

## DIRECTORS' REPORT

The Directors have pleasure in presenting the Nineteenth Annual Report and Financial Statements of Larsen & Toubro Infotech Limited for the year ended March 31, 2015.

### FINANCIAL RESULTS

	₹ Lakhs	
	2014-15	2013-14*
Revenue from IT services	4,74,440	4,64,394
Other Income	8,878	(8,109)
<b>Total Income</b>	<b>4,83,318</b>	<b>4,56,285</b>
Operating Profit	1,04,368	98,411
Less : Finance Cost	1,042	2,977
Less : Depreciation and amortization	9,073	6,829
Profit before extraordinary items and tax	94,253	88,605
Extraordinary item	-	25,940
<b>Profit Before Tax (PBT)</b>	<b>94,253</b>	<b>1,14,545</b>
Less: Provision for Tax	16,957	24,315
<b>Profit After Tax (PAT)</b>	<b>77,296</b>	<b>90,231</b>
Add : Balance brought forward from previous year	1,14,459	97,848
<b>Balance available for disposal which Directors appropriate as follows:</b>	<b>1,91,755</b>	<b>188,078</b>
Less: Depreciation & Deferred tax charged to retained earnings	101	-
Interim Dividend	48,053	55,148
Tax on Dividend	9,063	9,372
Transfer to General Reserve	-	9,100
<b>Balance to be carried forward</b>	<b>1,34,538</b>	<b>1,14,459</b>

\*Product Engineering Service Business (PES BU) of the Company was transferred to L&T Technology Services Limited w.e.f. January 1, 2014. Accordingly, financial results of FY14 above include results of PES BU till December 31, 2013.

### ACQUISITION OF INFORMATION SYSTEMS RESOURCE CENTRE PRIVATE LIMITED (ISRC) AND AMALGAMATION OF ISRC WITH THE COMPANY

As part of the expansion plans, the Company acquired Information Systems Resource Centre Private Limited (ISRC), a captive unit of OTIS Elevator Company, USA, which is a United Technologies Corporation (UTC) group Company, on October 16, 2014 for a consideration of ₹ 8,070 Lakhs. The said acquisition has in turn strengthened the Company's relationship with UTC group.

ISRC is engaged into software services with respect to application development, information technology support and maintenance services to OTIS Elevator Company, USA and other companies of UTC group.

Further, to consolidate the synergies of operation, the Board of Directors of the Company and ISRC have approved the Scheme of Amalgamation of ISRC with the Company on October 17, 2014 and December 04, 2014, respectively, with October 17, 2014 being the Appointed date. Accordingly, a petition has been filed by ISRC for sanctioning the Scheme of Amalgamation and the same has been admitted by the Hon'ble High Court of Judicature at Bombay, while the final order of the Hon'ble High Court is awaited.

### PERFORMANCE OF THE COMPANY

#### STATE OF COMPANY AFFAIRS

The gross sale and other income for the financial year under review were ₹ 4,83,318 Lakhs as against ₹ 4,56,285 Lakhs for the previous financial year registering an increase of 5.92%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 94,253 Lakhs and the profit after tax from continuing operations including extraordinary and exceptional items was ₹ 77,296 Lakhs for the financial year under review as against ₹ 1,08,766 Lakhs and ₹ 85,722 Lakhs respectively for the previous financial year. There were no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

#### SEGMENTAL PERFORMANCE

During the year, the Company had two Business Segments namely, Services Cluster and Industrials Cluster of which contribution to the revenue was 51.6% (previous year 43.5%) from Services Cluster and 48.4% (previous year 48.6%) from Industrials Cluster.

## LARSEN & TOUBRO INFOTECH LIMITED

In FY14, Product Engineering Service Business Unit (PES BU) representing Telecom Segment of the Company was transferred to L&T Technology Services Limited with effect from January 1, 2014. The detailed segmental performance is referred in Note No. S(10) of the Notes forming part of the financial statements provided in this Annual Report.

### GEOGRAPHICAL PERFORMANCE

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

Sr. No.	Geography	2014-15	2013-14
1	North America	67.5%	64.6%
2	Europe	18.6%	19.6%
3	Asia Pacific	2.5%	4.6%
4	India	4.4%	4.8%
5	Rest of the World	7.0%	6.4%

### INDUSTRY SCENARIO AND BUSINESS OUTLOOK

Indian IT-BPM industry saw the export market at USD 100 Billion in FY15, recording 13.1% growth in constant currency over last year. Growth in reported currency is estimated at 12.3%. Digital solutions around SMAC (Social, Mobility, Analytics & Cloud), upgrading legacy systems to be SMAC enabled, greater demand for ERP, CRM, mobility and user experience technologies is driving growth in IT services. Infrastructure outsourcing and software testing segment also outpaced the industry growth rate.

In FY15, exports to US, the largest market, grew above industry average, aided by an economic revival and higher technology adoption. Demand from Europe remained strong during the first half of the year, but softened during the second half due to currency movements and economic challenges. Manufacturing, Utilities and Retail growth remained strong as clients increased discretionary spend on customer experience, digital, analytics, ERP updates and improving overall efficiency.

As per NASSCOM, the Indian IT sector exports are set to cross USD 115 Billion during FY16 and y-o-y growth of 12-14% is due owing to increase in demand from US and European clients. NASSCOM predicts that the Indian IT industry will cross the USD 200 billion mark by 2020 considering steady growth in the US, increasing outsourcing trend in continental Europe and strong tail-wind growth in India and Asia Pacific regions.

Due to these global trends, the Company has taken number of initiatives like increased focus on regions such as Europe and Emerging markets by strengthening the leadership team in these geographies. The Company is also strengthening its operations with induction of senior leaders from industry. By targeting and offering services across verticals in sync with Company's three pronged strategy (viz: Business-to-IT Connect, Engage the Future and Execution Excellence), the Company plans to continue the higher growth momentum in FY16.

### CAPITAL EXPENDITURE

As at March 31, 2015, the gross fixed and intangible assets stood at ₹ 79,102 Lakhs (*previous year ₹ 70,839 Lakhs*) out of which assets amounting to ₹ 13,776 Lakhs (*previous year ₹ 12,348 Lakhs*) were added during the year.

### DIVIDEND

During the year, the Company has paid interim dividend aggregating to ₹ 149 per share on 3,22,50,000 paid-up equity shares of ₹5/- each. The dividend payment has resulted in an outflow of ₹ 48,053 Lakhs towards dividend (*previous year ₹ 55,148 Lakhs*) and ₹ 9,063 Lakhs towards dividend distribution tax (*previous year ₹ 9,372 Lakhs*) thus resulting in a total aggregate outflow of ₹ 57,116 Lakhs (*previous year ₹ 64,520 Lakhs*).

The Directors do not recommend final dividend.

### TRANSFER TO RESERVES

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

### DEPOSITS

During the period under review, 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.

### BUSINESS EXCELLENCE FOR SUSTAINABLE TOMORROW (BEST)

Based on the success of the Operational Excellence program launched in FY14, the company has embarked on a umbrella program "Business Excellence for Sustainable Tomorrow (BEST)" in FY15. The BEST program is aimed at improving the Revenue Growth, Profitability, Client Satisfaction and Employee Satisfaction. In addition to the continued efforts on Operational Excellence, the BEST program will focus on other areas such as Delivery, IT systems, Financial Reporting & Governance, Employee Motivation & Leadership. Each of these areas is headed by a senior leader within the organization and is further divided into multiple tracks for execution and implementation.

### PEOPLE

This year we have laid emphasis on the personal development and growth of our employees, besides focusing on hiring, engaging and retaining key talent. In order to do so, we have initiated the process of capturing the development needs of employees in our Performance Management System.

The Company has put in efforts to continuously review all people policies and make them more current and transparent, by seeking inputs from employees, in order to retain our best talent across the globe and build a pipeline of leaders.

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year.

## INFRASTRUCTURE

The Company has been expanding its facilities to keep pace with revenue growth. Emphasis has been on adding capacity in SEZ locations for the new & incremental business. The new facilities at Mindspace SEZ- Airoli, Navi Mumbai, Hinjewadi-Pune and DLF SEZ Chennai were made operational during the FY15. Total capacity at Indian centers stands at 19401 Seats as on March 31, 2015.

Work is in progress to add further capacity of 889 seats in Chennai, 1266 seats at Pune and 941 seats in Airoli which will be completed in second half of the FY 16.

## BRANDING

'L&T Infotech' Brand has grown steadily across the globe, riding on increasing visibility of the Company in new geographies and new industry sectors. The Company's efforts to contribute value to its global clients and making them more successful, more cost-effective and more agile have also strengthened the 'L&T Infotech' Brand. This has been apparent as existing clients have made referrals to their peers concerning your Company's skill sets.

The overall brand recall and brand experience amongst our stakeholders is being continuously monitored, reviewed, and enhanced. Your Company's clients also hold us as a 'trusted business partner' rather than a mere supplier of commoditized IT services and cost arbitrage.

The Company has recently adopted following 3-pronged value proposition to elevate its engagements with clients to the next level and thereby infusing new energy in the Company's Brand; internally and externally:

1. **Business-to-IT Connect:** The business value that drives IT is also reflected during the process of conceiving, designing, delivering and maintaining IT solutions designed with an appreciation key of the business domain where these solutions will be deployed.
2. **Engage the Future:** A Point of View around technologies that will disrupt traditional business and personal behavior. Articulation of IT Services based on such a Point of View has resonated with clients, analysts and advisors alike. This market posture has assisted in elevating us beyond the pack of our industry peers.
3. **Execution Excellence:** Flawless, world-class and consistent execution; this concept extends beyond delivering to technical specifications, it also matures our posture with our clients to that of a Trusted Business partner; a partner involved not only in IT but also in business-critical decisions beyond IT.

## QUALITY INITIATIVES

The Company was successfully re-appraised for CMMI DEV Level 5 in May 2013, as part of the three-yearly appraisal requirement mandated by Software Engineering Institute ('SEI'). The Company was also appraised at CMMI SVC level 3 for the application support and Infrastructure Management services in Jan 2014. The focus for the current year was to mature the application support and Infrastructure management services to CMMI SVC Level 5. Effective tools, techniques and predictive models are built and deployed for estimation and project management decision making. Statistical techniques are deployed for monitoring the key project processes. The Company is now ready to be appraised for CMMI SVC Level 5 and the appraisal is planned in FY16.

The Company has also successfully undergone a combined external audit for four ISO standard certifications, namely ISO9001:2008, ISO27001:2013, ISO14001:2004 & ISO20000-1:2011 conducted by Bureau Veritas. The practices within the organization were upgraded as per ISO27001:2013 and the Company was successfully recertified for ISO14001:2004 and ISO20000-1:2011. As per specific client needs and requirements, they have also sustained the ISAE3402 certification for Insurance, Testing Service Line and few specific client engagements.

## AWARDS/RECOGNITIONS

Your Company consistently ranks in the top 10 of NASSCOM's IT service providers list annually and was ranked 6th in NASSCOM's IT service providers list for FY14.

Your Company has won following awards/recognition.

1. L&T Infotech won two awards at World HRD Congress for driving Leadership and Talent Development initiatives.
2. L&T Infotech won Asia Training & Development Excellence Award, 2014 at World HRD Congress, Singapore, under the 'Best Education Training Campaign & Program' category.
3. L&T Infotech won 'Innovation in Mobile Industry Award' at the Mobbys Awards hosted by World Marketing Congress.
4. L&T Infotech won three Awards at World Innovation Congress in Technology, Innovators and Entrepreneurs categories.
5. L&T Infotech's autoMATIC shines at NetApp Innovation Awards under the 'Big Data' category.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a CSR Committee comprising of Mr. V. K. Magapu, Mr. Chandrashekara Kakal and Mr. M. M. Chitale. Mr. V. K. Magapu is the Chairman of the Committee.

During the period under review, the Company's CSR initiative "1Step" made considerable progress with its initiatives in focus areas of Education, Computer Skill Building and Women Empowerment. Employee volunteering is at the heart of our CSR program. The Company has established twelve (12) Computer Centers for students and disadvantaged youth where more than 150 youth have undergone training. "Audio Books"; a unique initiative for visually challenged youth has benefited over 3,500 students. The Company is embarking on a three year program to reach a much larger population leveraging digital technology for multiplier effect.

Green initiatives continue to receive required thrust under environmental sustainability. While continuing with water management, the Company saved 21.3% of raw water requirement. Company has also instituted processes for recycling of food waste, papers and PET bottles used for packaged water. Average electricity consumption per occupied seat has shown a declining trend, with current year consumption being lower by 6.83%.

## LARSEN & TOUBRO INFOTECH LIMITED

The Annual Report on CSR is annexed as Annexure A to this Report. CSR Policy of the Company is available on the Company's website [http://www.lintinfotech.com/aboutus/Corporate\\_social\\_responsibility.html](http://www.lintinfotech.com/aboutus/Corporate_social_responsibility.html).

### DIRECTORS & KEY MANAGERIAL PERSONNEL

#### A. Appointment/Re-appointment:

During the year, following appointments were made on the Board:

- a. Mr. Chandrashekara Kakal was appointed as a Whole-time Director w.e.f. July 21, 2014 upto and including July 1, 2018.
- b. Mr. V. K. Magapu was re-appointed as a Managing Director for a term of one year from October 1, 2014 upto and including September 30, 2015.
- c. Mr. Sunil Pande was appointed as a Whole-time Director w.e.f. January 10, 2015 upto and including March 31, 2016.
- d. Mr. S. N. Subrahmanyam was appointed as a Non-Executive Director w.e.f. January 10, 2015.
- e. Dr. S. Rama Iyer, Mr. Samir Desai and Mr. M. M. Chitale, existing Independent Directors were appointed as per section 149 of the Companies Act, 2013, w.e.f. April 1, 2014 as follows:
  - Dr. S. Rama Iyer was appointed for a term upto March 31, 2015, in accordance with the retirement policy for Non-Executive directors adopted by the Company.
  - Mr. Samir Desai & Mr. M. M. Chitale were appointed for a term upto March 31, 2017.
- f. Ms. Vedika Bhandarkar was appointed as an Independent Director w.e.f. March 16, 2015 upto and including March 15, 2020.

Mr. R. Shankar Raman and Mr. Chandrashekara Kakal, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

#### B. Cessation:

- a. Mr. Vivek Chopra ceased to be a Director w.e.f. the close of working hours of December 31, 2014.
- b. Dr. Mukesh Aghi ceased to be a Director w.e.f. the close of working hours of February 28, 2015.
- c. Dr. S. Rama Iyer ceased to be a Director w.e.f. the close of working hours of March 31, 2015.
- d. Mr. K. R. L. Narasimham ceased to be a Director w.e.f. the close of working hours of April 7, 2015.

The Board places on record the valuable contribution of Mr. Vivek Chopra, Dr. Mukesh Aghi, Dr. S. Rama Iyer & Mr. K. R. L. Narasimham during their tenure as Directors of the Company.

#### C. Key Managerial Personnel:

The Key Managerial Personnel required under the Companies Act, 2013 ('Act') viz. Managing Director, Whole-time Directors and Company Secretary were already in office before the commencement of the Act, except for the Chief Financial Officer ('CFO').

The following were the changes in the Key Managerial Personnel:

- a) Mr. P. S. Kapoor, Head-Finance & Accounts has been appointed as the Company Secretary and has also been designated as the CFO for the purpose of the Companies Act, 2013 w.e.f. May 8, 2015.
- b) Ms. Angna Arora ceased to be the Company Secretary w.e.f. May 8, 2015 and has been re-designated as Head-Secretarial.

### 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 judgements 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 on March 31, 2015 and of the profit of the Company for the year ended March 31, 2015;
- (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 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; and
- (v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### RISK MANAGEMENT POLICY

The Company has formulated a Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and mitigation procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

Risks that impact the Company's business are broadly classified into Strategic, Business and Operational.

- **Strategic:** Strategic risks are the risk arising due to the decisions the management makes w.r.t. market, business growth, delivery model, etc. which can have adverse effect on the business objectives. Ownership of these risks rests with the Top Management.
- **Business:** Business risks are the risks which impose uncertainty in profits or danger of loss that could cause business to fail, e.g. Client preferences, increased competition etc. Ownership of these risks rests with Business Heads.

- **Operational:** Operational risks are the risks arising from people, systems and processes through which the Company operates. Ownership of these risks rests with Operating Teams.

Risks in each category have been identified with appropriate mitigation plan which has been discussed with the Risk Management Committee.

## AUDITORS AND AUDITORS' REPORT

### STATUTORY AUDITORS

The Auditors, M/s Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. A certificate from them has been received to the effect that their re-appointment, if made, would be in line with the requirement laid under section 139 & 141 of the Companies Act, 2013. The Board based on the recommendation of the Audit Committee, recommends the appointment of S&T as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

The Auditors' Report to the Shareholders does not contain any qualification. The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments of Directors.

### SECRETARIAL AUDITOR

The Board had appointed Ms. Naina Desai, Practicing Company Secretary, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2014-15.

The Secretarial Audit Report issued is annexed as **Annexure B** to this Annual Report. The Report to the shareholders does not contain any qualification except for the observations with respect to appointment of Chief Financial Officer ('CFO') as required under Section 203 of the Companies Act, 2013.

The Board on the recommendation of Nomination & Remuneration Committee has appointed Mr. P. S. Kapoor as Head-Finance & Accounts and designated him as the CFO under section 203 of the Companies Act, 2013.

## DISCLOSURES UNDER THE COMPANIES ACT, 2013

### 1. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of annual return is enclosed in **Annexure C** of this Report.

### 2. 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 are provided in the Corporate Governance Report.

### 3. AUDIT COMMITTEE

The Board has constituted the Audit Committee in terms of the requirements of the Companies Act, 2013, which comprises of Mr. R. Shankar Raman as the Chairman and Mr. Samir Desai & Mr. M. M. Chitale as the Members. Members are requested to refer to the Corporate Governance Report for more details.

In accordance with the requirements of the Companies Act, 2013, during the year, the Company has established a vigil mechanism framework for Directors and employees to report genuine concerns.

### 4. RELATED PARTY TRANSACTIONS

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and all the related party transactions have been entered in accordance thereof and were in the ordinary course of business and at arm's length. The details of material contracts or arrangement or transactions at arm's length basis as per **Form AOC-2** as per Companies (Accounts) Rules, 2014 is annexed as Annexure D to this report.

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

As at March 31, 2015, the Company has 8 subsidiaries including a Joint Venture. There has been no material change in the nature of the business of subsidiaries.

During the year under review, the Company subscribed to/acquired equity shares in Information Systems Resource Centre Private Limited. The details of investments in subsidiary companies during the year are as under:

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

Name of the Company	Type of Shares	No. of shares
Information Systems Resource Centre Private Limited	Equity	35,00,000

#### B) Equity shares sold/transferred during the year:

Name of the Company	Number of shares
Nil	Nil

#### C) Performance and Financial Position of each subsidiary/ associate and joint venture companies:

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

**6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED**

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in the notes forming part of the financial statements provided in this Annual Report.

**7. EMPLOYEE STOCK OPTION SCHEMES**

**(I) Employee Stock Ownership Scheme ('ESOS Plan')**

Under ESOS Plan, total options outstanding under various series of the scheme as on March 31, 2015, amounted to 2,266,470 options. During the year, no options were granted, while 7,017 options were lapsed.

**(II) Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan')**

Under U.S. Stock Option Sub-Plan ('Sub-Plan') options were granted to the employees and Directors of its erstwhile subsidiary, GDA Technologies Inc, USA. Under the said Sub-Plan, options granted and outstanding as at the end of the year stood at 90,100 options, all of which are vested.

The Particulars of Employee Stock Ownership Scheme (as per section 62(1)(b) read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014) are enclosed in Annexure F of this Report.

**8. COMPANY POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Company has constituted the Nomination and Remuneration Committee (NRC) in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

NRC recommends to the Board, the director's appointment and remuneration including recommendation of remuneration of the Key Managerial Personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

**9. DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received Declarations of Independence from its Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is meeting the criteria of Independence.

**10. INDEPENDENT DIRECTORS MEETING**

The meeting of the Independent Directors was held on January 19, 2015, as per schedule IV of the Companies Act, 2013.

**11. 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 forming part of this report.

**12. 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.

**CORPORATE GOVERNANCE REPORT**

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

**ACKNOWLEDGEMENTS**

The Directors thank the Company's customers, vendors and academic institutions for their support to the Company. The Directors also acknowledge the support and co-operation from the Government of India and the Governments of various countries, the concerned State Governments and other Government Departments and Governmental Agencies. The Directors appreciate and value the contributions made by every member of the L&T Infotech family globally.

For and on behalf of the Board

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

Place : Mumbai  
Date: May 08, 2015

## ANNEXURE A

### Annual Report on Corporate Social Responsibility (CSR) Activities

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company is committed to discharging its Social Responsibility through:

- a. Partnership with communities in education and skill-building
- b. Undertaking Green initiatives

Our 'My CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below.

- a. Education and Skill building
- b. Women Empowerment
- c. Environment
- d. Creating a "giving" culture

While the focus of CSR efforts will be in the areas around Company's operations, the Company may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.). CSR Policy of the Company is available on the Company's website-[http://www.Intinfotech.com/aboutus/Corporate\\_social\\_responsibility.html](http://www.Intinfotech.com/aboutus/Corporate_social_responsibility.html).

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

- (i) Mr. V.K. Magapu – Chairman
- (ii) Mr. Chandrashekara Kakal – Member
- (iii) Mr. M.M. Chitale – Member

**3. Average net profit of the Company for last three financial years: ₹ 62,037 Lakhs**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 1,241 Lakhs**

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

- i. Total amount spent for the financial year: ₹ 67 Lakhs
- ii. Amount unspent, if any: ₹ 1,174 Lakhs
- iii. Manner in which the amount spent during the financial year: attached.

**6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

The objective of our CSR Policy is to create a visible impact in the focus areas for the beneficiaries and not just spending the requisite amount. The Company has made efforts to identify projects in line with its CSR focus areas. However, the Company could not spend the requisite money as considerable time is taken in evaluating and implementing projects that are closer to beneficiaries. The Company would be working in collaboration with credible partners and other stakeholders for identifying and implementing of such projects on a regular basis.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR policy;
- 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 & its Framework.

For and on behalf of the Board

**CHANDRASHEKARA KAKAL**  
Chief Operating Officer  
& Whole-Time Director

**V. K. MAGAPU**  
Managing Director  
And Chairman – CSR Committee

Place : Mumbai  
Date: May 08, 2015

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

(in ₹)

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	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Computer Skills	Education	Mumbai, Navi Mumbai, Pune, Maharashtra	16,81,700	8,57,950	8,57,950	Direct
2	Educational	Education	Mumbai, Navi Mumbai, Wai, Bangalore, Maharashtra, Karnataka	17,90,012	12,42,601	12,42,601	Direct, Adhyayan, STEM Learning
3	Environment projects	Environment projects	Maharashtra, Karnataka, Tamilnadu	3,11,736	3,11,736	3,11,736	Direct
4	Jammu & Kashmir Flood relief	Prime Minister's National Relief Fund		42,83,376	42,83,376	42,83,376	Direct
Total				80,66,824	66,95,663	66,95,663	



**ANNEXURE B****FORM NO. MR-3****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration 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, 2015, 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, 2015 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;
  - 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;
  - 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 Listing Agreements have been entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable.**

## LARSEN & TOUBRO INFOTECH LIMITED

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observation:-

- **The Company has not appointed a Chief Financial Officer (CFO) as a whole-time KMP as required under the provisions of Section 203 of Companies Act, 2013. However, Nomination & Remuneration Committee has recommended appointment of CFO and also the appointment of said CFO as whole-time KMP at its meeting held on 8th May 2015, at 12 noon; the same is proposed to be placed at the Board meeting to be held hereafter i.e. on 8th May 2015 at 4 p.m., for approval by the Board of Directors.**

**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.:-

- (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.
- (iv) Merger / amalgamation / reconstruction, etc.–
  - **The Directors of the Company and Information Systems Resource Centre Private Limited (ISRC), at their respective Board meetings held on October 17, 2014 and December 04, 2014, approved the Scheme of Amalgamation of ISRC with the Company – Appointed Date being October 17, 2014. Petitions for sanctioning the Scheme of Amalgamation have been admitted with the Hon'ble High Court of Judicature at Bombay on April 18, 2015. The Order on Amalgamation is yet to be passed by the Court.**
  - **The Board of Directors at its meeting held on October 17, 2014, has approved the Scheme of Amalgamation of GDA Technologies Limited with the Company, subject to the approvals of jurisdictional High Courts and other authorities including approvals of shareholders and creditors under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956. The court process is yet to be initiated.**
- (v) Foreign technical collaborations – NIL.
- (vi) Other Event –
  - **Pursuant to the approval of the Board of Directors at its meeting held on September 4, 2014, the Company acquired Information Systems Resource Centre Private Limited with effect from October 16, 2014.**

Sd/-

NAINA R DESAI

Practising Company Secretary

Membership No. 1351

Certificate of Practice No.13365

Place: Mumbai

Date: May 8, 2015

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

**'ANNEXURE A'**

To,  
The Members

**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.
- 4) Wherever 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.

Sd/-

**NAINA R DESAI**

Practising Company Secretary

Membership No. 1351

Certificate of Practice No.13365

Place: Mumbai  
Date: May 8, 2015

**ANNEXURE C**

FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31<sup>st</sup> March, 2015**

[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:**

1	CIN	U72900MH1996PLC104693
2	Registration Date	23rd December 1996
3	Name of the Company	Larsen & Toubro Infotech Limited
4	Category / Sub-Category of the Company	Company limited by shares Indian Non-Govt. Company
5	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai-400001 Tel: 022 6776 6138 Email: angna.arora@Intinfotech.com
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	NOT APPLICABLE

**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:-

Sl. No.	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%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sl. No.	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	100	2(46)
2	Larsen & Toubro Infotech GmbH Add: Euro-Asia Business Center, Messe-Allee 2, D-04356, Leipzig, Germany	–	Subsidiary	100	2(87)
3	Larsen & Toubro Infotech Canada Limited Add: 2810, Matheson Blvd East, Suite 500, Mississauga, ON L4W 4X7	–	Subsidiary	100	2(87)
4	Larsen & Toubro Infotech LLC Add: 1220, N. Market St., Suite 806, Wilmington, DE 19801, Country of New Castle	–	Subsidiary	100	2(87)
5	L&T Infotech Financial Services Technologies Inc. Add: 2810, Matheson Blvd East, Suite 500, Mississauga, ON L4W 4X7	–	Subsidiary	100	2(87)
6	Larsen And Toubro Infotech South Africa (Pty) Limited Add: 6th Floor, 119 Hertzog Boulevard, Foreshore 8001, South Africa.	–	Subsidiary	74.90	2(87)
7	L&T Information Technology Services (Shanghai) Co., Ltd. Add: Room 1100 Building 2, No.1388, Xingxian Road, Jaiding District, Shanghai	–	Subsidiary	100	2(87)

**EXTRACT OF ANNUAL RETURN (Contd.)**

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of Shares held	Applicable Section
8	GDA Technologies Limited Add: No.9-A, Chinthamani, Nagar, K. K. Pudur, Coimbatore-641038	U72200TZ1997PLC008145	Subsidiary	100	2(87)
9	Information Systems Resource Centre Private Limited Add: L&T House, Ballard Estate, Mumbai-400001	U72200MH1996PTC100517	Subsidiary	100	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat at	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	-	32,250,000	32,250,000	100%	-	32,250,000	32,250,000	100%	-
e) Banks / FI									
f) Any Other....									
<b>Sub-total (A) (1):-</b>	-	32,250,000	32,250,000	100%	-	32,250,000	32,250,000	100%	-
<b>2) Foreign</b>									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	32,250,000	32,250,000	100%	-	32,250,000	32,250,000	100%	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-

**EXTRACT OF ANNUAL RETURN (Contd.)**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat at	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	32,250,000	32,250,000	100%	-	32,250,000	32,250,000	100%	-

**(ii) Shareholding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	32,250,000	100%	0%	32,250,000	100%	0%	No change
	<b>TOTAL</b>	<b>32,250,000</b>	<b>100%</b>	<b>0%</b>	<b>32,250,000</b>	<b>100%</b>	<b>0%</b>	<b>No change</b>

**(iii) Change in Promoters' Shareholding : There was no change in shareholding during the year**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	32,250,000	100%	32,250,000	100%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	<b>Not Applicable</b>			
	At the End of the year	32,250,000	100%	32,250,000	100%

**EXTRACT OF ANNUAL RETURN (Contd.)**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable.

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	–	–	–	–
	At the End of the year (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel: Not Applicable

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	–	–	–	–
	At the End of the year	–	–	–	–

**V. INDEBTEDNESS**

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

(₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,994.33	6,738.39	–	10,732.72
ii) Interest due but not paid	–	2.25	–	2.25
iii) Interest accrued but not due	19.14	1.53	–	20.67
<b>Total (i+ii+iii)</b>	<b>4,013.47</b>	<b>6,742.17</b>	<b>–</b>	<b>10,755.64</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	14,225.28	20,733.51	–	34,958.79
• Reduction	9,441.84	14,497.09	–	23,938.93
<b>Net Change</b>	<b>4,783.44</b>	<b>6,236.42</b>	<b>–</b>	<b>11,019.86</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	8,777.78	12,974.81	–	21,752.59
ii) Interest due but not paid	8.49	0.92	–	9.41
iii) Interest accrued but not due	13.40	1.34	–	14.74
<b>Total (i+ii+iii)</b>	<b>8,799.67</b>	<b>12,977.07</b>	<b>–</b>	<b>21,776.74</b>

**EXTRACT OF ANNUAL RETURN (Contd.)****VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (DURING FINANCIAL YEAR 2014-15)****A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:**

(₹ Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD/ Manager						Total Amount
		Mr. V. K. Magapu <sup>1</sup> (MD)	Mr. K. R. L. Narasimham <sup>2</sup> (WTD)	Mr. Chandrashekara Kakal <sup>3</sup> (Chief Operating Officer & WTD)	Dr. Mukesh Aghi <sup>4</sup> (Chief Executive (Services) & WTD)	Mr. Vivek Chopra <sup>5</sup> (Chief Executive (Industrials) & WTD)	Mr. Sunil Pande <sup>6</sup> (WTD)	
<b>1.</b>	<b>Gross salary</b>							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	178.69	102.86	685.64	685.23	31.32	1683.74
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	1.91	–	–	–	1.91
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–	–	–	–	–	–
<b>2.</b>	<b>Stock Option</b>	–	–	–	–	–	–	–
<b>3.</b>	<b>Sweat Equity</b>	–	–	–	–	–	–	–
<b>4.</b>	<b>Commission</b>							
	- as % of profit	–	–	–	–	–	–	–
	- others, specify...	–	–	–	–	–	–	–
<b>5.</b>	<b>Others, please specify</b>	151.20	–	–	–	–	–	151.20
	<b>Total (A)</b>	151.20	178.69	104.77	685.64	685.23	31.32	1836.85
	Ceiling as per the Act	(9613 Lakhs) 10% of Net Profits of the Company						

## Notes:

- Mr. V. K. Magapu receives Advisory fees from Larsen & Toubro Limited (Holding Company) and approx. 80% of the fees is charged to the Company.
- Mr. K. R. L. Narasimham ceased to be a Director w.e.f. close of the working hours of April 7, 2015.
- Mr. Chandrashekara Kakal was appointed as Whole-time Director w.e.f. July 21, 2014.
- Dr. Mukesh Aghi ceased to be a Director w.e.f. close of the working hours of February 28, 2015.
- Mr. Vivek Chopra ceased to be a Director w.e.f. close of the working hours of December 31, 2014.
- Mr. Sunil Pande was appointed as Whole-time Director w.e.f. January 10, 2015.

**B. Remuneration to other directors:**

(₹ Lakhs)

Sl. No.	Particulars of Remuneration	Fee for attending board / committee Meetings	Commission	Others, please specify	Total Amount
<b>1</b>	<b>Independent Directors</b>				
	Mr. Samir T. Desai	3.75	27.73	–	31.48
	Mr. M. M. Chitale	3	–	–	3
	Dr. S. Rama Iyer <sup>1</sup>	2.5	8.25	–	10.75



**EXTRACT OF ANNUAL RETURN (Contd.)**

(₹ Lakhs)

Sl. No.	Particulars of Remuneration	Fee for attending board / committee Meetings	Commission	Others, please specify	Total Amount
	Ms. Vedika Bhandarkar <sup>2</sup>	-	-	-	-
	<b>Total (1)</b>	<b>9.25</b>	<b>35.98</b>	<b>-</b>	<b>45.23</b>
<b>2</b>	<b>Other Non-Executive Directors</b>				
	Mr. A. M. Naik	-	-	-	-
	Mr. R. Shankar Raman	-	-	-	-
	Mr. S. N. Subrahmanyam <sup>3</sup>	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>9.25</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration</b>	<b>-</b>	<b>35.98</b>	<b>-</b>	<b>-</b>
	Overall Ceiling as per the Act	(961 Lakhs) 1% of Net Profits of the Company			

Notes:

1. Dr. S. Rama Iyer ceased to be a Director w.e.f. close of the working hours of March 31, 2015.
2. Ms. Vedika Bhandarkar was appointed as an Independent Director w.e.f. March 16, 2015.
3. Mr. S. N. Subrahmanyam was appointed as a Director w.e.f. January 10, 2015.

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

(₹ Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary (Ms. Angna Arora)	Total
<b>1.</b>	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	12.22	12.22
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.35	0.35
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
<b>2.</b>	<b>Stock Option</b>	-	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-	-
<b>4.</b>	<b>Commission</b> - as % of profit - others, specify	-	-	-
<b>5.</b>	<b>Others, please specify</b>	-	-	-
	<b>Total</b>	-	12.57	12.57

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2015.

For and on behalf of the Board

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

Place : Mumbai  
Date: May 08, 2015

**ANNEXURE D****FORM AOC-2****RELATED PARTY TRANSACTIONS STATEMENT**

Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2015 are as follows:

S. N.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Amount In ₹
1	Larsen And Toubro Infotech South Africa Pty Ltd (Subsidiary Company)	Sale of Software & Other services / products	1 year	As per commercial terms in line with business practices and comparable with unrelated parties	Not Applicable	-	627,419,423
2	Larsen & Toubro Limited (Holding Company)	Purchase of Software & Other services / products	1 year	As per commercial terms in line with business practices and comparable with unrelated parties	Not Applicable	-	1,034,964,335
3	L&T Technology Services Ltd. (Fellow Subsidiary Company)	Purchase of Software & Other services / products	1 year	As per commercial terms in line with business practices and comparable with unrelated parties	Not Applicable	-	686,459,554
4	L&T Technology Services Ltd. (Fellow Subsidiary Company)	Overheads charged to Group Company	1 year	As per commercial terms in line with business practices and comparable with unrelated parties	Not Applicable	-	606,712,538

For and on behalf of the Board

**V. K. MAGAPU**  
*Managing Director*  
 DIN: 00001658

**R. SHANKAR RAMAN**  
*Director*  
 DIN: 00019798

Place : Mumbai  
 Date: May 08, 2015

**ANNEXURE E****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

(₹ Lakhs)

1	Sl. No.	1	2	3	4	5	6	7	8
2	Name of Subsidiary	Larsen & Toubro Infotech GmbH	Larsen & Toubro Infotech Canada Limited	GDA Technologies Limited	Larsen & Toubro Infotech LLC	L&T Infotech Financial Services Technologies Inc.	Larsen And Toubro South Africa (Pty) Limited	L&T Information Technology Services (Shanghai) Co. Ltd.	Information Systems Resource Centre Private Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31/03/2015	31/03/2015	31/03/2015	31/03/2015	31/03/2015	31/03/2015	31/12/2014	31/03/2015
4	Reporting currency	EUR	CAD	INR	USD	CAD	ZAR	CNY	INR
	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	67.19	49.03	1.00	62.50	49.03	5.12	10.33	1.00
5	Share capital	11.41	0.04	16.82	-	27,999.74	26.71	70.67	350.00
6	Reserves & surplus	2,238.61	695.56	3,507.01	1,001.53	6,067.48	128.28	(79.97)	1,847.65
7	Total assets	3,114.32	1,634.30	3,531.72	1,121.48	37,860.89	2,253.02	44.74	2,762.57
8	Total Liabilities	864.30	938.70	7.88	119.95	3,793.66	2,098.02	54.04	564.92
9	Investments	-	-	-	-	-	-	-	-
10	Turnover	8,157.67	4,448.37	240.51	1,580.89	20,291.04	7,650.85	189.30	5,390.87
11	Profit before taxation	497.17	134.17	227.71	115.12	(2,317.42)	111.72	(39.39)	1,996.51
12	Provision for taxation	182.44	40.49	40.22	-	(548.83)	35.89	-	699.23
13	Profit after taxation	314.73	93.68	187.48	115.12	(1,768.58)	75.83	(39.39)	1,297.28
14	Proposed Dividend	-	-	-	-	-	-	-	-
15	% of shareholding	100.0%	100.0%	100.0%	100.0%	100.0%	74.9%	100.0%	100.0%

For and on behalf of the Board

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

**ANGNA ARORA**  
Company Secretary

Place : Mumbai  
Date: May 08, 2015

**ANNEXURE F****Particulars of Employee Stock Ownership Scheme**

(as per section 62(1)(b) read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014)

**A. EMPLOYEE STOCK OWNERSHIP SCHEME (ESOS PLAN)**

S.N.	Particulars	ESOP Series I,II & III	ESOP Series IV- XXI
1	Grant Price per share (₹)	25	10
2	Options Granted	4,28,450	25,36,755
3	Options Vested	3,95,653	9,88,378
4	Options exercised	Nil	Nil
5	Total number of shares arising as a result of exercise of option	Nil	Nil
6	Options lapsed (Grant lapsed & vesting lapsed)	35,447	663,288
7	Exercise price per share (₹)	25	10
8	Variation of terms of options	No variations have been made in the Scheme since the date of notification of the Companies Act, 2013 i.e. with effect from 1st April 2014	
9	Money realized by exercise of options	Nil	Nil
10	Total number of options in force:		
	Vested	3,93,003	970,917
	Unvested	0	902,550
	<b>Total</b>	<b>3,93,003</b>	<b>1,873,467</b>
11	<b>Employee wise details of options granted to:</b>		
	(i) Key managerial personnel (KMP as per Companies Act, 2013)*:	NIL	NIL
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year*:	NIL	NIL
	(iii) identified employees granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions ) of the company at the time of grant	Nil	Nil

Note: \* No stock options were granted to employees during the financial year 2014-15.

**B. EMPLOYEE STOCK OWNERSHIP SCHEME – 2006 US STOCK OPTION SUB-PLAN**

S.N.	Particulars	Remarks
1	Grant Price	USD 12
2	Options Granted	160,000
3	Options Vested	90,100
4	Options exercised	Nil
5	Total number of shares arising as a result of exercise of option	Nil
6	Options lapsed during the year	Nil
7	Exercise price	USD 12
8	Variation of terms of options	No variations have been made in the Scheme since the date of notification of the Companies Act, 2013 i.e. with effect from 1st April 2014.
9	Money realized by exercise of options	Nil
10	<b>Total number of options in force</b>	<b>90,100</b>
11	<b>Employee wise details of options granted to:</b>	
	(i) Key managerial personnel (KMP as per Companies Act, 2013) during the year	Nil
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	(iii) identified employees granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

**Note:** The Company had instituted the Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan') for the employees and Directors of its erstwhile subsidiary, GDA Technologies, Inc, USA. The options are vested over a period of five years, subject to fulfilment of certain conditions specified in the respective Option agreement. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 5/- each at an exercise price of USD 12 per share. Under the said plan, options granted and outstanding as at the end of the year are 90,100 options, all vested.

For and on behalf of the Board

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

Place : Mumbai  
Date: May 08, 2015

**ANNEXURE G****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO****A. CONSERVATION OF ENERGY**

- (i) **Steps taken or impact on conservation of energy:** The Company's operations are not energy-intensive. However, measures have been taken to reduce energy consumption in the following manner:
- 1) Commissioning of 2 nos of 80 KW Green DC at Airoli.
  - 2) Commissioning of Software to switch OFF of power of PC when unused
  - 3) Replacement of CFL with LED in passage lift/ Toilet Blocks/ Conference rooms
  - 4) Reducing AC temp by 1 deg.
  - 5) Maintaining Unity Power factor
- (ii) **Steps taken by the company for utilising alternate sources of energy:** The Company's operations being not energy-intensive, no steps have been taken by the Company for utilising alternate source of energy.
- (iii) **Capital investment on energy conservation equipments:** ₹ 10.42 Lakhs

**B. TECHNOLOGY ABSORPTION**

- (i) Efforts made towards technology absorption: The Company has consolidated its services in next generation technologies under Digital Solutions and Services group. The company operates Centers of Excellence in emerging technologies such as Big Data, Analytics, Internet of Things, Cloud, User Experience etc. and existing technologies which collate, disseminate and spread knowledge to all employees in the Company. Employees are trained using state of the art methodologies for faster onboarding. The Company has deployed crowdsourcing platform for inviting and processing innovation ideas driving new technology initiatives and new service lines. The Company has invested in automation framework in areas of Application and Infrastructure management, test automation and Business Process Automation to ensure delivery efficiency with highest quality and reliability for its Customers.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution: Repeat business, participation in transformation programs led by emerging digital technologies and new platform based service lines driving alternate revenue sources. Productivity improvement through use of latest proprietary and third party automation frameworks and tools.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): As part of sustained efforts for optimizing operational efficiencies, improving employee engagement and modernizing it systems and infrastructure, company has invested in variety of imported technologies. The details of Technology imported is given below:

S.N.	Details of Technology imported	Year of import	Whether the technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
1	<b>Enterprise BI for Analytics and reporting:</b> With a vision to establishing integrated Information Management System, company has implemented BI solution for dashboard and reporting through IBM Cognos BI and supported by backed Data warehouse implemented using Microsoft SQL server 2012.	2014	Fully absorbed	
2	<b>Sales automation:</b> Company has embarked Sales process and productivity improvement through modernization of its existing Sales engine by implementing Microsoft Dynamics CRM 2015. This is currently rolled out for India Sales, providing significant improvement in user Experience and Productivity.	2014	Partially absorbed	For now MS Dynamics CRM is implemented only for India Sales team. This year, it will be rolled out to all the global sales locations.
3	<b>Employee Engagement Portal:</b> Company has adopted SharePoint as enterprise wide collaboration and knowledge management Portal. Company recently launched in-house developed integrated "Gamification Engine" on its to encourage and motivate associates to contribute to enhancing systems and build the knowledgebase, and in return earn chance to win exciting gift vouchers. Company has also launched an internal Video channel leveraging in-house developed "Media Hub" solution and cloud based Microsoft Azure media Service.	2015	Partially absorbed	"Gamification Engine" is absorbed into 2 applications (GotAnIdea & Gyankosh). "Media Hub" solution is being integrated with new MS SharePoint 2013 based Corporate public website, which is planned to go live in July 2015 month.

S.N.	Details of Technology imported	Year of import	Whether the technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
4	<b>Unify Program:</b> Company has embarked on eliminating all point to point integration through implementation of unified integration platform using Oracle Fusion middle ware ESB. The initiative also includes Business Process automation leveraging Oracle Fusion Middleware BPM.	2015	Partially absorbed	Unify program got started in Jan 2015, as of now 6 interfaces are migrated on to ESB platform. By end of Mar 2016, its planned to migrate all remaining interfaces onto ESB.
5	<b>Human Capital Management:</b> Company modernized has implemented SAP HCM, thus streamlining its current HCM processes. The implementation aims at autos at providing self-service processes across HCM operations.	2013	Fully absorbed	

(iv) Research and Development:

- a. **Specific areas in which R&D carried out by the Company:** The Company carries out R&D in areas of latest technologies such as Internet of things, Big Data, Analytics, Mobility, Cloud, Next generation User Experience, service automation, manufacturing execution systems, etc.
- b. **Benefits derived as a result of the above R&D:** New opportunity creation through over the horizon technologies, Brand positioning, incubation and creation of new service lines.
- c. **Future plan of action:** Deployment & Proliferation of crowd sourcing platform for collaborative R&D and Innovation. Technology Governance across business units for sustainable R&D. Investment in new emerging technologies like cognitive computing, gesture computing, etc.
- d. **Total Expenditure on R&D:** ₹ 5880 Lakhs

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(₹ Lakhs)

Particulars	2014-15	2013-14
Foreign Exchange Earned	453,955	441,571
Foreign Exchange Used	218,191	204,457

For and on behalf of the Board

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

Place : Mumbai  
Date: May 08, 2015

## ANNEXURE H

### CORPORATE GOVERNANCE REPORT

Your Company derives its values from the rich legacy of fair and transparent governance and disclosure practices followed by the L&T group. In line with the group philosophy, the Company constantly endeavors to benchmark itself with the best practices in the IT industry. By combining ethical values with business acumen, globalization with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global organizations. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global leader in software services, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the L&T group.

In order to strengthen corporate governance culture within the Company, an online mandatory training and awareness programme on Corporate Governance and related policies for employees was initiated in FY15. Around 16,000 employees have undertaken the programme.

### BOARD OF DIRECTORS

As on March 31, 2015, the Board comprises of 11 Directors, of which, 4 Directors are Executive, 3 are Non-Executive and 4 are Independent Directors. The Board is chaired by Mr. A. M. Naik as a Non-Executive Chairman. The Board meets at least, four times during the financial year and gap between 2 consecutive meetings is not more than 120 days. Additional meetings are held, if deemed necessary to conduct the business.

During the financial year 2014-15, the Board met 5 (Five) times on April 30, 2014, July 21, 2014, September 4, 2014, October 17, 2014 & January 10, 2015. The composition of the Board, and their attendance at the Board Meetings held during the year is as follows:

Name of Director	Category	Attendance at Board Meetings
Mr. A. M. Naik	Non-Executive Chairman	5
Mr. V. K. Magapu	Managing Director	5
Mr. R. Shankar Raman	Non-Executive Director	5
Mr. S. N. Subrahmanyam <sup>1</sup>	Non-Executive Director	1
Mr. Chandrashekara Kakal <sup>2</sup>	Chief Operating Officer & Executive Director	4
Mr. K. R. L. Narasimham <sup>3</sup>	Executive Director	4*
Dr. Mukesh Aghi <sup>4</sup>	Chief Executive (Services) & Executive Director	5*
Mr. Vivek Chopra <sup>5</sup>	Chief Executive (Industrials) & Executive Director	3
Mr. Sunil Pande <sup>6</sup>	Executive Director	1
Mr. Samir T. Desai	Independent Director	5*
Dr. S. Rama Iyer <sup>7</sup>	Independent Director	5*
Mr. M. M. Chitale	Independent Director	4
Ms. Vedika Bhandarkar <sup>8</sup>	Independent Director	NA

Note:

- Mr. S. N. Subrahmanyam was appointed as a Non-Executive Director w.e.f January 10, 2015.
- Mr. Chandrashekara Kakal was appointed as a Whole-time Director w.e.f July 21, 2014.
- Mr. K. R. L. Narasimham ceased to be a Director w.e.f the close of working hours of April 7, 2015.
- Dr. Mukesh Aghi ceased to be a Director w.e.f the close of working hours of February 28, 2015.
- Mr. Vivek Chopra ceased to be a Director w.e.f the close of working hours of December 31, 2014.
- Mr. Sunil Pande was appointed as Whole-time Director w.e.f January 10, 2015.
- Dr. S. Rama Iyer ceased to be a Director w.e.f the close of working hours of March 31, 2015.
- Ms. Vedika Bhandarkar was appointed as an Independent Director w.e.f March 16, 2015.

\* Mr. K. R. L. Narasimham participated in two meetings over teleconference while Mr. Samir T. Desai, Dr. S. Rama Iyer and Dr. Mukesh Aghi participated in one meeting over teleconference. The participation of the above directors was not considered for the quorum for the respective meetings.

### BOARD COMMITTEES

The Board currently has 3 Committees: 1) Audit Committee; 2) Nomination and Remuneration Committee; and 3) Corporate Social Responsibility Committee. The Board is responsible for constituting, assigning and appointing the members of the Committees.

### AUDIT COMMITTEE

The Audit Committee comprises of Mr. R. Shankar Raman as its Chairman and Mr. M. M. Chitale and Mr. Samir T. Desai as other committee members of which majority are Independent. The role, terms of reference, the authority and power of the Audit Committee are in conformity with the requirements of the Companies Act, 2013. During the year, the Audit committee met 5 (Five) times on April 28, 2014, July 21, 2014, October 17, 2014, January 10, 2015 & February 10, 2015.



The role of the Audit Committee inter-alia includes the following:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Review functioning of Vigil Mechanism;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Monitoring the end use of funds raised through public offers and related matters;
- Evaluation of internal financial controls and risk management systems;
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the findings of any internal investigations into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, of the nature and scope of audit. Also post-audit discussion to ascertain any area of concern.
- Looking into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

#### **NOMINATION AND REMUNERATION COMMITTEE**

During the year, the Compensation and Nomination Committee was rechristened as the Nomination and Remuneration Committee ('NRC') and was reconstituted with Mr. M. M. Chitale as Chairman and Mr. V. K. Magapu, Mr. Samir T. Desai and Mr. R. Shankar Raman as Committee members.

The terms of reference of NRC are as follow:

- To identify, review, assess and recommend to the Board the appointment of Executive and Non-Executive Directors & Senior Management personnel;
- To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy for appointment & remuneration of Directors, Key Managerial personnel and Senior Management personnel and other employees;
- To evaluate directors performance as per the criteria/policy laid down;
- To consider and approve Employee Stock Option Schemes and to administer and supervise the same; and
- Any other terms of reference as may be referred by the Board or as may be provided under the Companies Act, 2013, from time to time.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013 read with the rules made thereunder comprising Mr. V. K. Magapu as Chairman, Mr. Chandrashekara Kakal and Mr. M. M. Chitale as Committee members. Since its formation, the Committee met once.

The terms of reference of the CSR Committee are as follows:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 including any amendments thereto;
- To recommend the amount of expenditure to be incurred on the CSR activities referred to in the above clause; and
- 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.

#### **REMUNERATION OF DIRECTORS**

The remuneration policy of the Directors is decided by the Board on the recommendation of Nomination and Remuneration Committee which takes into account the Company's size, global presence, its economic and financial position, compensation paid by peer companies, the qualification of the appointee(s), his/their experience, past performance and other relevant factors.

During the year, the Board revised the sitting fees to be paid to the independent directors to ₹ 50,000/- for each Board Meeting and ₹ 25,000/- for each Committee Meetings. The details of remuneration paid/payable to the Directors have been disclosed in Annexure C to the Directors Report.

#### **PERFORMANCE EVALUATION OF BOARD**

The Board has voluntarily adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects such as Board Composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. The results were discussed in the meeting of the Nomination and Remuneration Committee.

**INFORMATION TO DIRECTORS**

Systems, procedures and resources are in place to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/ discharge his/her duties. The Directors are given time to study the data and contribute effectively to the Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees.

**ANNUAL GENERAL MEETINGS**

The details of last three Annual General Meetings of the Company are as under:

For the Financial Year ended	Venue of AGM	Date and Time
2013-14	L&T House, Ballard Estate, Mumbai – 400 001.	September 10, 2014 at 10.00 a.m.
2012-13	L&T House, Ballard Estate, Mumbai – 400 001.	August 26, 2013 at 9.00 a.m.
2011-12	L&T House, Ballard Estate, Mumbai – 400 001.	August 23, 2012 at 11.00 a.m.

**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 ('Act'). Internal Complaints Committee ('ICC') has been constituted as per the Act, to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, one complaint was filed under the Act in March 2015, which is under consideration before the ICC as on the date of report.

**COMPLIANCE MONITORING SYSTEM**

The Company believes that statutory compliance has become a catalyst for Corporate Governance and that a good statutory compliance system has become vital for effective conduct of business operations. As a major portion of the Company's business is conducted abroad, apart from ensuring compliance with Indian statutes, the Company also has to comply with the statutes of the countries where the Company has presence.

Keeping this in mind, the Company has instituted a Compliance Monitoring System. Under this system, a certificate is presented to the Board every quarter, confirming that the Company has complied with all relevant provisions and requirements of various statutes as they are applicable to the business of the Company in India and abroad as well as with the contractual obligations binding on the Company. The certificate to the Board is based on back to back certificates received from various compliance owners representing Business Clusters, Overseas Branches, Subsidiary Companies and other support functions.

As regards to the services availed from the professional service providers engaged in various countries, the Company follows a practice of obtaining compliance certificates from them on quarterly basis.

The Compliance Monitoring system which was rolled out by the Company during financial year 2009-10 in form of the Compliance Portal is being extensively used by all the Compliance owners. The Compliance portal provides the users a web-based access with access controls based on a defined authorization matrix. Besides connecting all the compliance owners across time zones to a common platform, the portal is expected to serve as a repository of the compliance exercise yielding substantial saving in resources and efforts for tracking compliance going forward.

**INTERNAL CONTROL SYSTEMS**

A strong internal control culture is pervasive in the Company. Standard Operating Procedures (SOPs) are followed for various process, which are reviewed for changes warranted due to business needs.

An in-house internal audit department continuously monitors the efficiency of internal controls, compliance with SOPs and report any major concerns to the Audit Committee with the objective of providing reasonable assurance on the adequacy and effectiveness of the organisation's controls and governance process.

For and on behalf of the Board

**V. K. MAGAPU**  
*Managing Director*  
 DIN: 00001658

**R. SHANKAR RAMAN**  
*Director*  
 DIN: 00019798

Place : Mumbai  
 Date: May 08, 2015

# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF LARSEN & TOUBRO INFOTECH LIMITED**

### **Report on the standalone financial statements**

We have audited the accompanying standalone financial statements of **LARSEN & TOUBRO INFOTECH LIMITED** ('the Company'), which comprise the balance sheet as at 31 March, 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the standalone financial statements**

The Company's management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

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 2015, and its profit and its cash flows for the year ended on that date.

### **Report on other legal and regulatory requirements**

- 1 As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143(3) of the Act, 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;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet and the statement of profit and loss dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of written representation received from the directors as on 31 March 2015 and taken on the record by the board of directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of section 164 (2) of the Act; and

LARSEN & TOUBRO INFOTECH LIMITED

- (f) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note R to the financial statements.
  - ii. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – refer note S(2)(ii) to the financial statements in respect of such items as it relates to the Company.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**SHARP & TANNAN**  
*Chartered Accountants*  
*Firm's registration number 109982W*  
*By the hand of*

*Place : Mumbai*  
*Date : May 08, 2015*

**FIRDOSH D. BUCHIA**  
*Partner*  
*Membership No. 38332*

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the Company has formulated a program of physical verification of all the fixed assets over a period of two years which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by the management during the year and no material discrepancies were noticed on such verification.
- (ii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iii) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (iv) (a) According to the information and explanations given to us and as per the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues outstanding as at 31 March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and according to the records of the Company, there are no dues of sales tax, income tax, custom duty, wealth tax, and excise duty that have not been deposited with the appropriate authorities on account of any dispute except as follows:

Name of the statute	Nature of the disputed dues	Amount (₹)*	Period to which the amount relates	Forum where disputes are pending
Central Sales Tax and local sales tax Acts	Sales tax on scrap sales and sale of assets - PAN India	4,234,411	2011-12	The Commercial Tax Officer
	Software exports and service income revenue considered as domestic sales and other classification disputes	11,164,192	2002-03	Deputy Commissioner (A)
Income-tax Act, 1961	Disallowance of exemption under section 10A	306,947,368	2006-2007 & 2007-2008	Commissioner (A)
	Disallowance of exemption under section 10A	84,264,683	2009-10	ITAT
	Disputes regarding short fall in tax deducted at source	5,143,329	2010-2011 and 2012-13	

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

- (c) There were no amounts that were required to be transferred to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (v) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current financial year or in the immediately preceding financial year.
- (vi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder as at the balance sheet date.
- (vii) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has applied term loans for the purpose for which the loans were obtained.
- (viii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.
- (ix) Clauses 3(ii) (a), (b) and (c), 3(v), 3(vi), and 3(x) of the Order are not applicable to the Company.

**SHARP & TANNAN**  
Chartered Accountants  
Firm's registration number 109982W  
By the hand of

Place : Mumbai  
Date : May 08, 2015

**FIRDOSH D. BUCHIA**  
Partner  
Membership No. 38332

**BALANCE SHEET AS ON MARCH 31, 2015**

	Note No.	As at 31.03.2015 ₹	As at 31.03.2014 ₹
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	B	161,250,000	161,250,000
Reserves and surplus	C	19,093,276,754	14,529,180,501
<b>Total Equity</b>		<b>19,254,526,754</b>	<b>14,690,430,501</b>
<b>Non-current liabilities</b>			
Long-term borrowings	D(i)	138,888,889	266,288,889
Deferred tax liabilities (net)	I	76,839,684	180,335,266
Other long term liabilities	E(ii)	538,346,895	729,112,853
Long Term Provisions	F	103,709,208	131,058,285
		<b>857,784,676</b>	<b>1,306,795,293</b>
<b>Current liabilities</b>			
Short-term borrowings	D(ii)	1,897,481,382	673,839,268
Current maturities of long term borrowings	D(i)	138,888,888	133,144,445
Trade payables	E(i)	2,528,515,931	2,255,704,586
Other current liabilities	E(ii)	1,599,528,713	3,632,681,567
Short-term provisions	F	2,791,973,162	2,371,847,919
		<b>8,956,388,076</b>	<b>9,067,217,785</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,068,699,506</b>	<b>25,064,443,579</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	G	2,617,022,790	2,610,359,293
Intangible assets		755,466,676	332,211,879
Capital work-in-progress		47,627,523	88,125,204
Intangible assets under development		195,374,200	418,266,450
		<b>3,615,491,189</b>	<b>3,448,962,826</b>
Non-current investments	H(i)	3,953,108,232	3,146,148,605
Long-term loans and advances	L	2,387,261,034	2,534,840,260
		<b>9,955,860,456</b>	<b>9,129,951,691</b>
<b>Current assets</b>			
Current investments	H(ii)	622,315,849	1,402,107,052
Trade receivable	J(i)	10,314,385,291	8,495,816,258
Unbilled revenue	J(ii)	1,434,593,973	1,064,636,946
Cash and bank	K	1,334,335,040	1,455,397,078
Short-term loans and advances	L	5,407,208,898	3,516,534,554
		<b>19,112,839,051</b>	<b>15,934,491,888</b>
<b>TOTAL ASSETS</b>		<b>29,068,699,506</b>	<b>25,064,443,579</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	A		
<b>CONTINGENT LIABILITIES</b>	R		
<b>OTHER NOTES ON ACCOUNTS</b>	S		

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of**FIRDOSH D. BUCHIA**Partner  
Membership No: 38332**ANGNA ARORA**  
Company Secretary**V. K. MAGAPU**  
Managing Director  
DIN: 00001658**R. SHANKAR RAMAN**  
Director  
DIN: 00019798Place : Mumbai  
Date : May 08, 2015Place : Mumbai  
Date : May 08, 2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

	Note No.	2014-15 ₹	2013-14 ₹
<b>INCOME:</b>			
Revenue from operations	M	47,444,032,568	46,439,403,178
Other income	N	887,798,756	(810,917,799)
<b>Total income</b>		<b>48,331,831,324</b>	<b>45,628,485,379</b>
<b>EXPENSES:</b>			
Employee benefit expenses	O(i)	28,064,720,243	26,456,565,868
Operating expenses	O(ii)	4,605,346,793	4,207,517,400
Sales, administration and other expenses	O(iii)	5,224,965,748	5,123,263,745
		<b>37,895,032,784</b>	<b>35,787,347,013</b>
<b>Operating profit</b>		<b>10,436,798,540</b>	<b>9,841,138,366</b>
Finance cost	P	104,176,255	297,692,583
Depreciation on tangible assets	G	659,886,912	502,679,642
Amortisation of intangible assets	G	247,407,050	180,230,792
		<b>1,011,470,217</b>	<b>980,603,017</b>
<b>Profit before extraordinary items and tax</b>		<b>9,425,328,323</b>	<b>8,860,535,349</b>
<b>Profit from continuing operations before tax</b>		<b>9,425,328,323</b>	<b>8,282,583,093</b>
Extraordinary item	S(12)(ii)	–	2,594,000,129
<b>Profit from continuing operations before tax</b>		<b>9,425,328,323</b>	<b>10,876,583,222</b>
Tax expense for continuing operations			
Current tax	Q	1,602,823,700	2,066,165,405
Deferred tax		92,882,782	238,266,006
		<b>1,695,706,482</b>	<b>2,304,431,411</b>
<b>Profit from continuing operations after tax</b>		<b>7,729,621,841</b>	<b>8,572,151,811</b>
<b>Profit from discontinued operations before tax</b>	S(12)(i)	–	577,952,256
Tax expense for discontinuing operations			
Current tax		–	127,050,502
<b>Profit from discontinued operations after tax</b>		–	<b>450,901,754</b>
<b>Net profit after tax</b>		<b>7,729,621,841</b>	<b>9,023,053,565</b>
<b>EARNING PER EQUITY SHARE</b>			
<b>Basic</b>			
Basic earning per equity share before extraordinary items		239.68	212.25
Basic earning per equity share after extraordinary items		239.68	279.78
<b>Diluted</b>			
Diluted earning per equity share before extraordinary items		229.95	203.64
Diluted earning per equity share after extraordinary items		229.95	268.43
Face value per equity share		5.00	5.00
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	A		
<b>OTHER NOTES ON ACCOUNTS</b>	S		

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership No: 38332

**ANGNA ARORA**  
Company Secretary

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

Place : Mumbai  
Date : May 08, 2015

Place : Mumbai  
Date : May 08, 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

	2014-15 ₹	2013-14 ₹
<b>A. Cash flow from operating activities</b>		
Net profit before tax (excluding extraordinary items)	9,425,328,323	8,860,535,349
<b>Adjustments for:</b>		
Depreciation and amortisation	907,293,962	682,910,434
Employees stock options amortised	-	2,275,947
Interest (net)	38,229,808	36,058,226
Unrealised foreign exchange loss (gain)	(558,200,286)	(536,058,537)
(Profit)/loss on sale of current investments	(119,620,803)	(60,475,020)
Miscellaneous expenditure amortised/(capitalised)	6,347,360	9,521,052
(Profit)/Loss on sale of fixed assets	3,155,106	(3,455,510)
<b>Operating profit before working capital changes</b>	<b>9,702,533,470</b>	<b>8,991,311,941</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivables	(2,226,734,932)	(1,454,272,926)
(Increase)/decrease in other receivables	(44,548,369)	(580,584,902)
Increase/(decrease) in trade & other payables	1,016,449,717	1,333,555,832
(Increase)/decrease in working capital	(1,254,833,584)	(701,301,996)
<b>Cash generated from operations</b>	<b>8,447,699,886</b>	<b>8,290,009,945</b>
Direct taxes paid	(2,643,021,183)	(2,133,431,897)
<b>Net cash from operating activities (excluding extraordinary items)</b>	<b>5,804,678,703</b>	<b>6,156,578,048</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(1,114,240,435)	(957,936,281)
Sale of fixed assets	24,991,490	154,401,776
(Purchase)/sale of current investments	899,412,006	(1,124,332,032)
Disinvestment in subsidiary	-	1,202,967,204
Investment in subsidiaries	(806,959,627)	(329,828,984)
Interest received	17,990,349	84,182,967
<b>Net cash used in investing activities (before extra ordinary items)</b>	<b>(978,806,217)</b>	<b>(970,545,350)</b>
<b>Extraordinary Items</b>		
Proceeds from sale of PES business (net)	-	3,796,967,333
Loss on winding up of subsidiary	-	(1,202,967,204)
<b>Net cash from investing activities (after extra ordinary items)</b>	<b>(978,806,217)</b>	<b>1,623,454,779</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from/(repayment) of borrowings	1,040,094,309	(984,573,017)
Interest paid	(56,220,157)	(120,241,193)
Dividend paid	(4,805,250,000)	(5,514,750,000)
Tax on dividend paid	(1,125,558,676)	(840,946,324)
<b>Net cash from financing activities</b>	<b>(4,946,934,524)</b>	<b>(7,460,510,534)</b>
Net increase in cash and cash equivalents	(121,062,038)	319,522,293
Cash and cash equivalents at 31 March 2014	1,455,397,078	1,135,874,785
<b>Cash and cash equivalents at 31 March 2015</b>	<b>1,334,335,040</b>	<b>1,455,397,078</b>

**Notes:**

- Cash flow has been prepared under the indirect method as set out in the Accounting Standard - 3 prescribed under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.
- Cash and cash equivalents represent cash and bank balances.
- Bank balances include revaluation gain of ₹ 3,443,184 (Previous year gain ₹ 75,618,307)

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership No: 38332

**ANGNA ARORA**  
Company Secretary

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

Place : Mumbai  
Date : May 08, 2015

Place : Mumbai  
Date : May 08, 2015



## NOTES FORMING PART OF ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of accounting

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Company maintains its accounts on accrual basis following the historical cost convention.

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

Comparative figures include the figures of PES business which was transferred on January 1, 2014 by way of slump sale. Consequently, the comparative figures are not comparable with the figures for the year ended March 31, 2015.

#### 2. Presentation of financial statements

The balance sheet 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 Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

#### 3. Revenue recognition

- a) Revenue from contracts priced on time and material basis are recognized when services are rendered and related costs are incurred. Revenue from services performed on "fixed-price" basis is recognized using the proportionate completion method. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.
- b) Other income
  - i. Interest income is accrued at applicable interest rate.
  - ii. Dividend income is accounted in the period in which the right to receive the same is established.
  - iii. Other items of income are accounted as and when the right to receive arises.

#### 4. Employee benefits

##### a) 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, short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

##### b) 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 LIC 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 are recognized immediately in the profit and loss account. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

## NOTES FORMING PART OF ACCOUNTS (Contd.)

iii) Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

### 5. Fixed assets

#### Tangible

Fixed assets are stated at cost less accumulated depreciation.

#### Intangible

Computer software, internally developed software is capitalized at cost.

### 6. Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in value, if any. Current investments are stated at the lower of cost or market value, determined on the basis of specific identification.

### 7. Leases

#### Finance lease

Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. 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.

#### 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 leases. Lease rentals are charged to the profit and loss account on accrual basis.

### 8. Depreciation

#### Tangible - owned assets

Depreciation on assets has been provided based on useful life prescribed in schedule II to the Companies Act, 2013 except for the leasehold improvements which is depreciated over the lease period.

#### Tangible - leased assets

Assets acquired under finance leases are depreciated at the rates applicable to similar assets owned by the Company as there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term.

- Leasehold land Over the residual period of the lease

#### Intangible assets

The basis of amortization of intangible assets is as follows:

- Computer software 33.33%
- Intellectual Property Rights (IPR) 33.33%
- Business Rights Over a period of five years

Depreciation / amortization on additions / disposals are calculated pro-rata from / to the month of additions / disposals.

### 9. Investment

Trade investments comprise investments in subsidiary companies.

Investments, which are readily realisable and are intended to be held for not more than one year from the date of acquisition, are classified as current investments. All other investments are classified as long term investments.

### 10. Employee stock ownership schemes

In respect of stock options granted pursuant to the Company's stock option schemes, 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.

### 11. Foreign currency transactions

- a) 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 overseas branches is as under:

- Revenue items at the average rate for the period;
- Fixed assets and investments at the rates prevailing on the date of the transaction; and
- Other assets and liabilities at year end rates

## NOTES FORMING PART OF ACCOUNTS (Contd.)

Exchange difference on settlement / year end conversion is adjusted to profit and loss account.

- b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Exchange differences arising on such contracts are recognized in the period in which they arise and the premium paid / received is accounted as expense / income over the period of the contract. Profit or loss on such forward contracts is accounted as income or expense for the period.
- c) All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions are recognised in the financial statements at fair value as on the balance sheet date. In pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 on accounting of derivatives, the Company has adopted Accounting Standard 30 for applying the test of hedge effectiveness of the outstanding derivative contracts. Accordingly, the resultant gains or losses on fair valuation of such contracts are recognised in the profit and loss account or balance sheet as the case may be.

### 12. Taxes on income

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 Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the income accounted in financial statements and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

### 13. 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.

### 14. Provisions, contingent liabilities and contingent assets

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

- a) the Company has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated

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 the case of

- a) 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
- b) 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.

### 15. Segment accounting

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

- i. Segment revenue includes sales and other income directly identifiable with/allocable to the segment.
- ii. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenditure which relate to the Company as a whole and not allocable to segments are included under "unallocable corporate expenditure".
- iii. Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income".
- iv. Fixed assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the fixed assets and services are used interchangeably among segments.

### 16. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

- i. transactions of a non-cash nature
- ii. any deferrals or accruals of past or future operating cash receipts or payments and
- iii. items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement.

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	As at 31.03.2015 (₹)	As at 31.03.2014 (₹)
<b>B. SHARE CAPITAL</b>		
<b>B(i) Share capital authorised, issued, subscribed and paid up:</b>		
<b>Authorised :</b>		
3,27,50,000 Equity shares of ₹ 5 each ( <i>Previous year 3,27,50,000 of ₹ 5 each</i> )	<u>163,750,000</u>	<u>163,750,000</u>
<b>Issued, paid up and subscribed</b>		
3,22,50,000 Equity shares for ₹ 5 each ( <i>Previous year 3,22,50,000 of ₹ 5 each</i> )	<u>161,250,000</u>	<u>161,250,000</u>
<b>EQUITY SHARE CAPITAL</b>	<u>161,250,000</u>	<u>161,250,000</u>

**B(ii) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

During the year ended March 31, 2015, the amount of interim dividend distributed to equity shareholder was ₹ 149 per share (*Previous year ₹ 171 per share*)

**B(iii) Shareholders holding more than 5% of equity shares as at the end of the year:**

Name of shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of shares	Shareholding %	Number of shares	Shareholding %
Larsen & Toubro Ltd.	32,250,000	100	32,250,000	100

**B(iv) Reconciliation of the number of equity shares & share capital**

There was no movement in the number of equity shares at the beginning & at the end of the year.

**B(v) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital :**

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number of equity shares to be issued as fully paid	At face value (₹)	Number of equity shares to be issued as fully paid	At face value (₹)
#Employee stock options granted and outstanding under Employee Stock Ownership Scheme "ESOS Plan"	393,003 1,873,467	25 10	393,003 1,880,484	25 10
Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan')	90,100	\$12	90,100	\$12
# Refer note no.B(viii)				

**B(vi)** The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2015 are Nil (*previous period of five years ended March 31, 2014 - Nil*)

**B(vii)** The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended March 31, 2015 – Nil (*previous period of five years ended March 31, 2014 - Nil*)

**B(viii) Stock option plans****1. Employee Stock Ownership Scheme ('ESOS Plan')**

Under the Employee Stock Ownership Scheme (ESOS) 2,266,470 options are outstanding as at March 31, 2015. The grant of options to the employees under ESOS is on the basis of their performance and other eligibility criteria. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 5/- each.

All vested options can be exercised on the first exercise date as may be determined by the Compensation Committee prior to date of IPO. The details of the grants under the aforesaid scheme are summarised below:-

	ESOP Series	I,II & III		IV-XXI	
		2014-15	2013-14	2014-15	2013-14
1	Grant Price (₹)	25	25	10	10
2	Options granted and outstanding at the beginning of the year	393003	393003	1880484	2155197
3	Options granted during the year	0	0	0	0
4	Options cancelled/ lapsed during the year	0	0	7017	274713

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	ESOP Series	I, II & III		IV-XXI	
		2014-15	2013-14	2014-15	2013-14
5	Options exercised and shares allotted during the year	0	0	0	0
6	Options granted and outstanding at the end of the year of which -	393003	393003	1873467	1880484
	Options vested	393003	393003	970917	970917
	Options yet to vest	0	0	902550	909567

**2. Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan')**

The Company had instituted the Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan') for the employees and Directors of its erstwhile subsidiary, GDA Technologies, Inc, USA. The term of option was 5 years from the date of grant. As per vesting schedule, the options had to vest over a period of five years, subject to fulfilment of certain conditions specified in the respective Option agreement. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 5/- each at an exercise price of USD 12 per share. Under the said plan, options granted and outstanding as at the end of the year are 90,100 options, all of which are vested.

3. Employees Stock Options granted and outstanding as at the end of the year on unissued share capital represent options 2,356,570 (previous year 2,363,587).

	As at 31.03.2015 (₹)	As at 31.03.2014 (₹)
<b>C. RESERVES &amp; SURPLUS</b>		
<b>C(i) General reserve</b>		
As per last Balance Sheet	4,486,779,130	3,576,779,130
Add : Transferred from Profit and Loss Account	-	910,000,000
	<u>4,486,779,130</u>	<u>4,486,779,130</u>
<b>C(ii) Hedging reserve (net of tax) : [Note I ]</b>		
Opening balance	(2,923,110,598)	(2,694,381,882)
Deduction/(addition) during the year (net)	2,556,150,402	(228,728,716)
	<u>(366,960,196)</u>	<u>(2,923,110,598)</u>
<b>C(iii) Security premium reserve</b>	1,181,240,000	1,181,240,000
<b>C(iv) Profit and loss account</b>		
Opening balance	11,445,861,100	9,784,789,298
Add: Profit for the year	7,729,621,841	9,023,053,565
Less: Depreciation charge against retained earnings	12,271,512	-
Add : Deferred tax credit on depreciation charged to retained earnings	2,168,698	-
	<u>19,165,380,127</u>	<u>18,807,842,863</u>
Less: Appropriation		
(a) General reserve	-	910,000,000
(b) Interim dividend	4,805,250,000	5,514,750,000
(c) Tax on dividend	906,323,176	937,231,763
Balance to be carried forward	<u>13,453,806,951</u>	<u>11,445,861,100</u>
<b>C(v) Employee stock options outstanding</b>		
As per last Balance Sheet	338,410,869	338,410,869
Less : deductions during the year	-	-
	<u>338,410,869</u>	<u>338,410,869</u>
<b>C(vi) Deferred employee compensation expense</b>		
As per last Balance Sheet	-	(2,275,947)
Less : deductions during the year	-	2,275,947
	<u>-</u>	<u>-</u>
<b>RESERVES &amp; SURPLUS</b>	<u><u>19,093,276,754</u></u>	<u><u>14,529,180,501</u></u>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	As at 31.03.2015			As at 31.03.2014		
	Non-current	Current	Total	Non-current	Current	Total
<b>D. BORROWINGS</b>						
<b>D(i) Long-term borrowings</b>						
<b>Secured loans*</b>						
Term loans from bank (Refer note D(iii))	138,888,889	138,888,888	277,777,777	266,288,889	133,144,445	399,433,334
	138,888,889	138,888,888	277,777,777	266,288,889	133,144,445	399,433,334
<b>D(ii) Short-term borrowings</b>						
<b>Secured loans*</b>						
Other loans from banks	–	600,000,000	600,000,000	–	–	–
<b>Unsecured loans</b>						
Other loans from banks	–	1,297,481,382	1,297,481,382	–	673,839,268	673,839,268
	–	1,897,481,382	1,897,481,382	–	673,839,268	673,839,268
<b>TOTAL</b>	<b>138,888,889</b>	<b>2,036,370,270</b>	<b>2,175,259,159</b>	<b>266,288,889</b>	<b>806,983,713</b>	<b>1,073,272,602</b>

\*The secured loans from banks are secured against hypothecation of the Company's movable assets and accounts receivables.

**D(iii) Details of term loans**

Nature of term loan	₹	Rate of interest	Terms of repayment of term loan
External commercial borrowings (ECB)	277,777,777	USD LIBOR (3 months) + predetermined margin	Repayable in equal half-yearly instalments of USD 1.11 million each commencing from 19 October 2012 and ending on 14 October 2016.
Previous Year	(399,433,334)		

(₹)

	As at 31.03.2015			As at 31.03.2014		
	Non-Current	Current	Total	Non-Current	Current	Total
<b>E. LIABILITIES</b>						
<b>E(i) Trade payables</b>						
Due to holding company	–	174,227,942	174,227,942	–	190,790,032	190,790,032
Due to fellow subsidiaries	–	–	–	–	117,681,918	117,681,918
Due to others	–	2,354,287,989	2,354,287,989	–	1,947,232,636	1,947,232,636
	–	2,528,515,931	2,528,515,931	–	2,255,704,586	2,255,704,586
<b>E(ii) Other payables</b>						
Forward contract payable	447,457,108	89,219,365	536,676,473	673,915,614	2,289,490,671	2,963,406,285
Interest accrued but not due on borrowings	–	2,413,628	2,413,628	–	2,290,228	2,290,228
Other payables	90,889,787	1,507,895,720	1,598,785,507	55,197,239	1,340,900,668	1,396,097,907
	538,346,895	1,599,528,713	2,137,875,608	729,112,853	3,632,681,567	4,361,794,420
<b>TOTAL</b>	<b>538,346,895</b>	<b>4,128,044,644</b>	<b>4,666,391,539</b>	<b>729,112,853</b>	<b>5,888,386,153</b>	<b>6,617,499,006</b>

(₹)

	As at 31.03.2015			As at 31.03.2014		
	Non-Current	Current	Total	Non-Current	Current	Total
<b>F. PROVISIONS :</b>						
<b>F(i) Provisions for employee benefits :</b>						
Gratuity	–	92,417,050	92,417,050	–	29,388,768	29,388,768
Compensated absences	–	453,574,187	453,574,187	–	393,889,908	393,889,908
Post retirement medical benefits	103,709,208	243,375	103,952,583	88,628,589	159,205	88,787,794
Provision for interest rate guarantee on provident fund	–	–	–	42,429,696	–	42,429,696
Others	–	2,235,038,550	2,235,038,550	–	1,765,021,999	1,765,021,999
	103,709,208	2,781,273,162	2,884,982,370	131,058,285	2,188,459,880	2,319,518,165

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

(₹)

	As at 31.03.2015			As at 31.03.2014		
	Non-Current	Current	Total	Non-Current	Current	Total
<b>F(ii) Other provisions</b>						
Income tax (net of advance tax)	-	-	-	-	172,688,039	172,688,039
Others*	-	10,700,000	10,700,000	-	10,700,000	10,700,000
	-	10,700,000	10,700,000	-	183,388,039	183,388,039
<b>TOTAL</b>	<b>103,709,208</b>	<b>2,791,973,162</b>	<b>2,895,682,370</b>	<b>131,058,285</b>	<b>2,371,847,919</b>	<b>2,502,906,204</b>

**F(iii) \* Disclosure pursuant to Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"**

Movement in provisions:

Sr.No	Particulars	Class of Provisions		
		Sales Tax	Others	Total
1	Balance as at 1-4-2014	4,000,000	6,700,000	10,700,000
	Additional provision during the year	-	-	-
3	Provision used during the year	-	-	-
4	Provision reversed during the year	-	-	-
5	Balance as at 31-03-2015	4,000,000	6,700,000	10,700,000

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.

**G. FIXED ASSETS**

Tangible and Intangible Assets	Gross Block			Depreciation/Amortisation					Net Block		
	As at 01-04-14	Additions	Deductions	As at 31-03-2015	As at 01-04-2014	For the year	Transferred to retained earning (Refer note 3 below)	On Deductions	As at 31-03-2015	As at 31-03-2015	As at 31-03-2014
<b>Tangible assets</b>											
Leasehold Land	12,268,579	-	-	12,268,579	2,502,728	128,820	-	-	2,631,548	9,637,031	9,765,851
Buildings	207,376,333	-	-	207,376,333	72,280,593	9,324,474	-	-	81,605,067	125,771,266	135,095,740
Leasehold Improvements	226,384,882	56,624,206	1,910,807	281,098,281	19,909,718	28,196,008	-	1,287,907	46,817,819	234,280,462	206,475,164
Plant and machinery	864,104,147	137,706,046	14,046,800	987,763,393	226,830,271	117,899,367	9,535,931	10,533,172	343,732,397	644,030,996	637,273,876
<b>Computers</b>											
a. Owned	1,945,742,910	209,411,735	264,828,601	1,890,326,044	1,464,332,116	248,422,113	2,720,201	264,610,193	1,450,864,237	439,461,807	481,410,794
b. Leased	23,630,040	-	1,018,391	22,611,649	23,630,040	-	-	1,018,391	22,611,649	-	-
Office Equipments	840,589,629	100,228,912	58,191,406	882,627,135	541,094,380	105,665,562	15,380	58,067,786	588,707,536	293,919,599	299,495,249
Furniture and fixtures	1,077,528,386	119,188,920	7,110,461	1,189,606,845	512,846,621	100,261,872	-	6,792,702	606,315,791	583,291,054	564,681,765
Vehicles	403,586,553	83,789,007	42,333,468	445,042,092	127,425,699	49,988,696	-	19,002,878	158,411,517	286,630,575	276,160,854
<b>Sub total tangible assets</b>	<b>5,601,211,459</b>	<b>706,948,826</b>	<b>389,439,934</b>	<b>5,918,720,351</b>	<b>2,990,852,166</b>	<b>659,886,912</b>	<b>12,271,512</b>	<b>361,313,029</b>	<b>3,301,697,561</b>	<b>2,617,022,790</b>	<b>2,610,359,293</b>
Capital work in progress	-	-	-	-	-	-	-	-	-	47,627,523	88,125,204
<b>Total of tangible assets</b>	<b>5,601,211,459</b>	<b>706,948,826</b>	<b>389,439,934</b>	<b>5,918,720,351</b>	<b>2,990,852,166</b>	<b>659,886,912</b>	<b>12,271,512</b>	<b>361,313,029</b>	<b>3,301,697,561</b>	<b>2,664,650,313</b>	<b>2,698,484,497</b>
<i>Total of tangible assets (previous year)</i>	<i>5,031,939,727</i>	<i>1,012,788,908</i>	<i>443,517,176</i>	<i>5,601,211,459</i>	<i>2,806,404,386</i>	<i>502,679,642</i>	<i>-</i>	<i>318,231,862</i>	<i>2,990,852,166</i>	<i>2,698,484,497</i>	<i>2,687,592,925</i>
<b>Intangible Assets</b>											
Software	1,384,638,070	670,681,540	161,845,280	1,893,474,330	1,052,426,191	247,407,050	-	161,825,587	1,138,007,654	755,466,676	332,211,879
Business Rights	98,050,000	-	-	98,050,000	98,050,000	-	-	-	98,050,000	-	-
Sub total intangible assets	1,482,688,070	670,681,540	161,845,280	1,991,524,330	1,150,476,191	247,407,050	-	161,825,587	1,236,057,654	755,466,676	332,211,879
Intangible assets under development	-	-	-	-	-	-	-	-	-	195,374,200	418,266,450
<b>Total of intangible assets</b>	<b>1,482,688,070</b>	<b>670,681,540</b>	<b>161,845,280</b>	<b>1,991,524,330</b>	<b>1,150,476,191</b>	<b>247,407,050</b>	<b>-</b>	<b>161,825,587</b>	<b>1,236,057,654</b>	<b>950,840,876</b>	<b>750,478,329</b>
<i>Total of Intangible assets (previous year)</i>	<i>1,534,245,196</i>	<i>221,965,551</i>	<i>273,522,677</i>	<i>1,482,688,070</i>	<i>1,218,107,124</i>	<i>180,230,792</i>	<i>-</i>	<i>247,861,725</i>	<i>1,150,476,191</i>	<i>750,478,329</i>	<i>637,290,322</i>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

Notes:

1. Impairment up to 31-03-2015 - NIL
2. Additions during the year & capital work-in-progress include ₹ Nil (*previous year ₹ Nil*) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs" prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
3. Consequent to the adoption of schedule II to the Companies Act, 2013, the depreciation for the year ended March 31, 2015 is higher and the profit before tax is lower by ₹ 70,300,241. Further, an amount of ₹ 12,271,512 (net of tax of ₹ 10,102,814) representing the carrying amount of assets with revised useful life as nil, has been charged to the opening reserves as on April 1, 2014 pursuant to the Companies Act, 2013.
4. In terms of the business transfer agreement, fixed assets have been transferred to L&T Technology Services Ltd. as on 1 January, 2014. [refer note S (12)]. Previous year deduction include fixed assets transferred to L&T Technology Services Ltd.

	As at 31.03.2015 (₹)	As at 31.03.2014 (₹)
<b>H. INVESTMENTS</b>		
<b>H(i) Non-current investments</b>		
<b>Trade investments (at cost)</b>		
Long term investment in subsidiaries		
1, fully paid equity share of Euro 25,000 in Larsen & Toubro Infotech GmbH	1,140,649	1,140,649
100, fully paid equity shares of CAD 1 each in Larsen & Toubro Infotech Canada Ltd.	6,606,466	6,606,466
168,197 equity shares of ₹ 10 each in GDA Technologies Limited (refer note S.(12))	323,002,370	323,002,370
1,000,000, equity shares at no par value in L&T Infotech Financial Services Technologies Inc.	2,806,321,790	2,806,321,790
332,350, equity shares at no par value in Larsen And Toubro Infotech South Africa (Pty) Ltd	2,009,966	2,009,966
Investment in L&T Information Technology Services ( Shanghai) Co. Ltd*	7,067,364	7,067,364
3,500,000 equity shares of ₹ 10 each in Information Systems Resource Centre Private Limited**	806,959,627	-
<b>Total non-current investments</b>	<b>3,953,108,232</b>	<b>3,146,148,605</b>

\* Investment in this entity is not denominated in number of shares as per laws of the People's Republic of China.

\*\* The Company was acquired on October 16, 2014, consequent to which, it became wholly owned subsidiary of the Company.

**H(ii) Current Investments**

Particulars/ Scheme Name	Face Value per unit	Units as at 31.03.2015	Amount As at 31.03.2015	Amount As at 31.03.2014
<b>Liquid Investments</b>				
L&T Ultra Short Term Fund-IP-DDR			-	20,000,000
IDFC Money Manager- Treasury Plan- DDR			-	50,000,000
IDBI Ultra Short Term Fund- DDR			-	50,000,000
Kotak Banking & PSU debt Fund-DDR			-	30,000,000
L&T Cash Fund- DDR			-	50,000,000
L&T Liquid Super IP DDR	1000	199,809	202,134,698	529,100,000
Templeton India Ultra Short Bond Fund- Super IP-D	10	9,921,323	100,000,000	53,000,000
Templeton India TMA - Super IP- DDR	1000	100,067	100,138,772	-
Religare Invesco Liquid Fund - DDR	1000	99,922	100,042,379	-
IDFC Ultra Short Term Fund - Reg - DDR	10	9,980,836	100,000,000	-
<b>Total (A)</b>			<b>602,315,849</b>	<b>782,100,000</b>
<b>Fixed Maturity Plans</b>				
Birla Sun LifeFTP-Series KG (367 D)-Growth			-	20,000,000
DSP Blackrock FMP-Series 146-12M-Reg-Growth			-	20,000,000
DSP Blackrock-FMP-Series 144-12 M-Regular-Growth			-	20,000,000
HDFC FMP- 370D-Jan 2014 (1)- Growth			-	30,000,000
HDFC FMP 371D January 2014 (2)-Growth			-	20,000,000
ICICI Pru FMP Series 72-370 Days- Plan G- Growth			-	20,000,000
ICICI Pru FMP Series 72-366 Days Plan K Growth			-	20,000,000
ICICI Pru Interval Fund Series VII Annual Plan C			-	20,000,000
ICICI Pru FMP Series 73-366 Days Plan A- Growth			-	20,000,000



**NOTES FORMING PART OF ACCOUNTS (Contd.)**

Particulars/ Scheme Name	Face Value per unit	Units as at 31.03.2015	Amount As at 31.03.2015	(₹)
				Amount As at 31.03.2014
IDBI FMP-Series IV#368 Days February 2014-Growth			-	20,000,000
IDBI FMP-Series IV-366 Days(Feb 2014)-E-Growth			-	20,000,000
IDFC Fixed Term Plan Series 65 Direct Plan-Growth			-	20,007,052
Kotak FMP Series 105- 370 days-Growth			-	20,000,000
Kotak FMP Series 111- 370 days			-	20,000,000
Kotak FMP Series 138- 370 Days-direct- Growth			-	20,000,000
Kotak FMP Series 139 - 371 Days-Growth			-	20,000,000
L&T FMP Series-10-Plan K-Dividend Payout			-	50,000,000
L&T FMP Series 10-Plan L-Growth			-	20,000,000
L&T FMP-Series VIII-Plan D-Growth			-	20,000,000
L&T FMP - Series VIII - Plan G			-	20,000,000
L&T FMP Series 10-Plan A- Growth			-	20,000,000
L&T FMP - SERIES X - Plan D (367 Days)-Growth			-	40,000,000
L&T FMP Series 10-Plan N- Growth			-	20,000,000
Religare FMP-Series 22-Plan G (370 days)-Growth			-	20,000,000
Religare Invesco FMP-Sr 22-Plan O(370 days)-Growth			-	20,000,000
UTI Fixed Term Income Fund Series XVII -X(367D) Gr			-	20,000,000
UTI FTIF Series XVII-XVI (367 days)- Growth			-	20,000,000
UTI Fixed Term Income Fund series XVI-1 (366 days)- Growth			-	20,000,000
UTI Fixed Term Income Fund Series XVIII - X (366 days)-Growth	10	2,000,000	20,000,000	-
<b>Total (B)</b>			<b>20,000,000</b>	620,007,052
<b>Total (A+B)</b>			<b>622,315,849</b>	1,402,107,052

**Details of quoted investments:**

Particulars/ Scheme Name	Amount As at 31.03.2015	Amount As at 31.03.2014
	(₹)	(₹)
(a) Aggregate amount of quoted current investments and market value thereof:		
Book Value	622,315,849	1,402,107,052
Market Value	623,956,048	1,420,447,724

**I. DEFERRED TAX ASSETS**

Particulars	(₹)				
	Deferred tax asset/(liability) as at 31.03.2014	Deferred tax credited to retained earnings Refer Note G(3)	Current year (charge) / credit	(Charge) / credit to Hedging Reserve	Deferred Tax asset/ (liability) as at 31.03.2015
<b>Deferred tax liabilities</b>					
Depreciation / amortisation	1,665,430	2,168,698	(19,177,501)	-	(15,343,373)
Gain on derivative transactions	-	-	-	(304,093,737)	(304,093,737)
Branch profit tax	(234,680,990)	-	(88,711,160)	-	(323,392,150)
<b>TOTAL</b>	(233,015,560)	2,168,698	(107,888,661)	(304,093,737)	(642,829,260)
<b>Deferred tax assets</b>					
Provision for doubtful debts & advances	3,042,254	-	4,147,293	-	7,189,547
Provision for employee benefits	49,638,040	-	10,858,586	-	60,496,626
Loss on derivative transactions	-	-	-	498,303,403	498,303,403
<b>TOTAL</b>	52,680,294	-	15,005,879	498,303,403	565,989,576
<b>Net deferred tax assets/(liability)</b>	(180,335,266)	2,168,698	(92,882,782)	194,209,666	(76,839,684)

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
	(₹)	(₹)
<b>J. TRADE RECEIVABLES AND UNBILLED REVENUE</b>		
<b>J(i) Trade receivables</b>		
Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	64,462,164	23,766,454
Considered doubtful	69,270,382	34,329,596
	<u>133,732,546</u>	<u>58,096,050</u>
Other debts		
Considered good		
- Due from subsidiaries	195,221,406	86,532,290
- Due from fellow subsidiaries	84,674,372	-
- Others	9,970,027,349	8,385,517,514
	<u>10,383,655,673</u>	<u>8,530,145,854</u>
Less : Provision for doubtful debts	(69,270,382)	(34,329,596)
<b>TOTAL</b>	<u><u>10,314,385,291</u></u>	<u><u>8,495,816,258</u></u>

**J(ii) Unbilled revenue**

Unbilled revenues comprise revenue recognised in relation to services performed in accordance with contract terms but not billed.

	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
	(₹)	(₹)
<b>K. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalent</b>		
Cash on hand	645,054	554,956
Balances with bank		
- in current accounts		
Overseas	650,136,643	751,223,791
Domestic	217,483,461	231,520,536
Remittances in transit	221,577,236	140,022,024
Fixed deposits (Maturity less than 3 months)	125,122,875	212,712,500
	<u>1,214,965,269</u>	<u>1,336,033,807</u>
<b>Other Bank Balance</b>		
- in deposit accounts		
*Cash and bank balance not available for immediate use	119,369,771	119,363,271
<b>TOTAL</b>	<u><u>1,334,335,040</u></u>	<u><u>1,455,397,078</u></u>

\*Other bank balance not available for immediate use being in nature of security for guarantees issued by bank on behalf of the Company, collaterals etc.

**L. LOANS AND ADVANCES**

	<b>As at 31.03.2015</b>			<b>As at 31.03.2014</b>		
	<b>Non-Current</b>	<b>Current</b>	<b>Total</b>	<b>Non-Current</b>	<b>Current</b>	<b>Total</b>
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>(Unsecured)</b>						
Loans against mortgage of house property	-	102,439	102,439	-	200,007	200,007
Premia on forward contracts	874,901,217	1,723,628,489	2,598,529,706	768,153,141	1,146,854,221	1,915,007,362
Interest receivable	-	6,672,958	6,672,958	-	8,471,972	8,471,972
Cost of long term projects	-	-	-	-	6,347,360	6,347,360
Deposits	359,379,213	123,970,123	483,349,336	378,276,184	56,385,499	434,661,683
Capital advances	6,639,644	-	6,639,644	42,103,556	-	42,103,556

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	As at 31.03.2015			As at 31.03.2014		
	Non-Current	Current	Total	Non-Current	Current	Total
(Unsecured)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Advance tax current year (net of provision)	-	159,951,660	159,951,660	-	-	-
Advances recoverable in cash or in kind	1,146,340,960	3,392,883,229	4,539,224,189	1,346,307,379	2,298,275,495	3,644,582,874
- Considered doubtful	-	6,056,077	6,056,077	-	4,847,526	4,847,526
Less : Provision for bad & doubtful loans & advances	-	(6,056,077)	(6,056,077)	-	(4,847,526)	(4,847,526)
<b>TOTAL</b>	<b>2,387,261,034</b>	<b>5,407,208,898</b>	<b>7,794,469,932</b>	<b>2,534,840,260</b>	<b>3,516,534,554</b>	<b>6,051,374,814</b>
				<b>2014-15</b>		<b>2013-14</b>
				(₹)		(₹)
<b>M. REVENUE</b>						
Overseas				<b>45,368,128,284</b>		44,148,425,372
Domestic				<b>2,075,904,284</b>		2,290,977,806
<b>TOTAL</b>				<b>47,444,032,568</b>		46,439,403,178
<b>N. OTHER INCOME</b>						
Income from current investment in mutual funds				<b>119,620,803</b>		60,475,020
Profit on sale of fixed assets				-		3,455,510
Interest received				<b>17,990,349</b>		84,182,967
Foreign exchange gain/(loss)				<b>685,555,127</b>		(1,003,394,476)
Miscellaneous income				<b>64,632,477</b>		44,363,180
<b>TOTAL</b>				<b>887,798,756</b>		(810,917,799)
<b>O. EXPENSES</b>						
<b>O(i) Employee benefit expenses</b>						
Salaries including overseas staff expenses				<b>26,889,461,420</b>		25,127,396,705
Staff welfare				<b>790,110,422</b>		933,336,252
Contribution to provident and other funds				<b>247,005,993</b>		320,415,203
Contribution to superannuation fund				<b>44,711,241</b>		38,665,350
Contribution to gratuity fund				<b>93,431,167</b>		36,752,358
<b>TOTAL</b>				<b>28,064,720,243</b>		26,456,565,868
<b>O(ii) Operating expenses</b>						
Communication expenses				<b>151,272,166</b>		142,614,716
Consultancy charges				<b>3,366,849,809</b>		3,167,454,459
Cost of Software packages for own use				<b>344,472,674</b>		349,174,116
Cost of bought-out items for resale				<b>742,752,144</b>		548,274,109
<b>TOTAL</b>				<b>4,605,346,793</b>		4,207,517,400

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	2014-15 (₹)	2013-14 (₹)
<b>O(iii) Sales, administration and other expenses</b>		
Travelling and conveyance	1,155,634,239	1,165,744,250
Rent and establishment expenses	1,381,303,621	1,390,899,652
Telephone charges and postage	330,865,721	342,583,431
Legal and professional charges	517,615,313	609,001,384
Printing and stationery	28,057,444	24,505,080
Advertisement	89,949,486	66,300,938
Entertainment	54,425,218	48,359,831
Recruitment expenses	129,609,848	96,115,999
Repairs to building	134,896,249	104,474,649
Repairs to computers	85,024,089	70,668,750
General repairs and maintenance	250,509,247	234,776,575
Power and fuel	287,186,145	309,196,664
Equipment hire charges	10,145,425	7,621,911
Insurance charges	161,648,693	111,899,951
Rates and taxes	330,665,589	206,297,473
Allowance for doubtful debts and advances	74,069,965	8,326,201
Bad debts	39,129,179	200,240,354
Less : Provision written back	(39,129,179)	(66,653,267)
Commission paid	621,891	18,150,439
Books, periodicals and subscriptions	27,433,307	10,341,832
Directors fees	925,000	400,000
Commission to directors	3,598,088	3,730,559
Loss on sale of fixed assets	3,155,106	-
Miscellaneous expenses	161,278,704	150,760,037
Amortisation of cost of long term projects *	6,347,360	9,521,052
<b>TOTAL</b>	<b>5,224,965,748</b>	<b>5,123,263,745</b>
* Cost incurred for long term projects mainly comprise of legal and employee related costs to secure long term projects. These costs are amortised over a period of two years commencing from the date of securing the project.		
	2014-15 (₹)	2013-14 (₹)
<b>P. FINANCE COST</b>		
<b>P(i) Interest paid on</b>		
– On fixed loan	46,940,981	91,557,914
– On others	9,276,166	2,937,339
Lease finance charges	3,010	26,237
	<b>56,220,157</b>	<b>94,521,490</b>
<b>P(ii) Exchange loss (attributable to finance costs)</b>	<b>47,956,098</b>	<b>203,171,093</b>
<b>TOTAL</b>	<b>104,176,255</b>	<b>297,692,583</b>
<b>Q. PROVISION FOR TAXATION</b>		
<b>Q(i) Current tax#</b>	<b>2,117,821,850</b>	<b>2,074,009,157</b>
MAT credit entitlement for current year	(505,041,766)	(188,421,076)
Capital gains tax on sale of PES Business Unit	-	592,683,658
MAT Credit entitlement on capital gains tax for current year	-	(176,559,344)
Short/(excess) provision of earlier years	(9,956,384)	(108,496,488)
<b>TOTAL</b>	<b>1,602,823,700</b>	<b>2,193,215,907</b>
# The current year tax charge includes ₹ 382,836,354 (previous year ₹ 654,371,725) payable outside India.		
<b>R. CONTINGENT LIABILITIES</b>		
1. Income tax liability that may arise in respect of which the Company is in appeal*	1,164,817,023	910,031,573
2. Corporate guarantee given on behalf of subsidiary**	5,395,699,063	5,681,291,843
3. Service tax refund disallowed, in respect of which the company is in process of filing appeal #	4,526,163	-
	<b>6,565,042,249</b>	<b>6,591,323,416</b>
* Out of contingent tax liability disclosed above, ₹ 1,099,787,113 (including interest of ₹ 263,714,666), pertains to the tax demand arising on account of disallowance of exemption under section 10A on profits earned by STPI Units on onsite export revenue. Company is pursuing appeal against these demands before the relevant Appellate Authorities.		

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

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., Canada. The guarantee is for performance of all obligations by L&T Infotech Financial Services Technologies Inc. in connection with the long term annuity services contracts obtained by them. The obligation under this guarantee is limited in aggregate to the amount of CAD 70,000,000.

The Company has given a Corporate guarantee on behalf of its subsidiary, Larsen And Toubro Infotech South Africa (Proprietary) Ltd. The guarantee is for performance of all obligations by Larsen And Toubro South Africa (Proprietary) Ltd in connection with the Application Testing Service contract. The obligation under this guarantee is limited in aggregate to the amount of USD 31,414,785.

# The Company had filed 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 export and output services. The Company is in process of filing appeal against these disallowances before the relevant Authorities and hopeful of getting a favourable order.

**S.(1) EMPLOYEE BENEFITS**

a) The amounts recognised in balance sheet are as follows

(₹)

	As at March 31, 2015 (March 31, 2014)		
	Gratuity plan	Post retirement medical benefit plan	Self-managed provident fund plan
<b>A.</b>			
a) Present value of defined benefit obligation as on March 31, 2015			
- Wholly funded	497,005,757 (408,574,852)	-	3,776,106,362 (3,370,246,543)
- Wholly unfunded	- (-)	103,952,583 (88,787,794)	- (42,429,696)
	<b>497,005,757</b> (408,574,852)	<b>103,952,583</b> (88,787,794)	<b>3,776,106,362</b> (3,412,676,239)
b) Fair value of plan assets as on March 31, 2015	404,588,707 <sup>(1)</sup> (379,186,084)	-	3,778,701,287 <sup>(1)</sup> (3,352,802,745)
Amount to be recognized as liability or (asset) (a-b)	<b>92,417,050</b> (29,388,768)	<b>103,952,583</b> (88,787,794)	<b>(2,594,925)</b> (59,873,494)
<b>B.</b>			
Amounts reflected in the Balance Sheet			
Liabilities	92,417,050 (29,388,768)	103,952,583 (88,787,794)	46,590,991 (92,778,648)
Assets	- (-)	- (-)	- (-)
Net liability/(asset)	<b>92,417,050</b> (29,388,768)	<b>103,952,583</b> (88,787,794)	<b>46,590,991<sup>(2)</sup></b> (92,778,648)
Net liability/(asset)-current	<b>92,417,050</b> (29,388,768)	<b>243,375</b> (159,205)	<b>46,590,991</b> (92,778,648)
Net liability/(asset)- non current	- (-)	<b>103,709,208</b> (88,628,589)	- (-)

<sup>(1)</sup> Asset is not recognised in the balance sheet

<sup>(2)</sup> Employer's and employee's contribution for March 2015 paid in April 2015

b) The amounts recognised in statement of profit and loss are as follows:

(₹)

	Post retirement medical benefit plan		
	Gratuity plan	Post retirement medical benefit plan	Self-managed provident fund plan
1 Current service cost	76,996,396 (78,374,919)	18,660,817 (22,389,884)	232,403,387 (244,668,687)
2 Interest cost	40,673,347 (34,375,965)	9,663,211 (8,994,557)	252,257,612 (217,304,489)
3 Expected return on plan assets	-26,665,569 (-20,701,451)	- (-)	-252,257,612 (-217,304,489)
4 Actuarial Losses / (Gains)	10,621,174 (40,184,019)	-12,937,989 (-27,887,074)	-42,429,696 (38,820,817)
Total expense for the year included in staff cost	<b>101,625,348</b> (51,865,414)	<b>15,386,039</b> (3,497,367)	<b>189,973,691</b> (283,489,504)

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

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

	<b>Gratuity plan</b>	<b>Post retirement medical benefit plan</b>	<b>Self-managed provident fund plan</b>
Opening balance of the present value of defined benefit obligation	<b>408,574,852</b> (384,118,858)	<b>88,787,794</b> (90,811,071)	<b>3,412,676,239</b> (2,710,616,651)
Add : Current service cost	<b>76,996,396</b> (78,374,919)	<b>18,660,817</b> (22,389,884)	<b>232,403,387</b> (244,668,687)
Add : Interest cost	<b>40,673,347</b> (34,375,965)	<b>9,663,211</b> (8,994,557)	<b>252,257,612</b> (217,304,489)
Add : Contribution by plan participants	-	-	<b>456,334,875</b> (411,781,610)
Add/(Less) : actuarial (gains)/losses	<b>16,086,395</b> (-31,992,666)	-12,937,989 (-27,887,074)	-42,429,696 (38,820,817)
Liabilities Assumed on Acquisition/ (Settled on Divestiture)	-	-	<b>-221,927,638</b> (-33,194,395)
Less : Benefits paid	<b>45,325,233</b> (23,107,829)	<b>221,250</b> (144,732)	<b>313,208,417</b> (210,516,015)
Closing balance of the present value of defined benefit obligation	<b>497,005,757</b> (408,574,852)	<b>103,952,583</b> (88,787,794)	<b>3,776,106,362</b> (3,412,676,239)

- d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: (₹)

	<b>FY 2014-15</b>	
	<b>Gratuity plan</b>	<b>Self-managed provident fund plan</b>
Opening balance of the fair value of the plan assets	<b>379,186,084</b> (296,111,047)	<b>3,352,802,745</b> (2,685,758,970)
Add : expected return on plan assets	<b>26,665,569</b> (20,701,451)	<b>252,257,612</b> (217,304,489)
Add/(Less) : actuarial gains/(losses)	<b>5,465,221</b> (8,191,353)	<b>19,229,178</b> (5,762,093)
Add : Contribution by the employer	<b>38,597,066</b> (102,879,087)	<b>228,834,120</b> (244,677,050)
Less : Assets Acquired on Acquisition/ (Distributed on Divestiture)	-	<b>215,382,764</b> (-25,589,025)
Add : Contribution by plan participants	-	<b>454,168,814</b> (-)
Less : Benefits paid	<b>45,325,233</b> (23,107,829)	<b>313,208,417</b> (409,816,158)
Closing balance of the plan assets	<b>404,588,707</b> (379,186,084)	<b>3,778,701,287</b> (3,352,802,745)

The Company expects to contribute ₹ 92,417,050 (29,388,768) towards its gratuity during FY 2014-15.

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

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

	FY 2014-15	
	Gratuity plan	Self-managed provident fund plan
Government of India securities		24.7% (24.4%)
State government securities		15.1% (14.8%)
Corporate bonds		7.6% (7.7%)
Fixed deposits under Special Deposit Scheme framed by central government for provident funds	Scheme with LIC	10.3% (11.6%)
Public sector bonds		42.3% (41.5%)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

		2014-15	2013-14
1	Discount rate as at March 31		
	For gratuity	7.90%	9.00%
	For post -retirement medical benefits	7.90%	9.00%
2	Annual increase in healthcare costs (see note below)	5.0%	5.0%
3	Attrition rate :	<b>Varies between 2% to 18% for various age groups</b>	<i>Varies between 2% to 18% for various age groups</i>
4	Salary growth rate	5.0%	5.0%

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.

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. At present, healthcare costs, as indicated in the principal actuarial assumption given above, are expected to increase at 5% p.a. A one percentage point change in assumed healthcare cost trend rates would have the following effects on the aggregate of the service cost and interest cost and defined benefit obligation:

Particulars	Effect of	
	1% increase	1% decrease
Effect on the aggregate of the service cost and interest cost	6,852,120 (5,781,637)	-5,239,630 (-4,475,769)
Effect on defined benefit obligation	19,222,081 (16,063,973)	-15,013,436 (-12,661,330)

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

**Post-retirement medical benefit plan (non-funded)**

	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹	2009-10 ₹
Defined benefit obligation	103,952,583	88,787,794	90,811,071	42,186,909	36,349,473

**NOTES FORMING PART OF ACCOUNTS (Contd.)****Gratuity plan**

	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹	2009-10 ₹
1 Defined benefit obligation	497,005,757	408,574,852	384,118,585	297,585,164	171,033,249
2 Plan assets	404,588,707	379,186,084	296,111,047	156,900,906	123,415,394
3 (Surplus)/deficit	92,417,050	29,388,768	88,007,811	140,684,258	47,617,855

**Self-managed provident fund plan**

	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹	2009-10 ₹
1 Defined benefit obligation	3,776,106,362	3,412,676,239	2,710,616,651	2,178,301,768	1,797,900,000
2 Plan assets	3,778,701,287	3,352,802,745	2,685,758,970	2,142,593,204	1,753,100,000
3 (Surplus)/deficit	(2,594,925)	59,873,494	24,857,681	35,708,564	44,800,000

**Experience adjustments****Gratuity**

	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹	2009-10 ₹
Defined Benefit Obligation	497,005,757	408,574,852	384,118,858	297,585,164	171,033,249
Plan Assets	404,588,707	379,186,084	296,111,047	156,900,906	123,415,394
(Surplus) / Deficit	927,417,050	29,388,768	88,007,811	140,684,258	47,617,855
Exp. Adj. on Plan Liabilities	(14,361,794)	(6,207,409)	5,049,882	95,811,406	23,895,493
Exp. Adj. on Plan Assets	5,465,221	8,191,353	8,557,776	2,337,774	-

**GENERAL DESCRIPTIONS OF DEFINED BENEFIT PLANS:****a) Gratuity plan**

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

**b) Post-retirement medical benefit plan**

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

**c) Self-managed 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.

**S.(2)(i)** In line with the Company's Financial Risk Management Policy, financial risks relating to changes in the exchange rates, are hedged by using a combination of forward and options contracts, besides the natural hedges. The loss on fair valuation of the derivative contracts which are designated and are effective as hedges, amounting to ₹ 366,960,196 (net) (*Previous year ₹ 2,923,110,598*) has been accounted in retained earnings in balance sheet. The loss/(gain) of ₹(243,040,766) (*Previous year ₹ 1,839,298,083*) on settlement of the options/forwards is recognized in statement of profit and loss.



**NOTES FORMING PART OF ACCOUNTS (Contd.)**

The particulars of derivative contracts entered into for hedging foreign currency risks outstanding as at March 31, 2015 are as under:

<b>Sr. Category of Derivative Instruments</b>	<b>Notional amount March 31, 2015 ₹</b>	<i>Notional amount March 31, 2014 ₹</i>
a) Forward contracts for receivables	<b>58,583,853,998</b>	29,493,371,510
b) Option contracts	-	480,000,000

Un-hedged foreign currency exposures as at March 31, 2015 are as under:

<b>Sr. Un-hedged foreign currency exposures</b>	<b>31.03.2015 (₹)</b>	<i>31.03.2014 (₹)</i>
1 Receivables including firm commitments and highly probable forecast transactions	<b>30,001,705,355</b>	49,989,209,405
2 Payables including firm commitments and highly probable forecast transactions	<b>24,474,656,013</b>	33,388,417,942

**S.(2)(ii) The Company has made provision, as required under the applicable law or accounting standard for material foreseeable losses on long term derivative contracts.**

**S.(3) Income/expenditure in foreign currency**

**S.(3)(i) Expenditure in foreign currency:**

	<b>2014-15 ₹</b>	<i>2013-14 ₹</i>
Overseas staff costs	<b>16,661,190,547</b>	15,464,682,017
Foreign travel	<b>305,555,766</b>	330,666,493
Agency commission	<b>621,891</b>	1,450,439
Subcontracting expenses	<b>2,923,752,424</b>	3,010,635,893
Overseas office expenses including (others)	<b>1,928,014,134</b>	1,638,264,785
<b>TOTAL</b>	<b>21,819,134,762</b>	<i>20,445,699,627</i>

**S.(3)(ii) Earnings in foreign currency:**

	<b>2014-15 ₹</b>	<i>2013-14 ₹</i>
Software exports	<b>45,368,128,284</b>	44,148,425,372
Other income	<b>27,324,360</b>	8,705,406
<b>TOTAL</b>	<b>45,395,452,644</b>	<i>44,157,130,778</i>

**S.(4) Auditors' remuneration (excluding service tax) charged to the accounts include:**

	<b>2014-15 ₹</b>	<i>2013-14 ₹</i>
Audit fees	<b>1,650,000</b>	1,500,000
Tax audit fees	<b>650,000</b>	600,000
Other services	<b>3,584,902</b>	3,133,500
Expense reimbursement	<b>50,748</b>	20,461
<b>TOTAL</b>	<b>5,935,650</b>	<i>5,253,961</i>

**NOTES FORMING PART OF ACCOUNTS (Contd.)****S.(5) Value of imports on C.I.F. basis**

	2014-15 ₹	2013-14 ₹
Capital goods	1,810,516	4,967,442
Others	20,976,546	2,023,092
<b>TOTAL</b>	<b>22,787,062</b>	<b>6,990,534</b>

**S.(6) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 310,755,773 (previous year: ₹ 269,425,653)****S.(7) Leases****Finance leases**

In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired under finance leases on or after April 1, 2001 are capitalised and a loan liability is recognised for an equivalent amount. Consequently depreciation is provided on such leases. Lease rentals paid are allocated to the liability and the interest is charged to statement of profit and loss.

**Operating leases**

The Company has taken employee used cars under non-cancellable operating leases. The rental expense in respect of operating leases was ₹ 1,210,273 (previous year ₹ 19,492,800) and the future rentals payable are as follows:

	2014-15 ₹	2013-14 ₹
Minimum lease payments		
- Payable not later than 1 year	1,59,556	985,592
- Payable after 1 year but not later than 5 years	-	84,822
<b>TOTAL</b>	<b>1,59,556</b>	<b>1,070,414</b>

**S.(8) Basic and diluted earnings per share (EPS)**

	2014-15 ₹	2013-14 ₹
<b>Before extraordinary items</b>		
Profit after tax as per accounts	7,729,621,841	6,845,177,751
Weighted average number of shares outstanding	32,250,000	32,250,000
<b>Basic EPS (₹)</b>	<b>239.68</b>	<b>212.25</b>
Weighted average number of shares outstanding	32,250,000	32,250,000
Add : weighted average number of potential equity shares on account of employee options	1,363,920	1,363,920
Weighted average number of shares outstanding	33,613,920	33,613,920
<b>Diluted EPS (₹)</b>	<b>229.95</b>	<b>203.64</b>
<b>After extraordinary items</b>		
Profit after tax as per accounts	7,729,621,841	9,023,053,565
Weighted average number of shares outstanding	32,250,000	32,250,000
<b>Basic EPS (₹)</b>	<b>239.68</b>	<b>279.78</b>
Weighted average number of shares outstanding	32,250,000	32,250,000
Add : weighted average number of potential equity shares on account of employee options	1,363,920	1,363,920
Weighted average number of shares outstanding	33,613,920	33,613,920
<b>Diluted EPS (₹)</b>	<b>229.95</b>	<b>268.43</b>

Earnings per share for FY14 includes results of discontinued operations upto date of its transfer.

**NOTES FORMING PART OF ACCOUNTS (Contd.)****S.(9) Related party disclosure:****S.(9)(i) List of related parties over which control exists/exercised:**

<b>Name</b>	<b>Relationship</b>
Larsen & Toubro Infotech GmbH	Wholly owned subsidiary
Larsen & Toubro Infotech Canada Limited	Wholly owned subsidiary
GDA Technologies Limited	Wholly owned subsidiary
Larsen & Toubro Infotech LLC	Wholly owned subsidiary
L&T Infotech Financial Services Technologies Inc	Wholly owned subsidiary
Larsen and Toubro Infotech South Africa (Proprietary) Limited	Subsidiary
L&T Information Technology Services (Shanghai) Co. Limited	Wholly owned subsidiary
Information Systems Resource Centre Private Limited	Wholly owned subsidiary

**S.(9)(ii) Key Management personnel:**

<b>Name</b>	<b>Status</b>
Mr. V K Magapu	Managing Director
Mr. Chandrashekhara Kakal	Chief Operating Officer & Executive Director *
Mr. K R L Narasimham	Executive Director **
Mr. Vivek Chopra	Chief Executive (Industrials Cluster) & Executive Director ***
Dr. Mukesh Aghi	Chief Executive (Services Cluster) & Executive Director #
Mr. Sunil Pande	Executive Director §

\* Appointed as Executive Director w.e.f. July 21, 2014

\*\* Ceased to be Director w.e.f. the close of working hours of April 7, 2015

\*\*\* Ceased to be Director i.e. the close of working hours of December 31, 2014

# ceased to be Director i.e. the close of working hours of February 28, 2015

§ Appointed as Executive Director w.e.f. January 10, 2015

**S.(9)(iii) List of related parties with whom there were transactions during the year:**

<b>Name</b>	<b>Relationship</b>
Larsen & Toubro Limited	Holding Company
Larsen & Toubro Infotech Canada Limited	Wholly owned subsidiary
Larsen & Toubro Infotech GmbH	Wholly owned subsidiary
Larsen & Toubro Infotech LLC	Wholly owned subsidiary
GDA Technologies Limited	Wholly owned subsidiary
L&T Infotech Financial Services Technologies Inc	Wholly owned subsidiary
L&T Information Technology Services (Shanghai) Co. Limited	Wholly owned subsidiary
Larsen and Toubro Infotech South Africa (Proprietary) Limited	Subsidiary
Information Systems Resource Centre Private Limited	Wholly owned subsidiary
L&T - MHPS Boilers Private Limited	Fellow Subsidiary
Larsen & Toubro (East Asia) Sdn.Bhd	Fellow Subsidiary
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
L&T Electricals and Automation Saudi Arabia Company LLC	Fellow Subsidiary
L&T Finance Limited	Fellow Subsidiary
L&T General Insurance Company Limited	Fellow Subsidiary
L&T Infrastructure Development Projects Limited	Fellow Subsidiary
L&T Power Development Limited	Fellow Subsidiary
L&T Power Limited	Fellow Subsidiary
L&T Realty Limited	Fellow Subsidiary
L&T BPP Tollway Limited	Fellow Subsidiary
Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Fellow Subsidiary

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

<b>Name</b>	<b>Relationship</b>
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 Hydrocarbon International LLC	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
L&T Devihalli Hassan Tollway Limited	Fellow Subsidiary
Larsen and Toubro Saudi Arabia LLC	Fellow Subsidiary
Nabha Power Limited	Fellow Subsidiary
L&T Electrical & Automation FZE	Fellow Subsidiary

**S.(9)(iv) Related Party Transactions**

<b>Transaction</b>	<b>Holding Co.</b>	<b>Subsidiaries</b>	<b>Fellow Subsidiaries</b>
<b>Sale of services / products</b>	351,997,003	1,500,898,768	329,428,621
	(635,683,986)	(1,406,820,892)	(221,913,968)
- Sales to L&T Metro Rail (Hyderabad) Limited			60,144,640
- Sales to L&T Technology Services Limited			53,120,171
- Sales to L&T Hydrocarbon Engineering Limited			59,134,998
- Sales to Larsen & Toubro Infotech GmbH		421,956,665	
- Sales to L&T Infotech Financial Services Technologies Inc.		292,253,528	
- Sales to Larsen And Toubro Infotech South Africa (Proprietary) Ltd.		627,419,423	
- Sales to Larsen & Toubro Infotech Canada Limited		159,269,152	
<b>Sale of assets</b>	-	-	-
	(17,130,892)	-	(11,727,427)
<b>Purchase of services</b>	1,034,964,335	454,967,018	686,459,554
	(1,727,683,247)	(617,999,607)	(234,215,570)
- Purchase from Information Systems Resource Centre Pvt. Ltd.		143,590,286	
- Purchase from Larsen & Toubro Infotech LLC		158,089,451	
- Purchase from Larsen & Toubro Infotech Canada Limited		128,163,414	
- Purchase from L&T Technology Services Limited			686,459,554
<b>Overheads charged by</b>	125,822,786	163,576,052	44,453,225
	(205,055,690)	(147,890,866)	(11,680,470)
- Larsen & Toubro Infotech GmbH		46,106,567	
- Larsen And Toubro Infotech South Africa Pty Ltd		116,039,746	
- Larsen & Toubro East Asia			24,425,704
- L&T Electrical & Automation FZE			5,807,745
- Larsen & Toubro Kuwait Construction General Contracting Company WLL			10,757,191
<b>Overheads charged to</b>	60,773,129	99,641,504	613,954,858
	(350,202,765)	(174,033,874)	(191,853,232)
- Larsen & Toubro Infotech Canada Limited		33,083,661	
- Larsen & Toubro Infotech GmbH		50,981,938	
- L&T Technology Services Limited			606,712,538
<b>Commission charged to</b>	-	-	11,809,665
	(14,699,424)	(7,838,200)	(4,663,844)
<b>Lease rent paid</b>			515,965
	-	-	(1,408,512)

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

Transaction	Holding Co.	Subsidiaries	Fellow Subsidiaries
<b>Commission paid</b>	–	–	621,891
	(16,700,000)	–	–
<b>Interest paid</b>	–	–	–
	(1,897,374)	–	–
<b>Interest received</b>	–	–	–
	(53,425,479)	(11,505,933)	–
<b>Unsecured Loan given to</b>	–	–	–
	(4,500,000,000)	–	–
Unsecured Loan taken from	–	–	–
	(400,000,000)	–	–
Investments	–	806,959,627	–
		(329,828,984)	–
- Information Systems Resource Centre Pvt. Ltd.		806,959,627	–
Trade receivable	–	195,221,406	84,674,372
		(86,532,290)	–
Trade payable	174,227,942	–	–
	(190,790,032)	–	(117,681,918)
Repayment of loan by		(308,096,750)	–
Interim Dividend	4,805,250,000	–	–
	(5,514,750,000)	–	–
Bad-debts written-off	–	–	–
		(133,658,010)	–

**S.(9)(v) Managerial remuneration**

Particulars	2014-15 ₹	2013-14 ₹
Total managerial remuneration	<b>183,685,379</b>	77,095,786
Amount for major parties		
Salaries and perquisites :-		
Mr. Vivek Chopra	<b>68,522,744</b>	38,508,586
Dr. Mukesh Aghi	<b>68,563,969</b>	38,587,200

Salaries and perquisites include the compensation paid to the whole time directors who are based at USA.

**S.(10) Segmental reporting**

The Company had 3 business segments. Services Cluster includes Banking & Financial services, Insurance, Media & Entertainment, Travel & Logistics and Healthcare. Industrials Cluster includes Hi Tech and Consumer Electronics, Consumer, Retail & Pharma, Energy & Process, Automobile & Aerospace, Plant Equipment & Industrial Machinery, Utilities and E&C. Telecom segment refers to Product Engineering Services (PES) which is a part of discontinued business (refer note S.(12)). The Company has presented its segment results accordingly.

**S.(10)(i)** Revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. The revenue and operating profit by segment is as under:

Particulars	Services Cluster	Industrials Cluster	Telecom (PES) Discontinued Business	Total (₹)
Revenue	<b>24,468,341,824</b> (20,191,107,744)	<b>22,975,690,744</b> (22,577,483,587)	– (3,670,811,848)	<b>47,444,032,568</b> (46,439,403,178)
Segmental operating profit	<b>5,521,276,983</b> (4,855,234,977)	<b>5,966,683,197</b> (6,984,817,534)	– (870,021,098)	<b>11,487,960,180</b> (12,710,073,609)
Unallocable expenses (net)				<b>1,938,960,396</b> (2,058,017,445)

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

Particulars	Services Cluster	Industrials Cluster	Telecom (PES) Discontinued Business	Total (₹)
Other income				<b>887,798,756</b> (-810,917,799)
Operating profit				<b>10,436,798,540</b> (9,841,138,366)
Finance cost				<b>104,176,255</b> (297,692,583)
Depreciation				<b>659,886,912</b> (502,679,642)
Amortization of intangible assets				<b>247,407,050</b> (180,230,792)
Profit before extraordinary items and tax				<b>9,425,328,323</b> (8,860,535,349)

S.(10)(ii) Segmental reporting of revenues on the basis of the geographical location of the customers and is as under:

(₹)

Geography	Revenue from continuing business		Revenue from discontinued business		Total Revenue	
	FY15	FY14	FY15	FY14	FY15	FY14
North America	<b>32,024,476,495</b>	28,188,416,014	-	1,741,525,550	<b>32,024,476,495</b>	29,929,941,564
Europe	<b>8,839,210,638</b>	8,931,633,678	-	183,728,422	<b>8,839,210,638</b>	9,115,362,100
APAC	<b>1,198,132,514</b>	1,155,892,660	-	982,373,410	<b>1,198,132,514</b>	2,138,266,070
INDIA	<b>2,075,904,504</b>	1,530,530,662	-	760,447,144	<b>2,075,904,504</b>	2,290,977,806
ROW	<b>3,306,308,418</b>	2,962,118,317	-	2,737,321	<b>3,306,308,418</b>	2,964,855,638
<b>Total</b>	<b>47,444,032,568</b>	42,768,591,331	-	3,670,811,847	<b>47,444,032,568</b>	46,439,403,178

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

S. (11) Based on the information and records available with the Company, there are no amounts payable to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

S.(12)(i) As part of business restructuring undertaken within Larsen & Toubro Group in FY 14, Product Engineering Services (PES) Business Unit was transferred to L&T Technology Services Ltd., effective January 1, 2014 by way of slump sale for total purchase consideration of ₹ 4,895,267,844 based on fair valuation. GDA Technologies Inc., USA (GDA Inc.), a wholly owned subsidiary of the Company was a part of PES business. The performance of GDA Inc. was affected due to the recession & subsequent to the transfer of PES business, it was therefore decided to wind up this subsidiary. The Indian subsidiary of GDA Inc. called GDA Technologies Ltd., India was taken over by the Company in FY14 based on fair valuation carried out by external chartered accountants. Consequently GDA Inc. was wound up in USA with effect from March 28, 2014.

The results of discontinued business are as under:

Particulars	For the period April 2013-Dec 2013
Total revenues	<b>3,670,811,848</b>
Total expenses	<b>3,092,859,592</b>
Profit before taxes	<b>577,952,256</b>
Income taxes	<b>127,050,502</b>
Profit after tax	<b>450,901,754</b>

## NOTES FORMING PART OF ACCOUNTS (Contd.)

### S.(12) (ii) Extra -ordinary item

The above has given rise to extraordinary items being recognised in the financial statements for the year ended 31st March 2014.

i) Profit on sale of PES BU to L&T Technology Services Limited	3,796,967,333
ii) Capital loss arising from disinvestment and winding up of the wholly owned subsidiary GDA Technologies Inc, USA	1,202,967,204
iii) Net extra-ordinary gain	2,594,000,129

**S.(13)** On October 16, 2014, the Company acquired entire share capital of Information Systems Resource Centre Private Limited ('ISRC'), thereby making it a wholly owned subsidiary. ISRC is engaged in software services with respect to application development, information technology support and maintenance services to OTIS Elevator Company Inc. (OTIS) and certain other group companies of OTIS, which are part of United Technologies Corporation (UTC) group. The Company believes that acquisition will strengthen its relationship with UTC group. The acquisition was executed through a share purchase agreement for a consideration of ₹ 806,959,627.

The Board of Directors of the Company and ISRC have approved the scheme of amalgamation of ISRC with the Company on October 17, 2014 and December 04, 2014, respectively, with October 17, 2014 as the appointed date. Accordingly, a petition for sanctioning the scheme of amalgamation has been filed with the Hon'ble High Court of Judicature at Bombay and approval from Hon'ble High Court, is awaited.

**S.(14)** Total of expenditure incurred on Corporate Social Responsibility activities during the year ended March 31, 2015 is ₹ 6,695,663. This has been grouped under 'Miscellaneous expenses' in Note O(iii).

**S.(15)** The company is not required to transfer any amount to Investor Education & Protection Fund.

**S.(16)** Previous year's figures have been regrouped / reclassified wherever necessary.

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As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership No: 38332

**ANGNA ARORA**  
Company Secretary

**V. K. MAGAPU**  
Managing Director  
DIN: 00001658

**R. SHANKAR RAMAN**  
Director  
DIN: 00019798

Place : Mumbai  
Date : May 08, 2015

Place : Mumbai  
Date : May 08, 2015