leadership and is chaired by the Chief Operating Officer (COO)

#### Key Responsibilities:

- Guide and mitigate issues related to respective business / functions;
- Develop proactive and sustainable Risk Management culture.

### Chief Risk Officer (CRO):

CRO heads the Risk Management Function

#### Key Responsibilities:

- Design and deploy Risk Management Plan in co-ordination with ROC;
- Assist RMC in overseeing implementation of Risk Policy;
- Provide ERM updates to Audit Committee.

**C. Risk Management through Multiple Lines of Defense:**

Risk Management at Company is designed to have various lines of defense:

- 1. Self-Risk Assessment:** Self-risk assessment happens at various levels of the Organization like, project, account, and unit level. Each unit proactively identify risks for their functions, and go through the risk management cycle.
- 2. Compliance & Control assessment:** Various Internal teams like Internal Audit, Delivery Excellence, IT Security etc. performs internal checks ensuring required internal controls are in place. Non-conformities are escalated appropriately.
- 3. External Checks:** Various external consultants and auditors are leveraged to receive best practices and industry benchmarks. These best practices are implemented in the organization to improve the operations vis-a-vise risk control measures.

**Risk Management Process**

Risk Management process at the Company comprises of Risk Identification, Analysis, Mitigation and Monitoring.

**Risk Identification:** Risk Identification includes study and analysis of technology trends, external market and events and existing processes. Identification of risk happens at various levels. Identified Risks are classified into three categories: Strategic, Business and Operational.

**Risk Analysis:** Analysis of risk happens on the basis of two parameters, i.e. 'Impact' and 'Probability'. The impact of risk and its probability of occurrence derives 'Risk Severity'. Risk can be prioritized for its mitigation based on the Severity of risk.

**Risk Mitigation:** Mitigation strategy can be one of the following:

- Avoid: Risk with high severity where mitigation of risk may not be possible, can be avoided.
- Reduce: Risk impact or frequency can be reduced by placing appropriate mitigation plan.
- Transfer: Risk can be transferred in total or partially, to external third party.
- Accept: Accept the risk with low severity, where its mitigation cost may not be more expensive than the risk exposure.

**Risk Monitoring and Reporting:**

**Risk Monitoring:**

- a. Monitor the identified risk for: i) Proximity of risk occurrence; ii) Effectiveness of the mitigation plan.
- b. Identify new risks that may surface, with its mitigation plan.

Risk Reporting: Where leadership guidance is required is reported to management through appropriate forums.

**D. Risk Management Activities performed during FY18**

1. Strong governance to drive risk management in the organization:
  - Conducted six Risk Operating Committee (ROC) meetings with a focus on governance and drive to implement risk management framework in the organization
  - Conducted one Risk Management Committee (RMC) meeting to have an oversight by the Board and Leadership ensuring implementation and effectiveness of risk management framework
  - Apprised Audit Committee on risk management activities on periodic basis.
2. ERM maturity improvement activities planned and implementation initiated:
  - Strengthen risk management in the organization through strengthening first line of defense
  - Risk Management in strategic decisions
  - Periodic risk scorecard
  - Develop, risk management portal to aid implementation and monitoring of the framework.
3. Strengthen Issue Management Process:
  - Strengthen issue management process to track audit observation through incident, process and coverage remedy.

# Directors' Report

To the Members of  
LARSEN & TOUBRO INFOTECH LIMITED

Your Directors have pleasure in presenting the Annual Report along with the Audited Financial Statements of Larsen & Toubro Infotech Limited ('LTI' or 'Company') for the financial year ended March 31, 2018.

## 1. FINANCIAL RESULTS

(₹ Million)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from operations	69,064	61,829	73,065	65,009
Other Income	5,254	1,983	4,261	1,867
<b>Total Income</b>	<b>74,318</b>	<b>63,812</b>	<b>77,326</b>	<b>66,876</b>
Less: Operating Expenditure	58,583	50,850	61,191	52,707
Less: Finance Cost	138	32	157	32
Less: Depreciation and amortization	913	1,088	1,563	1,779
<b>Profit Before Tax (PBT)</b>	<b>14,684</b>	<b>11,842</b>	<b>14,415</b>	<b>12,358</b>
Less: Provision for Tax	3,083	2,466	3,291	2,649
<b>Profit for the year (PAT)</b>	<b>11,601</b>	<b>9,376</b>	<b>11,124</b>	<b>9,709</b>
Less: Non-Controlling Interests	-	-	4	2
Add: Balance brought forward from previous year	20,990	13,272	21,362	13,678
Add: Profit and loss account of GDA Technologies Limited ('GDA') on amalgamation	-	365	-	-
Add: Other Comprehensive Income	62	(45)	62	(45)
<b>Balance available for disposal which Directors appropriate as follows:</b>	<b>32,653</b>	<b>22,968</b>	<b>32,544</b>	<b>23,340</b>
Less: Dividend (excluding tax)	3,139	1,700	3,139	1,700
Less: Tax on Dividends	500	278	500	278
<b>Balance to be carried forward</b>	<b>29,014</b>	<b>20,990</b>	<b>28,905</b>	<b>21,362</b>

## 2. PERFORMANCE OF THE COMPANY

On standalone basis, revenue from operations and other income for the financial year under review were ₹ 74,318 Million as against ₹ 63,812 Million for the previous financial year registering an increase of 16.46%. The profit before tax was ₹ 14,684 Million and the profit after tax was ₹ 11,601 Million for the financial year under review as against ₹ 11,842 Million and ₹ 9,376 Million, respectively for the previous financial year.

On consolidated basis, revenue from operations and other income for the financial year under review were ₹ 77,326 Million as against ₹ 66,876 Million for the previous financial year registering an increase of 15.63%. The profit before tax was ₹ 14,415 Million and the profit after tax was ₹ 11,124 Million for the financial year under review as against ₹ 12,358 Million and ₹ 9,709 Million, respectively for the previous financial year.

## 3. CAPITAL EXPENDITURE

On standalone basis, as at March 31, 2018, the gross fixed and intangible assets stood at ₹ 6,539 Million (previous year ₹ 5,889 Million) out of which assets amounting to ₹ 820 Million (previous year ₹ 796 Million) were added during the year and the net fixed

and intangible assets stood at ₹ 2,795 Million (previous year ₹ 2,871 Million).

On consolidated basis, as at March 31, 2018, the gross fixed and intangible assets stood at ₹ 14,362 Million (previous year ₹ 11,407 Million) out of which assets amounting to ₹ 2,918 Million (previous year ₹ 976 Million) were added during the year and the net fixed and intangible assets stood at ₹ 6,875 Million (previous year ₹ 5,432 Million).

## 4. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

There have been no material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of this report.

## 5. SALE OF SHARES BY THE PROMOTER

Pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018, the promoter of the Company, Larsen & Toubro Limited had sold 3,438,678 equity shares of the Company between March 1, 2018 and April 25,

2018. Accordingly, Larsen & Toubro Limited holds 140,311,322 equity shares constituting 81.54% of the paid-up share capital of the Company as on the date of this report.

## 6. DIVIDEND DISTRIBUTION POLICY AND DIVIDEND

The Directors are pleased to recommend final dividend of ₹ 13.50 per equity share on the face value of ₹ 1 each. During the financial year ended March 31, 2018, the Company paid an interim dividend of ₹ 8.00 per equity share. The total dividend including final dividend would amount to ₹ 21.50 per equity share.

The final dividend, if approved by the shareholders would be paid/payable to those shareholders whose names appear in the Register of Members as on the Book Closure Date mentioned in the Notice convening 22<sup>nd</sup> Annual General Meeting ('AGM') of the Company.

The Dividend is based upon the parameters mentioned in the Dividend Distribution Policy approved by the Board of Directors of the Company on May 4, 2017, which is in line with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). The Policy is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

## 7. MARKETING & COMMUNICATIONS

The Company strengthened its brand awareness and perception globally in FY18. After the brand launch and global rollout, Company strengthened its marketing ecosystem this year with investments in modern marketing technologies and inducting talented marketing leaders from the industry. Company's participation in major trade shows and conferences like SAP SAPHIRE, Oracle OpenWorld, Dreamforce and others improved brand visibility with enterprise technology buyers. The Company deepened its engagement with industry influencers and featured in major ratings and rankings for exponential technologies like Digital, Analytics, IoT, Automation and Cloud.

## 8. HUMAN RESOURCE DEVELOPMENT

The Company believes that the path to enduring 'people' success is by building and continually refining the Leadership Growth Engine. The Company's programs enable the leaders within the organization to constantly learn and upskill themselves. The following programs and interventions support the people guiding initiatives:

**Leadership Voyager:** Leadership Development is at the heart of people development strategy and specially focuses on strengthening the leadership pipeline. A series of Leadership Development programs was launched in the month of July 2017. This digitally driven programs on 'Workplace', Company's social collaborative platform, was made available to employees of LTI across 16 countries. The program currently runs for first time managers and senior managers under the brand of 'I LEAD' and 'I LEAD Plus'. 1,326 leaders participated in the programs until March 31, 2018.

**Diginius Voyager:** Keeping in mind the digital transformation in the Company and in the IT industry, a series of soft skills programs were launched in the month of July 2017 using different methodologies. Handpicked programs from top international Universities on MOOC's and eLearning platforms were made available to the employees in the digital format.

**Catalyst:** Transforming employee experience and contributing to positive change through collaborative efforts of employees as Change Agents (Catalysts), backed by 'Workplace'. Here employees can post their queries, ideas and complaints. The Company has an internal mechanism to periodically review catalyst issues from each functional representative and recommend changes, if any. Intime action has led the Company to record 98.50% for query resolution and 83.33% towards idea implementation.

**Beliefs Workshop:** 'Beliefs' is an interactive classroom session with an end goal to propose our five Beliefs - 'go the Extra mile', 'be Agile', 'push frontiers of Innovation', 'keep Learning' and 'solve for Society', to be at the forefront of every business track and transaction. We present concepts of the Beliefs and how vital it is for each employee to align with them. Success stories, challenges and how to create a conducive environment to augment team work and bring about a 'cool' culture are discussed. So far, since October 2017 until March 2018, we have covered around 7000+ employees through face to face workshops both in India and onsite.

## 9. AWARDS & RECOGNITION

In the Analytics solutions category, the Company was awarded 'Silver at Express IT Awards' and also recognized as 'India Partner of the Year' at Cloudera's 2017 APAC Partner Awards. In Analyst and Advisory category, the Company has got the following accolades:

1. In Leadership Zone in Zinnov Zones 2017 for Robotic Automation Services in overall and BFS segment, IoT Technology Services (For System Integration, Managed Services, Big Data Management and Analytics Segments) and Digital Services.
2. As a 'Leader' in NelsonHall NEAT 2017 for IoT Services, Digital Testing and as an Innovator for S/4 HANA Focus.
3. As High Performers in HfS Blueprint Report: Enterprise Blockchain Services 2017.
4. Ranked as 'Leader' in Property & Casualty and Life & Annuities categories of Novarica Market Navigator™ for IT Services Providers for Insurers 2018 Report.
5. Topped the 'Challengers' List in Everest Group's PEAK Matrix™ Service Provider of the Year 2018 Report.

The Company was also bestowed with Humanitarian Award for the reconstruction of Gandhi Study Centre in Chennai.

Further, Mr. Sanjay Jalona, Chief Executive Officer & Managing Director of the Company was awarded 'Exemplary CEO of the Year 2017' by BW Businessworld and Mr. Ashok Sonthalia, Chief Financial Officer of the Company was awarded 'CFO of the Year in 2018' by Financial Express in the large enterprise having INR 1,000 crore plus turnover category.

## 10. INFRASTRUCTURE

The Company has the world class infrastructure throughout offices in India and abroad and has been expanding its facilities to keep pace with revenue growth. Emphasis has been on adding capacity in SEZ locations for new & incremental businesses. During the financial year, the Company added infrastructure space of 20,000 sq.ft. with 247 seats at SEZ in Bangalore and 10,000 sq.ft. with 90 seats at Chennai.

Additionally, space optimization was carried out through densification thereby increasing the capacity of 355 seats across Powai, Airoli and Pune within the existing infrastructure space.

The Company has also created client collaborative and interactive workspaces like Agile space, Cyber Defense Resiliency Centre, Design Studio making it a new-age workplace.

As on March 31, 2018, the total capacity at Indian centres stands at 21,241 seats over an area of 2,208,196 sq.ft.

## 11. QUALITY INITIATIVES

The Company continues all-pervasive commitment to Quality with focus on client centricity and continuous improvements. The Company has revamped the Quality Policy to reflect the same. The Quality Policy states:

We strive to be the most client-centric partner by:

- Delivering rich and meaningful experiences to our clients and their customers.
- Continuously improving our services and solutions, with focus on agility and creativity.
- Nurturing an environment that promotes learning and growth.

The Company has aligned and strengthened the management processes with focus on client centricity and delivery excellence. We continue to measure project level and leadership level client satisfaction. Various initiatives implemented during the year have helped to improve client satisfaction levels. Leadership level client experience has also significantly improved for our key accounts.

The Company renewed the focus to deliver value to our clients through initiatives such as Beyond, Extreme Automation and Design Driven Delivery. 'Beyond' initiative has brought in focus on innovation to deliver value to our clients. 'Extreme Automation' has helped optimize our delivery execution and improve productivity. 'Design Driven Delivery' suitably supported by

Agile and DevOps methodologies, helps the Company to design and deliver client focused services and solutions.

The Company continues to adhere to international certifications viz. ISO 9001, ISO 20000, ISO 27001, ISO 14001 and ISO 18001 through combined external audit conducted by Bureau Veritas.

The Company continues to sustain CMMI for Development V1.3 at Level 5 for Development, Maintenance, Testing and ERP projects. The Company continues to sustain the CMMI for Services V1.3 at Level 5 for Application and Infrastructure Support projects. The Company has also sustained the compliance to ISAE 3402 requirements for the projects in the Insurance domain across Business Units and also for client specific engagements in the Banking domain.

## 12. TRANSFER TO RESERVES

The Directors do not propose to transfer any amount to reserve.

## 13. DEPOSITS

During the year ended March 31, 2018, the Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

## 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended March 31, 2018;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 ('Act') for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down an adequate system of internal financial controls to be followed by the Company and such internal financial controls are adequate and operating efficiently; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 15. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, following were the changes in the Board and Key Managerial Personnel:

- a. Mr. Sudip Banerjee was appointed as an Independent Director of the Company, for a term of five years upto May 19, 2022, with effect from May 20, 2017 by the shareholders of the Company at its 21<sup>st</sup> AGM held on August 24, 2017.
- b. Ms. Subhalakshmi Panse resigned as an Independent Director of the Company with effect from May 15, 2017.
- c. Mr. Manoj Koul was appointed as the Company Secretary and Compliance Officer of the Company with effect from August 24, 2017.

Mr. R. Shankar Raman and Mr. S. N. Subrahmanyam, Non-Executive Directors of the Company, retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing AGM of the Company. The details of Directors proposed to be re-appointed are given in the Notice convening the 22<sup>nd</sup> AGM.

## 16. CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is annexed as Annexure A to this Report.

## 17. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met 5 (five) times during the financial year. The details of the Board meetings and the attendance of Directors is provided in Annexure A to this Report.

Board meeting dates are finalized in consultation with all Directors and agenda backed up by comprehensive notes and detailed background information are circulated well in advance before the date of Board meeting thereby enabling the Board to take informed decisions. Detailed business presentations are also made to apprise the Board of the important developments.

## 18. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received Declaration of Independence from its Independent Directors as stipulated under Section 149(7) of the Act confirming that they meet the criteria of Independence. The same is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

## 19. INDEPENDENT DIRECTORS MEETING

As per Schedule IV of the Act, Secretarial Standards-1 on Board Meetings ('SS-1') and SEBI Listing Regulations, the meeting of the Independent Directors in FY18 was held on May 4, 2017. Additionally, the Independent Directors meeting was also held on May 23, 2018.

## 20. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Nomination and Remuneration Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of Key Managerial Personnel

and the criteria for determining qualifications, positive attributes and independence of a Director.

## 21. DISCLOSURE OF REMUNERATION

The details of remuneration as required under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, is provided in Annexure B to this Report.

The details of employees receiving remuneration as mentioned in Rule 5(2) & 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, is provided in Annexure I to this Report. In terms of Section 136(1) of the Act and the Rules made thereunder, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary of the Company. None of the employees listed in the said Annexure is related to any Director of the Company. The aforesaid annexure is also available for inspection by the shareholders at the Registered Office of the Company, on all working days, except Saturdays, Sundays and public holidays, between 11:00 am and 1:00 pm upto the date of the 22<sup>nd</sup> AGM.

## 22. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

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

During the year under review, a structured questionnaire was circulated to all Directors for evaluation of performance of the Board, its Committees, Chairman and individual Directors. The questionnaire included criteria such as composition & structure, meetings, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity have been evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on May 23, 2018, in accordance with Schedule IV of the Act. The performance evaluation of the Board, its Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors which showcased the strengths of Board and areas of improvement. Overall the Board expressed its satisfaction on the performance evaluation process as well as performance of all Directors, Committees and Board as a whole.

## 23. BOARD COMMITTEES

The Board has constituted Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility ('CSR') Committee

and Risk Management Committee in terms of the requirements of the Act and SEBI Listing Regulations. The details of each of the Committees is given in Annexure A to this Report.

#### 24. ANNUAL REPORT ON CSR

The Annual Report on CSR is annexed as Annexure C to this Report. CSR Policy of the Company is available on the Company's website, [www.Lntinfotech.com/social-responsibility](http://www.Lntinfotech.com/social-responsibility).

#### 25. BUSINESS RESPONSIBILITY REPORT ('BRR')

Pursuant to Regulation 34 of the SEBI Listing Regulations, Business Responsibility Report for FY18 ('BRR') describing initiatives taken by the Company from an environmental, social and governance perspective, is provided in Annexure J, forming part of this Annual Report. As a green initiative, BRR will be available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors). Any shareholder interested in obtaining copy of the same may write to the Company Secretary of the Company.

#### 26. CORPORATE SUSTAINABILITY

The Company believes that a healthy planet is essential for a Company's success and therefore, sustainability is an important element. The Company continues to be resource efficient and puts efforts towards better environment management.

Company has taken various energy conservation initiatives to reduce electricity consumption and overall carbon footprint, on year-on-year basis. The energy conservation initiatives is given in Annexure G to this report. During the year, the Company has conducted initiatives like 'Go Green' campaign and 'PC hibernation' towards reducing the impact of operational activities on environment. The Company's corporate office at Powai, Mumbai has been accredited 'LEED Gold certificate' from US Green Building Council 2016 and it continues to be green building-compliant campus. The Company participates and reports the carbon emissions/energy performances through the Carbon Disclosure Project (CDP).

Company manages and recycles the paper, plastic and glass waste efficiently at all three offices in Mumbai. Second round of surveillance audit of BS OHSAS 18001:2007 certification for occupational health and safety has been cleared for eight Company locations during the year. This approach towards people and planet forms a part of our sustainability framework and business approach.

#### 27. AUDITORS

##### STATUTORY AUDITOR

The Auditors' Report to the shareholders' on the audited standalone and consolidated financial statements of the Company for the year ended March 31, 2018 does not contain any qualification and therefore does not call for any comments from Directors. Further, the Statutory Auditors of the Company have not reported any fraud as specified under

Section 143(12) of the Act. The Independent Auditors Report forms part of this Annual Report.

The Auditors, M/s. B. K. Khare & Co. [ICAI Registration No. 105102W] were appointed as Statutory Auditors of the Company by the shareholders at the last AGM held in 2017 for a period of five continuous years from the conclusion of 21<sup>st</sup> AGM till the conclusion of 26<sup>th</sup> AGM of the Company.

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

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company.

##### SECRETARIAL AUDITOR

The Secretarial Audit Report issued by Ms. Naina Desai, Practicing Company Secretary, does not contain any qualification and is annexed as Annexure D to this Report.

#### 28. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements pursuant to Section 129(3) of the Act, prepared in accordance with the Accounting Standards prescribed by the ICAI, forms part of this Annual Report.

#### 29. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. Further, the Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material impact on the Company's operations.

#### 30. CHANGES IN SHARE CAPITAL

During FY18, the Company allotted 1,428,150 equity shares of ₹ 1 each on exercise of the vested options by the eligible employees under the Employees Stock Options Schemes of the Company. Accordingly, the paid-up equity share capital of the Company increased from ₹ 170.571 Million to ₹ 171.999 Million.

After March 31, 2018, the Company has further allotted 19,922 equity shares of ₹ 1 each on April 19, 2018 and 52,219 equity shares of ₹ 1 each on May 23, 2018 on exercise of vested options by the eligible employees under the Employees Stock Options Schemes of the Company. Consequent to the same, there has



been an increase in the paid-up equity share capital of the Company to ₹ 172.071 Million.

### 31. EXTRACT OF ANNUAL RETURN

The extract of annual return is annexed as Annexure E to this Report.

### 32. RISK MANAGEMENT

The Company has formulated a Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and a periodical review is carried out to ensure that Executive Management controls risk by means of a properly designed framework. A detailed note on risk management is given in a separate section of this Annual Report.

### 33. VIGIL MECHANISM

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act. The Whistle Blower Policy encourages and facilitates the employees to report concerns about unethical behavior, actual/ suspected frauds and violation of the Company's Code of Conduct. The Policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the Chairperson of the Audit Committee. The Audit Committee of the Company oversees the implementation of the Whistle Blower Policy. Information about the Whistle Blower Policy is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

### 34. RELATED PARTY TRANSACTIONS

The Audit Committee and the Board of Directors have approved the Policy for Related Party Transactions and the same is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

During the year, all the related party transactions were in the ordinary course of business and at arm's length and were approved by the Audit Committee. There were no materially significant transactions with related parties during the year that may have conflict of interest with the Company.

### 35. SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

As at March 31, 2018, the Company has 14 subsidiaries including one Joint Venture. There has been no material change in the nature of the business of subsidiaries.

During the year, the Company acquired following subsidiary companies:

- a. The Company acquired 4,50,000 equity shares of ₹ 10 each (comprising 100% shareholding) of Syncordis Software Services India Private Limited on December 11, 2017.
- b. The Company through its wholly-owned subsidiary, Larsen & Toubro Infotech GmbH, Germany acquired 100% shareholding of Syncordis SA, a Luxembourg based Company, on December 15, 2017.

Update on Amalgamation of AugmentIQ Data Sciences Private Limited ('AugmentIQ') with the Company:

Pursuant to the Scheme of Amalgamation ('Scheme') of AugmentIQ Data Sciences Private Limited with the Company, sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated May 2, 2018, AugmentIQ has been amalgamated with the Company with effect from May 21, 2018, with appointed date being April 1, 2017. Consequently, the entire business, assets, liabilities, duties and obligations of AugmentIQ have been transferred to and vested in the Company with effect from April 1, 2017.

A statement containing the salient features of the financial statement of subsidiaries/ associate/ joint venture companies as per form AOC-1 is annexed as Annexure F to this Report.

The Company has formulated a policy on the identification of material subsidiaries in line with Regulation 16(c) of the SEBI Listing Regulations and the same is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors). There were no material subsidiaries of the Company as on March 31, 2018.

### 36. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

Details of loans given, investments made or guarantees given or security provided, if any, covered under the provisions of Section 186 of the Act are given in the notes forming part of the financial statements provided in this Annual Report.

### 37. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in Annexure G to this Report.

### 38. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

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

### 39. COMPLIANCE MONITORING SYSTEM

The Company believes that compliance with regulatory laws has become a catalyst for corporate governance and that a good statutory compliance system is vital for effective conduct of business operations. The Company recognizes ethical conduct and compliance with regulatory requirements, in both business and internal dealings, as part of thorough and transparent corporate governance and to strengthen such belief the Company ensures that appropriate business processes and adequate tools are in place for adherence with all the statutory obligations.



Keeping this in mind, the Company has put in place a framework on 'Global Corporate Compliance Tracking System' which outlines the Company's philosophy towards compliance culture, understanding compliances, coverage, approach, responsibilities, reporting matrix and trainings. The framework focuses on taking up compliance as an integral element for conducting business and create corporate culture characterized with integrity and law-abiding behavior. Under this framework, identified key stakeholders across business units, corporate functions and geography heads, ensure and confirm compliance with the provisions of all applicable laws on a continuous basis and a quarterly certificate is presented to the Board of Directors at its meetings confirming status of compliances along with remediation plan for exceptions, if any. Any amendments to the laws are also reviewed, updated in the system and monitored by the Company.

#### **40. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been constituted to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this Policy. During FY18, the Company has received three complaints on sexual harassment, which has been resolved with appropriate action taken by the Internal Complaints Committee.

#### **41. EMPLOYEE STOCK OPTION SCHEMES**

There has been no material change in the Employee Stock Option Schemes ('ESOP Schemes') during the financial year under review. The Employee Stock Ownership Scheme 2000 and the Employee Stock Ownership Scheme 2006 U.S. Stock Option Sub-Plan are in compliance with the then applicable Act and Regulations, if any. Further, the Employee Stock

Option Scheme 2015 is in compliance with the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 and the disclosures relating to the ESOP Schemes of the Company as required is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

A Certificate obtained from the Statutory Auditors, confirming compliance with the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 is given in Annexure H of this Report.

#### **42. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

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

#### **43. GREEN INITIATIVE**

Electronic copy of the Annual Report for FY18 and the Notice of the ensuing AGM is being sent to all shareholders whose email addresses are registered with the Company/ Depository Participant(s). For shareholders who have not registered their email addresses, physical copies are sent through the permitted mode.

#### **44. ACKNOWLEDGEMENTS**

The Directors thank the Company's customers, vendors, banks, financial and academic institutions, employees, regulatory authorities, stock exchanges & all other stakeholders for their continued co-operation & support. The Directors also acknowledge the support and co-operation from the Government of India and overseas, its agencies and other regulatory authorities. The Directors also wish to place on record their appreciation of employees of the Company and its Group for their commendable efforts, teamwork and professionalism.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: May 23, 2018

**Sanjay Jalona**  
Chief Executive Officer  
& Managing Director  
(DIN: 07256786)

**Aftab Zaid Ullah**  
Chief Operating Officer  
& Whole-time Director  
(DIN: 05165334)

# Annexure A

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company emanates its values from the rich legacy of fair and transparent governance and disclosure practices followed by L&T group. In line with the group's philosophy, the Company constantly endeavors to benchmark itself with the best practices in the IT industry. The Company's five beliefs 'go the Extra mile', 'be Agile', 'push frontiers of Innovation', 'keep Learning' and 'solve for Society' articulates the Company's business philosophy. The Company is committed towards maximizing shareholder value, ensuring fairness and building trust with shareholders, employees, customers, service providers and other stakeholders.

### 2. BOARD OF DIRECTORS

The Company's policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors on the Board. As on March 31, 2018, the Board of Directors of the Company consists of twelve Directors comprising of three Executive Directors, three Non-Executive Directors and six Independent Directors including one woman Director. Mr. A.M Naik is the Non-Executive Chairman of the Company and Mr. S. N. Subrahmanyam is the Non-Executive Vice Chairman of the Company. Mr. Sanjay Jalona is the Chief Executive Officer & Managing Director of the Company.

The composition of the Board, as on March 31, 2018, is in conformity with the provisions of the Companies Act, 2013 ('Act') and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). None of the Directors of the Company are inter-se related to each other.

Board Meetings are convened at appropriate intervals with a maximum time gap not exceeding more than 120 days between two consecutive meetings by giving advance notice alongwith agenda papers to the Directors. In case of exigencies or urgency of matters, resolutions are passed by circulation, for such matters as permitted by law and noted at the subsequent meeting. During the year ended March 31, 2018, five Board Meetings were held on May 4, 2017, July 24, 2017, August 24, 2017, November 6, 2017 and January 24, 2018.

As a green initiative, the Agenda of the Board and Committee meetings are circulated to the Directors through a secured web-based application, which is accessed through IPADs. The Minutes of the Board Meetings are circulated amongst the Board Members for their perusal. Comments, if any, received from the Directors are incorporated in the minutes, in consultation with the Chairman. Thereafter, the Minutes of the Board Meeting are signed by the Chairman of the Board at the next meeting.

The composition of the Board of Directors, their attendance at the Board Meetings and last Annual General Meeting ('AGM') held during Financial Year 2017-18 ('FY18'), number of other Directorships, Memberships/Chairpersonships held by them as on March 31, 2018, are as follows:

Name of Director	Category	Meetings held during the year vis-à-vis Directors Tenure	Attendance at Board Meetings	Attendance at Last AGM	Directorships in other Companies <sup>4</sup>	No. of Committee Membership <sup>5</sup>	No. of Committee Chairpersonship <sup>5</sup>
Mr. A. M. Naik	Non-Executive Chairman	5	5	Y	4	0	0
Mr. S. N. Subrahmanyam <sup>1</sup>	Non-Executive Vice Chairman	5	4	N	3	2	0
Mr. R. Shankar Raman	Non-Executive Director	5	4	Y	8	4	0
Mr. Sanjay Jalona	Chief Executive Officer & Managing Director	5	5	Y	0	1	0
Mr. Aftab Zaid Ullah	Whole-time Director & Chief Operating Officer	5	5	Y	0	1	0
Mr. Sudhir Chaturvedi	Whole-time Director & President-Sales	5	5	Y	0	0	0
Mr. Samir Desai	Independent Director	5	5	Y	1	2	0
Mr. M. M. Chitale	Independent Director	5	4	Y	7	7	4
Ms. Vedika Bhandarkar	Independent Director	5	4	Y	6	10	4
Mr. Arjun Gupta	Independent Director	5	4	N	1	0	0
Mr. Sudip Banerjee <sup>2</sup>	Independent Director	4	4	Y	3	2	0
Mr. Sanjeev Aga	Independent Director	5	4	Y	6	5	2
Ms. Shubhalakshmi Panse <sup>3</sup>	Independent Director	1	1	NA	NA	NA	NA

**Notes:**

1. Mr. S. N. Subrahmanyam was appointed as the Non-Executive Vice Chairman of the Company w.e.f. May 4, 2017.
2. Mr. Sudip Banerjee was appointed as an Independent Director of the Company w.e.f. May 20, 2017.
3. Ms. Shubhalakshmi Panse, Independent Director on the Board of Directors of the Company resigned w.e.f. May 15, 2017.
4. Includes directorships of all public companies whether listed or not and excludes private limited companies, foreign companies and Section 8 companies.
5. Includes memberships/chairpersonships of Audit Committee and Stakeholders' Relationship Committee as per Regulation 26 of SEBI Listing Regulations, including memberships/chairpersonships in the Company. Number of Committee membership includes Committee chairpersonships.

Details of equity shares held by the Directors of the Company is provided in Annexure E to Directors' Report, of this Annual Report. The Company has not issued any convertible instruments.

**3. BOARD COMMITTEES**

As on March 31, 2018, the Board has six Committees: (a) Audit Committee (b) Nomination and Remuneration Committee (c) Corporate Social Responsibility Committee (d) Stakeholders' Relationship Committee (e) Strategic Investment Committee and (f) Risk Management Committee.

During the year under review, Initial Public Offering (IPO) Committee constituted by the Board for approving and deciding upon all activities in connection with the IPO of the Company, was dissolved with effect from July 24, 2017.

The composition of the Committees, the number of meetings held during FY18 and attendance therein along with the terms of reference are provided below:

**A. AUDIT COMMITTEE****Composition**

The Audit Committee meets the criteria laid down under Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. As on March 31, 2018, Audit Committee comprises of three Independent Directors and one Non-Executive Director, as under:

1. Mr. M. M. Chitale, Independent Director
2. Mr. S. N. Subrahmanyam, Non-Executive Director
3. Mr. Samir Desai, Independent Director
4. Ms. Vedika Bhandarkar, Independent Director

**Meetings**

During the year under review, four meetings with a gap exceeding not more than 120 days between two consecutive Audit Committee Meetings were held on May 3, 2017, July 24, 2017, November 6, 2017 and January 24, 2018. The attendance of the Committee members at the Audit Committee Meetings were as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. M. M. Chitale	Chairman	4	4
Mr. S. N. Subrahmanyam	Member	4	3
Mr. Samir Desai	Member	4	4
Ms. Vedika Bhandarkar	Member	4	3

**Terms of reference**

Pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, brief description of terms of reference of the Audit Committee, includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company and review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Approval or any subsequent modification of transactions of the Company with related parties;

- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing functioning of the Whistle Blower Mechanism.

## B. NOMINATION AND REMUNERATION COMMITTEE

### Composition

The Nomination and Remuneration Committee meets the criteria laid down under Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. As on March 31, 2018, Nomination and Remuneration Committee comprises of two Independent Directors and two Non-Executive Directors, as under:

1. Mr. Samir Desai, Independent Director
2. Mr. A. M. Naik, Non-Executive Director
3. Mr. S. N. Subrahmanyam, Non-Executive Director
4. Mr. Arjun Gupta, Independent Director

### Meetings

During the year under review, four meetings of Nomination and Remuneration Committee were held on May 4, 2017, July 24, 2017, August 24, 2017 and November 6, 2017. The attendance of the Committee members at the Nomination and Remuneration Committee Meetings were as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year vis-à-vis Members Tenure	No. of Meetings Attended
Mr. Samir Desai	Chairman	4	4
Mr. A. M. Naik	Member	4	4
Mr. S. N. Subrahmanyam	Member	4	3
Mr. Arjun Gupta <sup>1</sup>	Member	3	1
Mr. M.M. Chitale <sup>1</sup>	Member	1	1

#### Note:

- (1) Mr. Arjun Gupta was appointed as a member of the Committee w.e.f. May 4, 2017 in place of Mr. M.M. Chitale who ceased to be member of the Committee w.e.f. May 4, 2017.

### Terms of Reference

Pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, brief description of terms of reference of Nomination and Remuneration Committee includes the following:

- To identify, review, assess and recommend to the Board the appointment of Executive and Non-Executive Directors & Senior Management personnel;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board of Directors;
- To consider and approve Employee Stock Option Schemes and to administer and supervise the same;
- Devising a policy on diversity of Board of Directors.

### Board Membership Criteria

The Nomination and Remuneration Committee identifies and recommends to the Board of Directors of the Company suitable candidates for Board Membership, based on the attributes/criteria such as qualification, expertise, past-performance and experience. Besides the attributes/criteria, Nomination and Remuneration Committee also considers attendance, participation and contribution of a Director during the Board/Committee Meetings while recommending re-appointment of the Directors.

The Nomination and Remuneration Committee ensures that the Board of Directors of the Company has an optimum composition of Directors with a mix of experts, balance of skills and experience alongwith diversity of thought, knowledge and perspective and gender which will help the Company in attainment of its objectives.

The Nomination and Remuneration Committee ensures that the Directors appointed or re-appointed for the position of Independent Director meet the criteria of independence as prescribed under the Act and SEBI Listing Regulations.

#### Performance Evaluation Criteria for Independent Directors (IDs)

In terms of the requirements of the Act and SEBI Listing Regulations, an annual performance evaluation of the Board, its Committees, Chairman and individual Directors was conducted during the year under review. Details of methodology adopted for Board evaluation have been provided in the Directors' Report section, of this Annual Report.

#### Remuneration of Directors

The Nomination and Remuneration Committee recommends to the Board of Directors of the Company, remuneration to be paid to Directors, considering the Company's size, global presence, economic and financial position, Directors' participation in Board and Committee Meetings and after benchmarking with peer companies.

The Company pays sitting fees of ₹ 50,000/- for attendance at each Board Meeting and ₹ 25,000/- for each Committee Meetings. The remuneration paid to Whole-time Directors includes base salary, stock options and variable compensation which is based on variable compensation plan as per the Company's policy and achievement of the milestones/goals laid out in the said policy.

In accordance with the approval of the shareholders of the Company granted at its 20<sup>th</sup> AGM held on May 31, 2016, the eligible Non-Executive Directors are paid commission upto a maximum of 1% of the net profits of the Company for each financial year. The criteria for making payment to Non-Executive Directors includes attendance at Board/Committee meetings, Chairmanship of Committees, active participation and inputs on strategic matters.

As required by the provisions of Regulation 46 of the SEBI Listing Regulations, the criteria for payment to Independent Directors/ Non-Independent Directors is made available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

Details of remuneration paid/payable to Directors for the year ended March 31, 2018 is provided in Annexure E to Directors' Report, of this Annual Report.

During the year under review, there was no pecuniary relationship or transactions between the Company and any of its Non-Executive/ Independent Directors apart from payment towards commission, sitting fees & reimbursement of expenses.

### C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### Composition

As on March 31, 2018, Corporate Social Responsibility ('CSR') Committee comprises of one Independent Director and two Executive Directors, as under:

1. Mr. Sanjay Jalona, Chief Executive Officer & Managing Director
2. Mr. Arjun Gupta, Independent Director
3. Mr. Aftab Zaid Ullah, Whole-time Director

#### Meetings

During the year under review, two meetings of CSR Committee were held on May 4, 2017 and November 6, 2017. The attendance of the Committee members at the CSR Meetings were as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year vis-à-vis Members Tenure	No. of Meetings Attended
Mr. Sanjay Jalona <sup>1</sup>	Chairman	2	2
Mr. S. N. Subrahmanyan <sup>1</sup>	Member	1	1
Mr. Aftab Zaid Ullah <sup>2</sup>	Member	1	1
Mr. Arjun Gupta	Member	2	2

#### Notes:

- (1) Mr. Sanjay Jalona was appointed as the Chairman of CSR Committee w.e.f. May 4, 2017 in place of Mr. S. N. Subrahmanyan, who ceased to be Chairman and member of the CSR Committee w.e.f. May 4, 2017.
- (2) Mr. Aftab Zaid Ullah was appointed as member of the CSR Committee w.e.f. May 4, 2017.

### Terms of Reference

Pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, brief description of terms of reference of CSR Committee includes the following:

- To formulate and recommend to the Board, a Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act, including any amendments thereto;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause above;
- To monitor CSR policy of the Company including instituting a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.

## D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

### Composition

As on March 31, 2018, Stakeholders' Relationship Committee comprises of one Independent Director and two Executive Directors, as under:

1. Ms. Vedika Bhandarkar, Independent Director
2. Mr. Sanjay Jalona, Chief Executive Officer & Managing Director
3. Mr. Aftab Zaid Ullah, Whole-time Director

### Meetings

During the year under review, one meeting of Stakeholders' Relationship Committee meeting was held on May 4, 2017. The attendance of the Committee members at the Stakeholders' Relationship Committee Meeting was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Ms. Vedika Bhandarkar <sup>1</sup>	Chairperson	1	1
Mr. S. N. Subrahmanyam <sup>1</sup>	Member	1	1
Mr. Sanjay Jalona	Member	1	1
Mr. Aftab Zaid Ullah <sup>2</sup>	Member	NA	NA

### Notes:

1. Ms. Vedika Bhandarkar was appointed as Chairperson in place of Mr. S.N. Subrahmanyam who ceased to be Chairman and Member of Stakeholders' Relationship Committee w.e.f May 4, 2017.
2. Mr. Aftab Zaid Ullah was appointed as member of Stakeholders' Relationship Committee w.e.f May 4, 2017.

### Terms of reference

Pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, brief description of terms of reference of Stakeholders' Relationship Committee includes the following:

- To redress grievances of shareholders, debenture holders and other security holders;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- To consider and resolve grievances related to non-receipt of declared dividends, annual report of the Company or any other documents or information to be sent by the Company to its shareholders.

### Number of Complaints

During the year under review, the Company or its Registrar and Share Transfer Agent received the following complaints from SEBI/ Stock Exchanges/ Depositories which were resolved within the time frames laid down by SEBI:

Particulars	Opening Balance	Received	Resolved	Pending
SEBI/Stock Exchanges/ Depositories	0	4	4	0

**E. STRATEGIC INVESTMENT COMMITTEE****Composition**

As on March 31, 2018, Strategic Investment Committee comprises of three Non-Executive Directors and one Executive Director, as under:

1. Mr. A.M. Naik, Non-Executive Director
2. Mr. S. N. Subrahmanyam, Non-Executive Director
3. Mr. R. Shankar Raman, Non-Executive Director
4. Mr. Sanjay Jalona, Chief Executive Officer & Managing Director

**Meetings**

During the year under review, two Strategic Investment Committee meetings were held on September 28, 2017 and November 14, 2017. The attendance of the Committee members at the Strategic Investment Committee Meetings were as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. A.M. Naik	Chairman	2	2
Mr. S. N. Subrahmanyam	Member	2	2
Mr. R. Shankar Raman	Member	2	2
Mr. Sanjay Jalona	Member	2	1

**Terms of reference**

Pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, brief description of terms of reference of Strategic Investment Committee includes the following:

- Identification, due diligence, reviewing and approving proposals for acquisitions and investments in terms of broad business objectives within the limits and parameters in principally approved by the Board;
- Consideration, review and approval of investment proposals in subsidiaries within the limits delegated by the Board of Directors;
- Periodically reviewing the status of the acquisition and investments in terms of business objectives, status of integration of acquired companies & financial returns and other key strategic activities.

**F. RISK MANAGEMENT COMMITTEE****Composition**

As on March 31, 2018, Risk Management Committee comprises of Non-Executive Director, Chief Executive Officer & Managing Director, Whole-time Director and Chief Financial Officer, as under:

1. Mr. S. N. Subrahmanyam, Non-Executive Director
2. Mr. Sanjay Jalona, Chief Executive Officer & Managing Director
3. Mr. Aftab Zaid Ullah, Whole-time Director
4. Mr. Ashok Kumar Sonthalia, Chief Financial Officer

**Meetings**

During the year under review, one meeting of Risk Management Committee meeting was held on November 6, 2017. The attendance of the Committee members at the Risk Management Committee Meeting was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. S. N. Subrahmanyam	Chairman	1	1
Mr. Sanjay Jalona	Member	1	1
Mr. Aftab Zaid Ullah'	Member	1	1
Mr. Ashok Kumar Sonthalia	Member	1	1

**Note:**

1. Mr. Aftab Zaid Ullah was appointed as member of the Risk Management Committee w.e.f May 4, 2017

#### Terms of reference

Pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, brief description of terms of reference of Risk Management Committee includes the following:

- Framing, implementing, reviewing and monitoring the risk management plan for the Company;
- Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
- Oversight of the risk management policy/ enterprise risk management framework (identification, impact assessment, monitoring, mitigation & reporting);
- Review key strategic risks at domestic/international, macro-economic & sectoral level (including market, competition, political & reputational issues);
- Review significant operational risks.

## 4. OTHER INFORMATION

### A. GENERAL BODY MEETINGS

Details of last three AGMs of the Company alongwith summary of Special Resolutions that were passed by the shareholders of the Company therein are as under:

Financial Year	Venue of AGM	Date and Time	Special Resolutions
2016-17	St. Andrew's Auditorium, Inside Andrew's College Premises, St. Dominic Rd, St. Sebastian Colony, Bandra (West), Mumbai - 400 050	August 24, 2017 at 3:00 p.m.	Re-appointment of Mr. Samir Desai (DIN: 01182256) as an Independent Director Re-appointment of Mr. M. M. Chitale (DIN: 00101004) as an Independent Director
2015-16	Orchid Hotel, Nehru Road, Adjacent to Domestic Airport, Vile Parle (East), Mumbai 400 099	May 31, 2016 at 5:00 p.m.	Nil
2014-15	L&T House, Ballard Estate, Mumbai - 400 001	June 12, 2015 at 10:00 a.m.	Nil

During the year under review, National Company Law Tribunal (NCLT) convened meeting of the shareholders of the Company was held on Thursday, August 24, 2017. Details of which are as under:

Venue of NCLT Meeting	Date and Time	Special Resolution
St. Andrew's Auditorium, Inside Andrew's College Premises, St. Dominic Rd, St. Sebastian Colony, Bandra (West), Mumbai - 400 050	August 24, 2017 at 2:15 p.m.	Approval of the Scheme of amalgamation between AugmentIQ Data Sciences Private Limited and Larsen & Toubro Infotech Limited under Section 230-232 of the Companies Act, 2013

### B. APPROVAL OF MEMBERS THROUGH POSTAL BALLOT

During the year under review, no matters were transacted through postal ballot.

### C. MEANS OF COMMUNICATION

#### Financial Results

The quarterly, half-yearly and annual financial results of the Company (both standalone and consolidated financial results) are submitted to National Stock Exchange of India Limited and BSE Limited through their designated web portals 'NEAPS' and 'BSE Listing Centre' respectively within the prescribed timelines and simultaneously published in prominent national newspapers which include The Financial Express, The Business Standard and Loksatta. The results are also made available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

#### News Releases

Official news releases are filed electronically on BSE Listing Centre and NEAPS. The same are simultaneously hosted on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

#### Chairman's Communique

The Chairman's message forms part of the Annual Report which is distributed to the shareholders. The document is also placed on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).



- **Website**

The Company's website contains a separate dedicated section 'Investors' where shareholder related information is available. Besides mandatory documents required to be uploaded on the Company's website under SEBI Listing Regulations, Annual Report of the Company, details of earnings call, presentations, press releases, quarterly reports of the Company are also available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

- **Annual Report**

Annual Report containing audited standalone and consolidated financial statements together with Board's Report, Auditors Report and other important information are circulated to Members entitled thereto and is made available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

- **Presentation made to Institutional Investors and Analysts**

The schedule of analyst/ institutional investors meetings and presentations made therein are available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors). The same is also filed with the National Stock Exchange of India Limited and BSE Limited where the shares of the Company are listed.

- **Designated email ID**

The Company has designated the following email ID exclusively for investor servicing:

- For queries on Annual Report & in respect of shares in physical mode: [Investor@Lntinfotech.com](mailto:Investor@Lntinfotech.com).

## 5. GENERAL SHAREHOLDERS' INFORMATION

### A. ANNUAL GENERAL MEETING

Date	Time	Venue
Wednesday, August 22, 2018	3:30 p.m.	Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021.

### B. FINANCIAL YEAR AND TENTATIVE CALENDAR OF THE COMPANY FOR FY19

The Company follows April to March as the financial year.

Tentative calendar of Board meetings for consideration of financial results of the Company for financial year ending March 31, 2019 is as under:

First Quarter Results	On/before August 14, 2018
Second Quarter Results	On/before November 15, 2018
Third Quarter Results	On/before February 15, 2019
Last Quarter Results and Annual Audited Results	On/before May 30, 2019

### C. DATE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATE

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 18, 2018 to Wednesday, August 22, 2018 (both days inclusive). The Board of Directors of the Company have recommended final dividend of ₹ 13.50 per share. The Dividend would be paid/dispached within 30 days from the date of the AGM, if declared by the shareholders.

### D. LISTING OF EQUITY SHARES ON STOCK EXCHANGES

The equity shares of the Company have been listed on the following Stock Exchanges:

Name of Stock Exchanges	Address of Stock Exchanges	Stock Code/ Symbol
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	LTI
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001	540005
ISIN		INE214T01019

The Company has paid listing fees for the financial year 2018-2019 to the above Stock Exchanges.

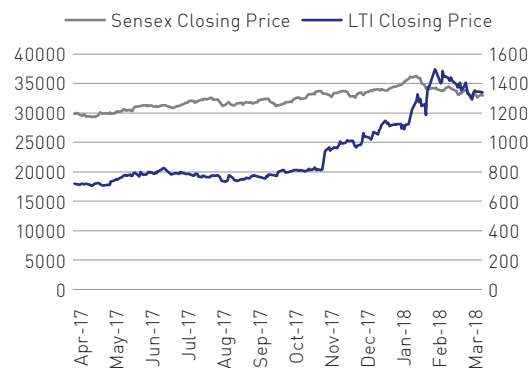
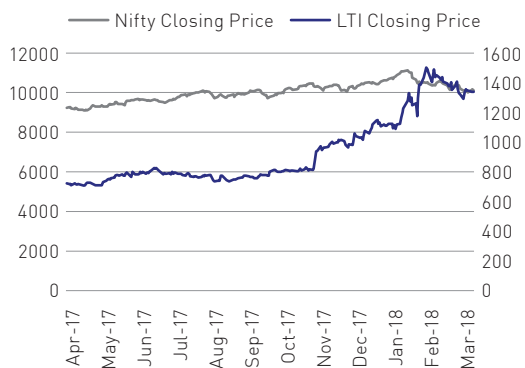
**E. STOCK MARKET DATA FOR THE YEAR 2017-2018**

The monthly high and low share price and volume of equity shares of the Company traded at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) during each month of FY18 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	Total number of equity shares traded	High (₹)	Low (₹)	Total number of equity shares traded
April 2017	728.90	695.95	140760	729.00	693.90	936465
May 2017	806.50	705.00	333615	808.65	705.00	2012206
June 2017	840.00	761.10	147499	842.00	777.10	1076993
July 2017	814.20	745.40	141342	804.75	750.00	870980
August 2017	780.90	724.75	100063	800.00	724.55	487724
September 2017	804.00	745.00	124364	807.50	744.10	1064011
October 2017	838.80	779.05	145063	839.00	787.50	722784
November 2017	1021.65	802.00	902754	1024.95	808.85	3142014
December 2017	1120.95	961.00	243647	1126.20	958.75	1348608
January 2018	1407.60	1078.00	777725	1407.00	1075.05	3129391
February 2018	1543.00	1165.00	757562	1548.80	1155.00	4368876
March 2018	1480.85	1270.00	459869	1479.20	1271.50	3904390

Performance of the Share price of the Company with the Nifty 50 and the BSE Sensex.

**Stock Price Performance**



**F. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018**

Share Range	Shareholders		Shares	
	Number	%	Number	%
Upto 500	110897	98.66	3260333	1.90
501-1000	517	0.46	408892	0.24
1001-2000	296	0.26	441773	0.26
2001-3000	111	0.10	277876	0.16
3001-4000	76	0.07	268552	0.16
4001-5000	58	0.05	269260	0.16
5001-10000	137	0.12	1004023	0.58
10001 & Above	313	0.28	166068554	96.55
<b>Total</b>	<b>112405</b>	<b>100.00</b>	<b>171999263</b>	<b>100.00</b>

**G. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2018**

SR. NO.	Category	No. of shares	%
1.	Corporate Bodies (Promoter Co)	142693637	82.96
2	Public	8787141	5.11
3	Mutual Funds	2905715	1.69
4	Alternate Investment Funds	139658	0.08
5	Foreign Portfolio Investors (Corporate)	11898723	6.92
6	Financial Institutions	12197	0.01
7	Insurance Companies	701434	0.41
8	Foreign Institutional Investor	4516	0.00
9	Foreign Nationals	217176	0.13
10	Non Resident Indians	1367196	0.79
11	Non Resident (Non Repatriable)	416508	0.24
12	Nationalised Banks	5	0.00
13	Non Nationalised Banks	11240	0.01
14	Other Bodies Corporate	690447	0.40
15	Hindu Undivided Family	192041	0.11
16	Directors	1716863	1.00
17	Clearing Members	244746	0.14
18	Trusts	20	0.00
	<b>TOTAL</b>	<b>171999263</b>	<b>100.00</b>

**H. DEMATERIALIZATION OF SHARES & LIQUIDITY**

The Company has dematerialized its equity shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). ISIN allotted to the Company is INE214T01019.

As on March 31, 2018, 99.63% of the Company's total paid-up capital was held in the dematerialized form with NSDL and CDSL. The number of shares held in dematerialized and physical mode is as under:

Particulars	Number of shares	% of Total Capital issued
Held in Dematerialized form in NSDL	16,90,57,729	98.29
Held in Dematerialized form in CDSL	23,04,867	1.34
Physical	6,36,667	0.37
<b>TOTAL</b>	<b>17,19,99,263</b>	<b>100.00</b>

Members are requested to convert their physical holdings into electronic holdings which will negate risks associated with physical certificates.

Members holding shares in dematerialized form are requested to intimate all changes viz. pertaining to change of address, change in e-mail ID, bank details etc. to their Depository Participant(s) while members holding shares in physical form are requested to intimate such changes to Link Intime India Private Limited, Company's Registrar and Share Transfer Agent.

**I. OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

There are no outstanding GDRs/ ADRs/ Warrants/ Convertible Instruments of the Company and hence, the same is not applicable to the Company.

**J. SHARE TRANSFER SYSTEM**

Transfer of shares in electronic form are processed and approved in the electronic form by NSDL / CDSL without the involvement of the Company, while Members holding shares in physical form need to send their request to the Company's Registrar and Share Transfer Agent. Shares sent for transfer in physical form are normally processed within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Board has constituted a Share Transfer Committee comprising of Chief Executive Officer & Managing Director, the Chief Financial Officer and the Company Secretary to approve transfers, transmissions or transposition of securities of the Company.

## K. ADDRESS FOR CORRESPONDENCE

Registrar and Share Transfer Agent	Compliance Officer
Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India Tel: +91 022 4918 6000 Fax: +91 022 4918 6060 E-mail: rnt.helpdesk@Linkintime.co.in Website : www.Linkintime.co.in	Manoj Koul, Company Secretary & Compliance Officer Larsen & Toubro Infotech Limited Technology Tower 1, Gate No.5, Saki Vihar Road, Powai, Mumbai 400 072, Maharashtra, India Tel: +91 22 6776 6776 Fax: +91 22 6776 6004 E-mail: Investor@Lntinfotech.com

## 6. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors are provided insights of the Company at the time of induction to enable them to understand the operations of the Company and its subsidiaries, business, industry and environment in which the Company functions. The Company also updates the Directors on continuing basis on any significant changes/developments in the Company. Additionally, the Directors are updated during the Board meetings on the business strategies, changes in domestic/overseas legislations impacting the Company and the IT Industry overall.

During the year under review, a visit to Company's Mosaic Experience Centre, in Powai was conducted for the Directors, where they were familiarized with the latest technologies in the areas of Customer Experience, Advance Analytics, Artificial Intelligence, Cognitive Automation and multiple use cases like Customer Insight 360 on MOSAIC platform, AI based entity extraction in Trade Finance, DICE, IoT Analytics for elevator were demonstrated.

The information is also available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

## 7. PREVENTION OF INSIDER TRADING

The Company has adopted the Securities Dealing Code ('the Code') in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 to regulate, monitor and report trading by its Designated Person(s)/ Employee(s) and other connected person(s).

The Code includes practices and procedures for fair disclosure of unpublished price sensitive information and prevention of dealing in the shares of the Company by an Insider while in possession of unpublished price sensitive information.

The Code is applicable to all Directors, employees, their immediate relatives and connected persons who are prevented from dealing in Company's shares during Trading Window closure. Prior approval of Compliance Officer is sought to deal in the Company's shares beyond threshold limit prescribed under the Code.

Further, to strengthen the monitoring process, the Company has in place the 'Penalty Framework' and the 'Internal Guidelines on Special Closed Period', under the Code.

Mr. Manoj Koul, Company Secretary is designated as the Compliance Officer while Mr. Ashok Kumar Sonthalia, Chief Financial Officer of the Company is appointed as the Chief Investor Relation Officer, under the Code.

The Company's Code of practices and procedures for fair disclosure of unpublished price sensitive information is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

## 8. PLANT LOCATIONS

The Company being in IT industry does not require manufacturing plants and has development centers/offices in India and overseas. The addresses of overseas development centers /offices of the Company are available on the Company's website under Global Footprint section, [www.Lntinfotech.com/global-footprints](http://www.Lntinfotech.com/global-footprints).

## 9. DISCLOSURES

### A. DISCLOSURE OF MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS & POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

During the year under review, there were no material significant related party transactions which have been entered into by the Company with its related parties having potential conflict of interests with the Company at large. The Board has approved a Policy for Related Party Transactions which is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

**B. DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS**

There have been no instances of non-compliance by the Company or penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

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

**C. WHISTLE BLOWER POLICY & VIGIL MECHANISM**

The Company has formulated a Whistle Blower Policy and has established a vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. In this regard, Whistle Blowing Investigation Committee has been constituted to address the concerns reported under this Policy. The Company affirms that no personnel had been denied access to the Audit Committee under Vigil Mechanism. Details of Whistle Blower Policy is provided in the Directors' Report section and also on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors).

**D. POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES**

The Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the SEBI Listing Regulations. This Policy is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors). During the year under review, the Company did not have any material non-listed Indian subsidiary.

**E. DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES**

Details of foreign exchange risk is provided in the Management Discussion & Analysis, forming part of this Annual Report. The Company does not deal in commodity price risk and commodity hedging activities.

**F. CODE OF CONDUCT**

The Company has framed a Code of Conduct for the Board members and senior management of the Company and same is available on the Company's website, [www.Lntinfotech.com/Investors](http://www.Lntinfotech.com/Investors). All Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2018. A declaration signed by the Chief Executive Officer & Managing Director of the Company affirming compliance with the Code of Conduct is annexed to this Corporate Governance Report.

**G. OTHER DISCLOSURES**

The Company has complied with the compliance requirements specified under Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations as detailed hereunder:

Particulars	Regulation	Compliance Status (Yes/No/NA)	Compliance area
Board of Directors	17	Yes	Board Composition, Meeting of Board of Directors, Review of Compliance Reports, Plan for orderly succession for appointments, Code of Conduct, Fees/compensation paid to NEDs, Minimum information to be placed before Board, CEO & CFO compliance certificate on Financial Results, Risk Assessment & Management, Performance Evaluation
Audit Committee	18	Yes	Composition and role of Audit Committee, Meeting of Audit Committee
Nomination and Remuneration Committee	19	Yes	Composition and role of Nomination and Remuneration Committee
Stakeholders' Relationship Committee	20	Yes	Composition and role of Stakeholders' Relationship Committee
Risk Management Committee	21	NA	Composition and role of Risk Management Committee
Vigil Mechanism	22	Yes	Formulation of vigil mechanism

Particulars	Regulation	Compliance Status (Yes/No/NA)	Compliance area
Related Party Transactions	23	Yes	Policy for Related Party Transactions (RPTs), Prior or Omnibus approval of Audit Committee for all RPTs, approval for material RPTs
Corporate Governance Requirements with respect to Subsidiary of Listed Entity	24	NA	Composition of Board of Directors of unlisted material subsidiary, other corporate governance requirements with respect to subsidiary of listed entity
Obligations with respect to Independent Directors	25	Yes	Maximum Directorship & Tenure, Meeting of Independent Directors, Familiarization of Independent Directors
Obligations with respect to Employees including Senior Management, Key Managerial Persons, Directors & Promoters	26	Yes	Memberships/Chairpersonships in Committees, Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management, Disclosure of shareholding by Non-Executive Directors, Policy with respect to obligations of Directors and Senior Management
Other Corporate Governance Requirements	27	Yes	Compliance with discretionary requirements, Quarterly compliance report on Corporate governance
Website	46(2)(b-i)	Yes	Dissemination of information on website – terms and conditions of appointment of Independent Directors, Composition of various committees of the Board, Code of Conduct of Board of Directors and Senior Management, details of vigil mechanism, criteria of making payments to Non-Executive Director, policy on related party transactions, determining material subsidiaries, details of familiarization programmes to Independent Directors.

#### 10. DISCRETIONARY REQUIREMENTS AS PRESCRIBED IN PART E OF SCHEDULE II OF THE SEBI LISTING REGULATIONS

Among the discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations, the Company has complied with the following:

- The auditors' report on standalone and consolidated financial statements of the Company are unqualified.
- Mr. A.M. Naik is the Chairman of the Company and Mr. Sanjay Jalona is the Chief Executive Officer & Managing Director of the Company.
- The Head of Internal Audit of the Company reports directly to the Audit Committee.

**For and on behalf of the Board of Directors**

**Sanjay Jalona**  
Chief Executive Officer  
& Managing Director  
(DIN: 07256786)

**Aftab Zaid Ullah**  
Chief Operating Officer  
& Whole-time Director  
(DIN: 05165334)

Place: Mumbai  
Date: May 23, 2018

**To the Board of Directors of Larsen & Toubro Infotech Limited**

Dear Sirs/ Madam,

**Sub: CEO/ CFO Certificate**  
**[Issued in accordance with the provisions of Regulation 17(8) of**  
**SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

We have reviewed financial statements, read with the cash flow statement of Larsen and Toubro Infotech Limited for the year ended March 31, 2018 and that to the best of our knowledge and belief, we state that:

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

**Yours sincerely**

Place: Mumbai  
Date: May 23, 2018

**Sanjay Jalona**  
Chief Executive Officer  
& Managing Director

**Ashok Kumar Sonthalia**  
Chief Financial Officer

## ANNEXURE

**DECLARATION PURSUANT TO SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF  
INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

I hereby confirm that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place: Mumbai  
Date: May 23, 2018

**Sanjay Jalona**  
Chief Executive Officer  
& Managing Director

## Independent Auditors' Certificate on Corporate Governance

To the Members of Larsen & Toubro Infotech Limited

We, B. K. Khare & Co. Chartered Accountants, the Statutory Auditors of Larsen & Toubro Infotech Limited ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, as stipulated in regulation 17 to 27 and clause (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

### Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of corporate governance stipulated in the SEBI Listing Regulations.

### Auditors' Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither audit nor expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('the ICAI'), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulation 17 to 27, clause (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the SEBI Listing Regulations, as applicable during the year ended March 31, 2018.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and should not be used by any other person or for any other purpose.

**B. K. KHARE & CO.**

Chartered Accountants  
Firm's Registration No. 105102W  
by the hand of

**RAVI KAPOOR**

Membership No. 040404  
Partner

Mumbai, May 23, 2018



# Annexure B

## Statement of disclosure of remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

### A Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18, the percentage increase in remuneration of each Director & Key Managerial Personnel ('KMP') during the financial year 2017-18:

S. N.	Name of the Director/ KMP	Designation	Total Remuneration (INR Mn)	Ratio of remuneration of Director to the median remuneration <sup>(1)</sup>	% Increase in Remuneration
1	A. M. Naik	Non-Executive Chairman	12.63	14.31	N.A.
2	S. N. Subrahmanyam	Non-Executive Vice Chairman	-	-	N.A.
3	Sanjay Jalona <sup>2</sup>	Chief Executive Officer & Managing Director	139.68	158.26	73.60
4	R. Shankar Raman	Non-Executive Director	-	-	N.A.
5	Aftab Zaid Ullah	Chief Operating Officer & Whole-time Director	47.66	54.00	4.72
6	Sudhir Chaturvedi <sup>2</sup>	President-Sales & Whole-time Director	97.54	110.52	149.78
7	Samir Desai	Independent Director	5.47	6.20	61.36
8	M. M. Chitale	Independent Director	1.84	2.08	[24.28]
9	Vedika Bhandarkar	Independent Director	1.60	1.81	[7.51]
10	Arjun Gupta	Independent Director	2.37	2.69	4.87
11	Sanjeev Aga	Independent Director	1.10	1.25	292.86
12	Sudip Banerjee <sup>3</sup>	Independent Director	1.10	1.25	N.A.
13	Subhalakshmi Panse <sup>4</sup>	Independent Director	0.28	2.57	N.A.
14	Ashok Kumar Sonthalia	Chief Financial Officer	21.42	24.27	N.A.
15	Manoj Koul	Company Secretary & Compliance Officer	4.78	8.99	N.A.

#### Notes:

- Ratio of remuneration of director to the median remuneration is calculated on pro-rata basis for those directors who served for only part of the FY18.
- Mr. Sanjay Jalona and Mr. Sudhir Chaturvedi have been paid remuneration in USD and GBP respectively. Accordingly, the figure mentioned above is INR equivalent.
- Mr. Sudip Banerjee has been appointed as an Independent Director of the Company w.e.f. May 20, 2017.
- Ms. Shubhalakshmi Panse resigned as an Independent Director of the Company w.e.f. May 15, 2017.
- The percentage increase in remuneration of Mr. A. M. Naik is not comparable as no commission was paid for FY17.
- The percentage increase in remuneration of Mr. Sudhir Chaturvedi, Mr. Sanjeev Aga, Mr. Sudip Banerjee is not comparable as they were with the Company for only part of FY17 or FY18.

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

The average annual increase for employees was around 7.5% in India and 2% outside India. The average increase in managerial remuneration was 75%. The average increase is not comparable since the increase is on account of exercise of stock options by the Executive Directors and payment of commission to Non-Executive Directors.

### C The percentage increase in the median remuneration of employees in the financial year 2017-18: 28.48%

### D Number of permanent employees on the rolls of Company as on March 31, 2018: 22,702

### E Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

# Annexure C

## Annual report on Corporate Social Responsibility ('CSR') activities for financial year 2017-18

### 1. A Brief outline of the Company's CSR policy, including overview of projects undertaken and a reference to web link to the CSR policy and projects or programs:

The Company has framed the Corporate Social Responsibility ('CSR') Policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the website of the Company [www.Ltinfotech.com/wp-content/uploads/2018/04/LTI\\_CSR\\_Policy\\_Framework.pdf](http://www.Ltinfotech.com/wp-content/uploads/2018/04/LTI_CSR_Policy_Framework.pdf).

The primary purpose of Company's CSR philosophy is to make a meaningful and measurable impact on the lives of economically, physically and socially challenged communities. The Company is committed to the cause of sustainable development by leveraging technology and creating opportunities for growth and prosperity around the world. Our focus is on three causes – Education, Empowerment and Environment. The Company's efforts have been supplemented by implementation partners.

#### Supporting Inclusive Education

The Company works with the approach of leveraging technology to supplement education and helping children stay in school -

- a) By providing high quality delivery of curriculum and supplementary education in Government schools across India;
- b) By providing digital and experiential learning platforms created to mainstream students from marginalized communities;
- c) By providing mid-day meals and helping students come to school.

The Company sets up virtual learning platforms where our volunteers from Company's office premises help teach Science, English and Maths to students in Government schools in rural parts of Maharashtra, Karnataka and Tamil Nadu. We support digital education programs by providing laptops and conducive infrastructure for learning. Through our interventions in providing science kits to students and providing entrepreneurial based training, we try to enhance knowledge through experimentation among the students.

This year, the Company has supported 17,500 school children through Akshaya Patra in Bengaluru which helps in improving their attendance in school. In our endeavor of making education more inclusive, a unique quiz 'Quizabled' was organized for specially-abled children. 500 specially-abled students from 200 schools participated in the program in Bangalore district.

The Company has established a state-of-the-art Industrial Internet of Things (IIoT) lab at VJTI Mumbai which provides a platform to students for developing innovative technological solutions. Recently, these students won the first prize at the Global Cyber Challenge Hackathon 2017 for their solution on cyber security of critical infrastructure-out of 900 entries and participation from 120 countries.

This year we have supported 427 schools and helped 62,807 school children.

#### Empowerment to enhance employability

With an objective to enhance earning capability among communities LTI is focusing on-

- a) Employability based digital and vocational training for youth;
- b) Entrepreneurship based programs for women;
- c) Enabling the specially-abled in earning a livelihood.

The Digital Sakshar project in Mumbai aims to help youth learn computer skills based on market requirements. More interventions in this direction include providing Tally and Computer hardware, e-publishing and networking have been introduced in Mumbai, Pune and Chennai to enhance employability. In FY17-18 we have trained more than 14,000 youth through these programs.

This year we have trained 250 women artisans from Thane and Mumbai district in association with UNDP and FUEL with a two-fold objective-to revive Warli art and make these women as entrepreneurs and providing market linkages. To supplement their efforts, we organized sale of their products at our office premises which helped them gain confidence and tackle customers. Women were also trained in tailoring and beautician courses which helped them earn a livelihood.

Youth from remote parts of Uttarakhand were trained on domestically and internationally outsourced business processes, like Digital Publishing and Financial Services in a rural BPO set up.

The I-Learn I-Earn project, which is a Presidential award-winning initiative, helps differently-abled youth learn computer skills. Youth are provided training in computer skills to enhance employability.

During the year, 17,080 youth and women including the specially-abled have successfully completed such trainings at 87 centres located across India.

#### Environment

The Company works with multiple stakeholders, particularly our clients, employees and the communities we serve, towards the cause of a greener environment by-

- a) Improving green cover;
- b) Undertaking water conservation programs.

The Company felicitates the clients and employees with tree plantation certificates and each certificate supports plantation of two trees. Plantation drives have also been conducted across Maharashtra, Karnataka and Tamil Nadu to supplement our efforts for a greener environment.

A new initiative, 'Walk for a Cause', to converge the physical with digital was introduced across our locations in India in which employees were motivated to track their health through a mobile app and this was matched with planting trees. During the year 14,324 trees were planted through such initiative.

In order to address the critical issue of conserving and reusing water particularly in drought prone regions in Karnataka, we supported digging of ponds in fields and mobilized farmers through rain water harvesting. This initiative will help at least

25,000 members of the community to cultivate on land in this semi-arid region.

#### Employee Volunteering

Through 1Step, LTI employees have dedicated their time to teach curriculum based English, Mathematics and Science in addition to computers and soft skills to school children and youth across the country. Employees also participated in clothes and blood donation drives organized during the year. In FY18, 5,293 LTI-ites were a part of the 1Step initiatives.

#### 2. The Composition of the CSR Committee:

- i. Mr. Sanjay Jalona - Chairman
- ii. Mr. Aftab Zaid Ullah - Member
- iii. Mr. Arjun Gupta - Member

#### 3. Average net profit for the last three years: ₹ 9,563 Million

#### 4. Prescribed CSR expenditure (Two percent of the amount as in item 3 above): ₹ 191.30 Million

#### 5. Details of CSR spent during the financial year:

- i. Total amount spent for the financial year 2017-18: ₹ 116.62 Million;
- ii. Amount unspent, if any: ₹ 74.68 Million;
- iii. Manner in which the amount was spent during the financial year 2017-18: enclosed

#### 6. In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide reasons for not spending the amount in its Board Report:

As reported earlier, the Company's CSR projects being of multi-year nature, these projects are executed in a phased manner. We continue to support sustainable projects by following the

due diligence process and ensuring reporting and monitoring standards are followed. As the Company is committed to its stakeholders to conduct the business in a responsible manner to create a sustained positive impact on the society, a more focused and structured approach has been adopted for driving the Company's CSR initiatives. Though the CSR spend for the financial year under reference has been below the prescribed limit, the CSR spend has nearly doubled since last year and the Company is in the process of further ramping up its CSR initiatives, which can be factually evidenced from the increase in CSR spend on year-on-year basis..

#### 7. A responsibility statement of the CSR Committee that the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its framework:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR programs; and
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs.

The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy and its framework.

#### Sanjay Jalona

Chief Executive Officer  
& Managing Director  
and Chairman - CSR Committee  
(DIN: 07256786)

#### Aftab Zaid Ullah

Chief Operating Officer  
& Whole-time Director  
(DIN: 05165334)

#### 5 (iii). Manner in which the amount spent during the financial year 2017-18 is detailed below:

(Rs. Million)

S.N.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and District where project was undertaken	Amount Outlay (Budget) project or programs wise	Direct expenses	Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Providing computer education to school children from underprivileged communities. Providing experiential learning by setting up science and basic technology labs in schools and providing mid-day meals to Government school children.	Education	Mumbai, Navi Mumbai, Pune, Ahmednagar, Maharashtra; Bangalore, Dharwad, Koppal, Chamrajnagar, Karnataka; Chennai, Thiruvanamalai, Tamil Nadu.	61.00	62.68	3.13	65.81	Direct and through implementation partners
2	Providing vocational and digital skills and setting up necessary infrastructure for employability among underprivileged youth, women and people with special abilities.	Empowerment	Mumbai, Navi Mumbai, Thane, Pune, Maharashtra; Sonari, UP; Bhudni, MP; Letibunga, Uttarakhand; Chennai, Tamil Nadu	45.00	44.07	2.20	46.27	Direct and through implementation partners
3	Rain water harvesting in drought prone regions and tree plantation drives to increase green cover.	Environment	Hubli, Banglaore, Karnataka; Maharashtra, Rajasthan and Tamil Nadu	4.00	4.32	0.22	4.54	Direct and through implementation partners
<b>Total</b>				<b>110.00</b>	<b>111.07</b>	<b>5.55</b>	<b>116.62</b>	

# Annexure D

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

**LARSEN & TOUBRO INFOTECH LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LARSEN & TOUBRO INFOTECH LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; presently (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vi) Other specific business/industry related laws that are applicable to the company, viz.
- The Information Technology Act, 2000.
  - The Special Economic Zone Act, 2005.
  - Policy relating to Software Technology Parks of India and its regulations.
  - The Indian Copyright Act, 1957.
  - The Patents Act, 1970.
  - The Trade Marks Act, 1999.
  - Indian Telegraph Act.
  - Telecom Regulatory Authority of India (TRAI)/ Department of Telecommunication (DOT) Guidelines.
  - Other Service Provider Guidelines (Governed by DOT)

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchange(s), applicable as follows:
  - Equity Shares listed on BSE Limited and National Stock Exchange of India Limited.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, in my opinion there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following events / actions have taken place which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

- (i) Public/Right/Preferential issue of shares / debentures/ sweat equity, etc. – NIL
- (ii) Redemption / buy-back of securities. – NIL.
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013. – NIL.

#### 'Annexure A'

To,  
The Members

#### **LARSEN & TOUBRO INFOTECH LIMITED**

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

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

- (iv) Merger / amalgamation / reconstruction, etc. –
  - Amalgamation of AugmentIQ Data Sciences Private Limited ['AugmentIQ'] with the Company:

The Board of Directors of the Company and AugmentIQ Data Sciences Private Limited ['AugmentIQ'] in their meetings held on May 4, 2017 and May 3, 2017, respectively, have approved the Scheme of Amalgamation ['Scheme'] of AugmentIQ with the Company under Sections 230-232 of the Companies Act, 2013. Further, the shareholders of the Company and AugmentIQ in their meeting held on August 24, 2017 and August 23, 2017, respectively, have approved the Scheme. Subsequently, AugmentIQ and the Company have filed a Petition with NCLT on September 07, 2017, and the approval is awaited. The appointed date for the proposed Scheme is April 1, 2017.

- (v) Foreign technical collaborations – NIL.
- (vi) Other Event –
  - During the financial year ended March 31, 2018, the Company has acquired 100% of the fully paid-up equity share capital of Syncordis S.A. along with its identified subsidiaries in India, UK, France and Luxembourg.

**NAINA R DESAI**

Practising Company Secretary  
Membership No. 1351  
Certificate of Practice No.13365

Place: Mumbai  
Date: April 19, 2018

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

- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**NAINA R DESAI**

Practising Company Secretary  
Membership No. 1351  
Certificate of Practice No.13365

Place: Mumbai  
Date: April 19, 2018

# Annexure E

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2018  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**i) REGISTRATION AND OTHER DETAILS:**

S.N.	Particulars	
1	CIN	L72900MH1996PLC104693
2	Registration Date	23 <sup>rd</sup> December 1996
3	Name of the Company	Larsen & Toubro Infotech Limited
4	Category/ Sub-Category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai - 400001 Tel: +9122 6776 6138 Email: manoj.koul@Lntinfotech.com
6	Whether listed Company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited Address: C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083 Tel: +91 22 4918 6000   Fax: +91 22 4918 6060 Email: rnt.helpdesk@linkintime.co.in

**ii) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. N.	Name and Description of main Products/ Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Computer programming, consultancy and related activities	620	100.00

**iii) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. N.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Larsen & Toubro Limited Add: L&T House, N. M. Marg, Ballard Estate, Mumbai-400001	L99999MH1946PLC004768	Holding Company	82.96	2(46)
2	Larsen & Toubro Infotech GmbH Add: Euro-Asia Business Center, Messe-Allee 2, D-04356, Leipzig, Germany	-	Subsidiary	100.00	2(87)
3	Larsen & Toubro Infotech Canada Limited Add: 2810, Matheson Blvd East, Suite 500, Mississauga, ON L4W 4X7, Canada	-	Subsidiary	100.00	2(87)
4	Larsen & Toubro Infotech LLC Add: 1220, N. Market St., Suite 806, Wilmington, DE 19801, Country of New Castle, United States of America	-	Subsidiary	100.00	2(87)
5	L&T Infotech Financial Services Technologies Inc. Add: 2810, Matheson Blvd East, Suite 500, Mississauga, ON L4W 4X7, Canada	-	Subsidiary	100.00	2(87)
6	Larsen And Toubro Infotech South Africa (Pty) Limited Add: 1st floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg	-	Subsidiary	74.90	2(87)

S. N.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
7	L&T Information Technology Services (Shanghai) Co., Ltd. Add: Room 1100m Building 2, No.1388, Xingxian Road, Jaiding District, Shanghai, China	-	Subsidiary	100.00	2(87)
8	Larsen & Toubro Infotech Austria GmbH Add: c/o Oberhammer Rechtsanwälte GmbH, Karlsplatz 3/1, 1010 Vienna, Austria	-	Subsidiary	100.00	2(87)
9	L&T Information Technology Spain SL Add: C/JOSÉ ABASCAL 56 2nd Floor, Madrid, Spain	-	Subsidiary	100.00	2(87)
10	AugmentIQ Data Sciences Private Limited* Add: Godrej Eternia A, 5th Floor Mumbai Pune Road, Shivajinagar, Pune Maharashtra 411005, India	U72200PN2012PTC145539	Subsidiary	100.00	2(87)
11	L&T Infotech S.de. RL.de. C.V Add: Bosque de Ciruelos 180, Suite PP 101 Col. Bosques de las Lomas, 11700 Mexico city, Mexico	-	Subsidiary	100.00	2(87)
12	Syncordis Software Services India Private limited Add: 4th floor Roop Emerald, No.45 North Usman Road, T.Nagar, Chennai-600 017, Tamilnadu, India	U72900TN2015FTC101675	Subsidiary	100.00	2(87)
13	Syncordis S.A. Add: 105, route d'ArlonL - 8009 Strassen Luxembourg (Step down Subsidiary)	-	Subsidiary	100.00	2(87)
14	Syncordis Support Services S.A. Add: 105, route d'ArlonL - 8009 Strassen Luxembourg (Step down Subsidiary)	-	Subsidiary	100.00	2(87)
15	Syncordis Limited Add: Beacon House, 15 Christchurch Road, Bournemouth, Dorset, England, BH1 3LB, UK (Step down Subsidiary)	-	Subsidiary	100.00	2(87)
16	Syncordis SARL Add: 8 Rue Paul Belmondo 75012 Paris, France (Step down Subsidiary)	-	Subsidiary	100.00	2(87)

\*Note: AugmentIQ Data Sciences Private Limited has been amalgamated with the Company w.e.f. May 21, 2018.

#### iv) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### a) Category-wise Share Holding:

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	143,750,000	0	143,750,000	84.28	142,693,637	0	142,693,637	82.96	1.32
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A1)</b>	<b>143,750,000</b>	<b>0</b>	<b>143,750,000</b>	<b>84.28</b>	<b>142,693,637</b>	<b>0</b>	<b>142,693,637</b>	<b>82.96</b>	<b>1.32</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00



Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter (A) = (A1 + A2)</b>	<b>143,750,000</b>	<b>0</b>	<b>143,750,000</b>	<b>84.28</b>	<b>142,693,637</b>	<b>0</b>	<b>142,693,637</b>	<b>82.96</b>	<b>1.32</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	2,038,938	0	2,038,938	1.20	2,905,715	0	2,905,715	1.69	(0.49)
(b)	Banks/ Financial Institutions	189,413	0	189,413	0.11	23,442	0	23,442	0.01	0.10
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	1,326,417	0	1,326,417	0.78	701,434	0	701,434	0.41	0.37
(g)	Foreign Portfolio Investors	8,121,094	0	8,121,094	4.76	11,903,239	0	11,903,239	6.92	(2.16)
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Alternative Investment Funds	0	0	0	0.00	139,658	0	139,658	0.08	(0.08)
(j)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B1)</b>	<b>11,675,862</b>	<b>0</b>	<b>11,675,862</b>	<b>6.85</b>	<b>15,673,488</b>	<b>0</b>	<b>15,673,488</b>	<b>9.11</b>	<b>(2.26)</b>
<b>(2)</b>	<b>Non - Institutions</b>									
(a)	Individuals									
(i)	Individual Shareholders holding nominal Equity Share Capital up to ₹ 1 Lakh	9,870,849	98,449	9,969,298	5.84	8,074,075	178,054	8,252,129	4.79	1.05
(ii)	Individual Shareholders holding nominal Equity Share Capital in excess of ₹ 1 Lakh	2,145,500	111,250	2,256,750	1.32	2,251,875	0	2,251,875	1.31	0.01
(b)	Bodies Corporate	409,288	0	409,288	0.24	690,447	0	690,447	0.40	(0.16)
(c)	Any Other (Specify)									
(i)	Foreign Nationals	100	243,671	243,771	0.14	27,000	190,176	217,176	0.13	0.01
(ii)	Hindu Undivided Family	283,580	0	283,580	0.17	192,041	0	192,041	0.12	0.05
(ii)	Non Resident Indians (Repat)	979,197	428,428	1,407,625	0.82	1,114,956	252,240	1,367,196	0.80	0.02
(iv)	Non Resident Indians (Non-Repat)	194,638	141,685	336,323	0.20	400,311	16,197	416,508	0.24	(0.04)
(v)	Clearing Member	238,616	0	238,616	0.14	244,746	0	244,746	0.14	0.00
(vi)	Trusts	0	0	0	0.00	20	0	20	0.00	0.00
	<b>Sub-total (B2)</b>	<b>14,121,768</b>	<b>1,023,483</b>	<b>15,145,251</b>	<b>8.87</b>	<b>12,995,741</b>	<b>636,667</b>	<b>13,632,138</b>	<b>7.93</b>	<b>0.94</b>
	<b>Total Public Shareholding (B) = (B1 + B2)</b>	<b>25,797,630</b>	<b>1,023,483</b>	<b>26,821,113</b>	<b>15.72</b>	<b>28,668,959</b>	<b>636,667</b>	<b>29,305,626</b>	<b>17.04</b>	<b>(1.32)</b>
	<b>TOTAL (A+B)</b>	<b>169,547,630</b>	<b>1,023,483</b>	<b>170,571,113</b>	<b>100.00</b>	<b>171,362,596</b>	<b>636,667</b>	<b>171,999,263</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>169,547,630</b>	<b>1,023,483</b>	<b>170,571,113</b>	<b>100.00</b>	<b>171,362,596</b>	<b>636,667</b>	<b>171,999,263</b>	<b>100.00</b>	<b>0.00</b>

**b) Shareholding of Promoters:**

S. N.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	
1	Larsen & Toubro Limited	143,750,000	84.28	0.00	142,693,637	82.96	0.00	1.32
	<b>Total</b>	<b>143,750,000</b>	<b>84.28</b>	<b>0.00</b>	<b>142,693,637</b>	<b>82.96</b>	<b>0.00</b>	<b>1.32</b>

**c) Change in Promoters' Shareholding:**

S.N.	Particulars	Date of Transaction	Shareholding at the beginning of the year		Increase / (Decrease) in Shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company <sup>1</sup>
1.	Larsen & Turbo Limited		143,750,000	84.28		-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	March 1, 2018			(100,000)	143,650,000	83.55
		March 5, 2018			(70,000)	143,580,000	83.51
		March 6, 2018			(67,183)	143,512,817	83.47
		March 7, 2018			(88,681)	143,424,136	83.42
		March 8, 2018			(112,117)	143,312,019	83.35
		March 9, 2018			(79,331)	143,232,688	83.28
		March 12, 2018			(104,635)	143,128,053	83.21
		March 13, 2018			(166,824)	142,961,229	83.12
		March 14, 2018			(28,147)	142,933,082	83.10
		March 15, 2018			(15,000)	142,918,082	83.09
		March 16, 2018			(25,863)	142,892,219	83.08
		March 22, 2018			(59,690)	142,832,529	83.04
		March 23, 2018			(7,090)	142,825,439	83.04
		March 26, 2018			(6,066)	142,819,373	83.03
		March 27, 2018			(54,309)	142,765,064	83.00
		March 28, 2018			(71,427)	142,693,637	82.96
	<b>At the end of the year</b>		-	-	-	<b>142,693,637</b>	<b>82.96</b>

**Note:**

<sup>1</sup>The change in the percentage of shareholding is also due to periodic allotment of equity shares under the Employee Stock Option Schemes of the Company during the financial year 2017-18.

**d) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S.N.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase / (Decrease) in Shareholding	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1	AUBURN LIMITED	4,763,495	2.79		-	-
	Purchase(s) during the year			-	-	-
	Sale(s) during the year			-	-	-
	At the end of the year				4,763,495	2.77
2	HDFC TRUSTEE COMPANY LIMITED	639,125	0.37		-	-
	Purchase(s) during the year			722,439	1,361,564	0.79
	Sale(s) during the year			-	-	-
	At the end of the year			-	1,361,564	0.79

S.N.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase / (Decrease) in Shareholding	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
3	NTASIAN EMERGING LEADERS MASTER FUND	1,446,399	0.85	-	-	-
	Purchase(s) during the year			78,000	1,524,399	0.90
	Sale(s) during the year			(185,306)	1,339,093	0.84
	At the end of the year				1,339,093	0.84
4	MORGAN STANLEY (FRANCE) S.A.	-	-	-	-	-
	Purchase(s) during the year			689,784	689,784	0.40
	Sale(s) during the year			(39,111)	650,673	0.38
	At the end of the year				650,673	0.38
5	ICICI PRUDENTIAL MUTUAL FUND	1,373,080	0.80	-	-	-
	Purchase(s) during the year			110,328	1,483,408	0.86
	Sale(s) during the year			(889,791)	593,617	0.35
	At the end of the year				593,617	0.35
6	FIL INVESTMENTS(MAURITIUS)LTD	632,232	0.37	-	-	-
	Purchase(s) during the year			113,782	746,014	0.43
	Sale(s) during the year			(206,374)	539,640	0.31
	At the end of the year				539,640	0.31
7	UTI MUTUAL FUND	-	-	-	-	-
	Purchase(s) during the year			556,980	556,980	0.32
	Sale(s) during the year			(18,758)	538,222	0.31
	At the end of the year				538,222	0.31
8	VIJAY KUMAR MAGAPU	420,000	0.25	-	-	-
	Purchase(s) during the year			-	-	-
	Sale(s) during the year			-	-	-
	At the end of the year				420,000	0.24
9	SCHRODER INTERNATIONAL SELECTION FUND INDIAN EQUITY	392,880	0.23	-	-	-
	Purchase(s) during the year			296,101	688,981	0.40
	Sale(s) during the year			(291,727)	397,254	0.23
	At the end of the year				397,254	0.23
10	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	-	-	-	-	-
	Purchase(s) during the year			428,897	428,897	0.25
	Sale(s) during the year			(109,044)	319,853	0.19
	At the end of the year				319,853	0.19
11	THE NEW INDIA ASSURANCE COMPANY LIMITED	281,680	0.17	-	-	-
	Purchase(s) during the year			-	-	-
	Sale(s) during the year			-	-	-
	At the end of the year				281,680	0.16
12	YESHWANT MORESHWAR DEOSTHALEE	281,250	0.16	-	-	-
	Purchase(s) during the year			-	-	-
	Sale(s) during the year			-	-	-
	At the end of the year				281,250	0.16
13	KUWAIT INVESTMENT AUTHORITY FUND 225	419,061	0.25	-	-	-
	Purchase(s) during the year			5,887	424,948	0.25
	Sale(s) during the year			(329,946)	95,002	0.06
	At the end of the year				95,002	0.06

v) **SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):**

S.N.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Increase/ (Decrease) in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1	<b>A. M. NAIK</b>		1,181,250	0.69	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	24 July 2017 (ESOP Exercise)	-	-	60,000	1,241,250	0.73
		06 Nov 2017 (ESOP Exercise)	-	-	309,375	1,550,625	0.90
	At the end of the year		-	-	-	1,550,625	0.90
2	<b>S. N. SUBRAHMANYAN</b>		0	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	24 July 2017 (ESOP Exercise)	-	-	40,000	40,000	0.02
	At the end of the year		-	-	-	40,000	0.02
3	<b>R. SHANKAR RAMAN</b>		0	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	09 March 2018 (ESOP Exercise)	-	-	20,000	20,000	0.01
	At the end of the year		-	-	-	20,000	0.01
4	<b>M. M. CHITALE</b>		38	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):		-	-	-	-	-
	At the end of the year		-	-	-	38	0.00
5	<b>SANJAY JALONA</b>		0	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	24 July 2017 (ESOP Exercise)	-	-	65,200	65,200	0.04
		08 Jan 2018 (ESOP Exercise)	-	-	2,640	67,840	0.04
	At the end of the year		-	-	-	67,840	0.04
6	<b>SUDHIR CHATURVEDI</b>		2000	0.00	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	09 March 2018 (ESOP Exercise)	-	-	31,160	33,160	0.00
	At the end of the year		-	-	-	33,160	0.02
7	<b>AFTAB ZAID ULLAH</b>		0	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	06 Nov 2017 (ESOP Exercise)	-	-	24,400	24,400	0.01
		08 Jan 2018 (ESOP Exercise)	-	-	800	25,200	0.01
	At the end of the year		-	-	-	25,200	0.01
8	<b>ASHOK KUMAR SONTHALIA</b>		800	0.00	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	24 July 2017 (ESOP Exercise)	-	-	10,000	10,800	0.01
	At the end of the year		-	-	-	10,800	0.01

**vi) INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment: Nil

(₹ Million)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year:</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year:</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

**vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (DURING THE FINANCIAL YEAR 2017-18):**

**A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:**

(₹ Million)

S. N.	Particulars of Remuneration	Name of MD/ WTD/ Manager			
		Sanjay Jalona (CEO & MD)*	Aftab Zaid Ullah (COO & WTD)	Sudhir Chaturvedi (President – Sales & WTD)*	Total Amount
1	Gross salary:				
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	50.76	19.08	39.98	109.82
	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	53.59	18.57	34.52	106.68
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	No. of Stock Options granted	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission:				
	- as % of profit	22.55	-	-	22.55
	- others,				
5	Others (please specify):				
	Variable Compensation	9.29	9.31	14.38	32.98
	Contribution to Provident Fund & Superannuation Fund	3.49	0.70	8.66	12.85
	<b>Total (A)</b>	<b>139.68</b>	<b>47.66</b>	<b>97.54</b>	<b>284.88</b>
	Ceiling as per the Act	(1,294.45 Million) 10% of Net Profits of the Company			

**Note:**

\*Mr. Sanjay Jalona and Mr. Sudhir Chaturvedi have been paid remuneration in USD and GBP respectively. The figures mentioned above are INR equivalent.

**B. Remuneration to other Directors:**

(₹ Million)

S. N.	Particulars of Remuneration	Fee for attending Board/ Committee Meetings	Commission	Others, please specify (No. of Stock Options Granted)	Total Amount
1	Independent Directors				
	Samir Desai	0.45	5.02	-	5.47
	M. M. Chitale	0.31	1.53	-	1.84
	Vedika Bhandarkar	0.30	1.30	-	1.60
	Arjun Gupta	0.20	2.17	-	2.37
	Subhalakshmi Panse <sup>1</sup>	0.05	0.23	-	0.28
	Sanjeev Aga	0.20	0.90	-	1.10
	Sudip Banerjee <sup>2</sup>	0.20	0.90	-	1.10
	<b>Total (1)</b>	<b>1.71</b>	<b>12.05</b>	<b>-</b>	<b>13.76</b>
2	Other Non-Executive Directors				
	A. M. Naik	0.13	12.50	-	12.63
	S. N. Subrahmanyam	-	-	-	-
	R. Shankar Raman	-	-	-	-
	<b>Total (2)</b>	<b>0.13</b>	<b>12.50</b>	<b>-</b>	<b>12.63</b>
	<b>Total (B)=(1+2)</b>	<b>1.84</b>	<b>24.55</b>	<b>-</b>	<b>26.39</b>
	<b>Total Managerial Remuneration<sup>3</sup></b>	<b>-</b>	<b>309.43</b>	<b>-</b>	<b>-</b>
	Overall Ceiling as per the Act	[1,423.90 Million] 11% of Net Profits of the Company			

**Notes:**

- Ms. Shubhalakshmi Panse resigned as an Independent Director w.e.f. May 15, 2017.
- Mr. Sudip Banerjee was appointed as an Independent Director w.e.f. May 20, 2017.
- The total managerial remuneration excludes the sitting fees paid.

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:**

(₹ Million)

S. N.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Ashok Kumar Sonthalia (CFO)	Manoj Koul (Company Secretary & Compliance Officer) <sup>1</sup>	
1	Gross salary:			
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7.14	3.32	10.46
	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10.70	-	10.70
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	No. of Stock Options granted	-	3,100	3,100
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify			
5	Others, please specify:	-	-	-
	Variable Compensation	3.36	1.37	4.73
	Contribution to Provident Fund & Superannuation Fund	0.22	0.09	0.31
	<b>Total</b>	<b>21.42</b>	<b>4.78</b>	<b>26.20</b>

**Note:**

- Mr. Manoj Koul was appointed as the Company Secretary & Compliance Officer w.e.f. August 24, 2017.

**viii) PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.

# Annexure F

**Form AOC-I**  
**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**  
**Statement containing salient features of the financial statement of Subsidiary Companies**

1	2	3	4	5	6	7	8	9	10	11	12	13	14				
SL No.	Name of Subsidiary	Country	Date of Acquisition	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	Larsen & Toubro Infotech GmbH <sup>1</sup>	Germany	June 14, 1999	3/31/2018	EUR	80.81	3	1,410	2,558	1,145	1,999	854	16	8	8	-	100.00
2	Larsen & Toubro Infotech Canada Limited	Canada	October 14, 2005	3/31/2018	CAD	50.65	-	110	184	74	1,103	46	13	34	-	-	100.00
3	Larsen & Toubro Infotech LLC <sup>2</sup>	USA	July 21, 2009	3/31/2018	USD	65.18	-	28	35	7	68	3	-	3	-	-	100.00
4	Larsen And Toubro Africa (Pty) Limited	South Africa	April 5, 2011	3/31/2018	ZAR	5.58	3	48	209	158	303	24	8	16	-	-	74.90
5	L&T Information Technology Services (Shanghai) Co. Ltd.	China	June 28, 2013	12/31/2017	CNY	10.31	11	(14)	9	12	10	(2)	-	(2)	-	-	100.00
6	Larsen & Toubro Infotech Austria GmbH	Austria	June 18, 2015	3/31/2018	EUR	80.81	3	5	9	2	30	2	-	2	2	-	100.00
7	L&T Information Technology Spain SL	Spain	February 1, 2016	3/31/2018	EUR	80.81	4	29	224	191	648	17	5	5	12	-	100.00
8	L&T Infotech S.de. RL. C.V	Mexico	March 01, 2017	12/31/2017	MXN	3.52	-	3	42	39	90	5	2	3	-	-	100.00
9	Syncordis S.A.	Luxembourg	December 15, 2017	12/31/2017	EUR	80.81	3	151	420	266	365	78	-	20	58	-	100.00
10	Syncordis Support Services S.A.	Luxembourg	December 15, 2017	12/31/2017	EUR	80.81	2	-	10	9	-	-	-	-	-	-	100.00
11	Syncordis Limited	UK	December 15, 2017	3/31/2018	GBP	92.28	-	-	-	-	-	-	-	-	-	-	100.00
12	Syncordis SARL	France	December 15, 2017	12/31/2017	EUR	80.81	1	53	183	129	119	(11)	(3)	(8)	-	-	100.00
13	Syncordis Software Services India Private Limited	India	December 11, 2017	3/31/2018	INR	1.00	5	9	16	3	-	-	-	-	-	-	100.00

Notes:  
 1. Larsen & Toubro Infotech GmbH has paid dividend amounting to ₹ 98.16 Million  
 2. Larsen & Toubro Infotech LLC has paid dividend amounting ₹ 89.04 Million  
 3. L&T Infotech Financial Services Technologies Inc. has paid dividend amounting to ₹ 402.14 Million  
 4. The ₹ Million figures mentioned above, are based on the exchange rates as on March 28, 2018



# Annexure G

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

### A. CONSERVATION OF ENERGY

#### (i) Steps taken for conservation of energy:

LTI has always shown concern towards the environment and have taken continuous efforts to reduce the environmental impact on operations. We have initiated replacement of old and less efficient equipment with new energy efficient equipment eg., smart UPS, efficient chiller with part load facility. These initiatives will give annual savings of 21.26 L KWH energy units.

We continue to follow other proactive steps to support and promote energy conservation initiatives.

- Creating awareness amongst employees related to energy conservation through campaigns & events.
- Monitoring of energy consumption through smart metering and integration with building management system.
- Best practices and initiatives are shared, adopted and strengthened across all locations.

#### (ii) Steps taken by the Company for utilising alternate sources of energy:

Our offshore operations in India are spread across multiple locations. A road map has been chalked out to supplement part of our energy requirement through renewal energy source. As a part of this road map, in initial phase we have signed PPA with Green Energy Wheeling Agencies for two of our offices. The supplementation of Energy will be to the tune of 75% of below agreement values.

Powai : 35-40 Lakh Units through Solar & wind energy.

Bangalore : 40 Lakh Units through Solar energy

#### (iii) Capital investment on energy conservation equipments: ₹ 21.4 Million

### B. TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT

In a rapidly changing global landscape where disruption is the new normal, the Company is leveraging technology to create sustainable advantage not only for itself but more importantly, for its clients. As Industry 4.0, slowly but surely assumes shape, exponential technologies are turning business models upside-down. Enterprises, the world over are looking towards partners who not only understand domain but also have the technology expertise in helping them navigate through these challenging times. While the Company has the real-world expertise in diverse domains, it has also invested consciously towards building expertise in exponential technologies namely in the areas of Analytics, Internet-of-Things

('IoT'), Artificial Intelligence ('AI'), Automation and so on. These are further enumerated below.

#### Cloud

Cloud is one of the pillars to bring disruptive technologies to change the way businesses are done in this Digital economy. The Company has incubated a dedicated Cloud practice to help customers embrace various Cloud enabled technologies to bring business disruption. LTI Cloud practices focusses on Public and Private Cloud technologies along with DevOps. Our focus area's are Cloud native development, Cloud migration, Data Center modernization and highly efficient and automated operations. The Company has centered the efforts towards creating a pool of certified resources and develop differentiated IP's and Solutions to help the customers adopt cloud faster, cheaper and efficiently.

#### Benefits Realized -

With the usage of Cloud Enablement IP's the Company is now able to deliver up to 50% faster time to value for Cloud adoption programs.

Utilizing the Converged Operations and Intelligent Operations center for Cloud, the Company has reduced the admin ratios by up to 40%.

#### Specific R&D Area's -

1. Cloud Readiness Assessment Industrialization through RapidAdopt and PaaSify
2. DevOps enablement Suite for end to end DevOps lifecycle management
3. Cloud Operations Cockpit to centralize and automate entire Cloud Operations management

Imported Technology - Usage of platforms from AWS, Azure and OpenShift to enhance and build our solutions and IP's.

#### Analytics

The Company is focused on creating possibilities and delivering business outcomes through its mature offerings for Advanced Analytics, Data Science, Data Visualization, Big Data, EPM and Information Management. It offers a wide range of services with respect to Analytics-as-a-Service, Data-as-a-Service, Big Data and Advanced Analytics solutions across various verticals, addressing their business requirements.

LTI's NLP (Natural Language Processing) is a key technology enabling consumer analytics space. The Company has formed a

strategic partnership with a startup specializing in virtual data scientists to jointly go to market to deliver personal assistants for business users.

LTI is focused on training 3000+ data analytics professionals on next generation cloud based AI as a service platforms and offerings like GCP, AWS, Azure.

**Benefits derived:**

- Analytics-as-a-Service and Data-as-a-Service offerings, driving transformational business outcomes at speed and scale
- Accelerated Data-to-Insight-to-Action cycle by leveraging pre-built solutions and accelerators
- Faster data ingestion and orchestration due to abstraction of complexity in the data layer
- Cloud-native usage, deployment and monitoring, ensuring lower capex and pay-per-use service delivery

**Cognitive/ AI**

Driving enterprise-wide digital transformation initiatives to harness organizational efficiency and enhance customer experience requires strategic investments in solutions that leverage AI and cognitive computing. The Company is working with dedicated efforts & investments to devise 'AI bots' that intelligently automate repetitive workflows for straight-through processing, boosts productivity and optimizes operational costs. The Company's Mosaic AI platform is a comprehensive AI-based solution suite which helps businesses accelerate operational digitization. The Company is working on Deep Learning and Cognitive Computing to extract value from Natural Language Processing, with audio-visual integration, thus catalysing Intuitive User Engagement.

**IoT**

The Company has a dedicated IoT practice, which enables clients to become more competitive in the new age economy by connecting the physical world with digital possibilities. Encompassing everything, right from more smart sensors to connected machinery, communication to real-time analytics & visualizations, the service offerings are oriented towards enhancing operations & production. The I2D Framework of Imagine, Innovate & Disrupt, helps to expand the sphere of innovation beyond enhanced performance & cost efficiency, to a paradigm of a connected and smarter organization. The Company's top service offerings include: Asset Performance Management, Smart Manufacturing, Intelligent Supply Chain, Remote Operations Center and Industrial Cyber Security. The Company is involved in crucial solution integration and value added reselling partnerships with industry-leading IoT platforms such as GE Predix, etc. These investments are already starting to yield results in client engagements and analyst interactions.

**Automation**

The concept of automation has evolved from deterministic automation where repetitive processes were automated to smart automation that employs artificial cognition and heuristics. Clients are moving beyond mere process automation and implementing cutting-edge tools such as artificial neural networks, distributed control systems, human machine interfaces and robotics. The Company aims to firstly integrate automation tools in existing business workflows by leveraging process consulting capabilities, proven technical expertise and develop strategies based on DevOps and lean methodologies.

The strategic investment in this area includes a Mosaic automation platform which covers all aspects of automation, including robotic process automation, machine learning, software-defined everything, design thinking and includes a reusable asset library that fast-tracks implementation. Using comprehensive automation framework and process reengineering toolkit, companies can effectively drive strategic initiatives across business transformation, cost reduction and service experience enhancement.

The Company undertook an enterprise-wide automation initiative to improve Service Delivery efficiency using the Mosaic Framework. The initiative yielded tangible service cost reduction benefits in 200+ chosen engagements. The Company has launched 5 Mosaic automation solutions, targeting IT service delivery automation that enabled multi-year AMS/ IMS deal wins throughout the year.

**Block Chain**

The Company has a mature Blockchain practice and is working with global clients in BFS, Insurance, Energy & Utilities, Media and Entertainment and Manufacturing to build industry solutions to deliver exponential operational efficiencies. The Company has built 12 solutions on Blockchain technology in various areas like Trade Finance, Travel Insurance and Supply Chain on various platforms like Ethereum, Hyperledger and Corda.

**Total Expenditure on R&D:**

(₹ Million)

S. N.	Expenditure on R&D	Amount
1	Capital	33
2	Recurring	269
	<b>Total R&amp;D expenditure (A+B)</b>	<b>302</b>

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company exports IT professional services mainly to North America, Europe, South Africa, Middle East, Japan, Australia and Singapore.

(₹ Million)

Particulars	2017-18	2016-17
Foreign Exchange Earned	64,002	57,498
Foreign Exchange Used	32,231	27,708

# Annexure H

To  
The Board of Directors  
Larsen & Toubro Infotech Limited

1. We have examined the Employee Stock Ownership Scheme 2000 (referred to as the "ESOS-2000"), Employees Stock Ownership Scheme 2006, US Stock Option Sub-Plan (referred to as "ESOS-2006") and Employee Stock Option Scheme 2015 (referred to as the "ESOS-2015") of Larsen & Toubro Infotech Limited ("the Company") having its registered office at L&T House, Ballard Estate, Mumbai-400001.

For the purpose of examination, we have relied on the audited financial statements, books of account and other records of the Company for the period of twelve months from April 1, 2017 to March 31, 2018.

2. We conducted our examination in accordance with Guidance Note on Audit Reports and Certificates for Special Purpose, issued by the Institute of Chartered Accountants of India.
3. Based on our examination, as above, and the information and explanation given to us by the management of the Company, we certify that:
  - (i) the ESOS-2000 have been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) from time to time in terms of the special resolution passed in the General Meeting of the Company held on March 13th, 2000 and December 16th, 2005.
  - (ii) the ESOS - 2006 have been approved in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) from time to time as per the special resolution passed in General Meeting held on December 7th, 2006.
  - (iii) the ESOS - 2015 have been approved in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) from time to time as per the special resolution passed in General Meeting held on September 14th, 2015.
4. This certificate is issued at the request of the management of the Company solely for the purpose of the submission to the shareholders of the Company at the Annual General Meeting, and should not be used by any other person or for any other purpose.

For **B. K. Khare & Co.**,  
Chartered Accountants  
Firm Registration No. 105102W

**Ravi Kapoor**  
Partner  
Membership No.040404

Place: Mumbai  
Date: May 23, 2018

# Independent Auditor's Report

## To the Members of Larsen & Toubro Infotech Limited

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Larsen & Toubro Infotech Limited ("the Company"), comprising the balance sheet as at 31 March 2018, and the related statements of profit and loss including Other Comprehensive Income, standalone cash flow statement and the statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the preparation of these standalone financial statements in terms of the requirements of the Section 134(5) of Companies Act, 2013 ("the Act") that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rule issues thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.
7. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, and its profit, total comprehensive income, standalone cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - in our opinion proper books of account as required by law relating to preparation of the standalone financial statements have been kept by the Company so far as it appears from our examination of those books;
  - the Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Standalone Cash Flow statement and the Statement of Changes in

Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone financial statements;

- d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rule issues thereunder.
- e. on the basis of written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in Annexure II. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended),

in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements – Refer to Note 33 to the standalone financial statements
- ii. The Company did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the standalone financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.
- iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

**For B. K. Khare & Co.**

Chartered Accountants  
Firm's Registration Number 105102W

**Ravi Kapoor**

Partner

Membership Number: 040404

Mumbai, May 23, 2018

## Annexure I to the Independent Auditor's Report

(Referred to in paragraph 9 of our report of even date on the standalone financial statements of Larsen & Toubro Infotech Limited for the year ended 31 March 2018)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a rotational program for verification of its fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. A portion of the fixed assets has been physically verified by the management of the Company during the year in accordance with the above-mentioned program. No material discrepancies were identified on such verification and have been properly accounted for in the books of account.
- (c) According to the information and explanations given to us and to the best of our knowledge and belief, the title deeds of the immovable properties are held in the name of the Company.
2. The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the directives of the Reserve Bank of India and the provisions of Sections 73-76 of the Act and the rules framed there under to the extent modified apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
6. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
7. (a) According to the records of the Company examined by us and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax, cess and other statutory dues applicable to it. There are no undisputed amounts in respect of the aforesaid items which are unpaid at the balance sheet date for a period of more than 6 months from the date they became due.
- (b) According to the information and explanations given to us, dues of goods and service tax, income-tax, sales tax, service tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Nature of dues	₹ Million*	Period to which amount relates	Forum where pending
Central Sales Tax and local sales tax Acts, Service tax	Software exports and service income revenue considered as domestic sales and other classification disputes	11.6	FY 2002-03	Maharashtra Sales Tax Tribunal, Mumbai
	Service tax demand under reverse charge mechanism on the Agency commission paid in foreign currency	1.68	FY 2008-09 to 2013-14	CESTAT
Income-tax Act, 1961	Disallowance of exemption under section 10A	84.26	FY 2008-09 (AY 2009-10)	ITAT
Income Tax Act, 1961	Disallowance of exemption under section 10A	0.18	FY 2010-11 (AY 2011-12)	Commissioner (Appeals)
	Penalty u/s 271 (1)(c)	131.38	FY 2006-07 (AY 2007-08)	
	Disputes regarding calculation of notional interest on transactions with related party and disallowance of FTC	1.21	FY 2010-11 (AY 2011-12)	

Name of Statute	Nature of dues	₹ Million*	Period to which amount relates	Forum where pending
	Dispute regarding Disallowance of claim u/s 10A on the ground that it is allowable only for 10 consecutive Assessment years	2.35	FY 2010-11 (AY 2011-12)	
	Disputes regarding short fall in tax deducted at source	5.14	FY 2010-11 and 2011-12 (AY 2011-12 and 2012-13)	Assessing Officer (DCIT(TDS))
	Disputes regarding exclusion of interest income from section 10A calculation, addition of notional interest on transactions with related party and disallowance of FTC	2.08	FY 2008-09 (AY 2009-10)	Assessing Officer (Assistant Commissioner Of Income Tax)
	Disallowance of ESOP discount	34.2	FY 2008-09 and FY 2010-11 (AY 2009-10 and AY 2011-12)	ITAT

\*Net of pre-deposit paid in getting the stay / appeal admitted

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution and bank. The Company has not taken any loans or borrowings from government and has not issued any debentures.
9. The Company did not raise any money by way of initial public offer, further public offer (including debt instruments) or term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
10. Based on the records examined by us and according to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees noticed or reported during the year.
11. Based on the records examined by us and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence paragraph 3(xii) of the Order is not applicable to the Company.
13. Based on the records examined by us and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
14. Based on the records examined by us and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the company.
15. Based on the records examined by us and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Ravi Kapoor**  
Partner

Mumbai, May 23, 2018

Membership Number: 040404

# Annexure II to the Independent Auditor's Report

Referred to in paragraph 10(f) of our report of even date on the standalone financial statements of Larsen & Toubro Infotech Limited for the year ended 31 March 2018

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Larsen & Toubro Infotech Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended 31 March 2018.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over

financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes



in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

Mumbai, May 23, 2018

**Ravi Kapoor**  
Partner  
Membership Number: 040404

# Balance Sheet

as at 31 March 2018

(₹ in Mn)

Particulars	Note No.	As at 31-03-2018	As at 31-03-2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	2,412	2,477
(b) Capital work-in-progress	4	10	9
(c) Other intangible assets	4	315	382
(d) Intangible assets under development	4	58	3
(e) Financial assets			
(i) Investments	5	2,959	2,905
(ii) Loans	6	384	311
(iii) Other financial assets	7	721	1,866
(f) Deferred tax assets (net)	8	1,919	1,439
(g) Income tax assets (net)		880	717
(h) Other non-current assets	9	1,020	1,273
<b>Total Non-Current Assets</b>		<b>10,678</b>	<b>11,382</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Investments	10	12,644	9,406
(ii) Trade receivable	11	13,275	11,226
(iii) Unbilled revenue		8,191	4,668
(iv) Cash and cash equivalents	12	2,479	1,872
(v) Other bank balances	13	19	34
(vi) Loans	14	235	154
(vii) Other financial assets	15	1,966	2,512
(b) Other current assets	16	1,029	875
<b>Total Current Assets</b>		<b>39,838</b>	<b>30,747</b>
<b>TOTAL ASSETS</b>		<b>50,516</b>	<b>42,129</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	17	172	171
(b) Other equity			
(i) Other reserves	18	8,000	8,608
(ii) Retained earnings	18	29,014	20,990
(iii) Share application money pending allotment	18	0	0
<b>Total Equity</b>		<b>37,186</b>	<b>29,769</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities	19	204	-
(b) Provisions	20	280	285
<b>Total Non-Current Liabilities</b>		<b>484</b>	<b>285</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	21	3,708	3,354
(ii) Other financial liabilities	22	5,831	5,925
(b) Other current liabilities	23	1,411	1,102
(c) Provisions	24	1,761	1,576
(d) Current income tax liabilities (net)		135	118
<b>Total Current Liabilities</b>		<b>12,846</b>	<b>12,075</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50,516</b>	<b>42,129</b>
Significant accounting policies	2		
Other notes on accounts	33 to 49		

As per our report attached

**B. K. Khare & Co**  
Chartered Accountants  
Firm's Registration No. 105102W

**Sanjay Jalona**  
Chief Executive Officer & Managing Director  
DIN : 07256786

**Aftab Zaid Ullah**  
Chief Operating Officer & Whole Time Director  
DIN : 05165334

**Ravi Kapoor**  
Partner  
Membership No: 040404

**Ashok Kumar Sonthalia**  
Chief Financial Officer

**Manoj Koul**  
Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Statement of Profit and Loss

for the year ended 31 March 2018

(₹ in Mn)

Particulars	Note No.	April 17 - March 18	April 16 - March 17
<b>INCOME:</b>			
Revenue from operations	25	69,064	61,829
Other income	26	5,254	1,983
<b>Total income</b>		<b>74,318</b>	<b>63,812</b>
<b>EXPENSES:</b>			
Employee benefit expense	27	41,348	35,975
Operating expenses	28	16,286	14,141
Finance costs	29	138	32
Depreciation and amortisation	4	913	1,089
Other expenses	30	949	733
<b>Total expenses</b>		<b>59,634</b>	<b>51,970</b>
<b>Profit before tax</b>		<b>14,684</b>	<b>11,842</b>
Tax expense			
Current tax (net)	31	3,330	2,934
Deferred tax	31	(247)	(468)
		<b>3,083</b>	<b>2,466</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>11,601</b>	<b>9,376</b>
<b>OTHER COMPREHENSIVE INCOME</b>	32	<b>(994)</b>	<b>2,159</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>10,607</b>	<b>11,535</b>
<b>Basic</b>			
Basic earning per equity share		67.74	55.11
<b>Diluted</b>			
Diluted earning per equity share		66.23	53.89
Significant accounting policies	2		
Other notes on accounts	33 to 49		

As per our report attached

**B. K. Khare & Co**  
Chartered Accountants  
Firm's Registration No. 105102W

**Sanjay Jalona**  
Chief Executive Officer & Managing Director  
DIN : 07256786

**Aftab Zaid Ullah**  
Chief Operating Officer & Whole Time Director  
DIN : 05165334

**Ravi Kapoor**  
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Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Standalone Cash Flow Statement

for the year ended 31 March 2018

(₹ in Mn)

Particulars	April 17 - March 18	April 16 - March 17
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit after tax	11,601	9,376
<b>Adjustments to reconcile net profit to net cash provided by operating activities:</b>		
Depreciation and amortisation	913	1,089
Income tax expense	3,083	2,466
Expense recognised in respect of equity settled stock option	400	428
Realised gain from current investment in mutual funds	(516)	(194)
Unrealised gain from current investment in mutual funds	(222)	-
Gain on buyback of shares by subsidiary	(388)	-
Interest received	(7)	(16)
Interest expense	138	32
Unrealised foreign exchange loss/(gain),net	(65)	270
Dividend received from subsidiaries	(579)	(141)
Net loss/(gain) on sale of property, plant and equipment	8	12
<b>Operating cash before working capital changes</b>	<b>14,366</b>	<b>13,322</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivables and unbilled revenue	(5,300)	(1,375)
(Increase)/decrease in other receivables	(205)	107
Increase/(decrease) in trade & other payables	1,537	825
<b>(Increase)/decrease in working capital</b>	<b>(3,968)</b>	<b>(443)</b>
<b>Cash generated from operations</b>	<b>10,398</b>	<b>12,879</b>
Income taxes paid	(3,289)	(2,407)
<b>Net cash generated from/(used in) operating activities</b>	<b>7,109</b>	<b>10,472</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(878)	(619)
Sale of fixed assets	32	41
(Purchase)/sale of current investments	(3,016)	(8,978)
Payment towards business acquisition	(125)	(71)
Increase in non-current investment	(1)	-
Dividend received from subsidiaries	579	141
Realised gain from current investment in mutual funds	516	194
Interest received	7	16
Gain on buyback of shares by subsidiary	388	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,498)</b>	<b>(9,276)</b>

(₹ in Mn)

Particulars	April 17 - March 18	April 16 - March 17
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	3	4
Proceeds from/(repayment) of borrowings	-	(546)
Deposit under Credit support agreement received/(paid)	(407)	2,025
Interest paid	(138)	(32)
Dividend paid	(3,034)	(1,610)
Tax on dividend paid	(500)	(278)
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,076)</b>	<b>(437)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>535</b>	<b>759</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,906</b>	<b>1,222</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	35	(75)
Increase in Cash and Cash Equivalents on Amalgamation	22	0
<b>Cash and cash equivalents at end of the period</b>	<b>2,498</b>	<b>1,906</b>

As per our report attached

**B. K. Khare & Co**  
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Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Statement of Changes in Equity

for the year ended 31 March 2018

(₹ in Mn)

Particulars	Share Capital	Share capital pending allotment	General Reserve	Share Premium	Retained Earnings	Employee Stock option outstanding	Deferred Employee Compensation Expense	Capital Reserve	Other Components of Equity		Total Equity
									Hedging Reserve		
<b>Balance as on April 1, 2017</b>	171	0	3,463	1,498	20,990	1,511	(945)	0	3,081		29,769
Employee Stock Compensation Expense	-	-	2	-	-	83	(83)	-	-	-	2
On account of amalgamation	-	-	(60)	-	-	-	-	-	-	-	(60)
Net Profit for the year	-	-	-	-	11,601	-	-	-	-	-	11,601
Other Comprehensive Income	-	-	-	-	62	-	-	-	(1,056)	-	(994)
Dividends (Including DDT)	-	-	-	-	(3,639)	-	-	-	-	-	(3,639)
Other changes/ Trf to general reserve.	1	(0)	-	321	-	(377)	562	-	-	-	507
<b>Balance as on 31 March 2018</b>	<b>172</b>	<b>0</b>	<b>3,405</b>	<b>1,819</b>	<b>29,014</b>	<b>1,217</b>	<b>(466)</b>	<b>0</b>	<b>2,025</b>		<b>37,186</b>

for the year ended 31 March 2017

(₹ in Mn)

Particulars	Share Capital	Share capital pending allotment	General Reserve	Share Premium	Retained Earnings	Employee Stock option outstanding	Deferred Employee Compensation Expense	Capital Reserve	Other Components of Equity		Total Equity
									Hedging Reserve		
<b>Balance as on April 1, 2016</b>	170	-	3,772	1,473	13,272	77	-	0	877		19,641
Changes in equity for the year ended on 31 March 2017	1										1
Employee Stock Compensation Expense			8			1,492	(1,492)				8
On account of amalgamation					365						365
Net Profit for the year			-		9,376						9,376
Other Comprehensive Income					(45)				2,204		2,159
Dividends (Including DDT)					(1,978)						(1,978)
Other changes/ Trf to general reserve.		0	(317)	25		(58)	547				197
<b>Balance as on 31 March 2017</b>	<b>171</b>	<b>0</b>	<b>3,463</b>	<b>1,498</b>	<b>20,990</b>	<b>1,511</b>	<b>(945)</b>	<b>0</b>	<b>3,081</b>		<b>29,769</b>

As per our report attached

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Partner  
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**Ashok Kumar Sonthalia**

Chief Financial Officer

**Manoj Koul**

Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Notes forming part of accounts

## 1. COMPANY OVERVIEW

Larsen & Toubro Infotech Limited ('the Company') offers extensive range of IT services like application development, maintenance and outsourcing, enterprise solutions, infrastructure management services, testing, digital solutions and platform based solutions to the clients in diverse industries.

The Company is a public limited company incorporated and domiciled in India and has its registered office at L&T House, Ballard Estate, Mumbai, Maharashtra, India. The company's equity shares are listed on the National Stock Exchange Limited and BSE Limited in India.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of accounting

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, relevant amendment rules issued thereafter and guidelines issued by the Securities and Exchange Board of India (SEBI).

Amounts in the financial statements are presented in Indian Rupees in millions [10 lakhs = 1 million] as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees.

### b. Presentation of financial statements

The statement of financial position (including statement of changes in equity) and the statement of profit and loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind

AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in the 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 Accounting Standards.

### c. Operating cycle for current and non-current classification

The company identifies asset/liabilities as current if the same are receivable/payable within twelve months else the same are considered as non-current.

### d. Revenue recognition

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated rebates and other similar allowances.

Revenue from contracts priced on time and material basis is recognized when services are rendered and related costs are incurred.

Revenue from services performed on fixed-price basis is recognized over the life of contract using the proportionate completion method.

Revenue from sale of products and licenses is recognized upon delivery when all risks and rewards are transferred.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

### e. Other income

- I) Interest income is recognized using the effective interest method.
- II) Dividend income is accounted in the period in which the right to receive the same is established.
- III) Other items of income are accounted as and when the right to receive arises.

### f. 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.

# Notes forming part of accounts

## II) Post-employment benefits

### i) Defined contribution plan:

The Company's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognized during the period in which the employee renders the related service.

### ii) Defined benefit plans:

The provident fund scheme managed by trust, employees gratuity fund scheme managed by Life Insurance Corporation of India and post-retirement medical benefit scheme are the Company's defined benefit plans. Wherever applicable, 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.

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 as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses through re-measurement of the defined benefit liability/ (asset) are recognized in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognized in other comprehensive income. The effect of any plan amendments are recognized in statement of profit and loss.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost resulting from a plan amendment or curtailment are recognized immediately in the statement of profit and loss.

### (iii) Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized as determined by actuarial valuation performed

by independent actuary at each balance sheet date using Projected Unit Credit Method on the additional amount expected to be paid/availed as a result of unused entitlement that has accumulated at balance sheet date. Actuarial gains and losses are recognised immediately in statement of profit and loss.

### (iv) Social security plans

Employer' contribution payable 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.

### g. Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost includes expenditure directly attributable to the acquisition of the asset and cost incurred for bringing the asset to its present location and condition.

### h. Intangible assets

Assets like customer relationship, computer software, and internally developed software are stated at cost, less accumulated depreciation, amortisation and impairment.

### i. Impairment

#### I) Impairment of trade receivable

The Company assesses at each date of statement of financial position whether a financial asset in form of trade receivable is impaired. In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on available external and internal credit risk factors such as credit default, credit rating from credit rating agencies and Company's historically observed default rates over the expected life of trade receivable. Impairment loss allowance or reversal is recognised during the period as expense or income respectively in the statement of profit and loss.

#### II) Impairment of intangible assets

At the end of each reporting period, the Company reviews the carrying amount of its intangible assets to determine if there is any indication of loss suffered. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.



# Notes forming part of accounts

## j. Leases

### I) Finance lease

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such assets are capitalised at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

### II) Operating lease

Assets acquired under lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to the profit and loss account on accrual basis.

## k. Depreciation

### I) Tangible assets

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortisation on additions and disposals are calculated on pro-rata basis from and to the month of additions and disposals.

Particulars	Useful life
• Computers and IT peripherals	Upto 6 years
• Plant and machinery	Upto 15 years
• Office equipment	Upto 5 years
• Vehicles	Upto 8 years
• Furniture and fixtures	Upto 10 years

### II) Intangible assets and amortisation

The estimated useful life of an identifiable intangible asset is based on number of factors including the effects of obsolescence, demand, competition and other economic factors and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The basis of amortization of intangible assets is as follows:

Particulars	Useful life
• Computer software	Upto 5 years

## l. Employee stock ownership schemes

In respect of stock options granted pursuant to the Company's stock options scheme, the excess of fair value of the share over the exercise price of the option is treated as discount and accounted as employee compensation cost over the vesting

period. The amount recognized as expense each year is arrived at based on the number of grants expected to vest. If options granted lapse after the vesting period, the cumulative discount recognized as expense in respect of such options is transferred to the general reserve. If options granted lapse before the vesting period, the cumulative discount recognized as expense in respect of such options is transferred to the profit and loss.

## m. Functional and presentation currency

The functional and presentation currency of the Company is the Indian Rupee as it is the currency of the primary economic environment in which the Company operates.

## n. Foreign currency transactions and balances

Foreign currency transactions are initially recorded at the rates prevailing on the date of the transaction. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

## o. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

### I) Initial measurement

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.

### II) Subsequent measurement

#### i) Non-derivative financial assets

##### A) Financial assets at amortised cost

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. Financial assets are subsequently measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

# Notes forming part of accounts

b) the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**B) Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets are subsequently measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both:

- a) Collecting contractual cash flows and selling financial assets and
- b) 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.

**C) Financial assets at fair value through profit and loss (FVTPL)**

Fair value through profit and loss is a residual category for financial assets. Any financial asset which does not meet the criteria for categorisation as at amortised cost or as financial asset at fair value through other comprehensive income is classified as financial assets fair valued through profit and loss.

**ii) Non-derivative financial liability**

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

**iii) Derivative financial instrument**

The Company holds derivative financial instrument such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

**A) Cash flow hedges**

Changes in the fair value of the derivative hedging instruments designated as cash flow hedges on net basis are recognized in other comprehensive income and presented within equity as hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve in respect of hedges on net basis is transferred to the statement of profit or loss upon the occurrence of the related forecasted transaction and reported as part of foreign exchange gains or losses. Changes in fair value of foreign currency derivative instruments not designated

as cash flow hedges and ineffective portion of cash flow hedges are recognized in statement of profit and loss and reported as part of foreign exchange gains or losses.

**B) Fair value hedges**

Changes in the fair value of the derivative instruments designated as fair value hedges are recognised in statement of profit and loss.

**(III) Derecognition**

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

**p. Taxes on income**

Income tax expense comprises current and deferred income tax. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Indian Income tax Act, 1961. Foreign branches recognize current tax and deferred tax liabilities and assets in accordance with the applicable local laws.

Income tax and deferred tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case income tax expense is recognised in other comprehensive income. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities (Refer note 7 for applicable tax rates in various jurisdiction).

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or 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. Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax

## Notes forming part of accounts

assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

### q. Borrowing costs

Borrowing costs include interest, commitment charges and finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

### r. 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

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flow. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in 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 recognised nor disclosed.

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

### s. Segment accounting

Operating segments are defined as components of an enterprise for which discrete financial information is used regularly by the Company's Chief Operating Decision Maker in deciding how to allocate resources and assessing performance.

- i) Segment revenue is the revenue directly identifiable with the segment.
- ii) Expenses that are directly identifiable with or allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not identifiable with / allocable to segments are included under "Unallocable expenses".
- iii) Other income relates to the Company as a whole and is not identifiable with / allocable to segments.
- iv) Assets and liabilities used in the Company's business are not identified to any of the reportable segments as these are used interchangeably.

### t. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ("Cash flow statements").

## 3. RECENT ACCOUNTING PRONOUNCEMENTS

Indian Accounting Standards (Ind AS) 115 - Revenue from Contracts with Customers

The Ministry of Corporate Affairs (MCA) has notified on 28th Mar'18 Ind AS 115 - Revenue from Contracts with Customers. This Standard will be applicable from the financial years beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard specifically adopts a five step model as below for recognising revenue:

- a) Identify the contract(s) with a customer
- b) Identify the performance obligations in contract
- c) Determine the transaction price
- d) Allocate the transaction price to the performance obligations in the contract
- e) Recognise revenue when (or as) the entity satisfies a performance obligation

## Notes forming part of accounts

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company will apply Ind AS 115 from April 1, 2018, retrospectively to all the contracts with customers which are not completed as on April 1, 2018. The cumulative effect of initially

applying the standard will be recognised as an adjustment to the opening balance in retained earnings on April 1, 2018 at the time of reporting for financial year 2018-19. The Company has evaluated its major contracts with customers and does not expect any material impact of the adoption of this Standard on its retained earnings as on April 1, 2018 as well as to its net income on an ongoing basis.

#### 4. INTANGIBLE ASSETS

The balance useful life of intangible assets as on the respective balance sheet dates is as follows:-

(₹ in Mn)

Class of assets	As at 31 March 2018		As at 31 March 2017	
	Balance useful life	Carrying amount	Balance useful life	Carrying amount
Software	upto 5 years	315	upto 5 years	382
<b>Total</b>		<b>315</b>		<b>382</b>

# Notes forming part of accounts

## 4. FIXED ASSETS - As of 31 March 2018

(₹ in Mn)

Fixed and intangible assets	Gross Block				Depreciation/Amortisation				Net Block		
	As at 1-Apr-17	Pursuant to Amalgamation*	Additions	Deductions	As at 31-Mar-18	As at 1-Apr-17	Pursuant to Amalgamation*	For the year	On deductions	As at 31-Mar-18	As at 31-Mar-18
<b>Tangible assets - own</b>											
Leasehold land	10	-	-	-	10	0	-	0	-	0	10
Buildings - own	126	-	-	-	126	16	-	8	-	24	102
Leasehold improvements	351	-	67	4	414	61	-	48	0	109	305
Plant and machinery	676	-	57	10	723	154	-	84	8	230	493
Owned computers	933	1	255	0	1,189	457	1	239	0	697	492
Office equipments	518	0	101	2	617	209	0	119	2	326	291
Furniture and fixtures	675	0	88	2	761	161	0	98	1	258	503
Vehicles	335	-	52	54	333	89	-	51	23	117	216
Capital work in progress	-	-	-	-	-	-	-	-	-	-	10
<b>Total of tangible assets</b>	<b>3,624</b>	<b>1</b>	<b>620</b>	<b>72</b>	<b>4,173</b>	<b>1,147</b>	<b>1</b>	<b>647</b>	<b>34</b>	<b>1,761</b>	<b>2,422</b>
<b>Intangible assets</b>											
Software	2,167	0	199	-	2,366	1,785	0	266	-	2,051	315
Business rights	98	-	-	98	-	98	-	-	98	-	-
Intangible assets under development	-	-	-	-	-	-	-	-	-	-	58
<b>Total of intangible assets</b>	<b>2,265</b>	<b>0</b>	<b>199</b>	<b>98</b>	<b>2,366</b>	<b>1,883</b>	<b>0</b>	<b>266</b>	<b>98</b>	<b>2,051</b>	<b>373</b>

1. Impairment upto 31 March 2018 - NIL
2. AugmentIQ Data Sciences Private Limited has been amalgamated with the Company from the appointed date of 1 April 2017

## 4. FIXED ASSETS - As of 31 March 2017

(₹ in Mn)

Fixed and intangible assets	Gross Block			Depreciation/Amortisation			Net Block	
	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 01-Apr-16	For the year	On deductions	As at 31-Mar-17
<b>Tangible assets - own</b>								
Leasehold land	10	-	-	10	(0)	0	-	10
Buildings - own	126	-	-	126	8	8	-	110
Leasehold improvements	290	76	15	351	36	40	15	290
Plant and machinery	628	50	2	676	77	79	2	522
Owned computers	826	159	52	933	249	260	52	476
Office equipments	406	121	9	518	106	112	9	309
Furniture and fixtures	650	59	34	675	95	95	29	514
Vehicles	336	62	63	335	51	54	16	246
Capital work in progress								9
<b>Total of tangible assets</b>	<b>3,272</b>	<b>527</b>	<b>175</b>	<b>3,624</b>	<b>622</b>	<b>648</b>	<b>123</b>	<b>2,486</b>
<b>Intangible assets</b>								
Software	2,110	269	212	2,167	1,556	441	212	382
Business rights	98	-	-	98	98	-	-	-
Intangible assets under development	-	-	-	-	-	-	-	3
<b>Total of intangible assets</b>	<b>2,208</b>	<b>269</b>	<b>212</b>	<b>2,265</b>	<b>1,654</b>	<b>441</b>	<b>212</b>	<b>385</b>

1. Impairment upto 31 March 2017 - NIL

# Notes forming part of accounts

## 5 NON-CURRENT INVESTMENTS

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
<b>Long term investment in subsidiaries:</b>		
<b>Equity Shares (Unquoted) :</b>		
2 (previous year - 1) fully paid equity shares of Euro 25,000 each in Larsen & Toubro Infotech GmbH *	1,219	1
100 fully paid equity shares of CAD 1 each in Larsen & Toubro Infotech Canada Limited	7	7
600,000 (previous year - 1,000,000) equity shares at no par value in L&T Infotech Financial Services Technologies Inc.**	1,686	2,806
332,350 equity shares at no par value in Laresen And Toubro Infotech South Africa (Pty) Ltd	2	2
175,000 fully paid equity shares of USD 1 each in L&T Information Technology Services (Shanghai) Co. Ltd.	11	11
1,102,419 fully paid equity shares of ₹ 10 each in AugmentIQ Data Sciences Pvt Ltd ***	-	71
1 fully paid equity share of Euro 5,000 in Larsen & Toubro Infotech Austria GmbH	3	3
50,000 fully paid equity shares of Euro 1 each in L&T Information Technology Spain, SL	4	4
450,000 fully paid equity shares of ₹ 10 each in Syncordis Software Services India Private Limited §	26	-
<b>Other :</b>		
Membership interest of MXN 2,970 in L & T Infotech S.de. RL. C.V #	0	-
<b>Other equity investments (Unquoted) :</b>		
2500 equity shares of USD 1 each in Larsen & Toubro LLC @	1	-
	<b>2,959</b>	<b>2,905</b>

\* The Company has made additional investment of ₹ 1,218 Million on 07 December 2017 in Larsen & Toubro Infotech GmbH (LTI GmbH) for acquisition of Syncordis S.A, Luxembourg, by LTI GmbH along with its fully owned subsidiaries France, UK and Luxembourg.

\*\* On 21 March 2018, L&T Infotech Financial Services Technologies Inc. ("LTIFST") bought back 40% of its total equity capital (i.e. 400,000 shares) from its Shareholder (the Company) for a consideration of ₹ 1,507 Mn against cost of ₹ 1,119 Mn. As a result, other income for the year ended 31 March 2018 includes gain of ₹ 388 Mn arising from this buy back.

\*\*\* AugmentIQ Data Sciences Private Limited has been amalgamated with the Company from the appointed date of 1 April 2017 (refer note 40 to notes to accounts)

# L & T Infotech S.de. RL. C.V was formed in Mexico in March 2017 and started its operations in September 2017. The Company has invested ₹ 10,842 towards 99% of the Equity Stock in July 2017. Balance 1% is held by L&T Infotech Financial Services Technologies Inc.

§ The Company has acquired "Syncordis Software Service India Private Limited" on 11 December 2017 (refer note 41).

@ The Company has acquired 4.76% shareholding of Larsen & Turbo LLC on 14 August 2017. The Company does not have control over its operations.

Impairment upto 31 March 2018 - NIL

## 6 NON CURRENT LOANS

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
<b>Unsecured, considered good</b>		
Security deposits	384	311
	<b>384</b>	<b>311</b>

## 7 OTHER NON CURRENT FINANCIAL ASSETS

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
Forward contract receivable	721	1,866
	<b>721</b>	<b>1,866</b>

# Notes forming part of accounts

## 8 DEFERRED TAX ASSETS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
MAT credit	2,530	2,576
Less: Deferred tax liability	(611)	(1,137)
	<b>1,919</b>	<b>1,439</b>

### 8 (I) Deferred tax liabilities/assets as at 31 March 2018

(₹ in Mn)

Particulars	Deferred tax asset/ (liability) as at 31-03-2017	Current year (charge) / credit	(Charge) / credit to Hedging Reserve	Charge pursuant to amalgamation (Refer note 40)	Deferred Tax asset/ (liability) as at 31-03-2018
<b>Deferred tax liabilities</b>					
Gain on cash flow hedges	(920)	-	234		(686)
Branch profit tax	(542)	(141)			(683)
Unrealised gains on investments	-	(53)	-	-	(53)
Others	(1)	-	-	-	(1)
	<b>(1,463)</b>	<b>(194)</b>	<b>234</b>	<b>-</b>	<b>(1,423)</b>
<b>Deferred tax assets</b>					
Provision for doubtful debts & advances	51	31	-	-	82
Provision for employee benefits	153	71	-	-	224
Realised gain on forward contracts	95	25	-	-	120
MTM on derivative instruments designated as fair value hedges	(46)	111	-	-	65
Depreciation / amortisation	63	146	-	-	209
Capital Loss on buyback of shares by LTIFST	-	63	-	-	63
Others	10	38	-	1	49
MAT Credit*	2,576	(46)	-	-	2,530
	<b>2,902</b>	<b>439</b>	<b>-</b>	<b>1</b>	<b>3,342</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>1,439</b>	<b>245</b>	<b>234</b>	<b>1</b>	<b>1,919</b>

\*MAT credit for year ended 31 March 2018 of ₹ 59 Mn is net off reduction in MAT for year ending 31 March 2017 ₹ 106 Mn due to Ind AS transitional deductions as per section 115JB of Income Tax Act 1961.

### 8 (II) Net Schedule of Deferred tax assets as at 31 March 2018

(₹ in Mn)

Particulars	Deferred tax asset/ (liability) as at 31-03-2017	Current year (charge) / credit	(Charge) / credit to Hedging Reserve	Charge pursuant to amalgamation (Refer note 40)	Deferred Tax asset/ (liability) as at 31-03-2018
Gain on cash flow hedges	(920)	-	234	-	(686)
Branch profit tax	(542)	(141)	-	-	(683)
MTM on derivative instruments designated as fair value hedges	(46)	111	-	-	65
Unrealised gains on investments	-	(53)	-	-	(53)
Provision for doubtful debts & advances	51	31	-	-	82
Provision for employee benefits	153	71	-	-	224
Realised gain on forward contracts	95	25	-	-	120
Depreciation / amortisation	63	146	-	-	209
Capital Loss on buyback of shares by LTIFST	-	63	-	-	63
Others	9	38	-	1	48
MAT Credit	2,576	(46)	-	-	2,530
<b>Net deferred tax assets/ (liabilities)</b>	<b>1,439</b>	<b>245</b>	<b>234</b>	<b>1</b>	<b>1,919</b>



# Notes forming part of accounts

## 8 (III) Deferred tax liabilities/assets as at 31 March 2017

(₹ in Mn)

Particulars	Deferred tax asset/ (liability) as at 31-03-2016	Current year (charge) / credit	(Charge) / credit to Hedging Reserve	Charge pursuant to amalgamation (Refer note 40)	Deferred Tax asset/ (liability) as at 31-03-2017
<b>Deferred tax liabilities</b>					
Gain on cash flow hedges	(172)	-	(748)	-	(920)
Branch profit tax	(427)	(115)	-	-	(542)
MTM on derivative instruments designated as fair value hedges	-	(46)	-	-	(46)
Others	(1)	-	-	-	(1)
	<b>(600)</b>	<b>(161)</b>	<b>(748)</b>	<b>-</b>	<b>(1,509)</b>
<b>Deferred tax assets</b>					
Provision for doubtful debts & advances	43	8	-	-	51
Depreciation / amortisation	32	31	-	-	63
Provision for employee benefits	98	55	-	-	153
Realised gain on forward contracts	41	95	(41)	-	95
Others	10	-	-	-	10
MAT Credit	2,574	440	(440)	2	2,576
	<b>2,798</b>	<b>629</b>	<b>(481)</b>	<b>2</b>	<b>2,948</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>2,198</b>	<b>468</b>	<b>(1,229)</b>	<b>2</b>	<b>1,439</b>

## 8 (IV) Net Schedule of Deferred tax assets as at 31 March 2017

(₹ in Mn)

Particulars	Deferred tax asset/ (liability) as at 31-03-2016	Current year (charge) / credit	(Charge) / credit to Hedging Reserve	Charge pursuant to amalgamation (Refer note 40)	Deferred Tax asset/ (liability) as at 31-03-2017
Deferred tax liabilities					
Gain on cash flow hedges	(172)	-	(748)	-	(920)
Branch profit tax	(427)	(115)	-	-	(542)
MTM on derivative instruments designated as fair value hedges	-	(46)	-	-	(46)
Depreciation / amortisation	32	31	-	-	63
Provision for doubtful debts & advances	43	8	-	-	51
Provision for employee benefits	98	55	-	-	153
Realised gain on forward contracts	41	95	(41)	-	95
Others	9	-	-	-	9
MAT Credit	2,574	440	(440)	2	2,576
<b>Net deferred tax assets/(liabilities)</b>	<b>2,198</b>	<b>468</b>	<b>(1,229)</b>	<b>2</b>	<b>1,439</b>

## Notes forming part of accounts

### 8 (V) Summary of minimum alternate tax (MAT) credit available for set off against future tax liability arising under normal provision of Income tax Act, 1961 for the year ended 31 March 2018

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward in current year	MAT Credit utilised during the Current Year	Balance MAT to be carried forward to next year
2007-08	184	184	-	-	-
2008-09	218	218	-	-	-
2009-10	272	87	185	-	185
2010-11	454	-	454	-	454
2011-12	(0)	-	(0)	-	(0)
2012-13	0	-	0	-	0
2013-14	366	-	366	-	366
2014-15	485	-	485	-	485
2015-16	647	-	647	-	647
2016-17*	334	-	334	-	334
2017-18	59	-	59	-	59
<b>Total</b>	<b>3,019</b>	<b>489</b>	<b>2,530</b>	<b>-</b>	<b>2,530</b>

\*Reduction in MAT for the year ended 31 March 2017 is ₹ 106 Mn due to Ind AS transitional deductions as per section 115JB of Income Tax Act 1961.

### 8 (VI) Summary of minimum alternate tax (MAT) credit available for set off against future tax liability arising under normal provision of Income tax Act, 1961 for the year ended 31 March 2017

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward in current year	MAT Credit utilised during the Current Year	Balance MAT to be carried forward to next year
2007-08	184	184	-	-	-
2008-09	218	218	-	-	-
2009-10	272	87	185	-	185
2010-11	454	-	454	-	454
2011-12	(0)	-	(0)	-	(0)
2012-13	0	-	0	-	0
2013-14	365	-	365	-	365
2014-15	485	-	485	-	485
2015-16	647	-	647	-	647
2016-17	440	-	440	-	440
<b>Total</b>	<b>3,065</b>	<b>489</b>	<b>2,576</b>	<b>-</b>	<b>2,576</b>

## 9 OTHER NON CURRENT ASSETS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Prepaid expenses	106	155
Advance recoverable in cash or kind including Indirect tax recoverable	914	1,118
	<b>1,020</b>	<b>1,273</b>

# Notes forming part of accounts

## 10 CURRENT INVESTMENTS

(₹ in Mn)

Particulars	Face value per unit	Units as at 31-03-2018	Amount as at 31-03-2018	Amount as at 31-03-2017
<b>Mutual funds - Unquoted</b>				
Aditya Birla SL Cash Manager Direct-G	100	1,647,931	719	-
Aditya Birla SL Savings Direct-G	100	2,082,654	717	-
Aditya Birla SL Banking & PSU Debt Direct-G	10	9,318,580	488	-
ABSL Interval Income Fund - Quarterly Plan - Series 1	10	8,954,034	202	-
Birla Sun Life Savings Fund - Dir - DDR	100	-	-	222
Birla Sun Life Short Term Fund - Dir - MDR	10	-	-	553
ICICI Pru Savings Direct-G	10	2,691,513	728	-
ICICI Prudential FMP Series 82 - 103 Days Plan 0	10	20,000,000	201	-
ICICI Pru Flexible Income Direct-G	10	450,196	151	-
ICICI Prudential Savings Fund - Direct Plan - Growth	10	593,833	160	-
ICICI Prudential Flexible Income Plan - Direct - DDR	100	-	-	200
ICICI Prudential Ultra Short Term Plan - Dir - DDR	10	-	-	811
ICICI Prudential Short Term Fund - Dir - MDR	10	-	-	89
ICICI Prudential Savings Plan - Direct - DDR	100	-	-	60
ICICI Prudential Banking & PSU Debt Fund -Dir- DDR	10	-	-	131
Invesco India Liquid Direct-G	1,000	144,417	345	-
Invesco India Medium Term Bond Direct-G	1,000	221,719	403	-
Invesco India Medium Term Bond Fund-Dir-DDR	1,000	-	-	166
Kotak Equity Arbitrage Direct-G	10	39,495,646	1,008	-
Kotak Low Duration Direct-G	100	394,800	865	-
Kotak FMP Series 218 - 92 Days Direct-G	10	10	242	-
Kotak Bond Short Term Plan - Dir -MDR	10	-	-	745
Kotak Low Duration Fund - Direct Plan - MDR	1,000	-	-	406
L&T Liquid-G	100	115,569	275	-
L&T Liquid Fund Direct Plan -G	100	100,863	240	-
L&T Short Term Opportunity Fund-Dir-MDR	10	-	-	451
L&T Ultra Short Term Fund -Dir- DDR	10	-	-	384
L&T Floating Rate Fund - Direct - MDR	10	-	-	523
L&T Banking and PSU Debt Fund -Dir- MDR	10	-	-	732
Reliance Medium Term Direct-G	10	27,398,180	1,019	-
Reliance Arbitrage Advantage Fund- Direct-G	10	5,487,812	403	-
Reliance Fixed Horizon Fund XXXVI Series 4 Direct-G	10	35,000,000	353	-
Reliance Monthly Interval Fund Series II Direct - Growth	10	13,033,618	302	-
Reliance Medium Term Fund-Dir - DDR	10	-	-	397
Reliance Short-term Direct-MDR	10	-	-	250
Reliance Money Manager Fund-Dir - DDR	1,000	-	-	554
UTI SPReAD Direct-G	10	23,116,745	554	-
UTI Banking & PSU Debt Fund -Dir- DDR	10	-	-	667
UTI Treasury Advantage Fund - Direct - MDR	1,000	-	-	292
Franklin India Low Duration Direct-G	10	37,561,903	762	580
Franklin India Ultra Short Bond Super Inst Direct-G	10	42,447,366	1,025	-
Edelweiss Arbitrage Direct-G	10	15,244,367	201	-
IDFC Cash Plan Direct- G	100	293,792	620	-
HDFC Liquid Direct-G	100	70,191	240	-
HDFC Cash Mgmt Fund- Treasury Advantage- Dir- DDR	10	-	-	205
HDFC Short Term Opportunities Fund - FDR	10	-	-	356
HDFC Banking and PSU Debt Direct-WDR	10	-	-	370
SBI Treasury Advantage Fund - Direct Plan - Growth	100	212,823	421	-
SBI Short Term Debt Fund -Dir- MDR	10	-	-	262
<b>Total</b>			<b>12,644</b>	<b>9,406</b>

# Notes forming part of accounts

## 11 TRADE RECEIVABLES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
<b>Unsecured, considered good</b>		
Due from related parties (refer note 42)	761	638
Due from others	12,514	10,588
<b>Unsecured, considered doubtful</b>	327	230
Less : Allowance for bad & doubtful debts	(327)	(230)
	<b>13,275</b>	<b>11,226</b>

### Allowance for bad & doubtful debts movement

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Balance at the beginning of the year	230	219
Additions during the year, net	104	16
Uncollectable receivables charged against allowances	(31)	-
Exchange gain/(loss)	24	(5)
Balance at the end of year	<b>327</b>	<b>230</b>

## 12 CASH AND CASH EQUIVALENT

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Cash on hand	-	-
Balances with bank		
- in current accounts		
Overseas	1,401	914
Domestic	428	231
- in deposit accounts	-	159
Remittance in transit	650	568
	<b>2,479</b>	<b>1,872</b>

## 13 OTHER BANK BALANCES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Earmarked balances with banks (unclaimed dividend)	4	3
Cash and bank balance not available for immediate use	15	31
	<b>19</b>	<b>34</b>

## 14 CURRENT LOANS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
<b>Unsecured, considered good</b>		
Security deposits	235	154
	<b>235</b>	<b>154</b>

# Notes forming part of accounts

## 15 OTHER CURRENT FINANCIAL ASSETS

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
Advances to employees	385	260
Forward contract receivable	1,581	2,251
Others	-	1
	<b>1,966</b>	<b>2,512</b>

## 16 OTHER CURRENT ASSETS

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
Prepaid expenses	674	809
Advances recoverable in cash or in kind	277	44
Advances to vendors	78	22
	<b>1,029</b>	<b>875</b>

## 17 SHARE CAPITAL

### I) Share capital authorised, issued, subscribed and paid up:

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
<b>Authorised :</b>		
260,000,000 equity shares of ₹ 1 each *	260	240
[Previous year 240,000,000 of ₹ 1 each]		
	<b>260</b>	<b>240</b>
<b>Issued, paid up and subscribed</b>		
171,999,263 equity shares for ₹ 1 each	172	171
[Previous year 170,571,113 of ₹ 1 each]		
	<b>172</b>	<b>171</b>

\* Pursuant to scheme of amalgamation of AugmentIQ Data Sciences Private Limited (transferor company) with the Company, the authorised share capital of ₹ 20 Mn is transferred to the Company (refer no. 40)

### II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

### III) Shareholders holding more than 5% of equity shares as at the end of the year:

	(₹ in Mn)	
Name of Shareholder	Number of Shares	Shareholding %
	As at 31-03-2018	
Larsen & Toubro Limited	142,693,637	82.96%
	As at 31-03-2017	
Larsen & Toubro Limited	143,750,000	84.28%

# Notes forming part of accounts

## IV) Reconciliation of the number of equity shares and share capital:

Due to allotment of shares on exercise of stock options by employees, there was a movement in share capital for the year ended 31 March 2018 and the year ended 31 March 2017 as given below:

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Issued, subscribed and fully paid up equity shares outstanding at the beginning	170,571,113	169,816,188
Add: Shares issued on exercise of employee stock options	1,428,150	754,925
Issued, subscribed and fully paid up equity shares	171,999,263	170,571,113

## V) Stock option plans:

### Employee Stock Ownership Scheme ('ESOS Plan')

The grant of options to the employees under ESOS Plan is on the basis of their performance and other eligibility criteria.

Sr. no	Particulars	ESOP scheme 2000 I, II & III		ESOP scheme 2000 IV - XXI		U.S. Stock Option Sub-plan 2006		ESOP scheme 2015	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
i	Grant Price	₹ 5	₹ 5	₹ 2	₹ 2	USD 2.4	USD 2.4	₹ 1	₹ 1
ii	Grant Dates	01 April 2001 onwards		01 October 2001 onwards		15 March 2007 onwards		10 June 2016 onwards	
iii	Vesting commences on	01 April 2002 onwards		01 October 2002 onwards		15 March 2008 onwards		10 June 2017 onwards	
iv	Options granted & outstanding at the beginning of the year	36,720	82,660	1,450,725	2,350,106	47,000	143,650	3,596,300	-
v	Options reinstated during the year	-	-	-	-	-	-	-	-
vi	Options granted during the year	-	-	-	-	-	-	129,300	3,658,000
vii	Options allotted/excised during the year	3,375	11,830	673,315	725,445	8,000	17,650	743,460	-
viii	Options Lapsed/cancelled during the year	12,000	34,110	92,108	173,936	-	79,000	132,000	61,700
ix	Options granted & outstanding at the end of the year	21,345	36,720	685,302	1,450,725	39,000	47,000	2,850,140	3,596,300
x	Options vested at the end of the year out of (ix)	21,345	36,720	447,852	223,760	39,000	47,000	312,600	-
xi	Options unvested at the end of the year out of (ix)	-	-	237,450	1,226,965	-	-	2,537,540	3,596,300
xii	Weighted average remaining contractual life of options (in years)	-	-	0.7	1.7	-	-	5.3	6.2

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

Particulars	2017-18		2016-17	
	No. of stock options	Weighted average exercise price	No. of stock options	Weighted average exercise price
i Options granted & outstanding at the beginning of the year	5,130,745	2.73	2,576,416	11.14
ii Options reinstated during the year	-	-	-	-
iii Options granted during the year	129,300	1.00	3,658,000	1.00
iv Options allotted during the year	1,428,150	2.35	754,925	5.64
v Options Lapsed/cancelled during the year	236,108	1.59	348,746	36.92
vi Options granted & outstanding at the end of the year	3,595,787	2.90	5,130,745	2.73
vii Options vested at the end of the year out of (vi)	820,797	9.03	307,480	25.84

## Notes forming part of accounts

- VII)** The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended 31 March 2018 are Nil (previous period of five years ended 31 March 2017 - Nil)
- VIII)** The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended 31 March 2018 – Nil (previous period of five years ended 31 March 2017 - Nil)
- VIII)** During the year ended 31 March 2018, the amount of interim dividend distributed to equity shareholder was ₹ 8.00 per equity share for the year ended 31 March 2018 and final dividend of ₹ 9.70 per equity share for the year ended 31 March 2017.
- IX)** Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 850 per share.
- X)** Weighted average fair value of options granted during the year is ₹ 644.71
- XI)** The fair value has been calculated using the Black-Scholes Option Pricing model and significant assumptions and inputs to estimate the fair value options granted during the year are as follows:

Sr. no	Particulars	2017-18	2016-17
i	Weighted average risk-free interest rate	6.69%	7.10%
ii	Weighted average expected life of options	3 years	3 years
iii	Weighted average expected volatility	17.88%	19.23%
iv	Weighted average expected dividends over the life of option	₹ 115.33	₹ 115.56
v	Weighted average share price	₹ 644.71	₹ 407.74
vi	Weighted average exercise price	₹ 1	₹ 1
vii	Method used to determine expected volatility	The expected volatility has been calculated based on historic volatility IT Index	The expected volatility has been calculated based on historic volatility IT Index

- XII)** The balance in share option outstanding account as at 31 March 2018 is ₹ 1,217 Mn (previous year ₹ 1,511 Mn)

### 18 OTHER EQUITY

(₹ in Mn)			
Sr. no	Particulars	2017-18	2016-17
I)	General Reserve		
	Opening balance	3,463	3,772
	Add: Employee stock compensation expense	2	8
	Less: General Reserve on amalgamation (Refer note 40)	(60)	(317)
		<b>3,405</b>	<b>3,463</b>
II)	Hedging Reserve		
	Opening balance	3,081	877
	Add: Movement in forward contracts receivable	1,477	4,641
	Less: Amount reclassified to profit or loss	(2,966)	(1,460)
	Add/(Less): Deferred tax related to above	433	(977)
		<b>2,025</b>	<b>3,081</b>
III)	Share Premium		
	Opening balance	1,498	1,473
	Add: Additions during the year	321	25
		<b>1,819</b>	<b>1,498</b>
IV)	Employee Stock option outstanding		
	Opening balance	1,511	77
	Add: Additions during the year	83	1,492
	Less: Transferred to general reserve	(377)	(8)
	Less: Deductions during the year	-	(50)

# Notes forming part of accounts

(₹ in Mn)

Sr. no	Particulars	2017-18	2016-17
		<b>1,217</b>	<b>1,511</b>
	Deferred employee compensation expense		
	Opening balance	(945)	-
	Add: Additions during the year	562	547
	Less: Deductions during the year	(83)	(1,492)
		<b>(466)</b>	<b>(945)</b>
	Balance to be carried forward	<b>751</b>	<b>566</b>
V)	Capital Reserve		
	Opening balance	0	0
	Add: Additions during the year	-	-
		<b>0</b>	<b>0</b>
VI)	Retained Earnings		
	Opening balance	20,990	13,272
	Add: Transfer due to amalgamation	-	365
	Add: Profit for the year	11,601	9,376
	Add: Other comprehensive income	62	(45)
	Less: Dividend (including dividend distribution tax)	(3,639)	(1,978)
		<b>29,014</b>	<b>20,990</b>
		<b>37,014</b>	<b>29,598</b>

## 19 OTHER NON CURRENT FINANCIAL LIABILITIES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Liability for customer settlement expense	204	-
	<b>204</b>	<b>-</b>

## 20 (I) NON CURRENT PROVISIONS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Post retirement medical benefits	169	174
Others	111	111
	<b>280</b>	<b>285</b>

## 20 (II) Disclosure pursuant to Accounting Standard (Ind-AS) 37 "Provisions, Contingent Liabilities and Contingent Assets" movement in provisions.

Sr. No.	Particulars	Class of provisions		
		Sales Tax	Others	Total
i	Balance as at 1-4-2017	4	107	111
ii	Additional provision during the year	-	-	-
iii	Provision used during the year	-	-	-
iv	Provision reversed during the year	-	-	-
v	Balance as at 31-03-2018	4	107	111



# Notes forming part of accounts

## 21 TRADE PAYABLES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Due to related parties (Refer Note 42)	83	272
Due to others	1,370	1,011
Accrued expenses	2,255	2,071
	<b>3,708</b>	<b>3,354</b>

## 22 OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Unclaimed dividend	4	3
Gratuity liability	128	157
Employee liabilities (others)	3,806	3,690
Liability on credit support agreement	1,617	2,023
Liability for customer settlement expenses	219	-
Others	57	52
	<b>5,831</b>	<b>5,925</b>

## 23 OTHER CURRENT LIABILITIES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Other Payable	1,411	1,102
	<b>1,411</b>	<b>1,102</b>

## 24 CURRENT PROVISIONS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Compensated absences	1,759	1,575
Post-retirement medical benefits	2	1
	<b>1,761</b>	<b>1,576</b>

## 25 REVENUE FROM OPERATIONS

(₹ in Mn)

	2017-18	2016-17
Revenue	69,064	61,829
	<b>69,064</b>	<b>61,829</b>

# Notes forming part of accounts

## 26 OTHER INCOME

(₹ in Mn)

	2017-18	2016-17
Income from current investments in mutual fund	738	194
Interest received from bank and others	7	16
Foreign exchange gain *	3,468	1,522
Dividends from subsidiaries	579	141
Miscellaneous income	74	110
Gains from buyback of shares by subsidiary	388	-
	<b>5,254</b>	<b>1,983</b>

\* The foreign exchange gain reported above includes gain on forward contracts which are designated as cash flow hedges of ₹ 2,966 Mn (previous year 31 March 2017 ₹ 1,460 Mn). Since the Company hedges its operational business exposure on a net basis (i.e. expected revenue in foreign currency less expected expenditure in related currency), the aforesaid gain on forward contracts relates to the business operations of the company.

## 27 EMPLOYEE BENEFIT EXPENSES

(₹ in Mn)

	2017-18	2016-17
Salaries including overseas staff expenses	38,013	32,862
Share based payments to employees	400	428
Staff welfare	408	516
Contribution to provident and other funds	480	377
Contribution to superannuation fund	45	54
Contribution to gratuity fund	155	115
Contribution to social security and other funds	1,847	1,623
	<b>41,348</b>	<b>35,975</b>

## 28 OPERATING EXPENSES

(₹ in Mn)

	2017-18	2016-17
Consultancy charges	5,400	4,462
Cost of equipment, hardware and software packages	3,386	3,313
Travelling and conveyance	2,343	2,343
Rent and establishment expenses	1,757	1,615
Repairs and maintenance	813	798
Customer settlement expense *	617	-
Telephone charges and postage	352	317
Recruitment expenses	352	205
Power and fuel	328	318
Advertisement	219	191
Rates and taxes	218	204
Communication expenses	147	187
Insurance charges	53	51
Allowance for doubtful debts and advances	121	16
Bad debts	31	-
Less: Provision written back	(17)	-
Miscellaneous expenses	166	121
	<b>16,286</b>	<b>14,141</b>

\* Customer settlement expense are in relation to one time commercial settlement entered by the Company with one of its clients on 27 March 2018.

# Notes forming part of accounts

## 29 FINANCE COST

	(₹ in Mn)	
	2017-18	2016-17
Interest on deposits with respect to credit support agreement	133	29
Others	5	3
	<b>138</b>	<b>32</b>

## 30 OTHER EXPENSES

	(₹ in Mn)	
	2017-18	2016-17
Legal and professional charges	765	620
Books and periodicals	20	10
Directors fees	31	11
Other miscellaneous expenses	133	92
	<b>949</b>	<b>733</b>

## 31 (I) CURRENT TAX (NET)

	(₹ in Mn)	
	2017-18	2016-17
Current tax	3,429	2,915
Provision for earlier year written (back)/off	(99)	19
	<b>3,330</b>	<b>2,934</b>

## 31 (II) DEFERRED TAX

	(₹ in Mn)	
	2017-18	2016-17
Deferred tax charge/(credit)	(294)	(28)
MAT credit entitlement for current year *	47	(440)
	<b>(247)</b>	<b>(468)</b>

\*MAT credit for year ended 31 March 2018 of ₹ 59 Mn is net off reduction in MAT for year ending 31 March 2017 ₹ 106 Mn due to Ind AS transitional deductions as per section 115JB of Income Tax Act 1961.

## 31 (III) A reconciliation of the income tax provision to the amount computed by applying enacted income tax rate to the profit before income taxes is summarized below:

	(₹ in Mn)	
	2017-18	2016-17
Profit before income taxes	14,684	11,842
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expense	5,082	4,098
Effect due to non-taxable income for Indian tax purposes	(1,817)	(1,360)
Overseas taxes	126	166
Short/(excess) provision, Overseas and Domestic	7	19
Effect of non taxable income	(101)	(741)
Effect of allowances of eligible expenses	(774)	(410)
Effect of non-deductible expenses	772	480
Effect of deferred taxes	(294)	(28)
Book profit related to capital loss for income tax purpose	(133)	-
Others	215	242
Tax expense as per statement of profit and loss	<b>3,083</b>	<b>2,466</b>

# Notes forming part of accounts

## 31 (IV) Applicable tax rates in various tax jurisdictions for the year ended 31 March 2018 is given below:

Jurisdiction of branches	Applicable tax rates (%)
Australia	30.00
Belgium	33.00
Costa Rica	30.00
Denmark	22.00
Finland	20.00
France	33.33
Japan	23.40
Netherlands	20.00
Norway	23.00
Philippines	30.00
Poland	19.00
Qatar	10.00
Saudi Arabia	20.00
South Africa	28.00
Singapore	17.00
Sweden	22.00
United Kingdom	19.00
United States *	31.50

\* Tax rate in United States has changed from 35% to 21% w.e.f. 1 January 2018. Rate mentioned above is weighted average rate for the year ended 31 March 2018.

## 32 STATEMENT OF OTHER COMPREHENSIVE INCOME

(₹ in Mn)

	2017-18	2016-17
<b>Items that will not be reclassified to profit or loss</b>		
Defined benefit plan actuarial gain/(loss)	80	(57)
Income tax on defined benefit plan actuarial gain/(loss)	(18)	12
	<b>62</b>	<b>(45)</b>
<b>Items that will be reclassified to profit or loss</b>		
Net changes in fair value of cash flow hedges	(1,489)	3,181
Income tax on net changes in fair value of cash flow hedges	433	(977)
	<b>(1,056)</b>	<b>2,204</b>
	<b>(994)</b>	<b>2,159</b>

## 33 CONTINGENT LIABILITIES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
1 Income tax liability that may arise in respect of which the Company is in appeal *	2,391	1,971
2 Corporate guarantee given on behalf of subsidiary **	3,456	3,726
3 Service tax refund disallowed in respect of which the Company is in the appeal #	92	81
	<b>5,939</b>	<b>5,778</b>

\* Out of contingent Tax liability disclosed above, ₹ 2,165 Mn (including interest of ₹ 185 Mn), pertains to the tax demand arising on account of disallowance of exemption u/s 10A/10AA on profits earned by STPI Units/SEZ units on onsite export revenue. Company is pursuing appeals against these demands before the relevant Appellate Authorities. The company believes that its position is likely to be upheld by appellate authorities and considering the facts, the ultimate outcome of these proceedings is not likely to have material adverse effect on the results of operations or the financial position of the Company.

\*\* The Company has given a corporate guarantee on behalf of its wholly owned subsidiary L&T Infotech Financial Services Technologies Inc (LTIFST). The guarantee is for performance of all obligations by LTIFST in connection with its long term annuity services contracts with customer. The obligation under this guarantee is limited in aggregate to the amount of CAD 70,000,000.

# The Company had filed for refund of accumulated service tax credit in accordance with relevant CENVAT credit Rules. However, the department has disallowed certain portion of such refunds considering the same as ineligible as not related with output services. The Company is in appeal against these disallowances before the relevant Authorities and is hopeful of getting a favorable order.

# Notes forming part of accounts

**34** Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 178 Mn (previous year ₹ 151 Mn).

## 35 EMPLOYEE BENEFITS

**I) The amounts recognised in balance sheet are as follows:**

		(₹ in Mn)	
		<b>Gratuity plan</b>	
		<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
a)	Present value of defined benefit obligation		
	- Wholly funded	798	684
	- Wholly unfunded	-	-
b)	Fair value of plan assets as on*	670	527
	Amount to be recognised as liability or (asset) (a-b)	128	157
	Net liability/(asset)-current	128	157
	Net liability/(asset)- non current	-	-

\* Asset is not recognised in the balance sheet

		(₹ in Mn)	
		<b>Post-retirement medical benefit plan</b>	
		<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
<b>A.</b>			
a)	Present value of defined benefit obligation		
	- Wholly funded	-	-
	- Wholly unfunded	171	175
b)	Fair value of plan assets	-	-
	Amount to be recognised as liability or (asset) (a-b)	171	175
<b>B.</b>			
	Amounts reflected in the balance sheet		
	Liability	171	175
	Assets	-	-
	Net liability/(asset)	171	175
	Net liability/(asset)-current	2	1
	Net liability/(asset)- non current	169	174

		(₹ in Mn)	
		<b>Provident fund plan (refer note (X)(iii) below)</b>	
		<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
<b>A.</b>			
a)	Present value of defined benefit obligation		
	- Wholly funded	5,865	4,910
	- Wholly unfunded	-	-
b)	Fair value of plan assets	5,914	4,939
	Amount to be recognised as liability or (asset) (a-b)*	(49)	(29)
<b>B.</b>			
	Amounts reflected in the balance sheet		
	Liability	78	62
	Assets	-	-
	Net liability/(asset)#	78	62
	Net liability/(asset)-current	78	62
	Net liability/(asset)- non current	-	-

# Employer's and employee's contribution for March 2018 paid in April 2018

\* Asset is not recognised in the balance sheet

## Notes forming part of accounts

### II) The amounts recognised in statement of profit and loss are as follows:

(₹ in Mn)

	Gratuity plan	
	As at 31-03-2018	As at 31-03-2017
i. Current service cost	135	112
ii. Past service cost	13	-
iii. Administration expenses	-	-
iv. Interest on net defined benefit liability / (asset)	7	3
v. (Gains) / losses on settlement	-	-
<b>Total expense charged to profit and loss account</b>	<b>155</b>	<b>115</b>

(₹ in Mn)

	Post-retirement medical benefit plan	
	2017-18	2016-17
i. Current service cost	43	27
ii. Past service cost	(7)	-
iii. Administration expenses	-	-
iv. Interest on net defined benefit liability / (asset)	12	10
v. (Gains) / losses on settlement	-	-
<b>Total expense charged to profit and loss account</b>	<b>48</b>	<b>37</b>

(₹ in Mn)

	Provident fund plan	
	2017-18	2016-17
1. Current service cost	271	274
2. Interest cost	440	373
3. Expected return on plan assets	(440)	(373)
<b>Total expense for the year included in staff cost</b>	<b>271</b>	<b>274</b>

### III) The amounts recognised in statement of other comprehensive income (OCI) are as follows:

(₹ in Mn)

	Gratuity plan		Post retirement medical benefit plan	
	2017-18	2016-17	2017-18	2016-17
Opening amount recognized in OCI	28	(14)	3	(11)
<b>Re-measurements during the period due to:</b>				
Changes in financial assumptions	8	41	(32)	32
Experience adjustments	(10)	(5)	(20)	(18)
Actual return on plan assets less interest on plan assets	(24)	6	-	-
<b>Closing amount recognized in OCI</b>	<b>2</b>	<b>28</b>	<b>(49)</b>	<b>3</b>

## Notes forming part of accounts

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

(₹ in Mn)		
	Gratuity plan	
	2017-18	2016-17
Opening balance of defined benefit obligation	684	579
Current service cost	135	112
Past service cost	13	-
Interest on defined benefit obligation	43	41
<b>Re-measurements due to</b>		
Actuarial loss / (gain) arising from change in financial assumption	8	41
Actuarial loss / (gain) arising from change in demographic assumptions	-	-
Actuarial loss/ (gain) arising on account of experience changes	(10)	(5)
Benefits paid	(75)	(84)
Liabilities assumed / (settled)*	-	-
Liabilities extinguished on settlements	-	-
<b>Closing balance of defined benefit obligation</b>	<b>798</b>	<b>684</b>

\* On account of business combination or inter -company transfer

(₹ in Mn)		
	Post-retirement medical benefit plan	
	2017-18	2016-17
Opening balance of defined benefit obligation	174	124
Current service cost	44	27
Past service cost	(7)	-
Interest on defined benefit obligation	12	10
<b>Re-measurements due to</b>		
Actuarial loss / (gain) arising from change in financial assumption	(32)	31
Actuarial loss / (gain) arising from change in demographic assumptions	-	-
Actuarial loss/ (gain) arising on account of experience changes	(20)	(18)
Benefits paid	-	-
Liabilities assumed / (settled)*	-	-
Liabilities extinguished on settlements	-	-
<b>Closing balance of defined benefit obligation</b>	<b>171</b>	<b>174</b>

\* On account of business combination or inter-company transfer

(₹ in Mn)		
	Provident fund plan	
	2017-18	2016-17
Opening balance of defined benefit obligation	4,910	4,254
Add : Interest cost	440	373
Add : Current service cost	271	274
Add : Contribution by plan participants	599	617
Add/(Less) : actuarial (gains)/losses	-	-
Add: Business combination/acquisition	-	-
Less: Assets acquired/(settled)*	287	(50)
Liabilities assumed on acquisition/ (settled on divestiture)	-	-
Less : Benefits paid	(642)	(558)
<b>Closing balance of defined benefit obligation</b>	<b>5,865</b>	<b>4,910</b>

\* On account of business combination or inter-company transfer

# Notes forming part of accounts

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

(₹ in Mn)

	Gratuity plan		Post retirement medical benefit plan	
	2017-18	2016-17	2017-18	2016-17
Post-retirement medical benefit plan	527	493	4,939	4,264
Employer's contributions	157	87	265	271
Expected return on plan assets	36	38	440	373
Administration expenses	-	-	-	-
Actuarial gains / (loss)	-	-	312	47
Re-measurements due to:				
Actual return on plan assets less interest on plan assets	24	(7)	-	-
Contribution by plan participants	-	-	602	592
Benefits paid	(75)	(84)	(642)	(558)
Assets acquired/(settled)*	-	-	(1)	(50)
Assets distributed on settlements	-	-	-	-
<b>Closing balance of plan assets</b>	<b>669</b>	<b>527</b>	<b>5,915</b>	<b>4,939</b>

\* On account of business combination or inter-company transfer

The Company expects to contribute ₹ 128 Mn (₹ 157 Mn in 2016-17) towards its gratuity, in the next financial year.

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

(₹ in Mn)

	2017-18	
	Gratuity plan	Provident fund plan
Government of India securities		23.05%
State government securities		20.03%
Corporate bonds		17.27%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds	Scheme with LIC	5.74%
Public sector bonds		28.45%
Mutual Funds		3.01%
Others		2.45%

**VIII) Principal actuarial assumptions at the balance sheet date :**

(₹ in Mn)

	2017-18	2016-17
i. Discount rate		
For gratuity	7.60%	6.75%
For post -retirement medical benefits	7.60%	6.75%
ii. Annual increase in healthcare costs (see note below)	5.00%	5.00%
iii. Attrition rate :	Varies between 2% to 18%	Varies between 2% to 18%
iv. Salary growth rate *	6.00%	5.00%

\* Salary growth rate assumption has been revised to reflect the Company's average salary growth rate and current market conditions



# Notes forming part of accounts

## VIII) Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan (which in case of serving employees, if any, is based on service accrued by employee up to valuation date):

### As on 31 March 2018

(₹ in Mn)

Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	106	2
Expected benefits for year 2	101	2
Expected benefits for year 3	100	3
Expected benefits for year 4	98	3
Expected benefits for year 5	94	4
Expected benefits for year 6	89	5
Expected benefits for year 7	83	5
Expected benefits for year 8	76	6
Expected benefits for year 9	74	7
Expected benefits for year 10 and above	640	1,186

### As on 31 March 2017

(₹ in Mn)

Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	96	1
Expected benefits for year 2	87	2
Expected benefits for year 3	86	2
Expected benefits for year 4	82	3
Expected benefits for year 5	77	3
Expected benefits for year 6	72	4
Expected benefits for year 7	66	5
Expected benefits for year 8	61	5
Expected benefits for year 9	54	6
Expected benefits for year 10 and above	469	1,036

The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

## IX) Sensitivity analysis

### i) Post retirement benefits:

Although the obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits, assumed healthcare cost trend rates may affect the amounts recognised in the statement of profit and loss. The benefit obligation results for the cost of paying future hospitalization premiums to insurance company and reimbursement of domiciliary medical expenses in future for the employee / beneficiaries during their lifetime is sensitive to discount rate, future increase in healthcare costs and longevity. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

	Period ended 31 March 2018
<b>Discount Rate</b>	
Impact of increase in 100 bps on defined benefit obligation	-17.38%
Impact of decrease in 100 bps on defined benefit obligation	22.74%
<b>Healthcare costs rate</b>	
Impact of increase in 100 bps on defined benefit obligation	17.71%
Impact of decrease in 100 bps on defined benefit obligation	-14.09%
<b>Life expectancy</b>	
Impact of increase by 1 year on defined benefit obligation	0.57%
Impact of decrease by 1 year on defined benefit obligation	-0.59%

# Notes forming part of accounts

## ii) Gratuity:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption as below:

	Period ended 31 March 2018	
	Discount rate	Salary escalation rate
Impact of increase in 100 bps on defined benefit obligation	-6.08%	6.80%
Impact of decrease in 100 bps on defined benefit obligation	6.82%	-6.19%

## X) General descriptions of defined benefit plans:

### i) Gratuity plan

The Company makes contributions to the Company's employees' Company 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 or 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.

### ii) 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.

### i) Provident fund plan

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

The interest payment obligation of trust managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of profit and loss as actuarial loss. Any loss arising out of the investment risk and actuarial risk associated with the plan is also recognised as expense in the period in which such loss occurs. Further, an amount of ₹ Nil has been provided based on actuarial valuation towards the future obligation arising out of interest rate guarantee associated with the plan.

## 36 FINANCIAL INSTRUMENTS BY CATEGORY

### i) Carrying value of financial instruments by categories are as follows:

(₹ in Mn)

	As at 31-03-2018				As at 31-03-2017			
	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Total	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Total
Financial assets								
Investments	12,645	-	-	12,645	9,406	-	-	9,406
Trade receivables	-	-	13,275	13,275	-	-	11,226	11,226
Unbilled revenue	-	-	8,191	8,191	-	-	4,668	4,668
Cash and cash equivalents	-	-	2,479	2,479	-	-	1,872	1,872
Other bank balances	-	-	19	19	-	-	34	34
Loans	-	-	619	619	-	-	465	465
Derivative financial instruments	(50)	2,351	-	2,301	220	3,897	-	4,117
Other financial assets	-	-	386	386	-	-	262	262
<b>Total</b>	<b>12,595</b>	<b>2,351</b>	<b>24,969</b>	<b>39,915</b>	<b>9,626</b>	<b>3,897</b>	<b>18,527</b>	<b>32,050</b>

# Notes forming part of accounts

(₹ in Mn)

	As at 31-03-2018				As at 31 March 2017			
	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Total	Fair value through P&L (FVTPL)	Fair value through OCI	Amortised cost	Total
Financial liability								
Current maturities of long term borrowings	-	-	-	-	-	-	-	-
Trade payables	-	-	3,708	3,708	-	-	3,354	3,354
Other financial liabilities	-	-	6,035	6,035	-	-	5,925	5,925
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,743</b>	<b>9,743</b>	<b>-</b>	<b>-</b>	<b>9,279</b>	<b>9,279</b>

## II) Fair value hierarchy used by the Company for valuation of financial assets and liabilities recognised at FVTPL and FVTOCI is as below:

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

Level 2- Inputs other than quoted prices included with in level 1 that are observable for assets or liabilities either directly or indirectly.

Level 3- Inputs for assets or liabilities that are not based on observable market data

(₹ in Mn)

	As at 31-03-2018				As at 31-03-2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments	12,644	-	1	12,645	9,406	-	-	9,406
Derivative financial instruments	-	2,301	-	2,301	-	4,117	-	4,117
<b>Total</b>	<b>12,644</b>	<b>2,301</b>	<b>1</b>	<b>14,946</b>	<b>9,406</b>	<b>4,117</b>	<b>-</b>	<b>13,523</b>

## III) Financial risk management

The Company is exposed to foreign currency risk, interest rate risk, credit or counterparty risk and liquidity risk.

### i) Currency risk

Primary market risk to the Company is foreign exchange risk.

The Company uses derivative financial instruments to mitigate foreign exchange related exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

The Company's revenues are principally in foreign currencies and the maximum exposure is in US dollars.

The Board of Directors has approved the Company's financial risk management policy covering management of foreign currency exposures. The treasury department monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Company hedges its exposure on a net basis (i.e. expected earnings in foreign currency less expected expenditure in related currency) These hedges are cash flow hedges as well as hedges not designated as cash flow hedges.

The Company does not enter into hedge transactions for either trading or speculative purposes.

The outstanding forward contracts at the year end their maturity profile and sensitivity analysis are as under.

Fair value of forward contracts designated as cash flow hedges of USD-INR as at 31 March 2018 and 31 March 2017 was ₹ 49,722 Mn and ₹ 57,886 Mn respectively. Outstanding number of contracts as at 31 March 2018 were 266 and 31 March 2017 were 269

### A) Notional value of forward contracts designated as cash flow hedges is given as below:

(₹ in Mn)

Currency	As at 31-03-2018		As at 31-03-2017	
	Amount in USD Mn	Amount in ₹ Mn	Amount in USD Mn	Amount in ₹ Mn
USD-INR	730	52,945	848	61,818

## Notes forming part of accounts

- B)** The foreign exchange forward contracts designated as cash flow hedges mature maximum within 36 months. The table below analyses the derivative financial instrument into relevant maturity Companying based on the remaining period as of the balance sheet. Contracts with maturity not later than twelve months include certain contracts which can be rolled over to subsequent periods in line with underlying exposures:

In USD	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
Not later than twelve months	26,192	29,509
Later than twelve months	26,753	32,309
<b>Total</b>	<b>52,945</b>	<b>61,818</b>

- C)** Value-at-Risk (VaR)

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 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. Because the Company uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increases in the fair value of the underlying exposures for on-balance sheet exposures. The overnight VaR of the Company at 95% confidence level is ₹ 313 Mn as at 31 March 2018 (₹ 410 Mn as at 31 March 2017).

Actual future gains and losses associated with forward contracts designated as cash flow hedge may differ materially from the sensitivity analyses performed as of 31 March 2018 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.

### ii) Interest risk

The Company has no interest rate risk in case of borrowings as on 31 March 2018. However the Company invests its surplus funds in Debt mutual funds. The Company mitigates the risk of counter-party failure by investing in mutual fund schemes with large asset under management and having investments in debt instruments issued with sound credit rating.

Net assets value (NAV) of debt mutual funds are subject to changes in interest rates. Every one percent increase or decrease in the NAV of debt mutual funds where the company holds investments will impact the Company's profit after tax by ₹ 126 Mn in 2017-18 (₹ 94 Mn in 2016-17).

### iii) Credit risk

The principal credit risk that the Company exposed to is non-collection of trade receivable and late collection of receivable 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 makes adequate provision for non-collection of trade receivable. Further, the Company has not suffered significant payment defaults by its customers.

In addition, for delay in collection of receivable, the Company has made provision for Expected Credit loss ('ECL') based on ageing analysis of its trade receivable. These range from 1.5% for dues outstanding up to six months to 19.2% for dues outstanding for more than 36 months for 2017-18 (Previous year 1.7% and 21.3% for dues outstanding up to 6 months and for more than 36 months respectively). No provision has been made on trade receivables in not due category.

## Notes forming part of accounts

ECL allowance for non-collection of receivable and delay in collection, on a combined basis was ₹ 67 Mn and ₹ 65 Mn for the financial years 2017-18 and 2016-17 respectively. The movement in allowance for doubtful debts comprising provision for both non-collection of receivables and delay in collections is as follows:

	(₹ in Mn)	
	2017-18	2016-17
Opening balance	65	62
Impairment loss recognised or (reversed)	2	3
Closing balance	67	65

The percentage of revenue from its top five customers is 36.8% for 2017-18 (37.6% for 2016-17).

The Company is exposed to counter-party risk in relation to financial instruments taken to hedge its foreign currency risks. The counter- parties are banks and the Company has entered into contracts with the counter-parties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter party risk where necessary.

#### iv) Liquidity risk

The Company's treasury department monitors the cash flows of the Company and surplus funds are invested in non- speculative financial instruments that are usually highly liquid funds.

The Company has no borrowings as on 31 March 2018 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:

	As at 31-03-2018			As at 31-03-2017		
	Within a year	More than one year	Total	Within a year	More than one year	Total
Trade payables	3,708	-	3,708	3,354	-	3,354
Other financial liabilities	5,831	204	6,035	5,926	-	5,926
<b>Total</b>	<b>9,539</b>	<b>204</b>	<b>9,743</b>	<b>9,280</b>	<b>-</b>	<b>9,280</b>

	As at 31-03-2018			As at 31-03-2017		
	Within a year	More than one year	Total	Within a year	More than one year	Total
Investments	12,644	1	12,645	9,406	-	9,406
Trade receivables	13,275	-	13,275	11,226	-	11,226
Unbilled revenue	8,191	-	8,191	4,668	-	4,668
Cash and cash equivalent	2,479	-	2,479	1,872	-	1,872
Other bank balances	19	-	19	34	-	34
Loans	235	384	619	154	311	465
Derivative financial instruments	1,580	721	2,301	2,251	1,866	4,117
Other financial assets	386	-	386	262	-	262
<b>Total</b>	<b>38,808</b>	<b>1,106</b>	<b>39,915</b>	<b>29,873</b>	<b>2,177</b>	<b>32,050</b>

# Notes forming part of accounts

## 37 LEASES

### Operating leases

The Company has taken certain premises, office equipment and employee cars under non-cancellable operating leases. The rental expense in respect of operating leases was ₹ 1,842 Mn. (previous year ₹ 1,686 Mn) and the future rentals payable are as follows:

	(₹ in Mn)	
	2017-18	2016-17
Minimum lease payments		
- payable not later than 1 year	993	917
- payable after 1 year but not later than 5 years	3,263	3,643
- payable after 5 years	502	584
	<b>4,758</b>	<b>5,144</b>

## 38 AUDITOR'S REMUNERATION (excluding taxes) charged to the accounts include:

	(₹ in Mn)	
	2017-18	2016-17
Audit fees	2	2
Tax audit fees	1	0
Other services	2	2
Expense reimbursement	-	-
	<b>5</b>	<b>4</b>

## 39 BASIC AND DILUTED EARNINGS PER SHARE (EPS) AT FACE VALUE OF ₹ 1

	2017-18	2016-17
Profit after tax (₹ in Mn)	11,601	9,376
Weighted average number of shares outstanding	171,250,145	170,112,899
<b>Basic EPS (₹)</b>	<b>67.74</b>	<b>55.11</b>
Weighted average number of shares outstanding	171,250,145	170,112,899
Add: Weighted average number of potential equity shares on account of employee stock options	3,927,388	3,879,583
Weighted average number of shares outstanding	175,177,533	173,992,482
<b>Diluted EPS (₹)</b>	<b>66.23</b>	<b>53.89</b>

# Notes forming part of accounts

## 40 AMALGAMATION OF SUBSIDIARY

AugmentIQ Data Sciences Private Limited ('AugmentIQ') and the Company on 23 June 2017 had filed, an application with Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), for sanctioning the Scheme of Amalgamation of AugmentIQ with the Company under section 230 – 232 of the Companies Act, 2013 and the rules made thereunder. NCLT had admitted the application and ordered a meeting of shareholders of AugmentIQ and the Company on 23 August 2017 and 24 August 2017, respectively. The Shareholders of AugmentIQ and the Company, respectively had approved the scheme of amalgamation. Subsequently, AugmentIQ and the Company had filed a petition with NCLT on 07 September 2017. The Scheme was sanctioned by the NCLT vide its order dated 02 May 2018. The Scheme was filed with the Registrar of Companies on 21 May 2018 and came into effect on that day with appointed date being 01 April 2017. Consequently, the business, assets, liabilities, duties and obligations of AugmentIQ have been transferred to and vested in the Company from the appointed date of 01 April 2017.

Pursuant to the aforementioned scheme of amalgamation, figures for the year ended 31 March 2018 includes the results of AugmentIQ for the year ended 31 March 2018.

The amalgamation is accounted in accordance with 'pooling of interest method' as per Ind AS 103 'Business Combinations' and in accordance with scheme approved by NCLT.

- I) All assets and liabilities (including contingent liabilities), reserves, benefits under income-tax, duties and obligations of AugmentIQ have been recorded in the books of account of the Company at their carrying amounts.
- II) The amount of share capital of AugmentIQ has been adjusted against the corresponding investment balance held by the Company in the amalgamating company and the excess of share capital over the investment has been adjusted against general reserve.
- III) Accordingly, the amalgamation has resulted in transfer of assets and liabilities as on 1 April 2017 in accordance with the terms of the Scheme at the following summarized values:

Particulars	Amount
Property, Plant and Equipment/Intangible Assets	1
Income tax and other non-current assets	5
Other Current assets	44
<b>Total assets</b>	<b>50</b>
<b>Total Liabilities</b>	<b>39</b>
<b>Net assets</b>	<b>11</b>

The following balances as on 1 April 2017 have been added to the respective opening balances of the Company:

	(₹ in Mn)
General reserve	-
Profit and loss balance	(0)

The amount charged against general reserve of the Company pursuant to amalgamation is as follows:

	(₹ in Mn)
Investment in the AugmentIQ Data Sciences Private Limited	71
Share capital taken over from AugmentIQ Data Sciences Private Limited	11
Amount charged against general reserve	60

## 41 ACQUISITION OF SUBSIDIARY

On 11 December 2017, the company acquired Syncordis Software Services India Private Limited, a wholly owned subsidiary of Syncordis S.A with an enterprise value of Euro 0.35 million, revenue of which was ₹ 30.22 million for the year 2016-17.

# Notes forming part of accounts

## 42 RELATED PARTY DISCLOSURE:

### (I) Parent company / Ultimate holding company: Larsen & Toubro Limited

### (II) List of related parties over which control exists/exercised:

Name	Relationship
Larsen & Toubro Infotech GmbH (LTI GmbH)	Wholly owned subsidiary
Larsen & Toubro Infotech Canada Limited	Wholly owned subsidiary
Larsen & Toubro Infotech LLC	Wholly owned subsidiary
L&T Infotech Financial Services Technologies Inc.	Wholly owned subsidiary
Larsen & Toubro Infotech South Africa (Pty) Limited	Subsidiary
L&T Information Technology Services (Shanghai) Co. Ltd.	Wholly owned subsidiary
Larsen & Toubro Infotech Austria GmbH	Wholly owned subsidiary
L&T Information Technology Spain, SL	Wholly owned subsidiary
L&T Infotech S.de. RL. C.V	Subsidiary
Syncordis Software Services India Private Limited	Wholly Owned Subsidiary
Syncordis S.A. Luxembourg #	Wholly Owned Subsidiary of LTI GmbH
Syncordis SARL, France	Wholly Owned Subsidiary of LTI GmbH
Syncordis Limited, UK	Wholly Owned Subsidiary of LTI GmbH
Syncordis PSF S.A.	Wholly Owned Subsidiary of LTI GmbH

### (III) Key Management Personnel:

Name	Status
Mr. Sanjay Jalona	Chief Executive Officer & Managing Director
Mr. Aftab Zaid Ullah	Chief Operating Officer & Whole Time Director
Mr. Sudhir Chaturvedi	President – Sales & Whole Time Director
Mr. Ashok Kumar Sonthalia	Chief Financial Officer

### (IV) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding Company
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
Larsen & Toubro (East Asia) SDN.BHD	Fellow Subsidiary
L&T Electrical and Automation Saudi Arabia Company Limited LLC	Fellow Subsidiary
Larsen and Toubro ATCO Saudia LLC	Fellow Subsidiary
L&T Finance Limited	Fellow Subsidiary
L&T Infrastructure Finance Company Limited	Fellow Subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Valves Limited	Fellow Subsidiary
L&T Investment Management Limited	Fellow Subsidiary
L&T Construction Equipment Limited	Fellow Subsidiary
Larsen & Toubro LLC	Fellow Subsidiary
Nabha Power Limited	Fellow Subsidiary
L&T Electrical & Automation FZE	Fellow Subsidiary
L&T Thales Technology Services Private Limited	Fellow Subsidiary
L&T Housing Finance Limited	Fellow Subsidiary
L&T Technology Services LLC	Fellow Subsidiary
Larsen Toubro Arabia LLC	Fellow Subsidiary
L&T SAUDIARABIA LLC	Fellow Subsidiary
L&T Infrastructure Development Projects Limited	Joint venture of Holding Company
L&T MHPS Boilers Private Limited	Joint venture of Holding Company
L&T Deccan Tollways Limited	Joint venture of Holding Company
L&T Sambalpur - Rourkela Tollway Limited	Joint venture of Holding Company



# Notes forming part of accounts

Details of transactions between the Company and other related parties are disclosed below.

(₹ in Mn)

Transaction	Holding company	
	2017-18	2016-17
Sale of services / products	1,180	1,279
Sale of assets	4	1
Purchases of services / products	99	161
Overheads charged by	543	557
Overheads charged to	70	223
Trademark fees paid	191	167
Trade receivable	185	82
Interim dividend	1,150	985
Contributions to PF	265	271
Guarantees received	2,023	2,023
Final dividend paid	1,394	441

(₹ in Mn)

Transaction	Joint venture of Holding Company	
	2017-18	2016-17
Sale of services / products	17	11
L&T Infrastructure Development Projects Limited	10	7
L&T MHPS Boilers Private Limited	-	2
L&T Deccan Tollways Limited	3	-
L&T Sambalpur - Rourkela	4	-

(₹ in Mn)

Transaction	Fellow subsidiaries	
	2017-18	2016-17
Sale of services / products	415	366
- L&T Technology Services Limited	128	114
- L&T Hydrocarbon Engineering Limited	87	69
- L&T Thales Technology Services Private Limited	68	101
Sale of assets	1	8
L&T Technology Services Limited	1	7
Purchases of services / products	649	553
- L&T Technology Services Limited	644	553
Overheads charged by	54	40
- Larsen & Toubro East Asia	50	23
- L & T Electrical & Automation FZE	-	2
- Larsen & Toubro Kuwait Construction General Contracting Company, WLL	-	-
- L&T Technology Services Limited	2	14
Overheads charged to	215	290
- L&T Technology Services Limited	193	279
Commission charged	3	3
Trade receivable	95	477
Trade payable	60	154

# Notes forming part of accounts

(₹ in Mn)

Transaction	Subsidiaries	
	2017-18	2016-17
Sale of services / products	1,659	1,887
- Larsen & Toubro Infotech GmbH	376	449
- L&T Infotech Financial Services Technologies Inc.	310	317
- Larsen & Toubro Infotech South Africa (Pty) Limited	213	223
- Larsen & Toubro Infotech Canada Limited	373	443
- L&T Information Technology Spain, SL	375	413
Purchases of services / products	444	435
- Larsen & Toubro Infotech LLC	68	94
- Larsen & Toubro Infotech Canada Limited	310	215
- L&T Information Technology Spain, SL	-	51
- Larsen & Toubro Infotech Austria GmbH	-	60
Overheads charged by	1	27
- Larsen & Toubro Infotech GmbH	-	13
- L&T Information Technology Spain, SL	-	6
- Larsen & Toubro Infotech South Africa (Pty) Limited	-	7
- L&T Infotech Financial Services Technologies Inc.	1	-
Overheads charged to	227	344
- Larsen & Toubro Infotech Canada Limited	73	67
- Larsen & Toubro Infotech GmbH	35	59
- Larsen & Toubro Infotech South Africa (Pty) Limited	2	13
- L&T Information Technology Spain, SL	80	177
Commission charged	2	4
- Larsen & Toubro Infotech South Africa (Pty) Limited	2	4
Dividend received	579	141
- Larsen & Toubro Infotech Canada Limited	-	50
- L&T Infotech Financial Services Technologies Inc.	393	90
- Larsen & Toubro Infotech GmbH	98	-
- Larsen & Toubro Infotech LLC	88	-
Trade receivable	482	79
Trade payable	24	118
Guarantees given (Refer note 33)	3,456	3,726

## (V) Outstanding material balances with related parties\*

(₹ in Mn)

Transaction	Nature	Amount (Payable) / Receivable	
		2017-18	2016-17
L&T Thales Technology Services Private Limited	Trade receivable	23	15
Larsen & Toubro LLC	Trade receivable	16	-
L & T Hydrocarbon Engineering Limited	Trade receivable	21	-
L&T Technology Services Limited	Trade (payable)/receivable	(54)	(145)
L&T Infotech Financial Services Technologies Inc.	Trade receivable	56	-
L&T Information Technology Spain, SL	Trade receivable	147	194
Larsen & Toubro Infotech South Africa (Pty) Limited	Trade receivable	152	66
Larsen & Toubro Infotech GmbH	Trade receivable	114	98
Larsen & Toubro Infotech LLC	Trade (payable)	(23)	(117)

\* All balances are unsecured and to be settled in cash.

Entities listed above account for 10% or more of the aggregate for that category of transaction during respective period.

# Notes forming part of accounts

## (VI) Managerial remuneration

	(₹ in Mn)	
	2017-18	2016-17
(i) Short term employee benefits	176	169
(ii) Contribution to funds	13	10
(iii) Share based payments (on employee stock options granted)	-	286

	(₹ in Mn)	
	2017-18	2016-17
Mr. Sanjay Jalona	86	214
Mr. Aftab Zaid Ullah	29	97
Mr. Sudhir Chaturvedi	63	123

## 43 SEGMENT REPORTING

Segments have been identified in accordance with Indian Accounting Standards ("Ind AS") 108 on Operating Segments, considering the risk or return profiles of the business. As required under Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of various performance indicators. Accordingly, information has been presented for the Company's operating segments.

Reportable segments have been changed during the year ended 31 March 2018 to align with the Industry vertical of customers. The Company has identified segments as Banking, Financial Services & Insurance (BFSI), Manufacturing (MFG), Energy & Utilities (E&U), High-Tech, Media & Entertainment (HIME) and CPG, Retail, Pharma & Others (CRP & Others). The Company has presented its segment results accordingly. The reportable segment information for the corresponding previous year has been restated to reflect the above changes to facilitate comparability.

### I) The revenue and operating profit by segment is as under:

	(₹ in Mn)	
	2017-18	2016-17
<b>Segment revenue</b>		
Banking, Financial Services & Insurance	31,341	28,140
Manufacturing	11,867	11,639
Energy & Utilities	8,488	7,151
High-Tech, Media & Entertainment	7,535	6,651
CPG, Retail, Pharma & Others	9,833	8,248
<b>Revenue from operations</b>	<b>69,064</b>	<b>61,829</b>
<b>Segment results</b>		
Banking, Financial Services & Insurance	5,994	6,118
Manufacturing	1,597	2,082
Energy & Utilities	1,403	997
High-Tech, Media & Entertainment	1,044	1,159
CPG, Retail, Pharma & Others	1,340	1,053
<b>Segment results</b>	<b>11,378</b>	<b>11,409</b>
Unallocable expenses (net)*	897	429
Other income	5,254	1,983
Finance costs	138	32
Depreciation & amortisation expense	913	1,089
<b>Profit before tax</b>	<b>14,684</b>	<b>11,842</b>

\* Unallocated expenses includes customer settlement expense which is in relation to one time commercial settlement entered by the Company with one of its clients on 27 March 2018.

# Notes forming part of accounts

## II) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

(₹ in Mn)

Geography	Revenue from operations	
	2017-18	2016-17
North America	46,973	42,249
Europe	11,927	11,267
India	5,326	4,361
APAC	1,849	1,562
ROW	2,989	2,390
<b>Total</b>	<b>69,064</b>	<b>61,829</b>

## 44 DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES:

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
ii) the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
# The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company. Based on the information available with the Company, as at the year end, there are- no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006.	-	-

45 Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year 2017-18 is ₹ 191 Mn. The amount recognised as expense in the statement of profit & loss on CSR related activities during the year ended 31 March 2018 is ₹ 117 Mn, which comprises of:

(₹ in Mn)

Particulars	Disclosed under	In cash	Yet to be paid in cash	Total
General purposes	Miscellaneous expenses in Note No 28	116	1	117

# Notes forming part of accounts

## 46 EVENTS OCCURRING AFTER THE REPORTING PERIOD:

The Board of Directors at its meeting held on 23 May 2018, has declared final dividend of ₹ 13.50 per equity share (Face value ₹ 1) for the financial year ended 31 March 2018.

47 The company is not required to transfer any amount to Investor Education and Protection Fund.

48 Previous year's figures have been regrouped/reclassified wherever applicable to facilitate comparability.

49 The financial statements were approved by the Board of Directors on 23 May 2018.

As per our report attached

**B. K. Khare & Co**  
Chartered Accountants  
Firm's Registration No. 105102W

**Sanjay Jalona**  
Chief Executive Officer & Managing Director  
DIN : 07256786

**Aftab Zaid Ullah**  
Chief Operating Officer & Whole Time Director  
DIN : 05165334

**Ravi Kapoor**  
Partner  
Membership No: 040404

**Ashok Kumar Sonthalia**  
Chief Financial Officer

**Manoj Koul**  
Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Independent Auditor's Report

## To the Members of Larsen & Toubro Infotech Limited.

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Larsen & Toubro Infotech Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together are referred to as "the Group"), comprising the consolidated balance sheet as at 31 March 2018, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement, and consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those

Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as on 31 March 2018, and its consolidated profit (financial performance including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity for the year ended.

### Other Matters

9.
  - a. We did not audit the financial statements of seven subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 5,620 million as at 31 March 2018, total revenue (before consolidation adjustments) of ₹ 5,539 million and total cash flow of ₹ 240 million for the year ended 31 March 2018. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated Financial Statements, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
  - b. We did not audit the financial statements of seven subsidiaries whose financial statements reflect total assets

(before consolidation adjustments) of ₹ 680 million as at 31 March 2018 as well as total revenue (before consolidation adjustments) of ₹ 602 million and total cash flow of ₹ 206 million for the year then ended. These financial statements and other financial information are unaudited and have been furnished to us by the management, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements / financial information after consolidation adjustments, are not material to the Group.

- c. Subsidiaries referred to in para (a) and (b) above which are located outside India whose financial statements and other financial information have been prepared in accordance with the accounting principles applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.
- d. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements;
- b. in our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Holding Company so far as it appears from our examination of those books and the reports of the other auditors;
- c. the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;
- e. on the basis of written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiaries and the operating effectiveness of such controls, refer our separate report in Annexure I, which is based on auditors' reports of Holding Company. Our report express an unmodified opinion on the adequacy and operating effectiveness of the Holding Company internal financial control over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice – Refer Note 32 to the consolidated financial statements.
  - ii. The Group did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018.

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Ravi Kapoor**  
Partner

Mumbai, May 23, 2018

Membership Number: 040404

# Annexure I to the Independent Auditor's Report

Referred to in paragraph 10(f) of our report of even date on the Consolidated Financial Statements of Larsen & Toubro Infotech Limited for the year ended 31 March 2018

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Larsen & Toubro Infotech Limited as of 31 March 2018 and for the year then ended we have audited the internal financial controls over financial reporting of Larsen & Toubro Infotech Limited (hereinafter referred to as "the Holding Company") and its one subsidiary company incorporated in India, whose financials statements are unaudited ("hereinafter referred as the "Group"), as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company and its Indian Subsidiary Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to



future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of unaudited Indian subsidiary referred to in Other Matter paragraph below, the Holding Company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over

financial reporting insofar as it relates to a subsidiary company incorporated India, whose financials statements/information are unaudited and our opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the Group is not affected as this financial statements/information is not material to the Group.

Our opinion is not modified in respect of the above matters.

**For B. K. Khare & Co.**

Chartered Accountants  
Firm's Registration Number 105102W

**Ravi Kapoor**

Partner

Membership Number: 040404

Mumbai, May 23, 2018

# Consolidated Balance Sheet

as at 31 March 2018

(₹ in Mn)

Particulars	Note No.	As at 31-03-2018	As at 31-03-2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	5	2,508	2,578
(b) Capital work-in-progress	5	10	9
(c) Goodwill	5	2,763	993
(d) Other intangible assets	5	1,535	1,848
(e) Intangible assets under development	5	58	4
(f) Financial assets			
(i) Investments	6	1	-
(ii) Loans	7	387	311
(iii) Other financial assets	8	721	1,866
(g) Deferred tax assets (net)	9	1,921	1,434
(h) Income tax assets		900	722
(i) Other non-current assets	10	1,080	1,292
<b>Total Non-Current Assets</b>		<b>11,884</b>	<b>11,057</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Investments		12,643	9,406
(ii) Trade receivable	11	13,962	11,697
(iii) Unbilled revenue		8,365	4,724
(iv) Cash and cash equivalents	12	3,323	2,291
(v) Other bank balances	13	310	1,504
(vi) Loans	14	238	159
(vii) Other financial assets	15	1,976	2,518
(b) Other current assets	16	1,125	988
<b>Total Current Assets</b>		<b>41,942</b>	<b>33,287</b>
<b>TOTAL ASSETS</b>		<b>53,826</b>	<b>44,344</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	17	172	171
(b) Other Equity			
(i) Other Reserves	18	9,521	9,910
(ii) Retained Earnings	18	28,905	21,362
(iii) Share application money pending allotment	18	0	0
(iv) Non-controlling interests	18	13	8
<b>Total Equity</b>		<b>38,611</b>	<b>31,451</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities	19	1,042	-
(b) Deferred tax liabilities (net)	9	132	171
(c) Provisions	20	279	285
<b>Total Non-Current Liabilities</b>		<b>1,453</b>	<b>456</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	21	3,888	3,366
(ii) Other Financial Liabilities	22	6,106	5,998
(b) Other Current Liabilities	23	1,617	1,158
(c) Provisions	24	1,844	1,614
(d) Current Tax Liabilities (Net)		307	301
<b>Total Current Liabilities</b>		<b>13,762</b>	<b>12,437</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>53,826</b>	<b>44,344</b>
Significant accounting policies	2		
Other notes to accounts	32 to 45		

As per our report attached

**B. K. Khare & Co**

Chartered Accountants  
Firm's Registration No. 105102W

**Sanjay Jalona**

Chief Executive Officer & Managing Director  
DIN : 07256786

**Aftab Zaid Ullah**

Chief Operating Officer & Whole Time Director  
DIN : 05165334

**Ravi Kapoor**

Partner  
Membership No: 040404

**Ashok Kumar Sonthalia**

Chief Financial Officer

**Manoj Koul**

Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

(₹ in Mn)

Particulars	Note No.	April 17 - March 18	April 16 - March 17
<b>INCOME:</b>			
Revenue from operations	25	73,065	65,009
Other income	26	4,261	1,867
<b>Total Income</b>		<b>77,326</b>	<b>66,876</b>
<b>EXPENSES:</b>			
Employee benefit expense	27	43,289	37,153
Operating expenses	28	16,845	14,764
Finance costs	29	157	32
Depreciation and amortisation	5	1,563	1,779
Other expenses		1,057	790
<b>Total Expenses</b>		<b>62,911</b>	<b>54,518</b>
<b>Profit before tax</b>		<b>14,415</b>	<b>12,358</b>
Tax expense			
Current tax (net)	30	3,654	3,181
Deferred tax	30	(363)	(532)
		<b>3,291</b>	<b>2,649</b>
<b>NET PROFIT FOR THE PERIOD</b>		<b>11,124</b>	<b>9,709</b>
<b>OTHER COMPREHENSIVE INCOME</b>	31	<b>(835)</b>	<b>1,945</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>10,289</b>	<b>11,654</b>
<b>Profit attributable to :</b>			
Owners of the company		11,120	9,707
Non-controlling interests		4	2
		<b>11,124</b>	<b>9,709</b>
<b>Total comprehensive income attributable to :</b>			
Owners of the company		10,283	11,652
Non-controlling interests		6	2
		<b>10,289</b>	<b>11,654</b>
<b>Basic</b>			
Basic earning per equity share		64.93	57.08
<b>Diluted</b>			
Diluted earning per equity share		63.48	55.80
Significant accounting policies	2		
Other notes to accounts	32 to 45		

As per our report attached

**B. K. Khare & Co**  
Chartered Accountants  
Firm's Registration No. 105102W

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**Ashok Kumar Sonthalia**  
Chief Financial Officer

**Manoj Koul**  
Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Consolidated Cash Flow Statement

for the year ended 31 March 2018

(₹ in Mn)

Particulars	April 17 - March 18	April 16 - March 17
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit after tax</b>	11,124	9,709
<b>Adjustments to reconcile net profit to net cash provided by operating activities:</b>		
Depreciation and amortisation	1,563	1,780
Income tax expense	3,291	2,649
Expense recognised in respect of equity settled stock option	400	428
Realised income from current investment in mutual funds	(516)	(194)
Unrealised income from current investment in mutual funds	(222)	-
Interest received	(23)	(27)
Interest expense	157	32
Unrealised foreign exchange (gain)/loss, Net	(1)	176
Net loss/(gain) on sale of property, plant and equipment	6	15
<b>Operating profit before working capital changes</b>	<b>15,779</b>	<b>14,568</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivables & unbilled revenue	(5,531)	(1,156)
(Increase)/decrease in other receivables	(230)	57
Increase/(decrease) in trade & other payables	2,001	686
<b>(Increase)/decrease in working capital</b>	<b>(3,760)</b>	<b>(413)</b>
<b>Cash generated from operations</b>	<b>12,019</b>	<b>14,155</b>
Income taxes paid	(3,581)	(2,459)
<b>Net cash (used in)/generated from operating activities</b>	<b>8,438</b>	<b>11,696</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,019)	(729)
Sale of fixed assets	37	41
(Purchase)/sale of current investments	(3,016)	(8,977)
Payment towards business acquisition	(1,146)	(71)
Increase in non-current investment	(1)	-
Interest received	23	27
Income from current investment in mutual funds	516	194
<b>Net cash (used in)/generated from investing activities</b>	<b>(4,606)</b>	<b>(9,515)</b>

(₹ in Mn)

Particulars	April 17 - March 18	April 16 - March 17
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	3	4
Proceeds from/(repayment) of borrowings	-	(437)
Deposit under Credit support agreement received/(paid)	(407)	2,025
Interest paid	(138)	(32)
Dividend paid	(3,034)	(1,610)
Tax on dividend paid	(500)	(278)
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,076)</b>	<b>(328)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(244)</b>	<b>1,853</b>
Cash and cash equivalents at beginning of the period	3,795	2,035
Effect of exchange differences on translation of foreign currency cash and cash equivalents	82	(94)
<b>Cash and cash equivalents at end of the period</b>	<b>3,633</b>	<b>3,795</b>

As per our report attached

**B. K. Khare & Co**  
Chartered Accountants  
Firm's Registration No. 105102W

**Sanjay Jalona**  
Chief Executive Officer & Managing Director  
DIN : 07256786

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**Ravi Kapoor**  
Partner  
Membership No: 040404

**Ashok Kumar Sonthalia**  
Chief Financial Officer

**Manoj Koul**  
Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

(₹ in Mn)

Particulars	Share Capital	Share application money pending allotment	General Reserve	Share Premium	Retained Earnings	Employee Stock option outstanding	Deferred Employee Compensation Expense	Other Components of Equity		Equity attributable to the equity holders of the company	Non-controlling interest	Total Equity
								Hedging Reserve	FCTR			
<b>Balance as on 1 April 2017</b>	171	0	4,501	1,498	21,362	1,511	(945)	3,081	264	31,443	8	31,451
Employee Stock Compensation Expense			2			83	(83)			2		2
Net Profit for the year					11,120					11,120	4	11,124
Other Comprehensive Income					62			(1,056)	160	(835)	1	(834)
Dividends (including DDT)					(3,639)					(3,639)		(3,639)
Any other changes	1	(0)		321		(378)	562			507		507
<b>Balance as on 31 March 2018</b>	<b>172</b>	<b>0</b>	<b>4,503</b>	<b>1,819</b>	<b>28,905</b>	<b>1,216</b>	<b>(466)</b>	<b>2,025</b>	<b>424</b>	<b>38,598</b>	<b>13</b>	<b>38,611</b>

for the year ended 31 March 2017

(₹ in Mn)

Particulars	Share Capital	Share application money pending allotment	General Reserve	Share Premium	Retained Earnings	Employee Stock option outstanding	Deferred Employee Compensation Expense	Other Components of Equity		Equity attributable to the equity holders of the company	Non-controlling interest	Total Equity
								Hedging Reserve	FCTR			
<b>Balance as on 1 April 2016</b>	170		4,492	1,473	13,678	77		877	479	21,246	5	21,250
Changes in equity for the year ended on 31 March 2017	1					1,442	(1,492)			1		1
Employee Stock Compensation Expense										(50)		(49)
Net Profit for the year					9,707					9,707	2	9,709
Other Comprehensive Income					(45)			2,204	(215)	1,945	1	1,945
Dividends (including DDT)					(1,978)					(1,978)		(1,978)
Any other changes		0	9	25		(8)	547			572		573
<b>Balance as on 31 March 2017</b>	<b>171</b>	<b>0</b>	<b>4,501</b>	<b>1,498</b>	<b>21,362</b>	<b>1,511</b>	<b>(945)</b>	<b>3,081</b>	<b>264</b>	<b>31,443</b>	<b>8</b>	<b>31,451</b>

As per our report attached

**B. K. Khare & Co**

Chartered Accountants  
Firm's Registration No. 105102W

**Sanjay Jalona**

Chief Executive Officer & Managing Director  
DIN : 07256786

**Aftab Zaid Ullah**

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**Ravi Kapoor**

Partner  
Membership No: 040404

**Ashok Kumar Sonthalia**

Chief Financial Officer

**Manoj Koul**

Company Secretary & Compliance Officer

Mumbai  
May 23, 2018

# Notes forming part of Consolidated accounts

## 1. COMPANY OVERVIEW

Larsen & Toubro Infotech Limited ('the Company') together with its subsidiaries shall mean Larsen and Toubro Infotech Limited ('Group'). The Group offers extensive range of IT services like application development, maintenance and outsourcing, enterprise solutions, infrastructure management services, testing, digital solutions, and platform based solutions to the clients in diverse industries.

The Company is a public limited company incorporated and domiciled in India and has its registered office at L&T House, Ballard Estate, Mumbai, Maharashtra, India. The company's equity shares are listed on the National Stock Exchange Limited and BSE Limited in India.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of accounting

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires the management of the Group to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, relevant amendment rules issued there after and guidelines issued by the Securities and Exchange Board of India (SEBI).

The financial statements of Indian subsidiaries have been prepared in compliance with Ind AS as prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 relevant amendment rules issued thereafter and guidelines issued by the Securities and Exchange Board of India (SEBI). Financial statements of foreign subsidiaries have been prepared in compliance with the local laws and

applicable Accounting Standards. Necessary adjustments for differences in the accounting policies, if any, have been made in the consolidated financial statements.

Amounts in the consolidated financial statements are presented in Indian Rupees in millions [10 lakhs = 1 million] as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees.

### B. Presentation of financial statements

The statement of financial position (including statement of changes in equity) and the statement of profit and loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in the statement of financial position and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

### C. Operating cycle for current and non-current classification

The company identifies asset/liabilities as current if the same are receivable/payable within twelve months else the same are considered as non-current.

### D. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the group is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- i) Power over the investee,
- ii) Exposure or rights to variable return from its involvement with the investee, and
- iii) Ability to use its power over the investee to affect its returns.

Generally, it is presumed that, a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- i) Contractual arrangement with the other vote holders of the investee,

# Notes forming part of Consolidated accounts

- ii) Rights arising from other contractual arrangements,
- iii) The Group's voting rights and potential voting rights and
- iv) Size of the Group's holding of voting rights relative to the size and dispersion of holdings of other investees with voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The Company, for convenience, may designate a date at the beginning or end of the month as a date on which it gains control, unless events between the convenience date and the actual date of gaining control result in material changes in the amounts recognized.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an entity of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and other events in similar circumstances, appropriate adjustments are made to that entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Group, i.e., year ended on 31 March 2018. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial statements of the subsidiaries, unless it is impracticable to do so.

#### Consolidation procedure followed is as under:

- i) Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date,
- ii) The difference between carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary is subject to adjustment of goodwill and

- iii) Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated subject to impact of deferred taxes. Profit or loss and each component of other comprehensive income (OCI) are attributable to equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interests having deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- i) Derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- ii) Derecognizes carrying amount of any non-controlling interest,
- iii) Derecognizes the cumulative translation differences recorded in equity,
- iv) Recognizes the fair value of consideration received,
- v) Recognizes the fair value of any investments retained,
- vi) Recognizes any surplus or deficit in profit or loss and
- vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities,

#### E. Business Combination

The Company accounts for its business combinations under the acquisition method of accounting using fair valuation of the net asset taken over. Intangible assets acquired in a business combination are recognized and reported separately from goodwill.

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable tangible and intangible net assets purchased.

#### F. Revenue recognition

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated rebates and other similar allowances.



# Notes forming part of Consolidated accounts

Revenue from contracts priced on time and material basis are recognised when services are rendered and related costs are incurred.

Revenue from services performed on fixed-price basis is recognized over the life of contract using the proportionate completion method.

Revenue from sale of products and licenses is recognised upon delivery when all risks and rewards are transferred.

Revenue from services rendered as Application Service provider ("ASP") services are recognized by applying the contracted rates on the total number of active and inactive fund accounts across all client customer environments.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

## G. Other income

- i) Interest income is recognised using effective interest method.
- ii) Dividend income is accounted in the period in which the right to receive the same is established.
- iii) Other items of income are accounted as and when the right to receive arises.

## H. 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

#### i) Defined contribution plan:

The Group's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognized during the period in which the employee renders the related service.

#### ii) Social security plans

Employer's contribution payable with respect to the 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.

### iii) Defined benefit plans:

The provident fund scheme managed by trust, employee's gratuity fund scheme managed by Life Insurance Corporation of India and post-retirement medical benefit scheme are the Group's defined benefit plans. Wherever applicable, 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.

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 as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses through re-measurement of the defined benefit liability/ (asset) are recognized in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognized in other comprehensive income. The effect of any plan amendments are recognized in statement of profit and loss.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost resulting from a plan amendment or curtailment are derecognized immediately in the statement of profit and loss.

### (iv) Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized as determined by actuarial valuation performed by independent actuary at each balance sheet date using Projected Unit Credit Method on the additional amount expected to be paid/ availed as a result of unused entitlement that has accumulated at balance sheet date. Actuarial gains and losses are recognised immediately in statement of profit and loss.

## I. Property plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of the asset and cost incurred for bringing the asset to its present location and condition.

# Notes forming part of Consolidated accounts

## J. Intangible assets

Assets like customer relationship, computer software, and internally developed software are stated at cost, less accumulated depreciation, amortisation and impairment. Intangible assets are tested for impairment at each balance sheet date. Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired.

## K. Impairment

### I) Impairment of trade receivables:

The Group assesses at each date of statement of financial position whether a financial assets in form of trade receivable is impaired. In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on available external and internal credit risk factors such as credit default, credit rating from credit rating agencies and Group's historically observed default rates over the expected life of trade receivable. ECL impairment loss allowance (or reversal) recognised during the period as expense/(income) respectively in the statement of profit and loss.

### II) Impairment of intangible assets:

#### i) Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is not amortized but is tested for impairment annually or immediately when events or changes in circumstances indicate that an impairment loss would have occurred. For the purposes of impairment testing, the carrying amount of the reporting 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 recognized, up to a maximum amount of the recorded goodwill related to the reporting unit. Goodwill impairment losses are not reversed. The growth rate and discount rates as applicable are used for impairment testing.

#### ii) Other intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of intangible assets to determine if there is any indication of loss suffered. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

## L. Leases

### i) Finance lease

Assets acquired under leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

### ii) Operating lease

Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the profit and loss account on accrual basis.

## M. Depreciation

### i) Tangible assets

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortization on additions and disposals are calculated on pro-rata basis from and to the month of additions and disposals.

Particulars	Useful life
• Computers and IT peripherals	Upto 6 years
• Plant and machinery	Upto 15 years
• Office equipment	Upto 5 years
• Vehicles	Upto 8 years
• Furniture and fixtures	Upto 10 years

### II) Intangible assets and amortisation

The estimated useful life of an intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. The basis of amortization of intangible assets is as follows:

Particulars	Useful life
• Computer software	Upto 5 years
• Customer contracts	Upto 10 years

## N. Employee stock ownership schemes

In respect of stock options granted pursuant to the Group's stock options scheme, the excess of fair value of the share over the exercise price of the option is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognized as expense each year is arrived at based on

# Notes forming part of Consolidated accounts

the number of grants expected to vest. If options granted lapse after the vesting period, the cumulative discount recognized as expense in respect of such options is transferred to the general reserve. If options granted lapse before the vesting period, the cumulative discount recognized as expense in respect of such options is transferred to the profit and loss.

## O. Functional and presentation currency

The functional currency of the Group is the Indian Rupee. The functional currency of Indian subsidiaries is the Indian Rupee and the functional currency of foreign subsidiaries is the currency of the primary economic environment in which these subsidiaries operate. The consolidated financial statements of group are prepared in the Indian Rupee.

## P. Foreign currency transactions & balances

Foreign currency transactions are initially recorded at the rates prevailing on the date of the transaction. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Translation of foreign currency transaction of foreign subsidiaries is treated as under:

- Revenue items at the average rate for the period;
- All assets and liabilities at year end rates

Exchange difference on settlement / year end conversion is recognized in foreign currency translation reserve.

## Q. Financial Instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

### I) Initial measurement

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.

### II) Subsequent measurement

#### a) Non-Derivative financial assets

##### A) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if:

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.

- i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- ii) 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.

#### B) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both

- i) Collecting contractual cash flows and selling financial assets and
- ii) 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.

#### C) Financial assets at fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as Financial assets at fair value through other comprehensive income is classified as Financial assets fair valued through profit and loss.

### ii) Non-Derivative financial liability

A) Financial liabilities at amortized cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### iii) Derivative financial instrument

The Group holds derivative financial instrument such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures.

# Notes forming part of Consolidated accounts

## **A) Cash flow hedges**

Changes in the fair value of the derivative hedging instruments designated as cash flow hedges on net basis are recognized in other comprehensive income and presented within equity as hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve in respect of hedges on net basis is transferred to the statement of profit or loss upon the occurrence of the related forecasted transaction and reported as part of foreign exchange gains or losses. Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and ineffective portion of cash flow hedges are recognized in statement of profit and loss and reported as part of foreign exchange gains or losses.

## **B) Fair Value hedges**

Changes in the fair value of the derivative hedging instrument designated as fair value hedges are recognized in statement of profit or loss.

## **III) Derecognition**

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

## **R. Taxes on income**

Income tax expense comprises current and deferred income tax. Tax on income for Indian companies for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Indian Income tax Act, 1961. Foreign subsidiaries recognize current tax/ deferred tax liabilities and assets in accordance with the applicable local laws.

Income tax and deferred tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case income tax expense is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities. (Refer note 8 for applicable tax rates in various jurisdiction).

The Group offsets current tax assets and current tax liabilities, where it 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 income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or 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. Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the statement of position and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. Deferred Income taxes are not provided on dividend receivable from subsidiaries as the Group is able to control the timing of reversal of such temporary difference. Deferred tax is provided on unrealized intra Group profit at the rate of tax applicable to the purchasing entity.

## **S. Borrowing costs**

Borrowing costs include interest, commitment charges, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

## **T. Provisions, contingent liabilities and contingent assets**

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

- I) the Group has a present obligation as a result of a past event;
- II) a probable outflow of resources is expected to settle the obligation; and
- III) the amount of the obligation can be reliably estimated.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present

# Notes forming part of Consolidated accounts

value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in 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.

## U. Segment accounting

Operating segments are defined as components of an enterprise for which discrete financial information is used regularly by the Group's Chief Operating Decision Maker in deciding how to allocate resources and assessing performance.

- i) Segment revenue is the revenue directly identifiable with the segment.
- ii) Expenses that are directly identifiable with or allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not identifiable with / allocable to segments are included under "Unallocable expenses".
- iii) Other income relates to the Company as a whole and is not identifiable with / allocable to segments.
- iv) Assets and liabilities used in the Company's business are not identified to any of the reportable segments as these are used interchangeably.

## V. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is

reported using indirect method as per the requirements of Ind AS 7 ("cash flow statements").

## 3. RECENT ACCOUNTING PRONOUNCEMENTS

### Indian Accounting Standards (Ind AS) 115 - Revenue from Contracts with Customers

The Ministry of Corporate Affairs (MCA) has notified on 28 Mar 2018 Ind AS 115 - Revenue from Contracts with Customers. This Standard will be applicable from the financial years beginning on or after 1 April 2018.

The standard specifically adopts a five step model as below for recognising revenue:

- i. Identify the contract(s) with a customer
- ii. Identify the performance obligations in contract
- iii. Determine the transaction price
- iv. Allocate the transaction price to the performance obligations in the contract
- v. Recognize revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company will apply Ind AS 115 from 1 April 2018, retrospectively to all the contracts with customers which are not completed as on 1 April 2018. The cumulative effect of initially applying the standard will be recognised as an adjustment to the opening balance in retained earnings on 1 April 2018 at the time of reporting for financial year ending 31 March 2019. The Company has evaluated major contracts entered into with customers and does not expect any material impact of the adoption of this Standard on its retained earnings as on 1 April 2018 as well as to its net income on an ongoing basis.

# Notes forming part of Consolidated accounts

## 4(I) The list of subsidiaries included in the consolidated financial statements are as under

(₹ in Mn)

Name of the subsidiary Company	Country of incorporation	Proportion of ownership as at 31 March 2018 (%)	Proportion of ownership as at 31 March 2017 (%)
1 Larsen & Toubro Infotech Canada Limited	Canada	100	100
2 Larsen & Toubro Infotech GmbH #	Germany	100	100
3 Larsen & Toubro Infotech LLC	USA	100	100
4 L&T Infotech Financial Services Technologies Inc.	Canada	100	100
5 Larsen And Toubro Infotech South Africa (Proprietary) Limited	South Africa	74.9	74.9
6 L&T Information Technology Services (Shanghai) Co. Ltd.	China	100	100
7 Larsen & Toubro Infotech Austria GmbH	Austria	100	100
8 L&T Information Technology Spain, Sociedad Limitada	Spain	100	100
9 L&T Infotech S.de. RL. C.V	Mexico	100	100
10 Syncordis S.A. Luxembourg #	Luxembourg	100	-
11 Syncordis Software Services India Private Limited*	India	100	-
12 Syncordis SARL, France	France	100	-
13 Syncordis Ltd, UK	UK	100	-
14 Syncordis PSF S.A.	Luxembourg	100	-

# Larsen &amp; Toubro Infotech GmbH has acquired shares of "Syncordis S.A", Luxembourg on 15 December 2017.

\* The Company has acquired shares of "Syncordis Software Services India Private Limited" on 11 December 2017 (refer note "39").

## 4(II) Additional Disclosure as per Schedule III of Companies Act 2013:

(₹ in Mn)

Name of entity	Net assets, i.e. total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>A- Parent</b>								
-Larsen & Toubro Infotech Limited	96.31%	37,186	104.29%	11,601	119.18%	-994	103.08%	10,607
<b>Subsidiaries</b>								
<b>B - Indian</b>								
2.Syncordis Software Services India Private Limited	0.04%	14	0.02%	2	0.00%	0	0.02%	2
<b>Sub Total</b>	<b>0.04%</b>	<b>14</b>	<b>0.02%</b>	<b>2</b>	<b>0.00%</b>	<b>0</b>	<b>0.02%</b>	<b>2</b>
<b>C-Foreign</b>								
1. Larsen & Toubro Infotech GmbH	3.66%	1413	0.07%	8	-0.60%	5	0.13%	13
2. Larsen & Toubro Infotech Canada Limited	0.28%	110	0.31%	34	-0.36%	3	0.36%	37
3. Larsen & Toubro Infotech LLC	0.07%	28	0.03%	3	0.00%	0	0.03%	3
4. L&T Infotech Financial Services Technologies Inc.	5.19%	2,002	3.47%	386	0.60%	-5	3.70%	381
5. Larsen And Toubro South Africa (Proprietary) Limited	0.10%	38	0.11%	12	-0.60%	5	0.17%	17
6. L&T Information Technology Services (Shanghai) Co. Ltd.	-0.01%	-4	-0.02%	-2	0.00%	0	-0.02%	-2
7. Larsen & Toubro Infotech Austria GmbH	0.02%	7	0.01%	1	-0.12%	1	0.02%	2
8. L&T Information Technology Spain, Sociedad Limitada	0.09%	33	0.11%	12	-0.48%	4	0.16%	16
9. L&T Infotech S.de. RL. C.V (Mexico)	0.01%	3	0.03%	3	0.00%	0	0.03%	3
10. Syncordis S.A. Luxembourg	0.40%	154	0.52%	58	-0.72%	6	0.62%	64
11. Syncordis SARL, France	0.14%	54	-0.07%	-8	-0.36%	3	-0.05%	-5
12. Syncordis Ltd, UK	0.00%	0	0.00%	0	0.00%	0	0.00%	0
13. Syncordis PSF S.A.	0.01%	2	0.00%	0	0.00%	0	0.00%	0
<b>Sub Total</b>	<b>9.95%</b>	<b>3,840</b>	<b>4.56%</b>	<b>507</b>	<b>-2.64%</b>	<b>22</b>	<b>5.14%</b>	<b>529</b>
<b>Total A+B+C</b>	<b>106.29%</b>	<b>41,040</b>	<b>108.86%</b>	<b>12,110</b>	<b>116.55%</b>	<b>-972</b>	<b>108.24%</b>	<b>11,138</b>
Less : CFS adjustments and eliminations	-6.29%	-2,429	-8.86%	-986	-16.55%	138	-8.24%	-848
<b>Total</b>	<b>100.00%</b>	<b>38,611</b>	<b>100.00%</b>	<b>11,124</b>	<b>100.00%</b>	<b>-834</b>	<b>100.00%</b>	<b>10,290</b>

# Notes forming part of Consolidated accounts

## 5 CONSOLIDATED FIXED ASSETS - As of 31 March 2018

(₹ in Mn)

Fixed and intangible assets	Gross Block						Depreciation/Amortisation						Net Block	
	As at 1-Apr-17	Pursuant to acquisition of subsidiary Refer Note 39	Additions	Deductions	Foreign currency translation reserve	As at 31-Mar-18	As at 1-Apr-17	Pursuant to acquisition of Subsidiary Refer Note 39	For the year	On deductions	Foreign currency translation reserve	As at 31-Mar-18	As at 31-Mar-17	
<b>Tangible assets- own</b>														
Leasehold land	10	-	-	-	-	10	0	-	0	-	-	10	10	
Buildings	126	-	-	-	-	126	16	-	8	-	24	102	110	
Leasehold improvements	350	-	67	4	-	413	61	-	48	-	109	304	289	
Plant and machinery	677	-	58	10	1	726	154	-	85	0	231	495	523	
Computers	1,145	16	277	4	11	1,445	587	7	287	2	885	560	558	
Office equipments	522	-	112	3	1	632	209	-	120	2	327	305	313	
Furniture and fixtures	706	-	94	4	2	798	177	-	106	2	282	516	529	
Vehicles	335	-	52	54	-	333	89	-	51	23	117	216	246	
Capital work in progress	-	-	-	-	-	-	-	-	-	-	-	10	9	
<b>Total Of tangible assets</b>	<b>3,871</b>	<b>16</b>	<b>660</b>	<b>79</b>	<b>15</b>	<b>4,483</b>	<b>1,293</b>	<b>7</b>	<b>705</b>	<b>37</b>	<b>1,975</b>	<b>2,518</b>	<b>2,587</b>	
<b>Intangible assets</b>														
Goodwill on acquisition	332	-	-	-	15	347	-	-	-	-	-	347	332	
Goodwill on consolidation	661	1,755	-	-	-	2,416	-	-	-	-	-	2,416	661	
Software	5,436	1	305	-	141	5,883	3,964	0	733	-	99	1,087	1,472	
Customer contracts	1,009	181	-	-	43	1,233	633	-	124	-	27	449	376	
Business rights	98	-	-	98	-	-	98	-	-	98	-	-	-	
Capital work in progress - internally capitalised softwares	-	-	-	-	-	-	-	-	-	-	-	-	4	
<b>Total of intangible assets</b>	<b>7,536</b>	<b>1,937</b>	<b>305</b>	<b>98</b>	<b>199</b>	<b>9,879</b>	<b>4,695</b>	<b>-</b>	<b>857</b>	<b>98</b>	<b>126</b>	<b>4,357</b>	<b>2,845</b>	

1. Impairment upto 31 March 2018 - NIL
2. AugmentIQ Data Sciences Private Limited [AugmentIQ] has been amalgamated with the Company with effect from 1 April 2017 [refer note 38 to notes to accounts]
3. The Company acquired Syncordis S.A, Luxembourg, along-with its fully owned subsidiaries Syncordis SARL, France, Syncordis Ltd, UK, Syncordis PSF S.A, on 15 December 2017 & Syncordis Software Services India Private Limited on 11 December 2017. The Company has used cut-off date of 30 November 2017 as the acquisition date for convenience, since the transactions from 1 December 2017 till the dates of acquisition of respective entities were not material.[refer note 39 to notes to accounts]

# Notes forming part of Consolidated accounts

## 5 CONSOLIDATED FIXED ASSETS - As of 31 March 2017

(₹ in Mn)

Fixed and intangible assets	Gross Block				Depreciation/Amortisation				Net Block			
	As at 1-Apr-16	Pursuant to acquisition of subsidiary	Additions	Deductions	Foreign currency translation reserve	As at 31-Mar-17	Pursuant to acquisition of Subsidiary	For the year	On deductions	Foreign currency translation reserve	As at 31-Mar-17	As at 31-Mar-16
<b>Tangible assets</b>												
Leasehold land	10	-	-	-	-	10	-	0	-	-	0	10
Buildings	126	-	-	-	-	126	8	8	-	-	16	110
Leasehold improvements	289	-	76	15	-	350	36	40	15	-	61	289
Plant and machinery	629	-	50	2	(0)	677	77	79	2	(0)	154	523
Computers	1,028	1	180	53	(11)	1,145	328	317	52	(7)	587	700
Office equipments	406	0	125	9	(0)	522	105	113	9	(0)	209	301
Furniture and fixtures	677	0	64	34	(1)	706	104	103	29	(1)	177	529
Vehicles	336	-	62	63	-	335	51	54	16	-	89	285
Capital work in progress												7
<b>Total Of tangible assets</b>	<b>3,501</b>	<b>1</b>	<b>557</b>	<b>176</b>	<b>(12)</b>	<b>3,871</b>	<b>709</b>	<b>714</b>	<b>123</b>	<b>(8)</b>	<b>1,293</b>	<b>2,587</b>
<b>Intangible assets</b>												
Goodwill on acquisition	350	-	-	-	(18)	332	-	-	-	-	-	350
Goodwill on consolidation	628	-	33	-	-	661	-	-	-	-	-	628
Software	5,444	0	383	214	(177)	5,436	3,341	956	212	(121)	3,964	2,103
Customer contracts	1,061	-	3	-	(55)	1,009	558	109	-	(34)	633	503
Business rights	98	-	-	-	-	98	98	-	-	-	98	-
Capital work in progress - internally capitalised softwares												188
<b>Total of intangible assets</b>	<b>7,581</b>	<b>-</b>	<b>419</b>	<b>214</b>	<b>(250)</b>	<b>7,536</b>	<b>3,997</b>	<b>1,065</b>	<b>212</b>	<b>(155)</b>	<b>4,695</b>	<b>3,772</b>

1. Impairment upto 31 March 2017 - NIL
2. GDA Technologies Limited (GDA) has been amalgamated with the Company with effect from 1 April 2016.
3. Augment IQ has been acquired with effect from 30 November 2016.



# Notes forming part of Consolidated accounts

## 5 INTANGIBLE ASSETS

The balance useful life of intangible assets as on the respective balance sheet dates is as follows:

(₹ in Mn)

	As at 31-03-2018		As at 31-03-2017	
	Balance Useful Life	Carrying Amount	Balance Useful Life	Carrying Amount
Software	upto 5 years	1,086	upto 5 years	1,472
Customer contracts	upto 5 years	449	upto 5 years	376
		<b>1,535</b>		<b>1,848</b>

## 6 NON CURRENT INVESTMENTS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
2500 equity shares of USD 1 each in L&T LLC *	1	-
	<b>1</b>	<b>-</b>

\* The company acquired 4.76% share holding of L&T LLC on 14 August 2017. The company does not have control over its operations

## 7 NON CURRENT LOANS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
<b>Unsecured, considered good</b>		
Security deposits	387	311
	<b>387</b>	<b>311</b>

## 8 OTHER NON CURRENT FINANCIAL ASSETS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Forward contract receivable	721	1,866
	<b>721</b>	<b>1,866</b>

## 9 DEFERRED TAX ASSETS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
MAT credit	2,530	2,576
Less: Deferred tax liability	(630)	(1,157)
Deferred tax assets	21	15
<b>Total</b>	<b>1,921</b>	<b>1,434</b>

# Notes forming part of Consolidated accounts

## 9 Deferred tax liabilities or assets for the year ended 31 March 2018

### 9 (I) Deferred tax liabilities

(₹ in Mn)

	Deferred tax asset/ (liability) as at 31-03- 2017	Deferred tax asset/ (liability) charged to retained earnings	Current year (charge) / credit to profit and loss a/c	(Charge) / credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/ (liability) as at 31-03-2018
<b>Deferred tax liabilities</b>							
Depreciation / amortisation	(194)	-	101	-	(7)	(64)	(164)
	<b>(194)</b>		<b>101</b>	<b>-</b>	<b>(7)</b>	<b>(64)</b>	<b>(164)</b>
<b>Deferred tax assets</b>							
Non capital losses and deferred expenses	23	-	8		1	-	32
	<b>23</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>32</b>
<b>Net deferred tax assets/ (liabilities)(A)</b>	<b>(171)</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>(6)</b>	<b>(64)</b>	<b>(132)</b>

### 9 (II) Deferred tax assets

(₹ in Mn)

	Deferred tax asset/ (liability) as at 31-03- 2017	Deferred tax asset/ (liability) charged to retained earnings	Current year (charge) / credit to profit & loss A/c	(Charge) / credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/ (liability) as at 31-03-2018
<b>Deferred tax liabilities</b>							
Gain on cash flow hedges	(920)			234	-	-	(686)
Branch Profit Tax	(542)		(141)		-	-	(683)
Unrealised gains on investments	-		(53)				(53)
Others	(1)		-		-	-	(1)
	<b>(1,463)</b>	<b>-</b>	<b>(194)</b>	<b>234</b>	<b>-</b>	<b>-</b>	<b>(1,423)</b>
<b>Deferred tax assets</b>							
Provision for doubtful debts and advances	51	-	31		-	-	82
Provision for employee benefits	153	-	72		-	-	225
Realised gain on forward contracts	95		25		-	-	120
Depreciation / amortisation	71		146		-	-	217
MTM on ineffective hedges	(46)		112		-	-	66
Capital Loss on buyback of shares by L&T Infotech Financial Services Technologies Inc.		-	63		-	-	63
Others	(3)		45		(1)	-	41
MAT credit	2,576	-	(46)		-	-	2,530
	<b>2,897</b>	<b>-</b>	<b>448</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>3,344</b>
<b>Net deferred tax assets/ (liabilities)(B)</b>	<b>1,434</b>	<b>-</b>	<b>254</b>	<b>234</b>	<b>(1)</b>	<b>-</b>	<b>1,921</b>
<b>Net deferred tax assets/ (liabilities)(A+B)</b>	<b>1,263</b>	<b>-</b>	<b>363</b>	<b>234</b>	<b>(7)</b>	<b>(64)</b>	<b>1,789</b>

\*MAT credit for year ended 31 March 2018 of ₹ 59Mn net off reduction in MAT for year ended 31 March 2017 ₹ 106Mn due to Ind AS transitional deductions as per section 115JB of Income Tax Act 1961.

# Notes forming part of Consolidated accounts

## 9 (III) Net schedule of Deferred tax for the year ended 31 March 2018

(₹ in Mn)

	Deferred tax asset / (liability) as at 31-03-2017	Charge to retained earnings	Current year (charge) / credit	(Charge) / credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset / (liability) as at 31-03-2018
Gains on cash flow hedges	(920)			234		-	(686)
Branch profit tax	(542)		(141)	-	-	-	(683)
Unrealised gain on investments	-		(53)		-	-	(53)
Provision for doubtful debts and advances	51		31		-	-	82
Provision for employee benefits	153		72		-	-	225
Realised gain on forward contracts	95		25		-	-	120
Depreciation / amortisation	(123)		247		(7)	(64)	53
MTM on ineffective hedges	(46)		112	-	-	-	66
Capital Loss on buyback of shares by L&T Infotech Financial Services Technologies Inc.	-		63	-	-	-	63
Non capital losses and deferred expenses	23		8		1		32
Others	(4)		45		(1)	-	40
MAT credit	2,576		(46)	-	-	-	2,530
<b>Net Deferred Tax Asset/ (Liabilities)</b>	<b>1,263</b>	<b>-</b>	<b>363</b>	<b>234</b>	<b>(7)</b>	<b>(64)</b>	<b>1,789</b>

## 9 (IV) Deferred tax liabilities or assets for the year ended 31 March 2017

### 9 (V) Deferred tax liabilities

(₹ in Mn)

	Deferred tax asset/ (liability) as at 31-03-2016	Deferred tax asset/ (liability) charged to retained earnings	Current year (charge) / credit to profit and loss a/c	(Charge) / credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/ (liability) as at 31-03-2017
<b>Deferred tax liabilities</b>							
Depreciation / amortisation	(313)	-	108	-	11	-	(194)
	<b>(313)</b>		<b>108</b>		<b>11</b>		<b>(194)</b>
<b>Deferred tax assets</b>							
Non capital losses and deferred expenses	65	-	(41)	-	(1)	-	23
	<b>65</b>		<b>(41)</b>		<b>(1)</b>		<b>23</b>
<b>Net deferred tax assets/ (liabilities)(A)</b>	<b>(248)</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>(171)</b>

# Notes forming part of Consolidated accounts

## 9 (VI) Deferred tax assets

(₹ in Mn)

	Deferred tax asset/ (liability) as at 31-03- 2016	Deferred tax asset/ (liability) charged to retained earnings	Current year (charge) / credit to profit & loss A/c	(Charge) / credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/ (liability) as at 31-03- 2017
<b>Deferred tax liabilities</b>	-	-	-	-	-	-	-
Income received in advance	(2)	-	2	-	-	-	-
Gain on cash flow hedges	(172)	-	-	(748)	-	-	(920)
MTM on ineffective hedges	-	-	(46)	-	-	-	(46)
Branch Profit Tax	(427)	-	(115)	-	-	-	(542)
Others	(1)	-	-	-	-	-	(1)
	<b>(602)</b>	<b>-</b>	<b>(159)</b>	<b>(748)</b>	<b>-</b>	<b>-</b>	<b>(1,509)</b>
<b>Deferred tax assets</b>							
Income received in advance	2	-	(2)	-	-	-	-
Provision for doubtful debts and advances	43	-	8	-	-	-	51
Provision for employee benefits	99	-	54	-	-	-	153
Realised gain on forward contracts	41	-	95	(41)	-	-	95
Depreciation / amortisation	44	-	27	-	-	-	71
loss carried forward as per provisions of Income Tax Act,1961	-	-	1	-	-	-	1
Others	10	-	1	-	-	(15)	(4)
MAT credit	2,576	-	440	(440)	-	-	2,576
	<b>2,815</b>	<b>-</b>	<b>624</b>	<b>(481)</b>	<b>-</b>	<b>(15)</b>	<b>2,943</b>
<b>Net deferred tax assets/ (liabilities)(B)</b>	<b>2,213</b>	<b>-</b>	<b>465</b>	<b>(1,229)</b>	<b>-</b>	<b>(15)</b>	<b>1,434</b>
<b>Net deferred tax assets/ (liabilities)(A+B)</b>	<b>1,965</b>	<b>-</b>	<b>532</b>	<b>(1,229)</b>	<b>10</b>	<b>(15)</b>	<b>1,263</b>

## 9 (VII) Net schedule of Deferred tax for the year ended 31 March 2017

(₹ in Mn)

	Deferred tax asset / (liability) as at 31-03- 2016	Charge to retained earnings	Current year (charge) / credit	(Charge) / credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset / (liability) as at 31-03- 2017
Depreciation / amortisation	(269)	-	135	-	11	-	(123)
Gains on cash flow hedges	(172)	-	-	(748)	-	-	(920)
Branch profit tax	(427)	-	(115)	-	-	-	(542)
Loss carried forward as per provisions under Income Tax Act, 1961	-	-	1	-	-	-	1
MTM on ineffective hedges	-	-	(46)	-	-	-	(46)
Non capital losses and deferred expenses	65	-	(41)	-	(1)	-	23
Provision for doubtful debts and advances	43	-	8	-	-	-	51
Provision for employee benefits	99	-	54	-	-	-	153
Realised gain on forward contracts	41	-	95	(41)	-	-	95
Others	9	-	1	-	-	(15)	(5)
MAT credit	2,576	-	440	(440)	-	-	2,576
<b>Net Deferred Tax Asset/ (Liabilities)</b>	<b>1,965</b>	<b>-</b>	<b>532</b>	<b>(1,229)</b>	<b>10</b>	<b>(15)</b>	<b>1,263</b>

# Notes forming part of Consolidated accounts

## 9 (VIII) Summary of minimum alternate tax (MAT) credit available for set off against future tax liability arising under provisions of Income tax Act, 1961 for the year ended on 31 March 2018

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward for the current year	MAT credit utilised in current year	Balance MAT carried forward to next year	Year of expiry
2007-2008	184	184	-	-	-	
2008-2009	218	218	-	-	-	
2009-2010	272	87	185	-	185	2024-25
2010-2011	454	-	454	-	454	2025-26
2011-2012	-	-	-	-	-	0
2012-2013	-	-	-	-	-	2027-28
2013-2014	366	-	366	-	366	2028-29
2014-2015	485	-	485	-	485	2029-30
2015-2016	647	-	647	-	647	2030-31
2016-2017 *	334	-	334	-	334	2031-32
2017-2018	59	-	59	-	59	2032-33
<b>Total</b>	<b>3,019</b>	<b>489</b>	<b>2,530</b>	<b>-</b>	<b>2,530</b>	

\* MAT credit reinstated as per Income tax records.

# Impact of MAT credit due to postponement of ICDS given in financial year 2016-17

\*Reduction in MAT for year ended 31 March 2017 of ₹ 106Mn due to Ind AS transitional deductions as per section 115JB of Income Tax Act 1961.

## 9 (IX) Summary of minimum alternate tax (MAT) credit available for set off against future tax liability arising under provisions of Income tax Act, 1961 for the year ended on 31 March 2017

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward for the current year	MAT credit utilised in current year	Balance MAT carried forward to next year	Year of expiry
2007-2008	184	184	-	-	-	-
2008-2009	218	218	-	-	-	-
2009-2010	272	87	185	-	185	-
2010-2011	454	-	454	-	454	2025-2026
2011-2012	-	-	-	-	-	-
2012-2013	-	-	-	-	-	-
2013-2014	365	-	365	-	365	2028-2029
2014-2015	485	-	485	-	485	2029-2030
2015-2016	647	-	647	-	647	2030-2031
2016-2017	440	-	440	-	440	2031-2032
<b>Total</b>	<b>3,065</b>	<b>489</b>	<b>2,576</b>	<b>-</b>	<b>2,576</b>	

## 10 OTHER NON CURRENT ASSETS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Prepaid Expenses	147	155
Advance recoverable in cash or kind	933	1,137
	<b>1,080</b>	<b>1,292</b>

# Notes forming part of Consolidated accounts

## 11 TRADE RECEIVABLES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
<b>Unsecured, considered good</b>		
Due from Related Parties (refer note 40)	308	171
Due from others	13,654	11,526
<b>Unsecured, considered doubtful</b>	345	230
Less : Allowance for bad & doubtful debts	(345)	(230)
	<b>13,962</b>	<b>11,697</b>

### Allowance for bad & doubtful debts movement

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Balance at the beginning of the year	230	223
Additions during the year, net	116	12
Uncollectable receivables charged against allowances	(31)	(3)
Exchange gain/(loss)	30	(2)
Balance at the end of year	<b>345</b>	<b>230</b>

## 12 CASH AND CASH EQUIVALENT

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Cash on hand	0	0
Balances with bank		
- in current accounts		
Overseas	2,171	1,260
Domestic	428	252
- in deposit accounts	46	164
Remittance in transit	678	615
	<b>3,323</b>	<b>2,291</b>

## 13 OTHER BANK BALANCES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Fixed Deposit with bank with more than 3 months	230	1,412
Earmarked balances with banks (Unclaimed dividend)	4	3
Cash and bank balance not available for immediate use	76	89
	<b>310</b>	<b>1,504</b>

## 14 CURRENT LOANS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
<b>Unsecured, considered good</b>		
Security deposits	238	159
	<b>238</b>	<b>159</b>

# Notes forming part of Consolidated accounts

## 15 OTHER CURRENT FINANCIAL ASSETS

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
Advances to employees	391	266
Forward contract receivable	1,580	2,251
Others	5	1
	<b>1,976</b>	<b>2,518</b>

## 16 OTHER CURRENT ASSETS

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
Prepaid expenses	743	915
Advances recoverable in cash or kind	304	51
Advances to vendors	78	22
	<b>1,125</b>	<b>988</b>

## 17 SHARE CAPITAL

### I) Share capital authorised, issued, subscribed and paid up:

	(₹ in Mn)	
	As at 31-03-2018	As at 31-03-2017
<b>Authorised :</b>		
260,000,000 equity shares of ₹ 1 each *	260	240
(Previous year 240,000,000 of ₹ 1 each)		
	<b>260</b>	<b>240</b>
<b>Issued, paid up and subscribed</b>		
171,999,263 equity shares for ₹ 1 each	172	171
(Previous year 170,571,113 of ₹ 1 each)		
	<b>172</b>	<b>171</b>

\* Pursuant to scheme of amalgamation of AugmentIQ Data Sciences Private Limited (transferor company) with the Company, the authorised share capital of INR 20 Mn is transferred to the Company (refer no. 38)

### II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

### III) Shareholders holding more than 5% of equity shares as at the end of the year:

Name of Shareholder	Number of Shares	Shareholding %
	As at 31-03-2018	
Larsen & Toubro Limited	142,693,637	82.96%
	As at 31-03-2017	
Larsen & Toubro Limited	143,750,000	84.28%

# Notes forming part of Consolidated accounts

## IV) Reconciliation of the number of equity shares and share capital:

Due to allotment of shares on exercise of stock options by employees, there was a movement in share capital for the year ended 31 March 2018 and 31 March 2017 as given below

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Issued, subscribed and fully paid up equity shares outstanding at the beginning	170,571,113	169,816,188
Add: Shares issued on exercise of employee stock options	1,428,150	754,925
Issued, subscribed and fully paid up equity shares outstanding at the end	<b>171,999,263</b>	<b>170,571,113</b>

## V) Stock option plans:

### Employee Stock Ownership Scheme ('ESOS Plan')

The grant of options to the employees under ESOS Plan is on the basis of their performance and other eligibility criteria.

Sr. no	Particulars	ESOP scheme 2000 I, II & III		ESOP scheme 2000 IV - XXI		U.S. Stock Option Sub-plan 2006		ESOP scheme 2015	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
i	Grant Price	₹ 5	₹ 5	₹ 2	₹ 2	USD 2.4	USD 2.4	₹ 1	₹ 1
ii	Grant Dates	01 April 2001 onwards		01 October 2001 onwards		15 March 2007 onwards		10 June 2016 onwards	
iii	Vesting commences on	01 April 2002 onwards		01 October 2002 onwards		15 March 2008 onwards		10 June 2017 onwards	
iv	Options granted & outstanding at the beginning of the year	36,720	82,660	1,450,725	2,350,106	47,000	143,650	3,596,300	-
v	Options reinstated during the year	-	-	-	-	-	-	-	-
vi	Options granted during the year	-	-	-	-	-	-	129,300	3,658,000
vii	Options allotted/execised during the year	3,375	11,830	673,315	725,445	8,000	17,650	743,460	-
viii	Options Lapsed/cancelled during the year	12,000	34,110	92,108	173,936	-	79,000	132,000	61,700
ix	Options granted & outstanding at the end of the year	21,345	36,720	685,302	1,450,725	39,000	47,000	2,850,140	3,596,300
x	Options vested at the end of the year out of (ix)	21,345	36,720	447,852	223,760	39,000	47,000	312,600	-
xi	Options unvested at the end of the year out of (ix)	-	-	237,450	1,226,965	-	-	2,537,540	3,596,300
xii	Weighted average remaining contractual life of options (in years)	-	-	0.7	1.7	-	-	5.3	6.2

(VI) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended 31 March 2018 are Nil (previous period of five years ended 31 March 2017 - Nil)

(VII) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended 31 March 2018 - Nil (previous period of five years ended 31 March 2017 - Nil)

(VIII) During the year ended 31 March 2018, the amount of interim dividend distributed to equity shareholder was ₹ 8.00 per share at face value of ₹ 1 (previous year ₹ 6.85 per share at face value of ₹ 1) for the year ended 31 March 2018 and final dividend of ₹ 9.70 per share at face value of ₹ 1.

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

Particulars	2017-18		2016-17	
	No. of stock options	Weighted average exercise price	No. of stock options	Weighted average exercise price
i Options granted & outstanding at the beginning of the year	5,130,745	2.73	2,576,416	11.14
ii Options reinstated during the year	-	-	-	-
iii Options granted during the year	129,300	1.00	3,658,000	1.00
iv Options allotted during the year	1,428,150	2.35	754,925	5.64
v Options Lapsed/cancelled during the year	236,108	1.59	348,746	36.92
vi Options granted & outstanding at the end of the year	3,595,787	2.90	5,130,745	2.73
vii Options vested at the end of the year out of (vi)	820,797	9.03	307,480	25.84



# Notes forming part of Consolidated accounts

- (X) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 850 per share (previous year ₹ 621 per share).
- (XI) Weighted average fair value of options granted during the year is ₹ 644.71 (previous year ₹ 407.39).
- (XII) The fair value has been calculated using the Black-Scholes Option Pricing model and significant assumptions and inputs to estimate the fair value options granted during the year are as follows::

Sr. no	Particulars	2017-18	2016-17
i	Weighted average risk-free interest rate	6.69%	7.10%
ii	Weighted average expected life of options	3 years	3 years
iii	Weighted average expected volatility	17.88%	19.23%
iv	Weighted average expected dividends over the life of option	₹ 115.33	₹ 115.56
v	Weighted average share price	₹ 644.71	₹ 407.74
vi	Weighted average exercise price	₹ 1	₹ 1
vii	Method used to determine expected volatility	The expected volatility has been calculated entirely based on historic volatility IT Index.	The expected volatility has been calculated entirely based on historic volatility IT Index, as historical data of the Group is not available being an unlisted Company.

- (XII) The balance in share option outstanding account as on 31 March, 2017 is ₹ 1,216 Mn (previous year ₹ 1,510 Mn).

## 18 OTHER EQUITY

Sr. no	Particulars	2017-18	2016-17
(₹ in Mn)			
I)	General Reserve		
	Opening balance	4,501	4,492
	Add: Employee stock compensation outstanding	2	-
	Add: transfer from employee outstanding	-	9
		<b>4,503</b>	<b>4,501</b>
II)	Hedging Reserve		
	Opening balance	3,081	877
	Add: Movement in forward contracts receivable	1,477	4,641
	Less: Amount reclassified to profit or loss	(2,966)	(1,460)
	Less: Deferred tax related to above	433	(977)
		<b>2,025</b>	<b>3,081</b>
III)	Share Premium		
	Opening balance	1,498	1,473
	Add: Additions during the year	321	25
		<b>1,819</b>	<b>1,498</b>
IV)	Employee Stock option outstanding		
	Opening balance	1,511	77
	Add: Additions during the year	83	1,492
	Less: Transferred to general reserve	-	(8)
	Less: Deductions during the year	(378)	(50)
		<b>1,216</b>	<b>1,511</b>

# Notes forming part of Consolidated accounts

(₹ in Mn)

Sr. no	Particulars	2017-18	2016-17
	Deferred employee compensation expense		
	Opening balance	(945)	-
	Add: Additions during the year	(83)	(1,492)
	Less: Deductions during the year	562	547
		<b>(466)</b>	<b>(945)</b>
	Balance to be carried forward	<b>750</b>	<b>566</b>
V)	Foreign currency translation reserve		
	Opening balance	264	479
	Add: Transfer	160	(215)
		<b>424</b>	<b>264</b>
VI)	Retained Earnings		
	Opening balance	21,362	13,678
	Add: Profit for the year	11,120	9,707
	Add: Other comprehensive income	62	(45)
	Less: Dividend (including dividend distribution tax)	(3,639)	(1,978)
		<b>28,905</b>	<b>21,362</b>
		<b>38,426</b>	<b>31,272</b>

## 19 OTHER NON CURRENT FINANCIAL LIABILITY

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Liability for customer settlement	204	-
Payable for acquisition of business	837	-
	<b>1,042</b>	<b>-</b>

## 20 (I) NON CURRENT PROVISIONS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Post-retirement medical benefit	169	174
Others	111	111
	<b>280</b>	<b>285</b>

## 20 (III) DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (IND- AS) 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS" MOVEMENT IN PROVISIONS:

Sr. No.	Particulars	Class of provisions		
		Sales Tax	Others	Total
i	Balance as at 1-4-2017	4	107	111
ii	Additional provision during the year	-	-	-
iii	Provision used during the year	-	-	-
iv	Provision reversed during the year	-	-	-
v	Balance as at 31-03-2018	4	107	111

### Nature of provisions:

- Provision for sales tax pertains to claim made by the authorities on certain transaction of capital nature for the year 2002-03.
- Provision for others represents liabilities relating to matters in dispute

# Notes forming part of Consolidated accounts

## 21 TRADE PAYABLES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Due to Related Parties (Refer Note 40)	60	167
Due to others	1,468	1,059
Accrued expenses	2,360	2,140
	<b>3,888</b>	<b>3,366</b>

## 22 OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Unclaimed dividend	4	3
Employee liabilities (others)	4,081	3,761
Gratuity liability	128	157
Credit Support Agreement Deposit	1,617	2,025
Liability for customer settlement expense	219	-
Others	57	52
	<b>6,106</b>	<b>5,998</b>

## 23 OTHER CURRENT LIABILITIES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Other payables	1,617	1,158
	<b>1,617</b>	<b>1,158</b>

## 24 CURRENT PROVISIONS

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
Compensated absences	1,841	1,613
Post retirement medical benefits	2	1
Other provisions	1	-
	<b>1,844</b>	<b>1,614</b>

## 25 REVENUE FROM OPERATIONS

(₹ in Mn)

	2017-18	2016-17
Revenue	73,065	65,009
	<b>73,065</b>	<b>65,009</b>

# Notes forming part of Consolidated accounts

## 26 OTHER INCOME

(₹ in Mn)

	2017-18	2016-17
Income from current investment in mutual funds	738	194
Interest received	23	27
Foreign exchange gain *	3,427	1,539
Profit on sale of fixed assets	2	-
Miscellaneous income	71	107
	<b>4,261</b>	<b>1,867</b>

\* The foreign exchange gain reported above includes ₹2,966 Mn (previous year ended 31 March 2017 ₹1,460 Mn) gain on derivative instruments which are designated as cash flow hedges. Since the Company hedges its operational business exposure on a net basis (i.e. expected earnings in foreign currency less expected expenditure in related currency), the aforesaid gain/loss on derivative instruments relates to the business operations of the company.

## 27 EMPLOYEE BENEFIT EXPENSES

(₹ in Mn)

	2017-18	2016-17
Salaries including overseas staff expenses	39,754	33,947
Share based payments to employees	400	428
Staff welfare	439	518
Contribution to provident and other funds	542	377
Contribution to superannuation Fund	45	54
Contribution to gratuity fund	155	115
Contribution to SSA & other funds	1,954	1,714
	<b>43,289</b>	<b>37,153</b>

## 28 OPERATING EXPENSES

(₹ in Mn)

	2017-18	2016-17
Consultancy charges	5,360	4,371
Cost of equipment, hardware and software packages	3,474	3,364
Travelling and conveyance	2,375	2,357
Rent and establishment expenses	1,842	1,688
Repairs and maintenance	815	804
Customer settlement expenses *	617	-
Miscellaneous expenses	438	617
Telephone charges and postage	365	331
Recruitment expenses	359	211
Power and fuel	330	318
Rates and taxes	254	199
Advertisement	222	196
Communication expenses	189	238
Allowance for doubtful debts and advances	133	12
Less : Provision written back	(17)	-
Insurance charges	58	55
Bad debts	31	3
	<b>16,845</b>	<b>14,764</b>

\* Customer settlement expenses are in relation to one time commercial settlement entered by the Company with one of its clients on 27 March 2018

# Notes forming part of Consolidated accounts

## 29 FINANCE COST

	(₹ in Mn)	
	2017-18	2016-17
Interest on deposits with respect to Credit support agreement	133	29
Notional interest on financial liability *	20	-
Fixed loans	-	1
On others	4	2
	<b>157</b>	<b>32</b>

\* Contingent consideration payable on business acquisition of syncordis group

## 30 (I) CURRENT TAX (NET)

	(₹ in Mn)	
	2017-18	2016-17
Current Tax	3,754	3,159
Provision for earlier year (written back)/off	(100)	22
	<b>3,654</b>	<b>3,181</b>

## 30 (II) DEFERRED TAX

	(₹ in Mn)	
	2017-18	2016-17
Deferred tax charge/(credit)	(409)	(92)
MAT credit entitlement for current year	46	(440)
	<b>(363)</b>	<b>(532)</b>

\*MAT credit for year ended 31 March 2018 of ₹ 59 Mn is net off reduction in MAT for year ending 31 March 2017 ₹ 106 Mn due to Ind AS transitional deductions as per section 115JB of Income Tax Act 1961.

## 30 (III) Applicable tax rates in various tax jurisdictions for the year ended 31 March 2018 is given below:

Jurisdiction of subsidiaries	Applicable tax rates (%)
Austria	25.00
China	25.00
Canada	26.50
France	33.33
Germany	15.83
India	34.61
Luxembourg *	19.00
Mexico	30.00
Spain	25.00
South Africa	28.00
United States	31.50
UK	19.00

Jurisdiction of branches	Applicable tax rates (%)
Australia	30.00
Belgium	33.00
Costa Rica	30.00
Denmark	22.00
Finland	20.00
France	33.33
Japan	23.40
Netherlands	25.00
Norway	23.00
Philippines	30.00
Poland	19.00

## Notes forming part of Consolidated accounts

Jurisdiction of branches	Applicable tax rates (%)
Qatar	10.00
Saudi Arabia	20.00
South Africa	28.00
Singapore	17.00
Sweden	22.00
United Kingdom	19.00
United States **	31.50

\*\* Tax rate in United States has changed from 35% to 21% w.e.f. 1 January 2018. Rate mentioned above is weighted average rate for the year ended 31 March 2018.

### 30(IV) A reconciliation of the income tax provision to the amount computed by applying enacted income tax rate to the profit before income taxes is as follows:

	(₹ in Mn)	
	2017-18	2016-17
Profit before income taxes	14,415	12,358
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expense	4,989	4,277
Tax effect due to non-taxable income for Indian tax purposes	(1,817)	(1,360)
Overseas taxes	446	413
Short/excess provision	7	20
Effect of exempt income for Indian tax purposes	(101)	(741)
Capital losses carried forward	(133)	
Effect of allowances of eligible expenses	(774)	(410)
Effect of non-deductible expenses	772	480
Effect of deferred taxes	(410)	(94)
Others	312	64
<b>Tax expense as per statement of profit and loss</b>	<b>3,291</b>	<b>2,649</b>

### 31 STATEMENT OF OTHER COMPREHENSIVE INCOME

	(₹ in Mn)	
	2017-18	2016-17
<b>Items that will not be reclassified to profit or loss</b>		
Defined benefit plan actuarial gain/(loss)	80	(57)
Income tax on defined benefit plan actuarial gain/(loss)	(18)	12
	<b>62</b>	<b>(45)</b>
<b>Items that will be reclassified to profit or loss</b>		
Net changes in fair value of cash flow hedges	(1,489)	3,181
Income tax on net changes in fair value of cash flow hedges	433	(977)
Foreign currency translation reserve	159	(214)
	<b>(897)</b>	<b>1,990</b>
	<b>(835)</b>	<b>1,945</b>

# Notes forming part of Consolidated accounts

## 32 CONTINGENT LIABILITIES

(₹ in Mn)

	As at 31-03-2018	As at 31-03-2017
1 Income tax liability that may arise in respect of which the Company is in appeal *	2,391	1,971
2 Corporate guarantee given on behalf of subsidiary **	3,546	3,726
3 Service tax refund disallowed, in respect of #	92	81
	<b>6,029</b>	<b>5,778</b>

\*Out of contingent Tax liability disclosed above, ₹ 2,165 Mn (including interest of ₹ 185 Mn), pertains to the tax demand arising on account of disallowance of exemption u/s 10A/10AA on profits earned by STPI Units/SEZ units on onsite export revenue. Company is pursuing appeal against these demands before the relevant Appellate Authorities. The company believes that its position is likely to be upheld by appellate authorities and considering the facts, the ultimate outcome of these proceedings is not likely to have material adverse effect on the results of operations or the financial position of the Company.

\*\* The Company had given a corporate guarantee on behalf of its wholly owned subsidiary L&T Infotech Financial Services Technologies Inc. The guarantee is for performance of all obligations by LTIFST Canada in connection with its long term annuity services contracts with customer. The obligation under this guarantee is limited in aggregate to the amount of CAD 70,000,000.

# The Company had filed for refund of accumulated service tax credit in accordance with relevant CENVAT credit Rules. However, the department has disallowed certain portion of such refunds considering the same as ineligible as not related with output services. The Company is in appeal against these disallowances before the relevant Authorities and is hopeful of getting a favourable order.

- 33 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 178 Mn (previous year ₹ 151 Mn).

## 34 EMPLOYEE BENEFITS

### I) The amounts recognised in balance sheet are as follows:

(₹ in Mn)

	Gratuity plan	
	As at 31-03-2018	As at 31-03-2017
a) Present value of defined benefit obligation		
- Wholly funded	798	684
- Wholly unfunded	-	-
b) Fair value of plan assets as on*	670	527
Amount to be recognised as liability or (asset) (a-b)	128	157
Net liability/(asset)-current	128	157
Net liability/(asset)- non current	-	0

\* Asset is not recognised in the balance sheet

(₹ in Mn)

	Post-retirement medical benefit plan	
	As at 31-03-2018	As at 31-03-2017
<b>A.</b>		
a) Present value of defined benefit obligation		
- Wholly funded	-	0
- Wholly unfunded	170	175
b) Fair value of plan assets	-	0
Amount to be recognised as liability or (asset) (a-b)	170	175
<b>B.</b>		
Amounts reflected in the balance sheet		
Liability	170	175
Assets	-	0
Net liability/(asset)	170	175
Net liability/(asset)-current	1	1
Net liability/(asset)- non current	169	174

# Notes forming part of Consolidated accounts

(₹ in Mn)

	Provident fund plan (refer note (X)(iii) below)	
	As at 31-03-2018	As at 31-03-2017
<b>A.</b>		
a) Present value of defined benefit obligation		
- Wholly funded	5,865	4910
- Wholly unfunded	-	-
b) Fair Value of plan assets	5,914	4939
Amount to be recognised as liability or (asset) (a-b)*	(49)	(29)
<b>B.</b>		
Amounts reflected in the balance sheet		
Liability	78	62
Assets	-	0
Net liability/(asset)#	78	62
Net liability/(asset)-current	78	62
Net liability/(asset)- non current	-	-

# Employer's and employee's contribution for March 2018 paid in April 2018

\* Asset is not recognised in the balance sheet

## II) The amounts recognised in statement of profit and loss are as follows:

(₹ in Mn)

	Gratuity plan	
	As at 31-03-2018	As at 31-03-2017
i. Current service cost	135	112
ii. Past service cost	13	0
iii. Administration expenses	-	0
iv. Interest on net defined benefit liability / (asset)	7	3
v. (Gains) / losses on settlement	-	0
Total expense charged to profit and loss account	155	115

(₹ in Mn)

	Post-retirement medical benefit plan	
	2017-18	2016-17
i. Current service cost	43	27
ii. Past service cost	(7)	-
iii. Administration expenses	-	-
iv. Interest on net defined benefit liability / (asset)	12	10
v. (Gains) / losses on settlement	-	-
Total expense charged to profit and loss account	48	37

(₹ in Mn)

	Provident fund plan	
	2017-18	2016-17
1. Current service cost	271	274
2. Interest cost	440	373
3. Expected return on plan assets	(440)	(373)
Total expense for the year included in staff cost	271	274



# Notes forming part of Consolidated accounts

## III) The amounts recognised in statement of other comprehensive income (OCI) are as follows:

(₹ in Mn)

	Gratuity plan		Post retirement medical benefit plan	
	2017-18	2016-17	2017-18	2016-17
Opening amount recognized in OCI	28	[14]	3	[11]
<b>Re-measurements during the period due to:</b>				
Changes in financial assumptions	8	41	[32]	32
Experience adjustments	[10]	[5]	[20]	[18]
Actual return on plan assets less interest on plan assets	[24]	6	-	-
<b>Closing amount recognized in OCI</b>	<b>2</b>	<b>28</b>	<b>[49]</b>	<b>3</b>

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

(₹ in Mn)

	Gratuity plan	
	2017-18	2016-17
Opening balance of defined benefit obligation	684	579
Current service cost	135	112
Past service cost	13	0
Interest on defined benefit obligation	43	41
<b>Re-measurements due to</b>		
Actuarial loss / (gain) arising from change in financial assumption	8	41
Actuarial loss / (gain) arising from change in demographic assumptions	-	0
Actuarial loss/ (gain) arising on account of experience changes	[10]	-5
Benefits paid	[75]	-84
Liabilities assumed / (settled)*	-	-
Liabilities extinguished on settlements	-	-
<b>Closing balance of defined benefit obligation</b>	<b>798</b>	<b>684</b>

\* On account of business combination or inter-company transfer

(₹ in Mn)

	Post-retirement medical benefit plan	
	2017-18	2016-17
Opening balance of defined benefit obligation	174	124
Current service cost	43	27
Past service cost	[7]	-
Interest on defined benefit obligation	12	10
<b>Re-measurements due to</b>		
Actuarial loss / (gain) arising from change in financial assumption	[32]	31
Actuarial loss / (gain) arising from change in demographic assumptions	-	-
Actuarial loss/ (gain) arising on account of experience changes	[20]	[18]
Benefits paid	-	0
Liabilities assumed / (settled)*	-	0
Liabilities extinguished on settlements	-	0
<b>Closing balance of defined benefit obligation</b>	<b>170</b>	<b>174</b>

\* On account of business combination or inter-company transfer

# Notes forming part of Consolidated accounts

(₹ in Mn)

	Provident fund plan	
	2017-18	2016-17
Opening balance of defined benefit obligation	4,910	4,254
Add : Interest cost	440	373
Add : Current service cost	271	274
Add : Contribution by plan participants	599	617
Add/(Less) : actuarial (gains)/losses	-	-
Add: Business combination/acquisition	-	-
Less: Assets acquired/(settled)*	287	(50)
Liabilities assumed on acquisition/ (settled on divestiture)	-	-
Less : Benefits paid	(642)	(558)
<b>Closing balance of defined benefit obligation</b>	<b>5,865</b>	<b>4,910</b>

\* On account of business combination or inter-company transfer

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

(₹ in Mn)

	Gratuity plan		Provident fund plan	
	2017-18	2016-17	2017-18	2016-17
Opening balance of the fair value of the plan assets	527	493	4,939	4,264
Employer's contributions	157	87	265	271
Expected return on plan assets	36	38	440	373
Administration expenses	-	-	-	-
Actuarial gains / (loss)	-	-	312	47
Re-measurements due to:				
Actual return on plan assets less interest on plan assets	24	(7)	-	-
Contribution by plan participants	-	-	602	592
Benefits paid	(75)	(84)	(642)	(558)
Assets acquired/(settled)*	-	-	(1)	(50)
Assets distributed on settlements	-	-	-	-
<b>Closing balance of plan assets</b>	<b>670</b>	<b>527</b>	<b>5,914</b>	<b>4,939</b>

\* On account of business combination or inter-company transfer

The Company expects to contribute ₹ 128 Mn (₹ 157 Mn in 2016-17) towards its gratuity, in the next financial year.

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

(₹ in Mn)

	2017-18	
	Gratuity plan	Provident fund plan
Government of India securities		23.05%
State government securities		20.03%
Corporate bonds		17.27%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds	Scheme with LIC	5.74%
Public sector bonds		28.45%
Mutual Funds		3.01%
Others		2.45%

# Notes forming part of Consolidated accounts

## VII) Principal actuarial assumptions at the balance sheet date :

	(₹ in Mn)	
	2017-18	2016-17
i. <b>Discount rate</b>		
For gratuity	7.60%	6.75%
For post-retirement medical benefits	7.60%	6.75%
ii. Annual increase in healthcare costs (see note below)	5.00%	5.00%
iii. Attrition rate :	Varies between 2% to 18%	Varies between 2% to 18%
iv. Salary growth rate *	6.00%	5.00%

\* Note - Salary growth rate assumption has been revised to reflect Company's average salary growth rate and current market conditions

## VIII) Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan (which in case of serving employees, if any, is based on service accrued by employee up to valuation date):

### As on 31 March 2018

(₹ in Mn)		
Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	106	2
Expected benefits for year 2	101	2
Expected benefits for year 3	100	3
Expected benefits for year 4	98	3
Expected benefits for year 5	94	4
Expected benefits for year 6	89	5
Expected benefits for year 7	83	5
Expected benefits for year 8	76	6
Expected benefits for year 9	74	7
Expected benefits for year 10 and above	640	1,186

### As on 31 March 2017

(₹ in Mn)		
Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	96	1
Expected benefits for year 2	87	2
Expected benefits for year 3	86	2
Expected benefits for year 4	82	3
Expected benefits for year 5	77	3
Expected benefits for year 6	72	4
Expected benefits for year 7	66	5
Expected benefits for year 8	61	5
Expected benefits for year 9	54	6
Expected benefits for year 10 and above	469	1,036

The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

# Notes forming part of Consolidated accounts

## IX) Sensitivity analysis

### i) Post retirement benefits:

Although the obligation of the Group under the post-retirement medical benefit plan is limited to the overall ceiling limits, assumed healthcare cost trend rates may affect the amounts recognised in the statement of profit and loss. The benefit obligation results for the cost of paying future hospitalization premiums to insurance company and reimbursement of domiciliary medical expenses in future for the employee / beneficiaries during their lifetime is sensitive to discount rate, future increase in healthcare costs and longevity. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

	Period ended 31 March 2018
<b>Discount Rate</b>	
Impact of increase in 100 bps on defined benefit obligation	-17.38%
Impact of decrease in 100 bps on defined benefit obligation	22.74%
<b>Healthcare costs rate</b>	
Impact of increase in 100 bps on defined benefit obligation	17.71%
Impact of decrease in 100 bps on defined benefit obligation	-14.09%
<b>Life expectancy</b>	
Impact of increase by 1 year on defined benefit obligation	0.57%
Impact of decrease by 1 year on defined benefit obligation	-0.59%

### ii) Gratuity:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption as below:

	Period ended 31 March 2018	
	Discount rate	Salary escalation rate
Impact of increase in 100 bps on defined benefit obligation	-6.08%	6.80%
Impact of decrease in 100 bps on defined benefit obligation	6.82%	-6.19%

# Notes forming part of Consolidated accounts

## 35 FINANCIAL INSTRUMENTS BY CATEGORY

### I) Carrying value of financial instruments by categories are as follows:

(₹ in Mn)

	As at 31-03-2018				As at 31-03-2017			
	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Total	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Total
Financial assets								
Investments	12,644			12,644	9,406			9,406
Trade receivables			13,962	13,962			11,697	11,697
Unbilled revenue			8,365	8,365			4,724	4,724
Cash and cash equivalents			3,323	3,323			2,291	2,291
Other bank balances			310	310			1,504	1,504
Loans			625	625			470	470
Derivative financial instruments	(50)	2,351		2,301	220	3,897	0	4,117
Other financial assets			395	395	-	-	267	267
<b>Total</b>	<b>12,594</b>	<b>2,351</b>	<b>26,980</b>	<b>41,925</b>	<b>9,626</b>	<b>3,897</b>	<b>20,953</b>	<b>34,476</b>

(₹ in Mn)

	As at 31-03-2018				As at 31 March 2017			
	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Total	Fair value through P&L (FVTPL)	Fair value through OCI	Amortised cost	Total
Financial liability								
Borrowings	-	-	-	-	-	-	-	-
Current maturities of long term borrowings	-	-	-	-	-	-	-	-
Trade payables	-	-	3,888	3,888	-	-	3,366	3,366
Other financial liabilities	-	-	7,148	7,148	-	-	5,998	5,998
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,036</b>	<b>11,036</b>	<b>-</b>	<b>-</b>	<b>9,364</b>	<b>9,364</b>

### II) Fair value hierarchy used by the Group for valuation of financial assets and liabilities recognised at FVTPL and FVTOCI is as below:

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

Level 2- Inputs other than quoted prices included with in level 1 that are observable for assets or liabilities either directly or indirectly.

Level 3- Inputs for assets or liabilities that are not based on observable market data

(₹ in Mn)

	As at 31 March 2018				As at 31 March 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments	12,643		1	12,644	9,406			9,406
Derivative financial instruments		2,301		2,301		4,117		4,117
<b>Total</b>	<b>12,643</b>	<b>2,301</b>	<b>1</b>	<b>14,945</b>	<b>9,406</b>	<b>4,117</b>	<b>-</b>	<b>13,523</b>

### III) Financial risk management

The Company is exposed to foreign currency risk, interest rate risk, credit or counterparty risk and liquidity risk.

#### i) Currency risk

Primary market risk to the Group is foreign exchange risk.

The Group uses derivative financial instruments to mitigate foreign exchange related exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

The Group's operations are principally in foreign currencies and the maximum exposure is in US dollars.

The Board of Directors has approved the Group's financial risk management policy covering management of foreign currency exposures. The treasury department monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Group hedges its exposure on a net basis (i.e. expected earnings in foreign currency less expected expenditure in related currency) These hedges are cash flow hedges as well as hedges not designated as cash flow hedges.

# Notes forming part of Consolidated accounts

The Group does not enter into hedge transactions for either trading or speculative purposes.

The outstanding forward contracts at the year end their maturity profile and sensitivity analysis are as under.

Fair value of forward contracts of USD ₹ as at 31 March 2018 and 31 March 2017 was ₹ 49,722 Mn and 57,886 Mn respectively. Outstanding number of contracts as at 31 March 2018 were 266 and 31 March 2017 were 269

A) Notional value of forward contracts designated as cash flow hedges is given as below:

Currency	(₹ in Mn)			
	As at 31 March 2018		As at 31 March 2017	
	Amount in USD Mn	Amount in ₹ Mn	Amount in USD Mn	Amount in ₹ Mn
USD-₹	730	52,945	848	61,818

B) The foreign exchange forward contracts designated as cash flow hedges mature maximum within 36 months. The table below analyses the derivative financial instrument into relevant maturity Companying based on the remaining period as of the balance sheet. Contracts with maturity not later than twelve months include certain contracts which can be rolled over to subsequent periods in line with underlying exposures:

In USD	(₹ in Mn)	
	As at 31 March 2018	As at 31 March 2017
Not later than twelve months	26,192	29,509
Later than twelve months	26,753	32,309
<b>Total</b>	<b>52,945</b>	<b>61,818</b>

C) Value-at-Risk (VaR)

To provide a meaningful assessment of the foreign currency risk associated with the Group's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Group uses a multi-currency correlated 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. Because the Group uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increases in the fair value of the underlying exposures for on-balance sheet exposures. The overnight VAR of the Group at 95% confidence level is ₹ 287 Mn as at 31 March 2018 ₹ 396 Mn as at 31 March 2017.

Actual future gains and losses associated with the Group's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of 31 March 2018 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Group's actual exposures and position.

## ii) Interest risk

The Group has no interest rate risk in case of borrowings as on 31 March 2017. However the Group invests its surplus funds in Debt mutual funds. The Group mitigates the risk of counter-party failure by investing in mutual fund schemes with large assets under management and having investments in debt instruments issued with sound credit rating.

Net assets value (NAV) of mutual funds are subject to changes in interest rates. Every one percent increase or decrease in the NAV of debt mutual funds where the company holds investments will impact the Company's profit after tax by ₹ 126 Mn in 2017-18 and ₹ 94 Mn in 2016-17.

## iii) Credit risk

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

The Group makes adequate provision for non-collection of trade receivable. Further, the Group has not suffered significant payment defaults by its customers.

## Notes forming part of Consolidated accounts

In addition, for delay in collection of receivable, the Group has made provision for Expected Credit loss ('ECL') based on ageing analysis of its trade receivable. These range from 1.5% for dues outstanding up to six months to 19.2% for dues outstanding for more than 36 months for 2017-18 (Previous year 1.7% and 21.3% for dues outstanding up to 6 months and for more than 36 months respectively). No provision has been made on trade receivables in not due category.

ECL allowance for non-collection of receivable and delay in collection, on a combined basis were ₹ 78 Mn and ₹ 65 Mn for the financial years 2017-18 and 2016-17 respectively. The movement in allowance for doubtful debts comprising provision for both non-collection of receivables and delay in collections is as follows:

	(₹ in Mn)	
	2017-18	2016-17
Opening balance	65	62
Impairment loss recognised or (reversed)	13	3
Closing balance	78	65

The percentage of revenue from its top five customers is 36.8% for 2016-17 (37.6% for 2017-18).

The counter-party risk that Group is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter-parties are mainly banks and the Group has entered into contracts with the counter-parties for all its hedge instruments and in addition, entered into suitable credit support agreements to limit counter party risk where necessary.

#### iv) Liquidity risk

The Group's treasury department monitors the cash flows of the Group and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds.

The Group has no borrowings as on 31 March 2018 but it has credit facilities with banks that will help it in generating funds for the business if required.

The contractual maturities of financial assets and financial liabilities is as follows:

	31-03-2018			31-03-2017		
	Within a year	More than one year	Total	Within a year	More than one year	Total
Trade payables	3,888		3888	3,366	-	3,366
Other financial liabilities	6,106	1042	7148	5,998	-	5,998
<b>Total</b>	<b>9,994</b>	<b>1042</b>	<b>11,036</b>	<b>9,364</b>	<b>-</b>	<b>9,364</b>

	31-03-2018			31-03-2017		
	Within a year	More than one year	Total	Within a year	More than one year	Total
Investments	12,643	1	12,644	9,406	-	9,406
Trade receivables	13,962		13,962	11,697	-	11,697
Unbilled revenue	8,365		8,365	4,724	-	4,724
Cash and cash equivalent	3,323		3,323	2,291	-	2,291
Other bank balances	310		310	1504	-	1,504
Loans	238	387	625	159	310	469
Derivative financial instruments	1,580	721	2,301	2,251	1,866	4,117
Other financial assets	396	-	396	267	-	267
<b>Total</b>	<b>40,817</b>	<b>1,109</b>	<b>41,926</b>	<b>32,299</b>	<b>2,176</b>	<b>34,475</b>

# Notes forming part of Consolidated accounts

## 36 LEASES

### Operating leases

The Group has taken certain premises, office equipment and employee cars under non-cancellable operating leases. The rental expense in respect of operating leases was ₹ 1,756 Mn. (previous year ₹ 1,614 Mn) and the future rentals payable are as follows:

(₹ in Mn)

	2017-18	2016-17
Minimum lease payments		
- payable not later than 1 year	993	917
- payable after 1 year but not later than 5 years	3,263	3,643
- payable after 5 years	502	584
	<b>4,758</b>	<b>5,144</b>

## 37 BASIC AND DILUTED EARNINGS PER SHARE (EPS) AT FACE VALUE OF ₹ 1

	2017-18	2016-17
Profit after tax (₹ in Mn)	11,120	9,707
Weighted average number of shares outstanding	171,250,145	170,112,899
<b>Basic EPS (₹)</b>	<b>64.93</b>	<b>57.08</b>
Weighted average number of shares outstanding	171,250,145	170,112,899
Add : weighted average number of potential equity shares on account of employee stock options	3,927,388	3,879,583
Weighted average number of shares outstanding	175,177,533	173,992,482
<b>Diluted EPS (₹)</b>	<b>63.48</b>	<b>55.80</b>

## 38 AMALGAMATION OF SUBSIDIARY

AugmentIQ Data Sciences Private Limited ('AugmentIQ') and the Company on 23 June 2017 had filed, an application with Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), for sanctioning the Scheme of Amalgamation of AugmentIQ with the Company under section 230 - 232 of the Companies Act, 2013 and the rules made thereunder. NCLT had admitted the application and ordered a meeting of shareholders of AugmentIQ and the Company on 23 August 2017 and 24 August 2017, respectively. The Shareholders of AugmentIQ and the Company, respectively had approved the Scheme of Amalgamation. Subsequently, AugmentIQ and the Company had filed a Petition with NCLT on 07 September 2017. The Scheme was sanctioned by the NCLT vide its order dated 02 May 2018. The Scheme was filed with the Registrar of Companies on 21 May 2018 and came into effect on that day with appointed date being April 01, 2017.

## 39 ACQUISITION

The Company acquired Syncordis S.A, Luxembourg, along-with its fully owned subsidiaries Syncordis SARL, France, Syncordis Ltd. UK, Syncordis PSF S.A , on 15 December 2017 and paid an enterprise value of Euro 14.62 million on acquisition for 100% of shares. In addition, Euro 13.50 million may be payable over a period of 4-5 years, which is contingent on performance. Consolidated revenue of Syncordis S.A. for Calendar year 2016 was at Euro 12.04 Million.

On 11 December 2017, the company acquired Syncordis Software Services India Private Limited, a wholly owned subsidiary of Syncordis S.A with an enterprise value of Euro 0.35 million, revenue of which was ₹ 30.22 million for 2016-17.

The Company has used cut-off date of 30 November 2017 as the acquisition date for convenience, since the transactions from 1 December 2017 till the dates of acquisition of respective entities were not material.

The financial results for the year ended 31 March 2018 include revenue of ₹ 459 million and profit after tax of ₹ 51 million pertaining to this acquisition. Trade receivables on this acquisition of ₹ 318 million were fully collected as at 31 March 2018.



# Notes forming part of Consolidated accounts

The purchase price allocation as per Ind AS 103 Business Combination has resulted into recognition of following assets and liabilities:

	(₹ in Mn)		
	<b>Syncordis S.A, Luxembourg,</b>	<b>Syncordis Software Services India Private Limited (India)</b>	<b>Total</b>
<b>Present value of consideration (A)</b>	<b>1,999</b>	<b>27</b>	<b>2,026</b>
<b>Non-current assets:</b>			
Customer contracts	181	-	181
Other non-current assets	11	3	14
			-
<b>Current assets:</b>			
Trade receivables	318	4	321
Cash and bank balancesw	276	6	282
Short term loans	-	1	1
Other current financial assets	-	-	-
Other current assets	127	0	127
<b>Total Assets</b>	<b>913</b>	<b>14</b>	<b>927</b>
<b>Non-current Liabilities:</b>			
Deferred Tax Liabilities	(63)	-	(63)
<b>Current Liabilities:</b>			
Trade payables	(132)	(2)	(134)
Other current financial liabilities	-	-	-
Other current liabilities	(457)	-	(457)
Provisions	(4)	-	(4)
<b>Total Liabilities</b>	<b>(655)</b>	<b>(2)</b>	<b>(656)</b>
<b>Net Assets acquired (B)</b>	<b>259</b>	<b>12</b>	<b>270</b>
<b>Goodwill on consolidation (A)-(B)</b>	<b>1,740</b>	<b>15</b>	<b>1,755</b>

Initial recognition of goodwill on business combination is not deductible for tax purposes.

## 40 RELATED PARTY DISCLOSURE:

### (I) Key Management Personnel:

Name	Status
Mr. Sanjay Jalona	Chief Executive Officer & Managing Director
Mr. Aftab Zaid Ullah	Chief Operating Officer & Whole time Director
Mr. Sudhir Chaturvedi	President – Sales & Whole time Director
Mr. Ashok Kumar Sonthalia	Chief Financial Officer

# Notes forming part of Consolidated accounts

## (III) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding Company
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
Larsen & Toubro (East Asia) SDN.BHD	Fellow Subsidiary
L&T Electrical and Automation Saudi Arabia Company Limited LLC	Fellow Subsidiary
Larsen and Toubro ATCO Saudia LLC	Fellow Subsidiary
L&T Finance Limited	Fellow Subsidiary
L&T Infrastructure Finance Company Limited	Fellow Subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Valves Limited	Fellow Subsidiary
L&T Investment Management Limited	Fellow Subsidiary
L&T Construction Equipment Limited	Fellow Subsidiary
Larsen & Toubro LLC	Fellow Subsidiary
Nabha Power Limited	Fellow Subsidiary
L&T Electrical & Automation FZE	Fellow Subsidiary
L&T Thales Technology Services Private Limited	Fellow Subsidiary
L&T Housing Finance Limited	Fellow Subsidiary
L&T Technology Services LLC	Fellow Subsidiary
Larsen Toubro Arabia LLC	Fellow Subsidiary
L&T SAUDIARABIA LLC	Fellow Subsidiary
L&T Infrastructure Development Projects Limited	Joint venture of Holding Company
L&T MHPS Boilers Private Limited	Joint venture of Holding Company
L&T Deccan Tollways Limited	Joint venture of Holding Company
L&T Sambalpur - Rourkela Tollway Limited	Joint venture of Holding Company

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(₹ in Mn)

Transaction	Holding company	
	2017-18	2016-17
Sale of services / products	1180	1,279
Sale of assets	4	1
Purchases of services / products	99	161
Overheads charged by	543	557
Overheads charged to	70	223
Trademark fees paid	191	167
Trade receivable	185	82
Interim dividend	1150	985
Contributions to PF	265	271
Final dividend paid	1394	419

(₹ in Mn)

Transaction	Joint venture of Holding Company	
	2017-18	2016-17
<b>Sale of services / products</b>	<b>17</b>	<b>11</b>
- L&T Infrastructure Development Projects Limited	10	7
- L&T MHPS Boilers Private Limited	-	2
- L&T Deccan Tollways Limited	3	-
- L&T Sambalpur - Rourkela Tollway Limited	4	-

# Notes forming part of Consolidated accounts

Transaction	Fellow subsidiaries	
	2017-18	2016-17
<b>Sale of services / products</b>	<b>549</b>	<b>377</b>
- L&T Technology Services Limited	252	125
- L&T Hydrocarbon Engineering Limited	87	69
- L&T Thales Technology Services Private Limited	68	101
<b>Sale of assets</b>	<b>1</b>	<b>8</b>
L&T Technology Services Limited	1	7
<b>Purchases of services / products</b>	<b>649</b>	<b>553</b>
- L&T Technology Services Limited	644	552
<b>Overheads charged by</b>	<b>62</b>	<b>49</b>
- Larsen & Toubro East Asia	50	23
- L&T Technology Services Limited	11	23
<b>Overheads charged to</b>	<b>225</b>	<b>293</b>
- L&T Technology Services Limited	205	282
<b>Trade receivable</b>	<b>95</b>	<b>89</b>
<b>Trade payable</b>	<b>32</b>	<b>167</b>

## (V) Outstanding material balances with related parties\*

Transaction	Nature	Amount (Payable) / Receivable	
		2017-18	2016-17
L&T Metro Rail (Hyderabad) Limited	Trade receivable	4	21
L&T Thales Technology Services Private Limited	Trade receivable	23	15
Larsen & Toubro LLC	Trade receivable	16	-
L & T Hydrocarbon Engineering Limited	Trade receivable	21	-
L&T Technology Services Limited	Trade (payable)/receivable	(26)	(148)

\* All balances are unsecured and to be settled in cash.

Entities listed above account for 10% or more of the aggregate for that category of transaction during respective period.

## (VI) Managerial remuneration

	Amount (₹ in Mn)	
	2017-18	2016-17
(i) Short term employee benefits	176	169
(ii) Contribution to funds	13	10
(iii) Share based payments (on options granted)	-	286

	Amount (₹ in Mn)	
	2017-18	2016-17
Mr. Sanjay Jalona	86	214
Mr. Aftab Zaid Ullah	29	97
Mr. Sudhir Chaturvedi	63	123

## 41 SEGMENT REPORTING

Segments have been identified in accordance with Indian Accounting Standards ("Ind AS") 108 on Operating Segments, considering the risk or return profiles of the business. As required under Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of various performance indicators. Accordingly, information has been presented for the Company's operating segments.

Reportable segments have been changed during the year ended 31 March 2018 to align with the Industry vertical of customers. The Company has identified segments as Banking, Financial Services & Insurance (BFSI), Manufacturing (MFG), Energy & Utilities (E&U), High-Tech, Media & Entertainment (HIME) and CPG, Retail, Pharma & Others (CRP & Others). The Company has presented its segment results accordingly. The reportable segment information for the corresponding previous year has been restated to reflect the above changes to facilitate comparability.

# Notes forming part of Consolidated accounts

## I) The revenue and operating profit by segment is as under:

(₹ in Mn)

	2017-18	2016-17
<b>Segment revenue</b>		
Banking, Financial Services & Insurance	34,515	30,711
Manufacturing	12,269	11,891
Energy & Utilities	8,556	7,214
High-Tech, Media & Entertainment	7,823	6,927
CPG, Retail, Pharma & Others	9,902	8,266
<b>Revenue from operations</b>	<b>73,065</b>	<b>65,009</b>
<b>Segment results</b>		
Banking, Financial Services & Insurance	7,332	7,417
Manufacturing	1,630	2,102
Energy & Utilities	1,405	1,002
High-Tech, Media & Entertainment	1,065	1,212
CPG, Retail, Pharma & Others	1,334	1,057
<b>Segment results</b>	<b>12,766</b>	<b>12,790</b>
Unallocable expenses (net)*	885	488
Other Income	4,259	1,867
Finance costs	158	31
Depreciation & amortisation expense	1,563	1,780
<b>Profit before tax</b>	<b>14,418</b>	<b>12,358</b>

\* Customer settlement expenses are in relation to one time commercial settlement entered by the Company with one of its clients on 27 March 2018.

## II) Segmental reporting of revenues on the basis of the geographical location of the customers and is as under:

(₹ in Mn)

Geography	Revenue from operations	
	2017-18	2016-17
North America	49,691	44,760
Europe	13,128	11,861
India	5,326	4,356
APAC	1,850	1,560
ROW	3,070	2,472
<b>Total</b>	<b>73,065</b>	<b>65,009</b>

## 42 Events occurring after the reporting period:

The Board of Directors at its meeting held on 23 May 2018, has declared final dividend of ₹ 13.50 per equity share (Face value ₹ 1) for the financial year ended 31 March 2018

43 The Group is not required to transfer any amount to Investor Education and Protection Fund.

44 Previous year's figures have been regrouped/reclassified wherever applicable to facilitate comparability.

45 The financial statements were approved by the Board of Directors on 23 May 2018.

As per our report attached

**B. K. Khare & Co**  
Chartered Accountants  
Firm's Registration No. 105102W

**Sanjay Jalona**  
Chief Executive Officer & Managing Director  
DIN : 07256786

**Aftab Zaid Ullah**  
Chief Operating Officer & Whole Time Director  
DIN : 05165334

**Ravi Kapoor**  
Partner  
Membership No: 040404

**Ashok Kumar Sonthalia**  
Chief Financial Officer

**Manoj Koul**  
Company Secretary & Compliance Officer

Mumbai  
May 23, 2018



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