



L&T Technology Services

ENGINEERING **THE CHANGE**

The New Reality

2019 - 20
ANNUAL REPORT

What's Inside

01-28

Corporate Overview

- 01 Corporate Snapshot
- 03 Engineering the New Reality
- 07 Founder Chairman's Message
- 09 CEO & Managing Director's Message
- 12 Board of Directors
- 16 Defining the New Normal
- 18 Technology for Today, Tomorrow and Beyond
- 23 Facts and Figures
- 24 Global Presence
- 25 HR Initiatives
- 26 Awards and Recognitions
- 27 Community Initiatives
- 28 Corporate Information

29-133

Statutory Reports

- 29 AGM Notice
- 40 Board Report
- 108 Management Discussion and Analysis
- 124 Annual Business Responsibility Report 2019-20

134-255

Financial Statements

Standalone

- 134 Independent Auditor's Report
- 144 Balance Sheet
- 145 Statement of Profit and Loss
- 146 Statement of Cash Flows
- 148 Statement of Changes in Equity
- 149 Notes to Accounts

Consolidated

- 196 Independent Auditor's Report on Consolidated Financial Statements
- 204 Consolidated Balance Sheet
- 205 Consolidated Statement of Profit and Loss
- 206 Consolidated Statement of Cash Flows
- 208 Consolidated Statement of Changes in Equity
- 209 Notes to Consolidated Accounts
- 255 Information on Subsidiary Companies
- 256 Glossary

Disclaimer

This report may contain forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available sources and has not verified the information independently.



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Corporate Snapshot

**ENGINEERING
INNOVATING
ENABLING**

Driven by digital disruptions, market dynamics are changing at an unprecedented pace. Smart transitions, cognitive learning, speed of innovation, and technology of everything have become imperative for success. L&T Technology Services (LTTS) is pushing the frontiers of technology and creating new possibilities to engineer the change for a smarter world.

Present in five main areas – Transportation; Industrial Products; Telecom and Hi-Tech; Medical Devices; and Plant Engineering – LTTS offers world-leading engineering, research and development (ER&D) and digitalization solutions to its customers which include 69 Fortune 500 companies and 53 of the world's top ER&D companies. We are at the forefront of the global transition to technology that is not only efficient and resilient but is also intuitive, driven by Artificial Intelligence and Machine Learning.

In the 'new reality' that is the world in 2020, we have the capability to ensure a very high and accurate level of virtualization-from product design to simulated manufacturing for cost and result optimization, AI-powered machines that can self-diagnose and self correct their functioning to creating an impenetrable cybersecurity high wall around the entire process of remote enterprise. We make businesses sustainable and business continuity seamless while complying with the norms of the new day and age.



₹ **5,619** Crores
REVENUE IN FY20



270
GLOBAL CLIENTS



25+
COUNTRIES



16,883
EMPLOYEES



51
INNOVATION LABS



502
PATENTS

Our Pillars of Success

VISION

To be technology explorers, engineering better products, services, and life

To be amongst the top 10 global engineering services companies in the world

MISSION

We aim to be the best, lead the curve, nurture brilliance, obsess about customer delight and become the only partner of choice for our stakeholders

VALUES

Ethical and professional organization with respect for individual and diversified global talent

Social harmony and peaceful existence



LTTS IS A LISTED SUBSIDIARY OF LARSEN & TOUBRO LIMITED, THE USD 20 BILLION INDIAN CONGLOMERATE OPERATING IN OVER 30 COUNTRIES.

Our Value Proposition

Customer focus



We cater to a very wide range of customers and create specific partnership models that serve each customer's purpose and business goals.

Multi-vertical industry expertise



Our work in different industry verticals gives our team vast experience in several areas of engineering and excellent project management expertise.

Innovation culture



We create innovation-led, pathbreaking solutions with rewarding outcomes. As of March 31, 2020, LTTS has co-authored or filed 502 patents across industries.

CrossPoll!nnovation



Our in-depth knowledge of multiple industries allows us to bring innovation from one vertical to another, thereby addressing a range of complex business challenges.

ENGINEERING

the New Reality

As an organization whose core DNA is engineering, we are constantly seeking ways and means to engineer a better world around us. The two key qualities that drive this perennial endeavor are a collective conscience to develop new perspectives and an agile approach to adapt and overcome.

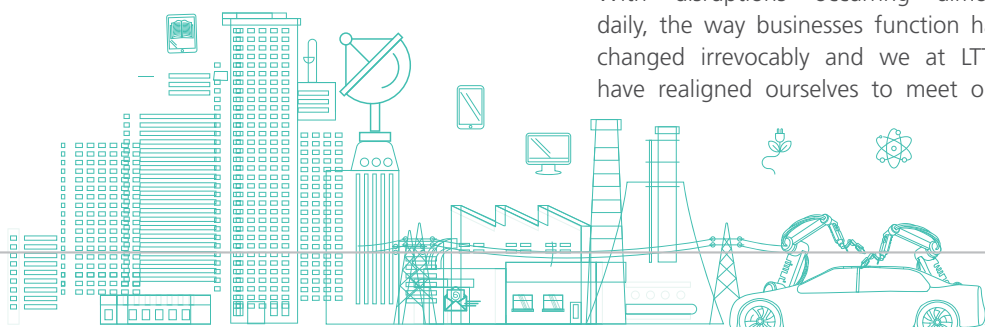
Over the last decade, LTTS has grown into India's leading pure-play engineering services provider with a clientele of 69 Fortune 500 companies, a reflection of our perpetual quest for excellence. Our ability to adopt and adapt to change has seen us evolve on multiple levels – from being a traditional engineering

service provider to becoming a digital engineering expert service provider with core engineering expertise; from being a traditional supplier to assuming the role of a strategic partner; and from executing piecemeal projects to winning large multi-million dollar deals.

With disruptions occurring almost daily, the way businesses function has changed irrevocably and we at LTTS have realigned ourselves to meet our

customers' requirements in this 'New Reality'. However, this realignment is more of a journey for us than a sudden diversion. Roughly a year back, we realized the fast-shifting priorities of global enterprises call for a novel business approach that drive immediate RoI and operational impact. We envisioned Digital Engineering assuming key focus in the future scheme of things for our customers to attain their business goals. While earlier, we used Digital Engineering to successfully execute transformation projects for our customers, we now proactively consult and advise enterprises to formulate a future-ready digital roadmap through our **Digital Advisory Practice (DAP)**.

DAP is an evolving practice that strives for continuous innovation. However, the most interesting aspect of our DAP practice is its contextual relevance in the current times and its suitability to mitigate the problems faced by enterprises and organizations today. Businesses across the industries are revisiting their operations to cater to contemporary demand-supply scenarios. So, be it the requirement for production line set-up/change-over, finding profitable and reliable procurement and sourcing alternatives, finding automation solutions to convert mundane and repetitive tasks, to creating work models that comply with the constraints of contactless manufacturing; a digital expert who knows operational practices across industries and understands the principle of core engineering is the most important cog in the wheel of digital transformation in current times. We are already seeing early flourish through this practice with multiple digital transformation projects with our customers.



Sectors we Service

TRANSPORTATION

Automotive

Aerospace

Rail

Trucks and Off-Highway



LTTS offers the complete gamut of engineering services and solutions for its global customers in the transportation industry, including OEMs and Tier 1 suppliers in Automotive, Trucks and Off-highway Vehicles, and Aerospace. LTTS caters to customer requirements through specialized state-of-the-art research and test labs for power electronics, tear down, material testing and smart manufacturing across its global delivery centers.

INDUSTRIAL PRODUCTS



Industrial Machinery

Power Equipment

Electronics

Building Solutions

Lighting Engineering

Renewable Energy

LTTS helps its OEM customers across building automation, home and office products, energy, process control and machinery backed by its deep domain expertise across software, electronics, connectivity, mechanical engineering, industrial networking protocols, User Interface/User Experience (UI/UX), test frameworks and enterprise control solutions.



TELECOM AND HI-TECH

Semiconductors

Consumer Electronics

ISV

Media & Entertainment

Telecom



LTTS' Telecom and Hi-Tech vertical provides engineering services and solutions that cater to five key sectors: Telecom, Consumer Electronics, Semiconductor, ISV, and Media & Entertainment. LTTS also provides services and solutions in latest technologies such as 5G, LTE, SDN/ NFV, Multimedia, Connectivity, Cloud, Microservices, DevOps, Big Data/ Analytics, Data Center, OTT, RDK (Video, Broadband, Camera).

MEDICAL DEVICES



Surgical and Diagnostic
Patient Mobility

Therapeutic and Life Science
Musculoskeletal

LTTS helps medical device OEMs address various industry challenges including, acceleration of the development cycle for new products thereby reducing the time-to-market in developing new products, value engineering, and enabling customers to launch their product in various geographies by following country-specific regulatory requirements. LTTS focuses on delivering solutions in in-vitro diagnostics, patient mobility services, musculoskeletal services, surgical services, cardiovascular, home healthcare and general medical.



PLANT ENGINEERING

Consumer Packaged
Goods

Speciality Chemicals
Energy & Utilities



As an engineering, procurement, and construction management (EPCM) specialist, LTTS supports every phase of a plant's lifecycle from concept to commissioning. LTTS enables its customers to streamline their processes, resolve downtime issues, and adhere to statutory, human safety and machine safety standards both locally as well as globally.



Founder Chairman's Message

Dear Shareholders,

LTTS' multi-domain engineering expertise, from manufacturing to healthcare and telecommunications, and its bluechip clientele comprising 69 Fortune 500 companies, has helped it gain market share on a sustained basis.



L&T TECHNOLOGY SERVICES IS A DIGITAL FRONTRUNNER WITH SKILLED WORKFORCE AND FUTURE-READY SERVICES AND SOLUTIONS.

I do hope that you and your loved ones are taking good care of yourselves while keeping faith in the administration, frontline workers and research scientists to contain the fallout of the viral outbreak and develop a solution to overcome a problem of global magnitude.

I now wish to present your Company's Annual Report for the fiscal year 2020. In its fourth year as a listed company, L&T Technology Services (LTTS) continues to build on its engineering legacy and consolidate its position as India's leading pure-play engineering services provider. You will be happy to know that ER&D spends globally have shown a steady increase year after year, making the sector relatively recession-proof, as demand for cutting edge services and solutions continue to rise. The engineering services outsourcing

industry is gaining considerable traction as customers are increasingly placing a premium on R&D and innovation.

Comprehensive ER&D Services

As a leader in the Indian engineering services space, LTTS is poised to become the preferred engineering partner to the world's top ER&D companies. The Company's multi-domain engineering expertise, from manufacturing to healthcare and telecommunications, and its bluechip clientele comprising 69 Fortune 500 companies, has helped LTTS gain market share on a sustained basis.

Your Company is among the frontrunners in Digital Engineering in Indian industry. LTTS' focus is on conceiving and executing digital blueprints for its global customers. A research-oriented culture and

out-of-the-box thinking, reflected in its growing number of patents and IP portfolio, further consolidates its credentials as an innovation-led company.

Our leadership in the field is built on the pillars of investing in future technology trends backed by continuous training to ensure that our employees' skillsets and domain knowledge remain on the cutting-edge. We have set up a comprehensive digital skills training program to encourage and mentor engineers to develop skills in new-age fields such as machine learning, automation and engineering analytics. Theoretical training is complemented with real-life insights from customer projects, making the LTTS engineers both highly-skilled and future-ready.

Industry Trends



In these uncertain times, corporates around the world are seeking to mitigate risk by gravitating towards industry leaders and well-established brands. In my interactions, with several of the world's top CEOs, I have observed a marked trend of consolidation of market share in favor of industry leading technology players. Major enterprises today are looking for technology partners who are agile, flexible, innovative and can accelerate their transformation journey. This holds good prospects for growth for LTTS in the longer term. In the post COVID era, new-age technologies such as 5G, Artificial Intelligence, Machine to Machine Communication, Internet of Things, and Advanced Robotics will play a major role in 'normalization' of the work ethos. Technology will enable and enhance more operations in multiple sectors – manufacturing, transportation, healthcare, etc. Anticipating this, your Company has been consistently investing and growing its new-age technology portfolio allowing it to roll out cutting-edge offerings to customers. With proven expertise in Digital Engineering, LTTS could well become the transformation partner of choice for more of the world's leading companies.

Performance in FY20

LTTS has done remarkably well despite the challenges posed since the beginning of FY20. In the fiscal year ended March 31, 2020, revenues grew 11% to touch ₹ 56,191 million, equivalent to USD 786 million, while net profit rose 7% to ₹ 8,186 million for the year.

LTTS is among the top-rated companies in the analyst community, winning recognition from some of the world's reputed consultancies including Everest Group, ARC and NelsonHall. Other accolades that your Company won in FY20, include recognition from the Confederation of Indian Industry (CII) as one of the most innovative Indian companies in the Services category in the Large Enterprises' segment. I look forward to seeing the vibrant team of LTTS cross more milestones in the years ahead.

I thank Dr. Keshab Panda and his inspired team for an impressive performance. I also thank all of you, our valuable shareholders for steadfastly supporting LTTS. I wish every one of you and your families a safe, healthy and prosperous future.

A. M. Naik
Founder Chairman