

Notes forming part of the Standalone Financial Statements (contd.)

NOTE [63] (contd.)

₹ crore

S. No.	Name of struck off company	Nature of transaction	Relationship with the struck off company	Balance outstanding as at March 31, 2026	Balance outstanding as at March 31, 2025
9	Shivalik Kinema Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
10	Vani Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
11	Wizard Insurance Services Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
12	Yogesh Investment Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
13	Amersey Brothers Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
14	Betex India Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
15	Bhagwati Security Services Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	-
16	Mahima Consultants Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
17	Omni Market Research Services Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
18	S.S.K. Stocks Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
19	Vs Network International Courier Services Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
20	Fairtrade Securities Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
21	Jabac Consultancies Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
22	Sincere Securities Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
23	Suvron Products Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
24	Alike Trading Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
25	Hardee Overseas Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
26	Avni Financial Advisors Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
27	Binet Technologies Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
28	S3 Solutions Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	-
29	Home Trade Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
30	Sukam Financial Services Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
31	Jaipriya Holdings Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
32	Nismuk Investments And Trading Private Limited	L&T's Shareholders	NA	— ⁽¹⁾	— ⁽¹⁾
Total Equity Shares Held (D)				— ⁽¹⁾	— ⁽¹⁾
1	Dauji Investments Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
2	Dhamankar Investments Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
3	Gomateshwar Investments Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
4	H.K. Exports Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
5	Siddha Papers Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
6	Shivalik Kinema Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
7	Vani Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
8	Wizard Insurance Services Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
9	Yogesh Investment Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
10	Amersey Brothers Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
11	Betex India Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
12	Mahima Consultants Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
13	Omni Market Research Services Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾

Notes forming part of the Standalone Financial Statements (contd.)

NOTE [63] (contd.)

₹ crore

S. No.	Name of struck off company	Nature of transaction	Relationship with the struck off company	Balance outstanding as at March 31, 2026	Balance outstanding as at March 31, 2025
14	S.S.K. Stocks Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
15	Vs Network International Courier Services Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
16	Fairtrade Securities Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
17	Jabac Consultancies Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
18	Sincere Securities Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
19	Suvion Products Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
20	Alike Trading Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
21	Hardee Overseas Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
22	Avni Financial Advisors Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
23	Binet Technologies Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
24	S3 Solutions Private Limited	Dividend Payable	NA	— ⁽¹⁾	— ⁽¹⁾
Total dividend payable (E)				— ⁽¹⁾	— ⁽¹⁾
Grand Total (A+B+C+D+E)				4.90	6.82

⁽¹⁾ Less than ₹ 5 Lakhs

The above disclosure has been prepared basis the relevant information compiled by the Company on best effort basis.

- c) i. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- ii. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

NOTE [64]

Figures for the previous year have been regrouped/reclassified to conform to the figures of the current year.

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LARSEN & TOUBRO LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Larsen & Toubro Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which includes 35 joint operations accounted on proportionate basis, its associates, joint ventures which comprise the Consolidated Balance Sheet as at March 31, 2026, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, associates, joint ventures and Joint operations referred to in the "Other matters" section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group and its associates, joint ventures and joint operations as at March 31, 2026, of consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates, joint ventures and joint operations, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ('ICAI'), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred to in the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Revenue recognition – accounting for construction contracts

Key audit matter Description	Revenues are recognised under Ind AS 115, "Revenue from Contracts with Customers" basis the nature and type of contracts (i.e., products, projects and services) involved. The Group recognizes revenue on the basis of stage of completion in proportion of the contract costs incurred at balance sheet date, relative to the total estimated costs of the contract to completion. The recognition of revenue is therefore dependent on estimates in relation to total estimated costs of each such contract. Cost estimates need to take into account specific risks of uncertainties or disputed claims against the Group, arising within each contract. Moreover, significant judgements are involved in determining the expected losses on onerous contracts, when such losses become probable based on the expected total contract cost. Such estimates are reviewed by the Management of the respective companies on a regular basis throughout the life of the contract and adjusted where appropriate. The revenue on contracts may also include variable consideration (change orders and claims). Variable consideration is recognized when recovery is based on the customer's acceptance, or when such consideration is highly probable based on the Company's contractual rights and /or a legal assessment. Revenue and profits for the year may deviate significantly on account of changes in the above judgements and estimates. Therefore, considering the judgements and complexities involved in the estimation process and due to the significance of the amounts to the consolidated financial statements, this is a key audit matter. Refer to Note No. [1](ii)(i) and 34 to the Consolidated Financial Statements
How the Key Audit Matters was addressed in our audit	Our procedures in respect of recognition of construction contract revenue and related cost included the following: (a) Tested the design, implementation and operating effectiveness of key internal financial controls, including those related to estimation of construction contract costs, contract revenue and review and approval thereof. (b) Assessed the appropriateness of the revenue recognition accounting policies in accordance with Ind AS 115 "Revenue from Contracts with Customers".

Revenue recognition – accounting for construction contracts

- (c) For selected sample of contracts with customers, performed the following procedures:
- i) Obtained and read customer contracts, customer communications, and price or scope variation orders for the project.
 - ii) Tested the calculation of percentage of completion as per input method adopted by the Management including the testing of costs incurred and recorded against the contracts.
 - iii) Verified relevant supporting documents and performed cut off procedures for construction contract related costs incurred through the reporting period.
 - iv) For variable consideration (variation/claims) recognized, evaluated and verified management's assessment of contractual terms, client communications and legal assessment, wherever considered necessary.
 - v) Evaluated the reasonableness of key assumptions included in the estimated total construction contract costs by performing retrospective review of Management's forecasting process by reviewing past trends of estimated costs to actual costs over time, discussed variances with project teams and substantively tested where relevant, the elements of the committed cost to executed purchase orders and underlying agreements.
 - vi) Discussed progress to date with project teams to determine whether the remaining costs to complete appear sufficient for the residual risks identified for those projects.
 - vii) Performed analytical procedures and conducted inquiries about any unusual trends of revenue recognition, checked exceptions for contracts with low or negative margins, loss making contracts/ onerous contracts, contracts with significant changes in cost estimates and significant overdue net receivable positions for contracts, etc.
 - viii) Assessed the adequacy of presentation and related disclosures in the consolidated financial statements are in line with the Indian accounting standards and Schedule III.

Impairment of Trade Receivables and Contract Assets**Key audit matter description**

Impairment of financial assets and contract assets is accounted through allowance for Expected Credit Losses (ECL) under Ind AS 109. The assumptions used for estimating the expected credit loss in respect of these balances is an area which is influenced by Management's judgment.

The calculation of the impairment allowance under ECL method is highly judgmental as it requires Management to assess the estimated credit losses in respect of trade receivables based on credit risk profile of customers, project status, past collection experience, ongoing litigations and disputes, if any, economic and market conditions and applicable forward looking estimates and recoverability of contract assets ('unbilled revenue') relating to claims/variations by reference to contractual terms, expert's assessment and legal advice.

Considering such assessment, management uses a provision matrix to recognise impairment for expected credit losses in respect of trade receivables and contract assets.

Given the relative significance of these balances to the Consolidated financial statements, Management judgement and uncertainties involved as well as the nature and extent of audit procedures performed to assess the recoverability of trade receivables and contract assets, we determined this to be a key audit matter.

Refer to Note No. [1](ii)(i), [1](ii)(r), 13, 19 and 47(c) to the Consolidated Financial Statements.

How the Key Audit Matters was addressed in our audit

Our procedures in respect of recoverability of trade receivables and contract assets included the following:

Tested the design, implementation and operating effectiveness of key internal financial controls over Management's assessment of recoverability of trade receivables and contract assets.

For selected samples of contracts

- a) Obtained an understanding from Management the related contractual terms, collection experience, basis of Management's assessment of collectability, and expected realisation plan.
- b) Performed test of details over key contract terms, correspondence with customers and subsequent settlements/ collections, where relevant.
- c) Tested the ageing of trade receivables and contract assets at the year end.

Assessed the information used by the Management to determine the expected credit losses by considering credit risk profile of the customer, contractual terms, project status, past collection experience, uncertainties and delays in recoveries, subsequent realisation, correspondence with the customers, ongoing litigations and disputes, if any.

Reviewed the key assumptions and data sources used by Management in the provision matrix model to calculate the probability of default and estimate the expected credit losses in respect of trade receivables and contract assets.

For aged contract asset balances, held discussions with management on timing and expectation of recoverability, historical payment records, status of certified dues and other relevant correspondence with customers to challenge adequacy of impairment allowance considered.

Assessed the adequacy of presentation and related disclosures in the financial statements are in line with the accounting standards and Schedule III.

Revenue recognition - Fixed price contracts using the percentage of completion method in respect of IT & Technology Services Segment – LTM Limited ("the Company")

Key audit matter description	Revenue from fixed price contracts including software development and system integration contracts is recognized using a percentage of completion method. Use of the percentage of completion method requires the Company to determine the costs expended to date as a proportion of the estimated total costs to be incurred. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenue recognition of fixed price contracts where the percentage of completion is identified as Key Audit Matter since – • High inherent risk around accuracy of revenue, given the customized and complex nature of these contracts. • High inherent uncertainty and requires consideration of progress of the contract, costs incurred to-date and estimates of costs required to complete the remaining contract performance obligations over the term of the contract. • At year-end, significant amount of work in progress (Unbilled revenue), related to these contracts is recognized on the balance sheet. This required a high degree of auditor judgment in evaluating the audit evidence and a higher extent of audit effort to evaluate the reasonableness of the total estimated amount of revenue and unbilled revenue recognized on these fixed-price contracts. Refer to Note No. [1](ii)(i) and 34 to the Consolidated Financial Statements
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How the Key Audit Matters was addressed in our audit	The components' auditors (being other firms of chartered accountants) have performed the following audit procedures: • Component auditor have tested the effectiveness of controls relating to: i. recording of costs incurred and estimation of efforts or costs required to complete the remaining contract performance obligations; and ii. access and application controls pertaining to time recording, allocation and budgeting systems which prevents unauthorized changes to recording of efforts incurred. • Component auditor have selected a sample of fixed price contracts with customers measured using the percentage-of-completion method and performed the following: i. Read the contract and based on the terms and conditions evaluated whether recognizing revenue over time using percentage of completion method was appropriate, and the contract was included in Management's calculation of revenue over time; ii. Compared costs incurred with Company's estimate of efforts or costs incurred to date to identify significant variations and evaluate whether those variations have been considered appropriately in estimating the remaining costs or efforts to complete the contract. iii. Tested the estimate for consistency with the status of delivery of milestones and customer acceptances and sign off from customers to identify possible delays in achieving milestones, which require changes in estimated costs or efforts to complete the remaining performance obligations.
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Revenue recognition- Fixed price contracts in respect of IT & Technology Services segment – L&T Technology Services Limited ("the Company")

Key audit matter description	The Company engages in fixed price contracts with its customers wherein revenue from such contracts are recognized over time. The Company uses input method to recognise revenue, as it represents efforts expended towards satisfying a performance obligation relative to the total expected efforts or inputs to satisfy the performance obligation. This involves computation of actual cost incurred and estimation of total cost on each contract to measure progress towards completion. Amount of revenue recognition in respect of fixed price contracts has been identified as a Key Audit Matter considering that: • these contracts involve identification of actual cost incurred on each contract; • these contracts require estimation of future cost for completion of each contract; and • at the period end a significant amount of contract assets (unbilled revenue) or contract liabilities (unearned revenue) related to each contract is to be identified. Refer to Note [1](ii)(i) and 34 to the Consolidated Financial Statements.
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How the Key Audit Matters was addressed in our audit	The component's auditors have performed the following audit procedures: • Obtained an understanding of the systems, processes and controls implemented by the Company with respect to recognition of actual cost incurred on each contract, estimation of future cost to completion, measurement of unbilled revenue, unearned revenue and the total contract revenue on its completion;
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Revenue recognition- Fixed price contracts in respect of IT & Technology Services segment – L&T Technology Services Limited (“the Company”)

- Involved Information technology (‘IT’) specialists to assess the design and operating effectiveness of the key IT controls relating to revenue recognition and in particular;
 - i. Assessed the IT environment in which the business systems operate and tested system controls over computation of revenue recognised;
 - ii. Tested the IT controls over appropriateness of cost and revenue reports generated by the system;
 - iii. Assessed the appropriateness of actual cost incurred on contracts including the testing of the IT general controls and specific IT application controls over information systems used for capturing these costs; and
 - iv. Tested the controls pertaining to allocation of resources and budgeting systems which prevent the unauthorized recording/changes to costs incurred on sample basis.
- Verified on test check basis that the revenue recognized is in accordance with the applicable Indian Accounting Standard, including:
 - i. Verification of the underlying agreements and other forms of supporting documentation to ensure that each party’s rights and obligations regarding the goods or services to be transferred and payment terms are identified and contracts have commercial substance;
 - ii. Inspection of the underlying agreements and other forms of supporting documentation to ensure that various performance obligations within a contract have been properly identified by Management;
 - iii. Inspection of the underlying agreements and other forms of supporting documentation to ensure that transaction price has been properly determined and allocated to relevant performance obligations on an appropriate basis; and
 - iv. Verification of the Company’s computation of revenue to be recognized over a period of time on a sample basis, where the component’s auditors have performed the following:
 - a) Verified Management’s process relating to the estimation of contract costs required to complete the respective projects and assessed that the estimates of costs to complete were reviewed and approved by appropriate designated Management personnel and are appropriate;
 - b) Verified the reasonableness of Management’s estimation of cost projections by comparing actual cost incurred with Management initial/updated estimation of total cost for that project;
 - c) Recomputed the amount of revenue recognised on these contracts and compared the same with the actual revenue recorded;
 - d) Assessed the appropriateness of work in progress (contract assets and contract liabilities) as at the balance sheet date by evaluating the underlying documentation to identify possible delays in achieving milestones which require changes in estimated costs to complete the remaining performance obligations; and
- Assessed the adequacy and appropriateness of disclosures made in the financial statements in compliance with applicable Indian Accounting Standards and applicable financial reporting framework.

Allowance for Expected Credit Loss on Retail Loan Assets in respect of Financial Services segment – L&T Finance Limited (“the Company”)

Key audit matter description	Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loans carried at amortized cost is a critical estimate involving greater level of management judgement. As part of their risk assessment, the component auditors (being other firm of Chartered Accountants) determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The significant assumptions that they focused in their audit included those with greater levels of management judgement and for which variations had the most significant impact on ECL. The key areas where they identified greater levels of management judgement and therefore increased levels of audit focus in the Company’s estimation of ECLs are: Each borrower is classified into Stage 1, 2, 3 based on the objective criteria of Day Past Due (DPD) status as of the reporting date and other loss indicators, as applicable. Such classification by borrower is done across all facilities provided to the borrower, i.e., maximum of the DPDs from among the different facilities [“Max DPD”] provided to that borrower. Inherently, significant judgment is involved in the use of models to estimate ECL which includes determining Exposures at Default (“EAD”), Probabilities of Default (“PD”) and Loss Given Default (“LGD”). The PD and the LGD are the key drivers of estimation complexity and as a result are considered the most significant judgments in the Company’s modelling approach.
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Allowance for Expected Credit Loss on Retail Loan Assets in respect of Financial Services segment – L&T Finance Limited ("the Company")

The modelling methodologies used to estimate ECL are developed using historical experience. The impact of the prevailing macroeconomic conditions has also resulted in certain limitations in the reliability of these methodologies to forecast the extent and timing of future customer defaults or potential credit risks and therefore in estimates of ECL. In addition, modelling methodologies do not necessarily incorporate all factors that are relevant to estimating ECL, such as differentiating the impact on industry sectors and economic conditions. These limitations are attempted to be addressed with management overlay, the measurement of which is inherently judgmental and subject to a high level of estimation uncertainty. Accordingly, the Allowance for Expected Credit Loss on Retail Loan Assets has been determined as Key Audit Matter because it requires a high degree of judgement and estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.

Refer to Note [1](ii)(r)(i)(D), 7 and 16 to the Consolidated Financial Statements

**How the Key
Audit Matters
was addressed in
our audit**

The component's auditors (being other firm of chartered accountants) have performed the following audit procedures:

- Reviewed the Board Approved Policy and procedures & associates design/controls and expected credit loss memo concerning the assessment of credit and other risks.
- Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions.
- Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (including those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information.
- Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages.
- Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights and computation of probability of default and loss given default percentages.
- Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD).
- Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems.
- Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied as detailed below:
 - i. verified the completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors.
 - ii. checked the appropriateness of information used in the estimation of the Probability of Default ("PD") and Loss given Default ("LGD") for the different stages depending on the nature of the portfolio reconciled the total retail considered for ECL assessment with the books of accounts to ensure the completeness.
 - iii. performed test of details over model calculations testing through re-performance, where possible.
 - iv. tested appropriateness of staging of borrowers based on DPD and other loss indicators.
 - v. tested the factual accuracy of information such as period of default and other related information used in estimating the PD.
 - vi. evaluated the reasonableness of applicable assumptions included in LGD computation.
 - vii. evaluated the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model.
- Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Financial Statements are appropriate and sufficient.
- Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Financial Statements.
- Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

Information Technology (“IT”) Systems and Controls in respect of Financial Services segment – L&T Finance Limited (“the Company”)

Key audit matter description The Company has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Company. Since large volume of transactions are processed daily, IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. Component auditor have identified ‘IT systems and controls’ as a key audit matter because of the high-level automation, significant number of systems being used by the Management and the complexity of the IT architecture and its impact on the financial reporting system.

How the Key Audit Matters was addressed in our audit The component’s auditors (being other firms of chartered accountants) have performed the following audit procedures:

- Involved IT specialists as part of the audit for the purpose of testing the IT general controls and application controls (automated and semi-automated controls) to determine the accuracy of the information produced by the Company’s IT systems;
- With respect to the “In-scope IT systems” identified as relevant to the audit of the financial statements and financial reporting process of the Company, evaluated and tested relevant IT general controls;
- On such “In-scope IT systems” performed the following procedures:
 - i. Obtained an understanding of IT applications landscape implemented by the Company, including an understanding of the process, mapping of applications and understanding financial risks posed by people-process and technology;
 - ii. Tested design and operating effectiveness of key controls over user access Management (including user access provisioning, de-provisioning, user access review, password configuration review and privilege access), change Management (including compliance of change release in production environment to the defined procedures), program development (including review of data migration activity), computer operations (including testing of key controls pertaining to, backup, batch processing, incident. Management and data centre security. Also tested entity level controls pertaining to IT policy and procedure and business continuity plan assessment; and
 - iii. Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over the financial reporting system.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management discussion and Analysis, Board’s report including annexure to Board’s report, Business Responsibility and Sustainability Reporting, Corporate Governance and Shareholder’s information, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company’s Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, its associates, joint ventures and joint operations in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates, joint ventures and joint operations are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates, joint ventures and joint operations are responsible for assessing the ability of the Group and of its associates, joint ventures and joint operations to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates, joint ventures and joint operations are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates, joint ventures and joint operations to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates, joint ventures and joint operations to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures and joint operations to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- We did not audit the financial information of 35 joint operations included in the standalone financial statements of the companies included in the Group whose financial information reflect total assets of ₹ 5,118.08 crore as at March 31, 2026, total revenue of ₹ 2,042.77 crore, net loss (including other comprehensive income) of ₹ (238.76) crore and net cash outflow amounting to ₹ (63.59) crore for the year ended March 31, 2026, as considered in the consolidated financial statements. The financial information of these joint

operations have been audited by the other auditors whose reports have been furnished to us by the Holding Company's management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint operations is based solely on the report of such other auditors.

- We did not audit the financial information of 74 subsidiaries, whose financial information reflect total assets of ₹ 2,70,951.92 crore as at March 31, 2026, total revenues of ₹ 1,31,862.34 crore, net profit (including other comprehensive income) of ₹ 9,445.01 crore and net cash inflows amounting to ₹ 780.13 crore for the year ended on that date, as considered in the consolidated financial statements. The financial information of these subsidiaries have been audited by other auditors whose reports have been furnished to us by the Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- We did not audit the financial information of 2 associates and 7 joint ventures, whose financial information reflect Group's share of net loss (including other comprehensive income) of ₹ (149.52) crore for the year ended March 31, 2026, as considered in the consolidated financial statements. The financial information of these associates and joint ventures have been audited by other auditors whose reports have been furnished to us by the Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates and joint ventures is based solely on the reports of the other auditors.
- We did not audit the financial information of 15 subsidiaries whose financial information reflect total assets of ₹ 378.18 crore as at March 31, 2026, total revenues of ₹ 520.00 crore, net profit (including other comprehensive income) of ₹ 32.54 crore and net cash outflows amounting to ₹ (27.83) crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ (2.21) crore for the year ended March 31, 2026, as considered in the consolidated financial statements, in respect of 3 associates and 2 joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Holding Company's Management, the aforesaid financial information are not material to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

- The consolidated audited financial Statement for the year ended March 31, 2025, included in the accompanying consolidated financial statements were audited jointly with predecessor joint auditor, for which report dated May 8, 2025 expressed an unmodified opinion on those consolidated audited financial statements.

Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and the other financial information financial information of the subsidiaries, associates, joint ventures and joint operations referred to in the Other Matters section above, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2026 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies, joint ventures and joint operations incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India are disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group, its associate companies, joint ventures and joint operations incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of the subsidiaries, associates, joint ventures and joint operations referred to in the Other Matters section above:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates, joint ventures and joint operations— Refer Note 32 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts. – Refer Note 56 to the consolidated financial statements.
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies, joint ventures and joint operations incorporated in India during the year ended March 31, 2026.
 - iv.
 - a. The respective Managements of the Holding Company and its subsidiaries, associates and joint ventures and which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates, joint ventures and joint operations respectively that, to the best of their knowledge and belief, as disclosed in the Note 63(d) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associates, joint ventures and joint operations to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associates, joint ventures and joint operations ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The respective Managements of the Holding Company and its subsidiaries, associates, joint ventures and joint operations which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates, joint ventures and joint operations respectively that, to the best of their knowledge and belief, as disclosed in the Note 63(d) to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiaries, associates, joint ventures and joint operations from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associates, joint ventures and joint operations shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associates, joint ventures and joint operations which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
 - v.
 - a. The final dividend proposed in the previous year, declared and paid by the Holding Company, its subsidiaries, associates and joint ventures which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with section 123 of the Act, as applicable.
 - b. The interim dividend declared and paid by the subsidiaries and joint ventures which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year and until the date of this report is in compliance with section 123 of the Act, as applicable.
 - c. The Board of Directors of the Holding Company, its subsidiaries and joint ventures which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Holding Company, subsidiaries, and joint ventures at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.
 - vi. Based on our examination which included test checks and based on the other auditor's reports of its subsidiary companies, associate companies, joint venture companies and joint operations incorporated in India whose financial statements have been audited under the Act, except for instance mentioned below, the Holding Company, its subsidiary companies, associate companies, joint venture companies and joint operations incorporated in India have used accounting software systems

for maintaining their respective books of account for the financial year ended 31st March 2026 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of audit, we and respective other auditors, whose reports have been furnished to us by the Management of the Holding Company, have not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail of prior year has been preserved by the Holding Company and above referred subsidiary companies, associate companies, joint venture companies, joint operations incorporated in India as per the statutory requirements for record retention.

- In respect of one Subsidiary, it has used accounting software for maintaining its books of account, which has a feature of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in these software. However, Audit trail (edit logs) for direct changes made at the database level were enabled from June 25, 2025.

During the course of audit, the component auditor did not come across any instance of audit trail feature being tampered with, where such functionality was enabled and logs were maintained. Additionally, except for the database-level changes as mentioned above, the audit trail has been preserved by the Subsidiary Company as per the statutory requirements for record retention.

2. In our opinion, according to information, explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters section above, the remuneration paid or provided by the Holding Company and its subsidiary companies, associate companies, joint ventures and joint operations incorporated in India to its respective Directors is in accordance with the provisions of this section 197 read with Schedule V to the Act.
3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("CARO") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, to be included in the Auditor's report, according to the information and explanations given to us, based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements, as provided to us by the Management of the Holding company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements except for the following:

Sr. No	Name of the Company	CIN	Type of Company	Clause number of the CARO Report which is qualified or Adverse*
1.	Larsen and Toubro Limited	L99999MH1946PLC004768	Holding Company	Clause iii (c)
2.	L&T Special Steels & Heavy Forgings Pvt Ltd	U27109MH2009PTC193699	Subsidiary	Clause ix(a)
3.	Business Park (Powai) Private Limited	U68100MH2023PTC401231	Subsidiary	Clause xiv
4.	Corporate Park (Powai) Private Limited	U68100MH2023PTC402079	Subsidiary	Clause xiv

* Refer to Note 63(a) to the consolidated financial statements

For M S K A & Associates LLP (Formerly known as M S K A & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W/W101187

Vishal Vilas Divadkar

Partner

Membership No.: 118247

UDIN: 26118247REHLLM2997

Date: May 5, 2026

Place: Mumbai

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Larsen & Toubro Limited on the Consolidated Financial Statements for the year ended March 31, 2026]

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of the Larsen & Toubro Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2026, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates, joint ventures and joint operations, which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements referred to in the Other Matters section below, the Group and its associates, joint ventures and joint operations, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2026, based on the internal financial controls with reference to financial statements criteria established by the Holding Company and the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

Management's and Board of Director's Responsibilities for Internal Financial Controls

The respective Management and the Board of Directors of the Group and its associates, joint ventures and joint operations, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company and the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Group and its associates, joint ventures and joint operations, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Group and its associates, joint ventures and joint operations, which are companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 41 subsidiary companies, 2 associates and 7 joint ventures and 1 joint operation company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to 2 subsidiary companies and 1 associate, which are companies incorporated in India, whose financial information is unaudited. Our opinion on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Group is not affected as the financial information of such entities is not material to the Group.

Our opinion is not modified in respect of the above matters.

For M S K A & Associates LLP (Formerly known as M S K A & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W/W101187

Vishal Vilas Divadkar

Partner

Membership No.: 118247

UDIN: 26118247REHLLM2997

Date: May 5, 2026

Place: Mumbai

Consolidated Balance Sheet as at March 31, 2026

₹ crore			
Particulars	Note	As at 31-3-2026	As at 31-3-2025
ASSETS:			
Non-current assets			
Property, plant and equipment	2	15663.02	14128.56
Capital work-in-progress	2	3036.25	2390.86
Investment property	3	223.22	1157.33
Investment property under construction	3	897.12	501.30
Goodwill	4	8481.54	8348.48
Other intangible assets	5	1828.21	17050.76
Intangible assets under development	5	274.70	197.82
Right-of-use assets	61(b)(ii)	3773.80	2869.02
Financial assets			
Investments in joint ventures and associates	43(e)	2258.01	2318.42
Other investments	6	6593.92	9126.23
Loans towards financing activities	7	74995.72	62847.35
Other loans	8	586.81	348.96
Other financial assets	9	4276.78	1863.04
		88711.24	76504.00
Deferred tax assets (net)	51(d)	4252.76	3792.88
Current Tax Assets (net)		4397.21	4581.60
Other non-current assets	10	2699.49	2659.78
Sub-total - Non-current assets		134238.56	134182.39
Current assets			
Inventories	11	9530.93	7670.55
Financial assets			
Investments	12	59524.86	43360.62
Trade receivables	13	60461.26	53713.68
Cash and cash equivalents	14	15391.24	12187.00
Other bank balances	15	5456.43	10778.34
Loans towards financing activities	16	42825.48	36077.51
Other loans	17	634.46	416.85
Other financial assets	18	7713.29	5419.89
		192007.02	161953.89
Other current assets	19	91303.18	75559.83
Sub-total - Current assets		292841.13	245184.27
Group(s) of assets classified as held for sale	45(a)	25470.19	157.44
TOTAL ASSETS		452549.88	379524.10

Consolidated Balance Sheet as at March 31, 2026 (contd.)

₹ crore

Particulars	Note	As at 31-3-2026	As at 31-3-2025
EQUITY AND LIABILITIES:			
Equity			
Equity share capital	20	275.13	275.04
Other equity	21	109014.67	97380.56
Equity attributable to owners of the Company		109289.80	97655.60
Non-controlling interests		19240.66	17748.08
TOTAL EQUITY		128530.46	115403.68
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	22	63738.59	57503.34
Lease liabilities		2767.05	2265.24
Other financial liabilities	23	1979.86	252.18
		68485.50	60020.76
Provisions	24	832.48	1124.01
Deferred tax liabilities (net)	51(d)	167.11	410.01
Other non-current liabilities	25	36.82	594.74
Sub-total - Non-current liabilities		69521.91	62149.52
Current liabilities			
Financial liabilities			
Borrowings	26	34778.53	35861.30
Current maturities of long term borrowings	27	23165.90	36194.70
Lease liabilities		1046.52	584.34
Trade payables:			
Due to micro enterprises and small enterprises		1840.35	1414.23
Due to others	28	67615.28	51045.11
Other financial liabilities	29	11092.88	6273.37
		139539.46	131373.05
Other current liabilities	30	85861.52	63326.97
Provisions	31	5009.03	4691.67
Current tax liabilities (net)		3121.46	2579.21
Sub-total - Current liabilities		233531.47	201970.90
Liabilities associated with group(s) of assets classified as held for sale	45(a)	20966.04	—
TOTAL LIABILITIES		324019.42	264120.42
TOTAL EQUITY AND LIABILITIES		452549.88	379524.10
CONTINGENT LIABILITIES	32		
COMMITMENTS (capital and others)	33		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1 to 65		

In terms of our report attached
For M S K A & ASSOCIATES LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm's Registration No.105047WW/101187
by the hand of

VISHAL VILAS DIVADKAR
Partner
Membership No. 118247

Mumbai, May 5, 2026

For and on behalf of the Board of Directors of Larsen & Toubro Limited

S. N. SUBRAHMANYAN
Chairman & Managing Director
(DIN 02255382)

P. R. RAMESH
Independent Director
(DIN 01915274)

R. SHANKAR RAMAN
President, Whole-time Director &
Chief Financial Officer
(DIN 00019798)

SUBRAMANIAN NARAYAN
Company Secretary & Compliance Officer
(Membership No. ACS16354)

Consolidated Statement of Profit and Loss for the year ended March 31, 2026

		₹ crore	
Particulars	Note	2025-26	2024-25
INCOME:			
Revenue from operations	34	285874.36	255734.45
Other income (net)	35	5760.68	4124.82
Total Income		<u>291635.04</u>	<u>259859.27</u>
EXPENSES:			
Manufacturing, construction and operating expenses:	36		
Cost of raw materials and components consumed		33031.76	27655.02
Construction materials consumed		63388.65	63526.44
Purchase of stock-in-trade		1262.30	1402.14
Stores, spares and loose tools consumed		4171.98	4393.39
Sub-contracting charges		49446.73	40570.92
Changes in inventories of finished goods, work-in-progress, stock-in-trade and property development		(1963.12)	(410.79)
Other manufacturing, construction and operating expenses		36502.91	27533.55
Finance cost of financial services business and finance lease activity		6995.34	6302.23
		<u>192836.55</u>	<u>170972.90</u>
Employee benefits expense	37	52187.22	46768.68
Sales, administration and other expenses	38	11699.45	11558.13
Finance costs	39	2848.82	3334.37
Depreciation, amortisation, impairment and obsolescence	40	4364.75	4121.18
Total Expenses		<u>263936.79</u>	<u>236755.26</u>
Profit before exceptional items and tax		<u>27698.25</u>	<u>23104.01</u>
Exceptional items before tax (net) [gain/(loss)]	48	(1722.44)	474.78
Profit before tax		<u>25975.81</u>	<u>23578.79</u>
Tax expenses:	51(a)		
Current tax		6752.96	6100.82
Deferred tax		63.45	(209.42)
Total tax expense		<u>6816.41</u>	<u>5891.40</u>
Net Profit after tax		<u>19159.40</u>	<u>17687.39</u>
Share in profit/(loss) after tax of joint ventures/associates (net)	43(f)	<u>(205.52)</u>	<u>(14.06)</u>
Profit for the year		<u>18953.88</u>	<u>17673.33</u>
Other comprehensive income			
A Items that will not be reclassified to profit or loss:			
Gain/(loss) on remeasurements of the net defined benefit plans		(115.27)	(307.75)
Income tax (expenses)/income on remeasurements of the net defined benefit plans		30.54	69.24
		<u>(84.73)</u>	<u>(238.51)</u>
Share in Other comprehensive income of joint ventures/associates (net)		(0.61)	(0.99)
B Items that will be reclassified to profit or loss:			
Debt instruments through Other comprehensive income		(545.03)	311.42
Income tax (expenses)/income on debt instruments through Other comprehensive income		100.74	(55.38)
		<u>(444.29)</u>	<u>256.04</u>
Carried forward - Other comprehensive income		<u>(529.63)</u>	<u>16.54</u>

Consolidated Statement of Profit and Loss for the year ended March 31, 2026 (contd.)

		₹ crore	
Particulars	Note	2025-26	2024-25
Brought forward - Other comprehensive income		(529.63)	16.54
Exchange differences in translating the financial statements of foreign operations		683.68	44.21
Income tax (expenses)/income on exchange differences in translating the financial statements of foreign operations		22.00	3.92
		705.68	48.13
Effective portion of gains/(losses) on hedging instruments in a cash flow hedge		(729.79)	(193.21)
Income tax (expenses)/income on effective portion of gains/(losses) on hedging instruments in a cash flow hedge		268.10	(6.38)
		(461.69)	(199.59)
Cost of hedging reserve		(41.84)	191.13
Income tax (expenses)/income on cost of hedging reserve		11.61	(48.10)
		(30.23)	143.03
Share in Other comprehensive income of joint ventures/associates (net)		(90.63)	3.18
Other comprehensive income for the year (net of tax)		(406.50)	11.29
Total comprehensive income for the year		18547.38	17684.62
Profit for the year attributable to:			
Owners of the Company		16083.99	15037.11
Non-controlling interests		2869.89	2636.22
		18953.88	17673.33
Other comprehensive income for the year attributable to:			
Owners of the Company		185.98	37.35
Non-controlling interests		(592.48)	(26.06)
		(406.50)	11.29
Total comprehensive income for the year attributable to:			
Owners of the Company		16269.97	15074.46
Non-controlling interests		2277.41	2610.16
		18547.38	17684.62
Earnings per share (EPS) of ₹ 2 each			
Basic earnings per equity share (₹)	55	116.93	109.36
Diluted earnings per equity share (₹)	55	116.88	109.28
Face value per equity share (₹)		2.00	2.00
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1 to 65		

In terms of our report attached
For M S K A & ASSOCIATES LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm's Registration No.105047WW101187
by the hand of

VISHAL VILAS DIVADKAR
Partner
Membership No. 118247

Mumbai, May 5, 2026

For and on behalf of the Board of Directors of Larsen & Toubro Limited

S. N. SUBRAHMANYAN
Chairman & Managing Director
(DIN 02255382)

P. R. RAMESH
Independent Director
(DIN 01915274)

R. SHANKAR RAMAN
President, Whole-time Director &
Chief Financial Officer
(DIN 00019798)

SUBRAMANIAN NARAYAN
Company Secretary & Compliance Officer
(Membership No. ACS16354)

Consolidated Statement of Changes in Equity for the year ended March 31, 2026

A. Equity share capital

Particulars	2025-26		2024-25	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	1,375,192,165	275.04	1,374,668,619	274.93
Add: Shares issued on exercise of employee stock options during the year	440,025	0.09	523,546	0.11
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	1,375,632,190	275.13	1,375,192,165	275.04

B. Other equity

₹ crore													
Particulars	Reserves and surplus						Items of Other comprehensive income						Total
	Capital reserve	Capital redemption reserve	Securities premium	Employee share options (net)	Statutory reserves	Retained earnings	Foreign currency translation reserve	Hedging reserve	Debt instruments through Other comprehensive income	Equity instruments through Other comprehensive income	Total other equity	Non-controlling interests	
Balance as at 1-4-2024	282.44	335.11	50.56	550.54	4231.56	79489.69	790.67	274.34	8.12	71.28	86084.31	16190.42	102274.73
Profit for the year (a)	–	–	–	–	–	15037.11	–	–	–	–	15037.11	2636.22	17673.33
Other comprehensive income for the year (b)	–	–	–	–	–	(237.09)	62.08	(24.05)	236.42	–	37.36	(26.06)	11.30
Total comprehensive income for the year (a+b)	–	–	–	–	–	14800.02	62.08	(24.05)	236.42	–	15074.47	2610.16	17684.63
Issue of equity shares on exercise of employee share options	–	–	9.22	–	–	–	–	–	–	–	9.22	–	9.22
Transfer on account of exercise of employee share options	–	–	78.65	(78.65)	–	–	–	–	–	–	–	–	–
Transfer to non-financial assets/liabilities	–	–	–	–	–	–	–	0.13	–	–	0.13	–	0.13
Transfer from/(to) retained earnings	–	–	–	15.80	533.56	(478.08)	–	–	–	(71.28)	–	–	–
Employee share options (net)	–	–	–	11.67	–	–	–	–	–	–	11.67	120.47	132.14
Dividend paid	–	–	–	–	–	(3849.57)	–	–	–	–	(3849.57)	(963.85)	(4813.42)
Net gain/loss on transactions with non-controlling interests	–	–	–	–	–	(94.36)	37.23	0.91	–	–	(56.22)	56.22	–
Increase in non-controlling interest due to dilution/divestment/acquisition/redemption	–	–	–	–	–	106.56	–	–	–	–	106.56	(265.34)	(158.78)
Balance as at 31-3-2025	282.44	335.11	138.43	499.36	4765.12	89974.25	889.99	251.34	244.54	–	97380.56	17748.08	115128.64

Consolidated Statement of Changes in Equity for the year ended March 31, 2026 (contd.)

₹ crore

Particulars	Reserves and surplus						Items of Other comprehensive income					Total other equity	Non-controlling interests	Total
	Capital reserve	Capital redemption reserve	Securities premium	Employee share options (net)	Statutory reserves	Retained earnings	Foreign currency translation reserve	Hedging reserve	Debt instruments through Other comprehensive income	Equity instruments through Other comprehensive income				
Balance as at 01-04-2025	282.44	335.11	138.43	499.36	4765.12	89974.25	889.99	251.34	244.54	–	97380.56	17748.08	115128.64	
Profit for the year (c)	–	–	–	–	–	16083.99	–	–	–	–	16083.99	2869.89	18953.88	
Other comprehensive income for the year (d)	–	–	–	–	–	(101.45)	454.26	256.77	(423.60)	–	185.98	(592.48)	(406.50)	
Total comprehensive income for the year (c+d)	–	–	–	–	–	15982.54	454.26	256.77	(423.60)	–	16269.97	2277.41	18547.38	
Issue of equity shares on exercise of employee share options	–	–	7.44	–	–	–	–	–	–	–	7.44	–	7.44	
Transfer on account of exercise of employee share options	–	–	74.19	(74.19)	–	–	–	–	–	–	–	–	–	
Transfer to non-financial assets/liabilities	–	–	–	–	–	–	–	4.63	–	–	4.63	–	4.63	
Transfer from/(to) retained earning	–	–	–	(3.54)	627.56	(624.02)	–	–	–	–	–	–	–	
Employee share options (net)	–	–	–	(79.45)	–	–	–	–	–	–	(79.45)	178.37	98.92	
Dividend paid	–	–	–	–	–	(4676.22)	–	–	–	–	(4676.22)	(1050.51)	(5726.73)	
Non-controlling interest on acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	104.29	104.29	
Change due to dilution of non-controlling interest	–	–	–	–	–	107.73	–	–	–	–	107.73	(16.98)	90.75	
Balance as at 31-3-2026	282.44	335.11	220.06	342.18	5392.68	100764.28	1344.24	512.74	(179.06)	–	109014.67	19240.66	128255.33	

In terms of our report attached
For M S K A & ASSOCIATES LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm's Registration No.105047W/W101187
by the hand of

VISHAL VILAS DIVADKAR
Partner
Membership No. 118247

Mumbai, May 5, 2026

For and on behalf of the Board of Directors of Larsen & Toubro Limited

S. N. SUBRAHMANYAN
Chairman & Managing Director
(DIN 02255382)

P. R. RAMESH
Independent Director
(DIN 01915274)

R. SHANKAR RAMAN
President, Whole-time Director &
Chief Financial Officer
(DIN 00019798)

SUBRAMANIAN NARAYAN
Company Secretary & Compliance Officer
(Membership No. ACS16354)

Consolidated Statement of Cash Flows for the year ended March 31, 2026

		₹ crore	
Particulars	2025-26	2024-25	
A. Cash flow from operating activities:			
Profit before exceptional items and tax	27698.25	23104.01	
Adjustments for:			
Dividend received	(291.84)	(117.05)	
Depreciation, amortisation, impairment and obsolescence	4364.75	4121.18	
Exchange difference on items grouped under financing/investing activities	81.06	(5.91)	
Effect of exchange rate changes on cash and cash equivalents	(309.83)	(2.17)	
Finance costs	2625.46	3173.35	
Interest income	(3017.25)	(2449.87)	
(Profit)/loss on sale of Property, plant and equipment, Investment property and Intangible assets (net)	(79.08)	(187.64)	
(Profit)/loss on sale/fair valuation of investments (net)	(1862.65)	(1133.12)	
Bad debts and advances written off & Allowances for expected credit loss (net)	4036.46	3532.08	
Employee stock option-discount	115.31	222.60	
(Profit)/Loss on investments/loans towards financing activity (net)	7.43	(67.20)	
Profit on transfer of business undertaking in Development Projects business	–	(187.44)	
(Gain)/loss on de-recognition of lease liability/right-of-use assets	(34.55)	(33.29)	
Others	(103.79)	11.57	
Operating profit before working capital changes	33229.73	29981.10	
Adjustments for :			
(Increase)/decrease in trade and other receivables	(28150.93)	(10316.00)	
(Increase)/decrease in inventories	(2200.95)	(539.52)	
Increase/(decrease) in trade and other payables	45127.59	9835.07	
Cash generated from operations before financing activities	48005.44	28960.65	
(Increase)/decrease in loans and advances towards financing activities	(25233.30)	(14208.20)	
Cash generated from operations	22772.14	14752.45	
Direct taxes paid [net]	(6031.17)	(5601.10)	
Net cash generated from operating activities	16740.97	9151.35	
B. Cash flow from investing activities:			
Purchase of Property, plant and equipment, Investment property and Intangible assets	(4809.19)	(4418.83)	
Sale of Property, plant and equipment, Investment property and Intangible assets	340.51	878.17	
Purchase of non-current investments	(2114.32)	(2284.26)	
Sale of non-current investments	1190.36	1726.33	
(Purchase)/sale of current investments (net)	(10832.06)	(5950.82)	
Change in other bank balance and cash not available for immediate use	3010.75	(7192.21)	
Deposits/loans given to associates, joint ventures and third parties	(422.67)	(448.54)	
Deposits/loans repaid by associates, joint ventures and third parties	334.74	318.77	
Interest received	2700.71	2083.51	
Dividend received from joint ventures/associates	35.47	27.27	
Dividend received from other investments	291.84	117.05	
Consideration received on transfer of other business undertaking	–	52.54	
Consideration received on disposal of subsidiaries/joint venture	–	1065.37	
Consideration received on transfer of business undertaking in Development Projects business	–	634.20	
Consideration paid on acquisition of business	(745.10)	–	
Consideration paid on acquisition of Subsidiaries (including contingent consideration)	(269.43)	(1049.85)	
Cash and cash equivalents acquired pursuant to acquisition of subsidiaries/business	123.74	29.71	
Cash and cash equivalents classified to held for sale	(319.05)	–	
Consideration paid on acquisition of stake in an associate/joint venture	(255.14)	(1096.56)	
Net cash used in investing activities	(11738.84)	(15508.15)	

Consolidated Statement of Cash Flows for the year ended March 31, 2026 (contd.)

		₹ crore
Particulars	2025-26	2024-25
C. Cash flow from financing activities:		
Proceeds from issue of share capital (including share application money) [net]	7.52	9.32
Proceeds from non-current borrowings	40637.03	38199.71
Repayment of non-current borrowings	(36403.49)	(30782.41)
Proceeds from/ (repayment of) other borrowings (net)	3056.63	8297.30
Payment (to)/from non-controlling interest (net)	(914.66)	(1196.18)
Settlement of derivative contracts related to borrowings	37.27	50.24
Dividends paid	(4676.22)	(3849.57)
Repayment of lease liability	(718.28)	(562.30)
Interest paid on lease liability	(233.43)	(193.84)
Interest paid (including cash flows on account of interest rate swaps)	(2948.80)	(3415.65)
Net cash generated from/(used in) financing activities	(2156.43)	6556.62
Net increase/(decrease) in cash and cash equivalents (A + B + C)	2845.70	199.82
Cash and cash equivalents at beginning of the year	12187.00	11958.50
Effect of exchange rate changes on cash and cash equivalents	358.54	28.68
Cash and cash equivalents at end of the year	15391.24	12187.00

Notes:

- Statement of Cash Flows has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Property, plant and equipment, Investment property and Intangible assets are adjusted for movement of (a) Capital work-in-progress for Property, plant and equipment, (b) Investment property under construction and (c) Intangible assets under development during the year.
- Previous year's figures have been regrouped/reclassified wherever applicable.

In terms of our report attached
For M S K A & ASSOCIATES LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
Firm's Registration No.105047W/W101187
by the hand of

VISHAL VILAS DIVADKAR
Partner
Membership No. 118247

Mumbai, May 5, 2026

For and on behalf of the Board of Directors of Larsen & Toubro Limited

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Chairman & Managing Director
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Company Secretary & Compliance Officer
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Notes forming part of the Consolidated Financial Statements

NOTE [1](i)

Company Overview

The Consolidated Financial Statements comprise financial statements of "Larsen & Toubro Limited" ("L&T", the "Parent Company" or the "Company") and its subsidiaries (collectively referred to as "the Group") for the year ended March 31, 2026. The Company is a public limited company incorporated and domiciled in India and has its registered office at L&T House, Ballard Estate, Mumbai – 400001. The Company's share is listed on National Stock Exchange of India Limited (NSE) and BSE Limited.

The Group is an Indian multinational engaged in Engineering, Procurement and Construction business (EPC Projects), Hi-Tech Manufacturing and Services, operating across multiple geographies. Further details of the business operations of the Group are mentioned in Note 46 Segment Information.

NOTE [1](ii)

Material Accounting Policy Information

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereto issued by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These consolidated financial statements have been approved for issue by the Board of Directors at its meeting held on May 5, 2026.

(b) Basis of accounting and measurement

The Group maintains its accounts on accrual and going concern basis following historical cost convention, except for certain assets and liabilities that are measured at fair value in accordance with Ind AS.

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

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the assets or liabilities, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

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

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

(c) Presentation of consolidated financial statements

The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 (the Act). The Consolidated Statement of Cash Flows has been prepared and presented in accordance with Ind AS 7 "Statement of Cash Flows". The disclosures 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 the consolidated financial statements along with the other notes required to be disclosed under Ind AS and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Amounts in the consolidated financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off up to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupees up to two decimal places.

(d) Basis of consolidation

- (i) The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- (ii) Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired are included in the Consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

- (iii) The consolidated financial statements of the Group combine financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries are harmonised to ensure the consistency with the policies adopted by the Parent Company.

Profit or loss and other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests, shown separately in the consolidated financial statements.
- (iv) Non-controlling interests represent that part of the total comprehensive income and net assets of subsidiaries attributable to the interest which is not owned, directly or indirectly, by the Parent Company.
- (v) The gains/losses in respect of part divestment/dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company in the consolidated financial statements.
- (vi) The gains/losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value, with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as investment in an associate or a joint venture or as a financial asset.

(e) Investments in joint ventures and associates

When the Group has with other entities joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint ventures. Joint control exists when the decisions about the relevant activities (i.e. activities that significantly affects the investee's returns) require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interest as investment in associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint ventures and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever required.

An investment in joint ventures or associates is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint ventures or associates. Gain or loss in respect of changes in Other Equity of joint ventures or associates resulting from divestment or dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture and associate, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and liabilities over the investment is recognised directly in equity as capital reserve.

The unrealised profits/losses on transactions with joint ventures and associates are eliminated by reducing the carrying amount of investment.

The carrying amount of investment in joint ventures and associates is reduced to recognise impairment, if any, when there is evidence of impairment.

When the Group's share of losses of a joint venture or an associate exceeds the Group's interest in that joint venture or the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture or the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or the associate.

Upon classification of investment in joint ventures and/or associates as held for sale, equity accounting is discontinued in respect to that interest.

(f) Interests in joint operations

When the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities (i.e. activities that significantly affects the investee's returns) require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement, thereby forms part of the consolidated financial statements. Interests in joint operations are included in the segments to which they relate.

(g) Business combination/Goodwill on consolidation

The Group accounts for business combinations under acquisition method of accounting. Acquisition-related costs are recognised in the Statement of Profit and Loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

for recognition are recognised at their fair values at the acquisition date. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively with corresponding adjustments to goodwill or capital reserve as the case maybe, else recognised in the Statement of Profit and Loss.

Goodwill arising on consolidation of acquisitions represents the excess of (a) consideration paid for acquiring control and (b) acquisition date fair value of previously held ownership interest, if any, in a subsidiary over the Group's share in the fair value of the net assets (including identifiable intangibles) of the subsidiary as on the date of acquisition of control. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised as Capital Reserve.

Goodwill on consolidation is allocated to cash generating units or group of cash generating units that are expected to benefit from the acquisition.

After initial recognition, goodwill arising on consolidation is tested for impairment annually and measured at cost less accumulated impairment losses, if any. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

Business combinations arising from transfers of interests in entities that are under common control are accounted using pooling of interest method. The difference between consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in equity.

(h) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Group covers the duration of the specific project or contract or product line or service including the defect liability period wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business. Accordingly, assets and liabilities related to specific projects or contracts are classified as current, based on its operating cycle. Assets and liabilities other than those relating to specific project or contract or product line or service are classified as current if it is expected to realise or settle within 12 months after the balance sheet date.

(i) Revenue recognition

Revenue from contracts with customers is recognised when a performance obligation is satisfied by transfer of promised goods or services to customer.

For performance obligation satisfied over time, the revenue recognition is done using input method by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation as it best depicts the transfer of control that occurs as costs are incurred.

The Group transfers control of a good or service over time and therefore satisfies a performance obligation and recognises revenue over a period of time if one of the following criteria is met:

- (a) the customer simultaneously consumes the benefit of the company's performance or
- (b) the customer controls the asset as it is being created/enhanced by the company's performance or
- (c) there is no alternative use of the asset and the company has either explicit or implicit right of payment considering legal precedents.

In all other cases, performance obligation is considered as satisfied at a point in time.

- A. Revenue from sale of manufactured and traded goods including contracts for supply/commissioning of complex plant and equipment is recognised as follows:

Revenue is recognised when the control of the same is transferred to the customer and it is probable that the Group will collect the consideration to which it is entitled for the exchanged goods. Revenue from commissioning of complex plant and equipment is recognised either 'over time' or 'in time' based on assessment of the transfer of control as per the terms of the contract.

- B. Revenue from construction/project related activity is recognised as follows:

- Cost plus contracts: Revenue from cost plus contracts is recognised over time and is determined with reference to the extent performance obligations have been satisfied. The amount of transaction price allocated to the performance obligations satisfied represents the recoverable costs incurred during the period plus the margin as agreed with the customer.
- Fixed price contracts: Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to date, to the total estimated contract costs. With respect to contracts, where the outcome of the performance obligation cannot be reasonably measured, but the costs incurred towards satisfaction of performance obligation are expected to be recovered, the revenue is recognised only to the extent of costs incurred.

The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Transaction price is the amount of consideration to which the Group expects it to be entitled in exchange for transferring goods or services to a customer excluding amounts collected on behalf of a third party.

The Group includes variable consideration (including estimated amounts of claims) as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when its recovery is highly probable and that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and the financing component, if significant, is separated from the transaction price and accounted as interest income.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged off in profit & loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfill a contract which are expected to be recovered are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation.

Significant judgments are used in:

- a. Determining the revenue to be recognised in case of performance obligation satisfied over a period of time. Revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation.
- b. In estimation of total revenue and cost at completion considering the nature of work required to be performed on many of the performance obligation are complex and are subject to many variables.
- c. Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.
- d. Determining the method to be applied to arrive at the variable consideration including variations and claims requiring an adjustment to the transaction price. Variable consideration is recognised when the recovery of such consideration is highly probable. The recognition and estimates of variable consideration including claims are based on Management's assessment of contractual tenability of the claims/variations, discussions/negotiations with the customers, and legal opinion where required.

Due to the nature of business of the Group, determining the revenue, measurement of progress, expected losses as mentioned above, is subject to many variables and requires significant judgement. Variability in the transaction price arises primarily due to price variation clauses, liquidated damages, changes in scope, claims etc. which could be at various stages of negotiation, discussions, litigation with the customer. Apart from other factors, Group also considers its experience with similar transactions and expectations while recognising and estimating the amount of variable consideration to be considered.

For contracts where the aggregate of contract cost incurred to date plus recognised profits (or minus recognised losses as the case may be) exceeds the progress billing, the surplus is shown as contract asset and termed as "Unbilled revenue". For contracts where progress billing exceeds the aggregate of contract costs incurred to date plus recognised profits (or minus recognised losses, as the case may be), the surplus is shown as contract liability and termed as "Excess of billing over revenue". Amounts received before the related work is performed are disclosed in the Balance Sheet as contract liability and termed as "Advances from customer". The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables. The amount of retention money held by the customers pending completion of performance milestone is disclosed as part of contract asset and is reclassified as trade receivables when it becomes due for payment.

The Group recognises impairment loss (termed as provision for expected credit loss in the consolidated financial statements) on account of credit risk in respect of a contract asset using expected credit loss model on similar basis as applicable to trade receivables.

- C. Revenue from property development activities is recognised when performance obligation is satisfied, customer obtains control of the property transferred and a reasonable expectation of collection of the sale consideration from the customer exists.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

- D. In the case of the development project business and the realty business, revenue includes profit on sale of investment properties or sale of business undertaking/stake in the subsidiary and/or joint venture companies as the sale/divestments are inherent in the business model.
- E. Rendering of services
Revenue from rendering of services is recognised over time as the customer receives the benefit of the company's performance and the company has an enforceable right to payment for services transferred.
In respect of information technology business and technology services business, revenue from contracts awarded on time and material basis is recognised over a period of time when relevant services are rendered and related costs are incurred. Revenue from fixed price contracts is recognised over a period of time using the proportionate completion method.
Revenue from contracts for rendering of engineering design services and other services which are directly related to the construction of an asset is recognised on the same basis as stated in (i) B above.
- F. In respect of financial services business and finance lease activity, income from interest-bearing loans/lease is recognised on accrual basis over the life of the loans/lease based on the effective yield. Income from bill discounting, advisory and syndication services and other financing activities is accounted on accrual basis.
- G. Revenue on account of construction services rendered in connection with Build-Operate-Transfer (BOT) projects undertaken by the Group is recognised during the period of construction using percentage of completion method. After the completion of construction period, revenue from fare collection is recognised based on use of tokens, money value of the actual usage in case of smart cards and other direct fare collection.
- H. Commission income is recognised when the terms of the contract are fulfilled.
- I. Course fees/subscription income is recognised over time as per the course/subscription duration and agreed terms.
- J. Revenue from charter hire is recognised as per the terms of the time charter agreement.
- K. Revenue from operation and maintenance services of power plant receivable under the Power Purchase Agreement is recognised on accrual basis.
- L. Other operational revenue represents income earned from the activities incidental to the business and is recognised when the performance obligation is satisfied and the right to receive the income is established as per the terms of the contract.
- M. Warranty and other related obligation
The Group accounts for provision of warranty, return, refund and other similar obligations in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". Refer below for policy on provisions, contingent liabilities and contingent assets.

(j) Other income

- A. Interest income on investments and loans is accrued on a time basis by reference to the principal outstanding and the effective interest rate including interest on investments classified as fair value through profit or loss or fair value through other comprehensive income. Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty of realisation.
- B. Dividend income is accounted in the period in which the right to receive the same is established.
- C. Government grants, which are revenue in nature and are towards compensation for the qualifying costs incurred by the Group, are recognised as other income/reduced from underlying expenses in profit or loss in the period in which such costs are incurred. Government grants related to an asset are reduced from the cost of an asset until the asset is ready to use and the grant post that is presented as deferred income. Subsequently the grant is recognised as income in profit or loss on a systematic basis over the expected useful life of the related asset. Government grant receivable in the form of duty credit scrips is recognised as other income in the Statement of Profit and Loss in the period in which the export is done or the application is made to the government authorities and to the extent there is no uncertainty towards its receipt.
- D. Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

(k) Exceptional items

An item of income or expense which by its size, nature and incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in Statement of Profit and Loss and in the notes forming part of the consolidated financial statements.

(l) Property, Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any.

All directly attributable costs related to the acquisition of PPE and borrowing costs in case of qualifying assets are capitalised in accordance with the Group's accounting policy.

Own manufactured PPE is capitalised at cost including an appropriate share of overheads. All direct cost that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". (Also refer to the policies on leases, borrowing costs, impairment of assets and foreign currency transactions below).

Depreciation is recognised using straight-line method so as to write off the cost of the assets (other than freehold land and capital work-in-progress) less their residual values over their useful life specified in Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset then useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation on additions to/deductions from owned assets is calculated pro rata from the date it is put to use.

PPE is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition is recognised in the Statement of Profit and Loss in the same period.

(m) Investment property

Properties (including those under construction) held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs and borrowing cost capitalised for qualifying assets, in accordance with the Group's accounting policy. Policies with respect to depreciation, useful life and derecognition are on the same basis as stated in PPE above.

(n) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, including borrowing costs capitalised for qualifying assets and reduced by accumulated amortisation and cumulative impairment, if any. All directly attributable costs and other administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Research and development expenditure on new products:

- (i) Expenditure on research is expensed under respective heads of account in the period in which it is incurred

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

- (ii) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
 - the Group has intention to complete the intangible asset and use or sell it;
 - the Group has ability to use or sell the intangible asset;
 - the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
 - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
 - the Group has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred.

Fare collection rights obtained in consideration for rendering construction services represent the right to collect fare during the concession period in respect of Build-Operate-Transfer (BOT) projects undertaken by the Group. Fare collection rights are capitalised as intangible asset upon completion of the project at the cumulative construction costs including related margins.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

Intangible assets are amortised on straight-line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year and the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

(o) Impairment of assets

As at the end of each financial year, the carrying amounts of PPE, investment property, intangible assets and investments in joint ventures and associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property, intangible assets and investments in joint ventures and associates are tested for impairment so as to determine the impairment loss, if any. Goodwill and intangible assets not available for use are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- in the case of an individual asset, at the higher of fair value less costs of disposal and the value-in-use; and
- in the case of a cash generating unit (the smallest identifiable group of assets that generates independent cash flows), at the higher of the cash generating unit's fair value less costs of disposal and the value-in-use.

(The amount of value-in-use is determined as the present value of estimated future cash flows from the continuing use of an asset, which may vary based on the future performance of the entity and from its disposal at the end of its useful life. For this purpose, the discount rate (post-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss recognised earlier is subject to full or partial reversal, the carrying amount of the asset (or cash generating unit), except impairment loss allocated to goodwill, is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

(p) Employee benefits

(i) Short-term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, bonus, ex-gratia, and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the service.

(ii) Post-employment benefits:

- A. Defined contribution plans: The Group's superannuation scheme, state governed provident fund scheme, employee state insurance scheme, social security contributions and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the service.
- B. Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Group, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation towards defined benefit plans is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefits expense. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance costs. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Other long-term employee benefits:

The obligation recognised in respect of other long-term benefits is measured at present value of estimated future cash flows expected to be made by the Group and is recognised in a similar manner as in the case of defined benefit plans vide (ii) B above.

Long term employee benefit costs comprising current service cost and gains or losses on curtailments and settlements, re-measurements including actuarial gains and losses are recognised in the Statement of Profit and Loss as employee benefits expenses. Interest cost implicit in long term employee benefit cost is recognised in the Statement of Profit and Loss under finance cost.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Group's offer of the termination benefit can no longer be withdrawn or when the Group recognises the related restructuring costs, whichever is earlier.

(q) Leases

Assets taken on lease are accounted as right-of-use assets and the corresponding lease liability is recognised at the lease commencement date.

Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, as reduced by any lease incentives received.

The lease liability is initially measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, or a change in the estimate of the guaranteed residual value, or a change in the assessment of purchase, extension or termination option. When the lease

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation and impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or useful life of the underlying asset whichever is earlier. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- (i) Low value leases; and
- (ii) Leases which are short term.

Assets given on lease are classified either as operating lease or as finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Asset held under finance lease is initially recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Groups' net investment in the lease. A lease which is not classified as a finance lease is an operating lease.

The Group recognises lease payments in case of assets given on operating leases as income on a straight-line basis. The Group presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

In case of sale and leaseback transactions, the Group first considers whether the initial transfer of the underlying asset to the buyer-lessor is a sale by applying the requirements of Ind AS 115. If the transfer qualifies as a sale and the transaction is at market terms, the Group effectively derecognises the asset, recognises a ROU asset (and lease liability) and recognises in Statement of Profit and Loss, the gain or loss relating to the buyer-lessor's rights in the underlying asset.

(Also refer to policy on Property, Plant and Equipment above)

(r) Financial instruments

Financial assets and/or financial liabilities are recognised when the Group becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at fair value except for trade receivables not containing a significant financing component are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from, as the case may be, the fair value of such financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(i) Financial assets

A. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, as follows:

1. Investments in debt instruments that are designated as fair value through profit or loss (FVTPL) - at fair value
2. Other investments in debt instruments – at amortised cost (unless the same are designated as fair value through profit or loss), subject to following conditions:
 - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

3. Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income [FVTOCI] (unless the same are designated as fair value through profit or loss)
 - The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
 - The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
4. Debt instruments at FVTPL is a residual category for debt instruments, if any, and all changes are recognised in profit or loss.
5. Investments in equity instruments are classified as FVTPL, unless the related instruments are not held for trading and the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.
6. Trade receivables, security deposits, cash and cash equivalents, employee and other advances – at amortised cost.
7. The Group has elected to measure the investments in associates and joint ventures held through unit trusts at FVTPL.
- B. For financial assets that are measured at FVTOCI, income by way of interest and dividend, provision for impairment and exchange difference, if any, (on debt instrument) are recognised in profit or loss and changes in fair value (other than on account of above income or expense) are recognised in other comprehensive income and accumulated in other equity. On disposal of debt instruments at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss. In case of equity instruments at FVTOCI, such cumulative gain or loss is not reclassified to profit or loss on disposal of investments.
- C. A financial asset is primarily derecognised when:
 1. the right to receive cash flows from the asset has expired, or
 2. the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and a) the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

- D. Impairment of financial assets: For trade receivable, the Group applies the simplified approach of Ind AS 109, which require measurement of loss allowance at an amount equal to lifetime expected credit losses. The Group recognises impairment loss using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 and is adjusted for forward looking information.

For all other financial assets, expected credit losses (ECL) are recognised based on the difference between the contractual cashflows and all the expected cash flows, discounted at the original effective interest rate. ECLs are measured at an amount equal to 12-month expected credit losses or at an amount equal to lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

In respect of financial services business, the Group applies a separate model of the expected credit loss for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL as follows:

- Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for e.g. prepayment, extension, call and similar options) through the expected life of that financial instrument.
- The loss allowance for a financial instrument is measured at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months weighted by the probability of default after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

- When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses. To make that assessment, the risk of a default occurring on the financial instrument as at the reporting date is compared with the risk of a default occurring on the financial instrument as at the date of initial recognition using reasonable and supportable information, that is available without undue cost or effort.

(ii) Financial liabilities

- Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher. All other financial liabilities including loans and borrowings, trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using Effective Interest Rate (EIR) method.

- A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

(iii) The Group designates certain hedging instruments such as derivatives, embedded derivatives and in respect of foreign currency risk, certain non-derivatives as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.

- Fair value hedges: Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

- Cash flow hedges: In case of forward contracts, the forward element/foreign currency basis spread and the spot element are separated and only the change in the value of the spot element is designated as hedging instrument. In case of options, the intrinsic value and time value are separated and only the change in intrinsic value is designated as hedging instrument.

- Accounting of spot element/intrinsic value of options: The changes in the fair value of hedge instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item.

- Accounting of forward element/foreign currency basis spread/time value of options: The changes in fair value are recognised in other comprehensive income and accumulated in equity as "cost of hedging reserve". For a transaction related hedged item, the amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. For a time related hedged item, the time value on the date on which the hedged item affects profit or loss are reclassified to profit or loss as a reclassification adjustment on a straight-line basis over the period of the hedging instrument.

The cash flow hedges are allocated to the forecast transactions on gross exposure basis. Where the hedged forecast transaction results in the recognition of a non-financial asset, such gains/losses are transferred from hedge reserve (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

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

- Compound financial instruments issued by the Group which can be converted into fixed number of equity shares at the option of the holders irrespective of changes in the fair value of the instrument are accounted by recognising the liability and the equity components separately. The liability component is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

(s) Inventories

Inventories are valued after providing for obsolescence, as under:

- (i) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- (ii) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In some cases, manufacturing work-in-progress are valued at lower of specifically identifiable cost or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.
- (iii) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location. Taxes which are subsequently recoverable from taxation authorities are not included in the cost.
- (iv) Completed property/work-in-progress (including land) in respect of property development activity at lower of specifically identifiable cost or net realisable value.

Assessment of net realisable value is made at each reporting period end and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to the extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

(t) Cash and bank balances

Cash and bank balances include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and bank balances.

(u) Securities premium

- (i) Securities premium includes:
 - A. The difference between the face value of the equity shares and the consideration received in respect of shares issued.
 - B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.
- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium.

(v) Earnings per share

Basic earnings per share is computed using the net profit or loss after tax for the year attributable to the equity shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss after tax for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

(w) Borrowing Costs

Borrowing costs include finance costs calculated using the effective interest method, finance charges in respect of assets acquired on lease and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to finance costs. In cases where hedging instruments are acquired for protection against exchange rate risk related to borrowings and are accounted as hedging a time-period related hedge item, the borrowing costs also include the amortisation of premium element of the forward contract and foreign currency basis spread as applicable, over the period of the hedging instrument.

Borrowing costs net of any investment income from the temporary investment of related borrowings that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Share-based payment arrangements

The stock options granted to employees in terms of the Group's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the retained earnings. The share-based payment equivalent to the fair value as on the date of grant of employee stock options granted to key managerial personnel is disclosed as a related party transaction in the year of grant.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(y) Foreign currencies

- (i) The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group and foreign operations has been determined based on the primary economic environment in which the Group and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date or a rate that approximates with it at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the closing spot rate. Non- monetary items that are measured in terms of historical cost in foreign currency are not translated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for:
 - A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when such exchange differences are regarded as an adjustment to finance costs on those foreign currency borrowings;
 - B. exchange differences on transactions entered into to hedge certain foreign currency risks; and
 - C. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur or included in the net investment in foreign operation and are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.
- (iii) Exchange rate as of the date on which the non-monetary asset or non-monetary liability is recognised on payment or receipt of advance consideration is used for initial recognition of related asset, liability, expense or income.
- (iv) Financial statements of foreign operations whose functional currency is different than Indian Rupee are translated into Indian Rupee as follows:
 - A. assets and liabilities are translated at the closing rate at the date of that Balance Sheet;
 - B. income and expenses are translated at average exchange rate for the reporting period; and
 - C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations. The portion of foreign currency translation reserve attributed to non-controlling interests is reflected as part of non-controlling interests.

(z) Accounting and reporting of information for Operating Segments

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

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

- (i) Segment revenue includes sales and other operational revenue directly identifiable with/allocable to the segment including (a) inter- segment revenue and (b) profit on sale of business undertaking/stake in the subsidiary and/or joint venture companies under development projects segment and realty business grouped under "Others" segment.
- (ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. In respect of (a) Financial Services segment and (b) Development Projects segment relating to power generation asset given on finance lease, the finance costs on borrowings are accounted as segment expenses.
- (iii) Most of the common costs are allocated to segments mainly on the basis of the respective segment revenue estimated at the beginning of the reporting period.
- (iv) Income and expense not allocable to segments is included in "Unallocable corporate income net of expenditure".
- (v) Segment result represents profit before interest and tax and includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Group. It also includes the finance costs incurred on interest bearing advances with corresponding credit included in "Unallocable corporate income net of expenditure". Segment result are not adjusted for any exceptional item.
- (vi) Segment assets and liabilities include those directly identifiable with the respective segments. In respect of (a) Financial Services segment, and (b) Development Projects segment relating to power generation asset given on finance lease, segment liabilities include borrowings as the finance costs on the borrowings are accounted as segment expenses. Investment in joint ventures and associates identified with a particular segment are reported as part of the segment assets of those respective segments.

Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

- (vii) Segment non-cash expenses forming part of segment expenses also includes the fair value of the employee stock options which is accounted as employee compensation cost [Note 1(ii)(x) above] and is allocated to the segment.
- (viii) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which are either determined to yield a desired margin or agreed on a negotiated basis

(aa) Taxes on income

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the applicable tax laws, and using estimates and judgments based on the expected outcome of assessments/appeals and the relevant rulings in the areas of allowances and disallowances. The computation reflects the effect of uncertainty for each item of allowance and disallowance as appropriate either by i). expected value method which sums the probability-weighted amounts in a range of possible outcomes or ii). the most likely amount in a range of possible outcomes.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains"/other temporary differences are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised, to the extent it is probable that such unutilised tax credits will get realised, in the period in which such determination is made.

The Group has applied mandatory exception of recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required in Ind AS 12 (as amended).

Transaction or event which is recognised outside profit or loss, either in Other comprehensive income or in equity or in case of business combination, is recorded along with the tax as applicable.

(ab) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- (i) the Group has a present obligation (legal or constructive) as a result of a past event; and
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

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

Contingent liability is disclosed in case of:

- (i) a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (ii) a present obligation arising from past events where:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision for onerous contract/foreseeable losses.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [1](ii)

Material Accounting Policy Information (contd.)

(ac) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid;
- c) funding related commitment to associate and joint venture companies; and
- d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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

(ad) Discontinued Operations and non-current assets held for sale

Discontinued operation is a component of the Group that has been disposed of or classified as held for sale and represents a major line of business.

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(ae) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the profit before tax excluding exceptional items for the effects of:

- i. changes during the period in inventories and operating receivables and payables, transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

(af) Key sources of estimation

The preparation of consolidated financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the consolidated financial statements. The estimates and underlying assumptions made by the management are explained under respective policies. Revisions to accounting estimates include useful life of property, plant and equipment & intangible assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value/recoverable amount measurement, tax provisions etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

NOTE [1](iii)

Recent Pronouncement

The below amendments to the existing standard which are notified by Ministry of Corporate Affairs but are not yet effective:

Amendment to Ind AS 1 'Presentation of Financial Statements'- Classification of Liabilities as current or non-current and non-current liabilities with covenants. The amendment includes specific provisions that will take effect for reporting periods beginning on or after April 1, 2026, retrospectively, as outlined below:

- a) Breach of material covenant for long-term loan arrangement on or before end of reporting period with effect that liability becomes payable on demand as on reporting date, then it shall be classified as current liability, if lender agreed after reporting period and before approval of consolidated financial statements to not demand payment as a consequence of breach.
- b) Classify as non-current liability, if lender agreed by end of reporting period to provide grace period ending at least 12 months after reporting period within which entity can rectify the breach provided lender does not demand immediate repayment.
- c) Disclose information about the timing of settlement to understand the impact of the liability on the consolidated financial statements.

The Group does not expect this amendment to have an impact on its operations or consolidated financial statements.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [2]

Property, Plant and Equipment and Capital work-in-progress

₹ crore																	
Class of assets	Cost								Depreciation						Impairment	Book value	
	As at 1-4-2025	Business combination	Additions	Transfer*	Foreign currency fluctuation	Classified as held for sale	Deductions	As at 31-3-2026	Up to 31-3-2025	For the year	Transfer*	Foreign currency fluctuation	Classified as held for sale	Deductions	Up to 31-3-2026	Up to 31-3-2026	As at 31-3-2026
Land																	
Freehold	877.76	—	120.80	(0.71)	—	—	—	997.85	—	—	—	—	—	—	—	—	997.85
Leasehold	145.63	—	—	—	—	—	0.16	145.47	17.71	1.60	—	—	—	0.02	19.29	—	126.18
Sub total	1023.39	—	120.80	(0.71)	—	—	0.16	1143.32	17.71	1.60	—	—	—	0.02	19.29	—	1124.03
Buildings	6993.25	—	514.55	(94.33)	37.90	9.99	28.12	7413.26	1605.17	254.76	(63.10)	19.53	2.23	42.60	1771.53	530.09	5111.64
Plant & equipment																	
Owned	14704.98	4.10	1375.76	16.52	71.25	67.72	319.59	15785.30	8565.09	1498.12	16.09	48.96	6.14	258.22	9863.90	615.42	5305.98
Leased out	161.42	—	—	(10.65)	—	135.64	0.68	14.45	93.29	12.18	(10.65)	—	94.14	0.68	—	—	14.45
Sub total	14866.40	4.10	1375.76	5.87	71.25	203.36	320.27	15799.75	8658.38	1510.30	5.44	48.96	100.28	258.90	9863.90	615.42	5320.43
Computers																	
Owned	2803.26	0.70	509.70	(1.04)	24.41	13.74	171.74	3151.55	1962.97	388.35	(1.04)	16.94	10.59	168.34	2188.29	0.24	963.02
Sub total	2803.26	0.70	509.70	(1.04)	24.41	13.74	171.74	3151.55	1962.97	388.35	(1.04)	16.94	10.59	168.34	2188.29	0.24	963.02
Office equipment																	
Owned	870.58	3.79	226.06	(0.70)	11.10	18.79	31.93	1060.11	611.80	119.21	(0.62)	8.64	13.94	28.43	696.66	0.05	363.40
Sub total	870.58	3.79	226.06	(0.70)	11.10	18.79	31.93	1060.11	611.80	119.21	(0.62)	8.64	13.94	28.43	696.66	0.05	363.40
Furniture and fixtures																	
Owned	671.30	2.69	153.18	(1.51)	4.77	30.44	46.71	753.28	396.14	82.98	(1.34)	4.25	27.86	41.29	412.88	1.60	338.80
Leased out	0.50	—	—	—	—	—	—	0.50	—	—	—	—	—	—	—	—	0.50
Sub total	671.80	2.69	153.18	(1.51)	4.77	30.44	46.71	753.78	396.14	82.98	(1.34)	4.25	27.86	41.29	412.88	1.60	339.30
Vehicles	424.85	—	44.60	—	6.98	3.93	49.72	422.78	245.95	49.40	—	5.16	1.00	36.69	262.82	—	159.96
Other assets																	
Aircraft	249.92	—	556.17	—	—	—	—	806.09	115.14	25.86	—	—	—	—	141.00	—	665.09
Ships	341.49	649.12	1.52	—	20.49	—	—	1012.62	134.38	56.46	—	1.31	—	—	192.15	—	820.47
Shiplift, marine structures and related assets	683.07	—	0.01	—	—	—	—	683.08	358.80	29.43	—	—	—	—	388.23	—	294.85
Breakwater structures	233.43	—	—	—	—	—	—	233.43	59.40	5.01	—	—	—	—	64.41	—	169.02
Leasehold																	
Improvements	631.47	—	148.99	7.94	2.58	1.79	72.18	717.01	352.33	91.71	8.02	1.70	0.57	67.99	385.20	—	331.81
Sub total	2139.38	649.12	706.69	7.94	23.07	1.79	72.18	3452.23	1020.05	208.47	8.02	3.01	0.57	67.99	1170.99	—	2281.24
Total	29792.91	660.40	3651.34	(84.48)	179.48	282.04	720.83	33196.78	14518.17	2615.07	(52.64)	106.49	156.47	644.26	16386.36	1147.40	15663.02
Add: Capital work-in-progress	2390.86	—	1712.90	—	7.51	—	1075.02	3036.25	—	—	—	—	—	—	—	—	3036.25
																	18699.27

* Transfer within property, plant and equipment and Transfer (to) / from investment property/inventories

Corporate
Overview

Management
Discussion and Analysis

Integrated
Report

Statutory
Reports

Financial
Statements

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [2] (contd.)

Class of assets	Cost								Depreciation								Impairment	Book value
	As at 1-4-2024	Business combination	Additions	Transfer*	Foreign currency fluctuation	Classified as held for sale	Deductions	As at 31-3-2025	Up to 31-3-2024	Business combination	For the year	Transfer*	Foreign currency fluctuation	Classified as held for sale	Deductions	Up to 31-3-2025	Up to 31-3-2025	As at 31-3-2025
Land																		
Freehold	854.23	–	46.32	6.50	–	–	29.29	877.76	–	–	–	–	–	–	–	–	–	877.76
Leashold	145.63	–	–	–	–	–	–	145.63	16.11	–	1.60	–	–	–	–	17.71	–	127.92
Sub total	999.86	–	46.32	6.50	–	–	29.29	1023.39	16.11	–	1.60	–	–	–	–	17.71	–	1005.68
Buildings	5904.59	481.03	738.51	(9.10)	6.05	22.98	104.85	6993.25	1356.20	71.61	215.27	(2.14)	3.02	4.37	34.42	1605.17	530.09	4857.99
Plant & equipment																		
Owned	12422.98	907.58	1596.94	(2.88)	12.05	37.14	194.55	14704.98	6996.48	202.16	1,565.28	–	8.93	18.70	187.60	8566.55	614.19	5524.24
Leased out	146.60	–	15.37	(0.32)	–	–	0.23	161.42	80.21	–	12.17	(0.32)	–	–	0.22	91.84	–	69.58
Sub total	12569.58	907.58	1612.31	(3.20)	12.05	37.14	194.78	14866.40	7076.69	202.16	1,577.45	(0.32)	8.93	18.70	187.82	8658.39	614.19	5593.82
Computers																		
Owned	2571.65	21.83	432.38	(0.02)	3.77	–	226.35	2803.26	1786.72	17.22	372.71	–	3.56	–	217.24	1962.97	0.24	840.05
Leased out	6.27	–	–	–	–	–	6.27	–	6.27	–	–	–	–	–	6.27	–	–	–
Sub total	2,577.92	21.83	432.38	(0.02)	3.77	–	232.62	2803.26	1792.99	17.22	372.71	–	3.56	–	223.51	1962.97	0.24	840.05
Office equipment																		
Owned	761.60	2.03	162.11	0.06	0.84	0.42	55.64	870.58	569.05	1.52	94.77	0.06	0.29	0.24	53.65	611.80	0.05	258.73
Leased out	0.02	–	–	–	–	–	0.02	–	–	–	–	–	–	–	–	–	–	–
Sub total	761.62	2.03	162.11	0.06	0.84	0.42	55.66	870.58	569.05	1.52	94.77	0.06	0.29	0.24	53.65	611.80	0.05	258.73
Furniture and fixtures																		
Owned	618.20	6.75	110.44	–	1.99	0.23	65.85	671.30	374.69	4.86	71.30	–	1.77	0.02	56.46	396.14	1.60	273.56
Leased out	14.36	–	0.50	–	–	–	14.36	0.50	7.20	–	–	–	–	–	7.20	–	–	0.50
Sub total	632.56	6.75	110.94	–	1.99	0.23	80.21	671.80	381.89	4.86	71.30	–	1.77	0.02	63.66	396.14	1.60	274.06
Vehicles	407.55	0.37	64.12	0.02	1.75	–	48.96	424.85	231.05	0.36	49.58	–	1.31	–	36.36	245.94	0.01	178.91
Other assets																		
Aircraft	249.92	–	–	–	–	–	–	249.92	100.34	–	14.80	–	–	–	–	115.14	–	134.78
Ships	323.51	–	17.98	–	–	–	–	341.49	113.43	–	20.95	–	–	–	–	134.38	–	207.11
Shiplift, marine structures and related assets	683.07	–	–	–	–	–	–	683.07	329.26	–	29.54	–	–	–	–	358.80	–	324.27
Breakwater structures	233.43	–	–	–	–	–	–	233.43	54.39	–	5.01	–	–	–	–	59.40	–	174.03
Leasehold improvements	542.00	0.14	154.11	13.50	2.15	12.81	67.62	631.47	358.23	0.14	63.30	–	2.03	4.76	66.61	352.33	–	279.14
Sub total	2031.93	0.14	172.09	13.50	2.15	12.81	67.62	2139.38	955.65	0.14	133.60	–	2.03	4.76	66.61	1020.05	0.01	1119.33
Total	25885.61	1419.73	3338.78	7.76	28.60	73.58	813.99	29792.91	12379.63	297.87	2516.28	(2.40)	20.91	28.09	666.03	14518.17	1146.18	14128.56
Add: Capital work-in-progress	2897.04	1.55	1087.20	(3.55)	5.00	–	1596.38	2390.86	–	–	–	–	–	–	–	–	–	2390.86
																		16519.42

* Transfer within property, plant and equipment and Transfer (to) / from investment property/inventories

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [2] (contd.)

Notes:

- (a) Carrying value of property, plant and equipment pledged as collateral for liabilities and/or commitments as at March 31, 2026 ₹ 69.25 crore (previous year: ₹ 40.20 crore)
- (b) The movement in impairment is as below:

Particulars	₹ crore	
	2025-26	2024-25
Opening Balance	1146.18	208.34
Foreign currency fluctuation	1.23	0.25
Addition/(reversal)	–	1.58
Business combination	–	936.01
Closing Balance	1147.41	1146.18

- (c) Owned assets given on operating lease have been presented separately under respective class of assets as “Leased out” in accordance with Ind AS 116 “Leases”.
- (d) Range of useful life of property, plant and equipment is as below:

Sr. no.	Class of assets	Minimum useful life (in years)	Maximum useful life (in years)
1	Leasehold land	15	99
2	Buildings	3	60
3	Plant and equipment	3	35
4	Computers	2	7
5	Office equipment	3	15
6	Furniture and fixtures	3	10
7	Vehicles	3	10
8	Aircraft	18	18
9	Ships	5	20
10	Shiplift, marine structures and related assets and Breakwater structures	20	50

- (e) Ageing of Capital work-in-progress

Particulars	As at 31-3-2026					As at 31-3-2025				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1953.02	585.30	384.11	113.82	3036.25	1778.80	454.08	51.52	106.46	2390.86

As on the date of balance sheet, there is no capital work-in-progress project(s) whose completion is overdue or has exceeded the cost, based on the approved plan

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [3]

Investment Property

₹ crore

Class of assets	Cost					Depreciation						Book value	
	As at 1-4-2025	Additions	Classified as Held for Sale	Transfer*	Deductions	As at 31-3-2026	Up to 31-3-2025	For the year	Classified as Held for Sale	Transfer*	Deductions	As at 31-3-2026	As at 31-3-2026
Land	458.51	11.52	251.71	0.46	75.07	143.71	30.42	4.54	24.89	—	9.65	0.42	143.29
Buildings	909.89	21.78	685.52	0.06	97.98	148.23	180.65	18.46	118.14	0.02	12.69	68.30	79.93
Total	1368.40	33.30	937.23	0.52	173.05	291.94	211.07	23.00	143.03	0.02	22.34	68.72	223.22
Add: Investment property under construction	501.30	405.72	9.90	—	—	897.12	—	—	—	—	—	—	897.12
													1120.34

* Transfer (to) / from property, plant and equipment/inventories

₹ crore

Class of assets	Cost					Depreciation						Book value	
	As at 1-4-2024	Additions	Classified as Held for Sale	Transfer*	Deductions	As at 31-3-2025	Up to 31-3-2024	For the year	Classified as Held for Sale	Transfer*	Deductions	As at 31-3-2025	As at 31-3-2025
Land	799.47	1.21	0.22	(51.60)	290.35	458.51	57.77	7.81	—	—	35.16	30.42	428.09
Buildings	1392.40	121.46	117.91	12.38	498.44	909.89	197.66	62.56	22.28	2.28	59.57	180.65	729.24
Total	2191.87	122.67	118.13	(39.22)	788.79	1368.40	255.43	70.37	22.28	2.28	94.73	211.07	1157.33
Add: Investment property under construction	254.93	614.76	16.10	(281.95)	70.34	501.30	—	—	—	—	—	—	501.30
													1658.63

* Transfer (to) / from property, plant and equipment/inventories

Notes:

(a) Carrying value of Investment property pledged as collateral for liabilities and/or commitments and having restriction on title as at March 31, 2026: Nil (previous year: Nil)

(b) Useful life of building included in investment property: 3 to 60 years

(c) Amounts recognised in the Statement of Profit and Loss in respect of investment property:

₹ crore

Sr. no.	Particulars	2025-26	2024-25
1	Rental income derived from investment property	196.89	143.61
2	Direct operating expenses arising from investment property that generated rental income	51.11	9.93

(d) Details with respect to fair valuation of Investment property:

₹ crore

Particulars	2025-26	2024-25
Fair valuation by:		
(i) Independent registered valuers ⁽¹⁾	24.49	1803.57
(ii) Internal architectural department	5799.10	1835.93
Total fair value	5823.59	3639.50

⁽¹⁾ Independent valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

(e) Impairment on Investment property under construction recognised in the Statement of Profit and Loss during the year is Nil (previous year Nil).

(f) Ageing of Investment property under construction

₹ crore

Particulars	As at 31-3-2026					As at 31-3-2025				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	795.90	76.00	3.83	21.39	897.12	191.14	166.85	104.14	39.17	501.30

As on the date of balance sheet, there is no investment property under construction in project(s) whose completion is overdue or has exceeded the cost, based on the approved plan

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [4]

Goodwill

₹ crore

Class of assets	Cost				Impairment		Book value
	As at 1-4-2025	Business combination	Foreign currency fluctuation	Classified as held for sale	As at 31-3-2026	As at 31-3-2026	As at 31-3-2026
Goodwill on consolidation	8396.58	182.39	158.86	208.19	8529.64	48.10	8481.54

Note: Impairment recognised in the Statement of Profit and Loss during the year: Nil (previous year: Nil).

₹ crore

Class of assets	Cost				Impairment		Book value
	As at 1-4-2024	Business combination	Foreign currency fluctuation	Deductions	As at 31-3-2025	As at 31-3-2025	As at 31-3-2025
Goodwill on consolidation	7848.98	535.90	11.70	-	8396.58	48.10	8348.48

Note: Impairment recognised in the Statement of Profit and Loss during the year: Nil (previous year: Nil).

Segment wise Goodwill

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
Energy Projects	121.86	121.86
IT & Technology Services	8068.56	7909.70
Development Projects	-	208.19
Financial Services	182.39	-
Others	108.73	108.73
Total	8481.54	8348.48

The goodwill impairment testing is performed at the level of the cash generating unit which represents the smallest identifiable group of assets that generates independent cash flows. The impairment testing is performed annually or whenever there is an indication that the cash generating unit to which the goodwill has been allocated may be impaired. Refer Note 1[iii](o) for policy on impairment of assets.

In determining the value-in-use, cash flow projections approved by appropriate level of management are considered. Key assumptions on which management has based its determination of value-in-use includes estimated growth rates (including terminal growth rates) and discount rates. In circumstances where a reliable value-in-use estimate is difficult to make and market value of the asset or the cash generating unit is readily available, the latter is used for the determination of recoverable amount with appropriate adjustments, as applicable. Cash flow projections are usually considered for next five years except in case of service concession arrangement covering the concession period. Cash flows projections beyond the five-year period are extrapolated using terminal growth rates.

NOTE [5]

Other Intangible assets and Intangible assets under development

₹ crore

Class of assets	Cost						Amortisation						Impairment		Book value
	As at 1-4-2025	Business combination	Additions	Foreign currency fluctuation	Classified as held for sale	Deductions	As at 31-3-2026	Up to 31-3-2025	For the year	Foreign currency fluctuation	Classified as held for sale	Deductions	Up to 31-3-2026	Up to 31-3-2026	As at 31-3-2026
Fare collection rights	16668.63	—	20.57	—	16689.20	—	—	1552.29	278.92	—	1831.21	—	—	—	—
Specialised software	2258.40	0.59	307.73	70.65	8.45	298.04	2330.88	1970.94	200.07	62.65	7.16	291.73	1934.77	0.02	396.09
Technical know-how	204.34	—	29.17	—	—	—	233.51	178.52	5.86	—	—	—	184.38	0.29	48.84
Trade names	473.05	18.00	—	10.43	—	—	501.48	308.46	17.73	12.62	—	—	338.81	—	162.67
New Product Design and Development	6.63	—	—	—	—	0.13	6.50	6.34	0.07	—	—	0.05	6.36	—	0.14
Customer contracts and relationship	3570.62	94.91	—	103.27	—	—	3768.80	2184.06	358.63	81.28	—	—	2623.97	—	1144.83
Rights under licensing agreement	145.30	—	—	15.94	—	—	161.24	124.91	21.08	15.25	—	—	161.24	—	—
Platforms and Courses	132.44	—	13.20	—	—	3.57	142.07	82.82	29.98	—	—	2.77	110.03	—	32.04
Non-Compete agreement	1.58	54.69	—	—	—	—	56.27	1.37	11.09	—	—	—	12.46	0.21	43.60
Total	23460.99	168.19	370.67	200.29	16697.65	301.74	7200.75	6409.71	923.43	171.80	1838.37	294.55	5372.02	0.52	1828.21
Add: Intangible assets under development	197.82	—	97.60	7.93	7.14	21.51	274.70	—	—	—	—	—	—	—	274.70
															2102.91

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [5] (contd.)

₹ crore

Class of assets	Cost						Amortisation						Impairment **	Book value		
	As at 1-4-2024	Business combination	Additions	Foreign currency fluctuation	Transfer*	Deductions	As at 31-3-2025	Up to 31-3-2024	Business combination	For the year	Foreign currency fluctuation	Transfer*	Deductions	Up to 31-3-2025	Up to 31-3-2025	As at 31-3-2025
Fare collection rights	16664.06	—	4.57	—	—	—	16668.63	1273.48	—	278.81	—	—	—	1552.29	—	15116.34
Specialised software	2148.55	36.84	173.07	(0.92)	(4.73)	94.41	2258.40	1829.84	19.18	222.52	(1.25)	(2.96)	96.39	1970.94	0.02	287.44
Technical know-how	174.33	25.19	9.54	—	—	4.72	204.34	126.45	24.90	27.17	—	—	—	178.52	0.29	25.53
Trade names	306.14	141.74	—	0.13	(5.42)	3.86	438.73	306.14	—	11.47	0.13	(5.42)	3.86	308.46	—	130.27
New Product Design and Development	7.45	—	—	—	—	0.82	6.63	6.70	—	0.09	—	—	0.45	6.34	—	0.29
Customer contracts and relationship	3394.62	234.64	—	1.05	10.15	35.52	3604.94	1905.27	—	305.02	0.90	8.38	35.51	2184.06	—	1420.88
Rights under licensing agreement	141.82	—	—	3.48	—	—	145.30	74.74	—	47.82	2.35	—	—	124.91	—	20.39
Platforms and Courses	122.81	—	12.81	—	—	3.18	132.44	52.65	—	31.34	—	—	1.17	82.82	—	49.62
Non-Compete agreement	—	1.59	—	—	—	0.01	1.58	—	1.38	—	—	—	0.01	1.37	0.21	—
Total	22959.78	440.00	199.99	3.74	—	142.52	23460.99	5575.27	45.46	924.24	2.13	—	137.39	6409.71	0.52	17050.76
Add: Intangible assets under development	147.97	—	90.54	(3.45)	—	37.24	197.82	—	—	—	—	—	—	—	—	197.82
																17248.58

* Transfer within other intangible assets

** on account of acquisition of L&T Special Steels and Heavy Forgings Private Limited

Notes:

(a) Details of addition in other intangible assets:

₹ crore

Class of assets	2025-26			2024-25		
	Internal development	Acquired - external	Total	Internal development	Acquired - external	Total
Fare collection Rights	—	20.57	20.57	—	4.57	4.57
Specialised Software	225.11	82.62	307.73	71.63	101.44	173.07
Technical Know-how	—	29.17	29.17	—	9.54	9.54
Platforms and Courses	13.15	0.05	13.20	7.01	5.80	12.81
Total	238.26	132.41	370.67	78.64	121.35	199.99

(b) Ageing of Intangible assets under development

₹ crore

Particulars	As at 31-3-2026					As at 31-3-2025				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	242.98	31.13	0.20	0.39	274.70	117.89	31.15	41.26	7.52	197.82

As on the date of balance sheet, there is no intangible assets under development in project(s) whose completion is overdue or has exceeded the cost, based on the approved plan

The estimated useful life for major categories of the intangible assets are as follows:

- Specialised software: over a period of two to ten years;
- Technical know-how: over a period of three to eight years;
- New product design and development: over a period of five years;
- Customer contracts and relationship: over a period of the contract which generally is over three to ten years;
- Trade name: over a period of three months to six years;
- Platforms and courses: over a period of five years;
- Rights under licensing agreement: over a period of six years;
- Fare collection rights are amortised using the straight-line method over the period of concession^[1];

^[1] Pertains to L&T Metro Rail (Hyderabad) Limited, classified as held for sale [Note 45(a)].

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [5] (contd.)

Notes:

(1) Borrowing cost capitalised in accordance with Ind AS 23 "Borrowing Costs" is as follows:

₹ crore

Class of Assets	2025-26	2024-25
Capital work-in-progress		
Property, plant and equipment - building	87.78	55.23
Investment property under construction	47.91	10.15
Total	135.69	65.38

(2) The average borrowing cost used for capitalisation is 7.44% (previous year : 7.59%).

NOTE [6]

Non-current assets: Financial assets - Other investments

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
Equity shares	332.73	211.23
Preference shares	303.99	150.75
Government and trust securities	0.14	2100.97
Debentures and bonds	659.59	440.01
InvITs	442.49	150.00
Security receipts	4807.71	5862.44
Units of fund	21.86	22.23
Other investments	25.41	188.60
	6593.92	9126.23

Note: Other investments comprises of Investment in Corporate deposits.

Details of quoted / unquoted investments:

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
(a) Aggregate amount of quoted investments and market value thereof;		
Book Value	753.93	2383.64
Market Value	753.93	2383.64
(b) Aggregate amount of unquoted investments;		
Book Value	5839.99	6742.59

NOTE [7]

Non-current assets: Financial assets - Loans towards financing activities

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
Considered good - secured	43165.19	39050.58
Less : Allowance for expected credit loss	124.38	1107.03
	43040.81	37943.55
Considered good - unsecured	29982.73	26823.42
Less : Allowance for expected credit loss	365.94	378.91
Less : Impairment	—	1932.39
	29616.79	24512.12
Having significant increase in credit risk	1728.39	352.16
Less : Allowance for expected credit loss	357.48	100.31
	1370.91	251.85
Credit impaired	3029.11	1366.58
Less : Allowance for expected credit loss	2061.90	1226.75
	967.21	139.83
	74995.72	62847.35

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [8]

Non-current assets: Financial assets - Other loans

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Loans and advances to related parties		
Joint ventures and associates, considered good - unsecured	1.09	219.21
Others loans		
Considered good - unsecured	633.46	160.41
Less: Allowance for expected credit loss	47.84	30.71
	585.62	129.70
Considered doubtful - unsecured	161.75	144.57
Less: Allowance for expected credit loss	161.65	144.52
	0.10	0.05
	586.81	348.96

NOTE [9]

Non-current assets: Financial assets - Others

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Security deposits		
Considered good - unsecured	467.86	485.82
Considered doubtful	45.30	43.48
Less: Allowance for expected credit loss	45.30	43.48
	53.46	—
Premium Receivable on Financial Guarantee Contracts	240.81	131.12
Cash and bank balances not available for immediate use	2192.69	225.44
Fixed deposits with banks (maturity more than 12 months)	1165.94	469.18
Forward contract receivables	155.36	41.55
Embedded derivative receivables	0.66	509.93
Other receivables ^[1]	4276.78	1863.04

^[1] As at 31-3-2025 mainly includes receivables towards litigation matters

NOTE [10]

Other non-current assets

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Capital advances:		
Secured	4.50	4.75
Unsecured	121.54	406.27
	126.04	411.02
Advance recoverable other than in cash ^[1]	2573.45	2248.76
	2699.49	2659.78

^[1] Mainly includes indirect tax balances and prepaid expenses

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [11]

Current assets: Inventories

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Raw materials [include goods-in-transit ₹ 13.75 crore (previous year: ₹ 34.65 crore)]	439.67	669.98
Components [include goods-in-transit ₹ 40.58 crore (previous year: ₹ 10.42 crore)]	449.67	434.63
Construction materials [include goods-in-transit ₹ 40.08 crore (previous year: ₹ 30.45 crore)]	259.32	240.56
Manufacturing work-in-progress	565.34	373.82
Finished goods	108.28	139.77
Stock-in-trade (in respect of goods acquired for trading) [include goods-in-transit ₹ 34.54 crore (previous year: ₹ 88.08 crore)]	506.29	470.16
Stores and spares [include goods-in-transit ₹ 8.44 crore (previous year: ₹ 6.90 crore)]	329.42	390.97
Loose tools [include goods-in-transit ₹ 0.01 crore (previous year: ₹ 0.02)]	8.97	10.75
Property development projects (including land)	6863.97	4939.91
	<u>9530.93</u>	<u>7670.55</u>

Note: 1. During the year ₹ 28.53 crore (previous year: ₹ 10.28 crore) was recognised as expense towards write-down of inventories (net).

2. During the year ₹ 37.05 crore (previous year: ₹ 26.61 crore) was inventorised (Property development projects) in accordance with Ind AS 23 "Borrowing Costs". The average borrowing cost rate used for inventorisation is 6.86% (previous year : 7.30%).

NOTE [12]

Current assets: Financial assets - Investments

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Equity shares	7.89	10.23
Preference shares	—	53.02
Government and trust securities	11764.09	11787.00
Debentures and bonds	16404.97	8279.34
Mutual funds	18225.88	14516.71
Collateral borrowing and lending obligation (CBLO)	—	299.95
Commercial Paper	1575.41	589.82
InvITs	7511.37	4178.97
Treasury bills and other investments	4035.25	3645.58
	<u>59524.86</u>	<u>43360.62</u>

Details of quoted / unquoted investments:

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
(a) Aggregate amount of quoted investments and market value thereof;		
Book Value	35480.66	24255.54
Market Value	35480.66	24255.54
(b) Aggregate amount of unquoted investments;		
Book Value (Accounted based NAV)	18133.54	14516.71
Book Value	5910.66	4588.37

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [13]

Current assets: Financial assets - Trade receivables

Particulars	₹ crore	
	As at 31-3-2026	As at 31-3-2025
Considered good - secured	14.59	18.38
Considered good - unsecured	65237.05	58448.85
Less: Allowance for expected credit loss [Note 47(c)]	4790.38	4753.55
	60446.67	53695.30
Credit impaired	171.24	213.20
Less: Allowance for expected credit loss [Note 47(c)]	171.24	213.20
	—	—
	60461.26	53713.68

Note - No trade receivables are due from directors or other officers of the company either severally or jointly with any other person or firms or private companies in which any director is a partner, a director or a member

NOTE [13][a]

Current assets: Financial assets - Trade receivables ageing

Particulars	As at 31-3-2026						
	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed:							
- Considered good	39993.72	12564.83	2575.40	3003.35	2749.21	2769.86	63656.37
- Credit impaired	0.28	2.14	0.46	0.01	18.44	19.41	40.74
Disputed:							
- Considered good	101.53	–	–	499.97	210.50	783.27	1595.27
- Credit impaired	–	–	–	–	–	130.50	130.50
Gross trade receivables	40095.53	12566.97	2575.86	3503.33	2978.15	3703.04	65422.88
Less: Allowance for expected credit loss							4961.62
							60461.26

As at 31-3-2025							₹ crore
Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed:							
- Considered good	33897.53	12921.76	2645.75	4103.16	1066.06	2622.49	57256.75
- Credit impaired	–	1.22	–	18.44	2.60	26.15	48.41
Disputed:							
- Considered good	107.76	0.22	23.02	46.41	103.56	929.51	1210.48
- Credit impaired	–	–	–	–	–	164.79	164.79
Gross trade receivables	34005.29	12923.20	2668.77	4168.01	1172.22	3742.94	58680.43
Less: Allowance for expected credit loss							4966.75
							53713.68

NOTE [14]

Current assets: Financial assets - Cash and cash equivalents

Particulars	₹ crore	
	As at 31-3-2026	As at 31-3-2025
Balance with banks	9895.10	8595.35
Cheques and drafts on hand	2024.20	677.71
Cash on hand	6.48	7.18
FD with banks & other instruments (original maturity less than 3 months)	3465.46	2906.76
	15391.24	12187.00

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [15]

Current assets: Financial assets - Other bank balances

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Fixed deposits with banks (maturity more than 3 months but less than 12 months)	1698.55	5046.39
Earmarked balances with banks - unclaimed dividend	151.73	146.52
Earmarked balances with banks - Section 4(2)(I)(D) of RERA ⁽¹⁾	362.73	11.52
Earmarked balances with banks - others	150.23	375.20
Margin money deposits with banks	2702.42	4726.21
Cash and bank balances not available for immediate use	390.77	472.50
	<u>5456.43</u>	<u>10778.34</u>

⁽¹⁾ Real Estate (Regulation and Development) Act, 2016

NOTE [16]

Current Assets: Financial Assets - Loans towards financing activities

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Considered good - secured	16699.30	15111.86
Less : Allowance for expected credit loss	93.20	156.87
Less : Net fair value changes	25.42	451.66
	<u>16580.68</u>	<u>14503.33</u>
Considered good - unsecured	25314.95	21864.30
Less : Allowance for expected credit loss	297.73	483.81
Less : Impairment	—	56.25
	<u>25017.22</u>	<u>21324.24</u>
Having significant increase in credit risk	1327.21	333.46
Less : Allowance for expected credit loss	157.67	83.52
Less : Net fair value changes	123.08	—
	<u>1046.46</u>	<u>249.94</u>
Credit Impaired	481.65	—
Less : Net fair value changes	300.53	—
	<u>181.12</u>	<u>—</u>
	<u>42825.48</u>	<u>36077.51</u>

NOTE [17]

Current assets: Financial assets - Other loans

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Loans and advances to related parties		
Considered good - unsecured	—	0.29
Others loans		
Considered good - unsecured	757.91	489.74
Less : Allowance for expected credit loss	123.45	73.18
	<u>634.46</u>	<u>416.56</u>
	<u>634.46</u>	<u>416.85</u>

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [18]

Current assets: Financial assets - Others

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Security deposits		
Considered good - unsecured	1031.41	744.19
Less: Allowance for expected credit loss	0.76	0.76
	1030.65	743.43
Receivables from related parties:		
Joint ventures	164.82	105.39
Fixed Deposit (existing maturity less than 12 months)	10.25	140.01
Forward contract receivables	2088.84	691.09
Unbilled Revenue	2250.44	1898.23
Premium receivable on financial guarantee contracts	16.92	—
Embedded derivative receivables	734.86	264.81
Doubtful advances:		
Deferred credit sale of ships	—	27.11
Other loans and advances	179.86	181.97
	179.86	209.08
Less: Allowance for expected credit loss	179.86	209.08
	—	—
Other recoverables ^[1]	1416.51	1576.93
	7713.29	5419.89

^[1] Mainly includes advances receivables from joint operators and other parties

NOTE [19]

Other current assets

	₹ crore	
Particulars	As at 31-3-2026	As at 31-3-2025
Contract assets [Note 47(c) & Note 47(d)(i)]		
Unbilled revenue	58596.47	48475.84
Less: Allowance for expected credit loss	2468.51	1958.15
	56127.96	46517.69
Retention money	18157.49	15183.95
Less: Allowance for expected credit loss	57.58	75.50
	18099.91	15108.45
	74227.87	61626.14
Advance recoverable other than in cash ^[1]	17053.44	13913.95
Government grant receivable	21.87	19.74
Other loans and advances - Doubtful	5.84	6.64
Less: Allowance for expected credit loss	5.84	6.64
	—	—
	91303.18	75559.83

^[1] Mainly includes advances to suppliers and indirect tax balances

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [20]

Equity Share Capital

(a) Share capital authorized, issued, subscribed and paid up:

Particulars	As at 31-3-2026		As at 31-3-2025	
	Number of shares	₹ crore	Number of shares	₹ crore
Authorised:				
Equity shares of ₹ 2 each	40,37,25,00,000	8074.50	40,37,25,00,000	8074.50
Issued, subscribed and fully paid up:				
Equity shares of ₹ 2 each	1,37,56,32,190	275.13	1,37,51,92,165	275.04

(b) Reconciliation of the number of equity shares and share capital:

Particulars	As at 31-3-2026		As at 31-3-2025	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity share outstanding at the beginning of the year	1,37,51,92,165	275.04	1,37,46,68,619	274.93
Add: Shares issued on exercise of employee stock options during the year	4,40,025	0.09	5,23,546	0.11
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	1,37,56,32,190	275.13	1,37,51,92,165	275.04

(c) Terms/rights attached to equity shares:

The Company has only one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

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

Name of the shareholders	As at 31-3-2026		As at 31-3-2025	
	Number of shares	Shareholding %	Number of shares	Shareholding %
L&T Employees Trust	19,86,79,507	14.44	19,48,87,516	14.17
Life Insurance Corporation of India	17,03,27,420	12.38	18,01,42,821	13.10

Note: The Company's Promoter shareholding is Nil as on March 31, 2026 (previous year: Nil)

(e) Shares reserved for issue under options outstanding on un-issued share capital:

Particulars	As at 31-3-2026		As at 31-3-2025	
	Number of equity shares to be issued as fully paid	₹ crore (at face value)	Number of equity shares to be issued as fully paid	₹ crore (at face value)
Employee stock options granted and outstanding ^[1]	6,19,584	0.12 ^[2]	10,77,384	0.22 ^[2]

^[1] Note 20(i) below for terms of employee stock option schemes

^[2] The equity shares will be issued at a premium of ₹ 9.19 crore (previous year: ₹ 17.34 crore)

(f) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2026 are Nil (previous period of five years ended March 31, 2025: Nil)

(g) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on March 31, 2026 – Nil (previous period of five years ended March 31, 2025: Nil)

(h) The aggregate number of fully paid up equity shares bought back in immediately preceding five years ended March 31, 2026 are 3,12,50,000 shares (previous period of five years ended March 31, 2025: 3,12,50,000 shares)

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [20] (contd.)

(i) Employee stock option schemes

(l) Stock option scheme of the Parent Company:

A. Terms:

- i. The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. Under Series 2003(B) and 2006(B), options vest equally over a 4 years period and vesting period is 5 years for series 2006(A), subject to the discretion of the management and fulfillment of certain conditions.
- ii. Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of issue of equity shares. Management has discretion to modify the exercise period.

B. The details of the grants under the aforesaid schemes are summarized below:

Sr. No.	Series reference	2003(B)		2006(A)		2006(B)	
		2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
i.	Grant price (₹)	7.80	7.80	267.10	267.10	267.10	267.10
ii.	Grant dates	23-5-2003 onwards		1-7-2007 onwards		8-7-2023 onwards	
iii.	Vesting commences on	23-5-2004 onwards		1-7-2008 onwards		8-7-2024 onwards	
iv.	Options granted and outstanding at the beginning of the year	4,32,914	6,08,486	2,76,330	5,47,652	3,68,140	4,73,060
v.	Options lapsed	5,040	6,837	13,440	26,235	13,595	8,800
vi.	Options granted	14,300	11,108	—	—	—	2,496
vii.	Options exercised	1,63,197	1,79,843	1,59,763	2,45,087	1,17,065	98,616
viii.	Options granted and outstanding at the end of the year, of which	2,78,977	4,32,914	1,03,127	2,76,330	2,37,480	3,68,140
	Options vested	16,232	18,519	43,794	1,49,744	16,250	19,249
	Options yet to vest	2,62,745	4,14,395	59,333	1,26,586	2,21,230	3,48,891
ix.	Weighted average remaining contractual life of options (in years)	4.31	5.02	1.66	2.35	4.32	5.31

C. The number and weighted average exercise price of stock options are as follows:

Particulars	2025-26		2024-25	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
(A) Options granted and outstanding at the beginning of the year	10,77,384	162.91	16,29,198	170.25
(B) Options granted	14,300	7.80	13,604	55.38
(C) Options allotted	4,40,025	170.93	5,23,546	178.03
(D) Options lapsed	32,075	226.36	41,872	224.76
(E) Options granted and outstanding at the end of the year	6,19,584	150.35	10,77,384	162.91
(F) Options exercisable at the end of the year out of (E) supra	76,276	211.92	1,87,512	241.49

D. Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 3453.74 (previous year: ₹ 3493.67) per share.

E. Weighted average fair values of options granted during the year is ₹ 3224.82 (previous year: ₹ 3205.92) per option.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [20] (contd.)

- F. The fair value of the options granted during the year has been calculated using the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

Sr. No.	Particulars	2025-26	2024-25
i.	Weighted average risk-free interest rate	5.89%	6.78%
ii.	Weighted average expected life of options	2.84 Years	2.91 Years
iii.	Weighted average expected volatility	21.04%	21.64%
iv.	Weighted average expected dividends over the life of the options	₹ 96.47 per option	₹ 81.38 per option
v.	Weighted average share price	₹ 3311.53 per option	₹ 3317.04 per option
vi.	Weighted average exercise price	₹ 7.80 per option	₹ 55.38 per option
vii.	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the company's share price applicable to the total expected life of each option.	

- (II) Stock option scheme of subsidiary companies:

- (A) LTM Limited (formerly known as LTMindtree Limited)

The Nomination and Remuneration Committee ('NRC') administers all stock option plans through a trust established specifically for this purpose, called the LTMindtree Employee Welfare Trust ('ESOP Trust').

- (i) Employee Stock Option Scheme 2015 (ESOS 2015)

Shares under this program are granted to employees at an exercise price of not less than ₹ 1 per equity share or such higher price as determined by the Board but shall not exceed the market price as defined in the Regulations. Shares shall vest over such term as determined by the Nomination and Remuneration Committee not exceeding five years from the date of the grant. These options are exercisable within 7 years from the date of grant

- (a) The details of the grants under the aforesaid schemes are summarized below:

Sr. No.	Particulars	ESOS 2015	
		2025-26	2024-25
i.	Grant price	₹ 1	₹ 1
ii.	Grant dates	10-6-2016 onwards	
iii.	Vesting commences on	10-6-2017 onwards	
iv.	Options granted and outstanding at the beginning of the year	4,26,348	6,41,976
v.	Options lapsed/cancelled	67,677	85,390
vi.	Options granted	68,196	86,392
vii.	Options exercised	1,55,914	2,16,630
viii.	Options granted and outstanding at the end of the year, of which	2,70,953	4,26,348
	Options vested	71,674	88,956
	Options yet to vest	1,99,279	3,37,392
ix.	Weighted average remaining contractual life of options (in years)	4.70	4.86

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [20] (contd.)

- (b) The fair value of the options granted during the year has been calculated using the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

Sr. No.	Particulars	2025-26	2024-25
i.	Weighted average risk-free interest rate	5.85%	6.74%
ii.	Weighted average expected life of options	2.5 Years	2.5 Years
iii.	Weighted average expected volatility	28.09%	29.15%
iv.	Weighted average expected dividends over the life of the options	₹ 214.11	₹ 213.40
v.	Weighted average share price	₹ 5747	₹ 5321
vi.	Weighted average exercise price	₹ 1	₹ 1
vii.	Weighted average fair value of options	₹ 5746	₹ 5319
viii.	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the company's share price	

- (ii) Employee Stock Option Plan 2021 (ESOP 2021)

On May 22, 2021, the shareholders of the Company have approved the Employee Stock Option Plan 2021 ('ESOP 2021') for the issue of upto 20,00,000 options (including the unutilised options under ERSP 2012) to employees of the Company.

The Nomination and Remuneration Committee ('NRC') shall determine the exercise price which will not be less than the face value of the shares. Options under this program are granted to employees at an exercise price periodically determined by the NRC. All stock options have a four-year vesting term. These options are exercisable within 6 years from the date of vesting.

- (a) The details of the grant under the aforesaid scheme is summarised below:

Sr. No.	Particulars	Series A		Series B	
		2025-26	2024-25	2025-26	2024-25
i.	Grant price	₹ 10	₹ 10	₹ 3268	₹ 3268
ii.	Grant dates	9-8-2021 onwards		9-8-2021 onwards	
iii.	Vesting commences on	9-8-2022 onwards		9-8-2022 onwards	
iv.	Options granted & outstanding at the beginning of the year	46,513	91,948	68,210	86,959
v.	Options lapsed	1,514	9,587	7170	7,380
vi.	Options granted	—	—	—	—
vii.	Options exercised	22,877	35,848	9,505	11,369
viii.	Options granted and outstanding at the end of the year, of which	22,122	46,513	51,535	68,210
	Options vested	18,408	18,768	51,535	48,389
	Options yet to vest	3,714	27,745	—	19,821
ix.	Weighted average remaining contractual life of options (in years)	4.7	5.8	4.1	5.2

- (b) During the year ended March 31, 2026 and March 31, 2025, no new grants have been issued.

- (iii) Weighted average share price at the date of exercise for stock options exercised during the year ended March 31, 2026 is ₹ 5253 per share (For the year ended March 31, 2025 ₹ 5549 per share).

(B) L&T Technology Services Limited

- (i) ESOP Scheme 2016, include Series A, in which the options are vested equally over a period of 5 years and Series B, in which the options are vested equally over period of 4 years, subject to the discretion of the management and fulfillment of certain conditions.
- (ii) The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years from the date of grant of options or six years from the date of first vesting or three years from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of company and shall not be more

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [20] (contd.)

than the market price as defined in the SEBI (Share Based Employee Benefits) Regulations, 2021 and shall be subject to compliance with accounting policies under the said regulation. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee. Details of grant under ESOP Scheme, 2016 is summarised below:

Sr. No.	Particulars	ESOP Scheme, 2016	
		2025-26	2024-25
i.	Grant price	₹ 2	₹ 2
ii.	Grant dates	28-7-2016 onwards	
iii.	Vesting commences on	28-7-2017 onwards	
iv.	Options granted and outstanding at the beginning of the year	3,03,999	3,60,550
v.	Options lapsed	32,475	10,900
vi.	Options granted	24,900	80,200
vii.	Options exercised	1,18,450	1,25,851
viii.	Options granted and outstanding at the end of the year, of which	1,77,974	3,03,999
	Options vested	34,099	39,399
	Options yet to vest	1,43,875	2,64,600
ix.	Weighted average remaining contractual life of options (in years)	2.81	2.80

(iii) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 4344.55 per share. (previous year ₹ 5029.55 per share).

(iv) There were 24,900 new options granted during the year ended 31-3-2026. The fair value at grant date of options granted during the year ended 31-3-2026 was ₹ 4359.4 & ₹ 4171.3 (previous year: ₹ 5069.8 & ₹ 5242.4). The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, term of option, share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The model inputs for options granted during the year included:

Sr. No.	Particulars	2025-26		2024-25	
i.	Weighted average exercise price	2	2	2	2
ii.	Grant date	24-Apr-25	21-Aug-25	25-Apr-24	16-Oct-24
iii.	Expiry date	23-Apr-32	20-Aug-32	25-Apr-31	16-Oct-31
iv.	Weighted average share price at grant date	₹ 4477.90 per option	₹ 4289.50 per option	₹ 5182.85 per option	₹ 5356.90 per option
v.	Weighted average expected price volatility of company's share	29.75%	28.83%	29.32%	28.20%
vi.	Weighted average expected dividend yield over life of option	3.11%	3.25%	2.64%	2.56%
vii.	Weighted average risk-free interest	6.06%	6.03%	7.15%	6.69%
viii.	Method used to determine expected volatility	The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility based on publicly available information.			

(C) L&T Finance Limited (formerly known as L&T Finance Holdings Limited)

The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options allotted under the scheme 2010 are vested over a period of four years in the ratio of 15%, 20%, 30% and 35% respectively from the end of 12 months from the date of grant, subject to the discretion of the management and fulfilment of certain conditions. The options granted under the scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 months from the date of grant or w.e.f. July 10, 2019 vested in a graded manner over a period of four years with 25%, 25%, 25% and 25% of grants vesting each year, commencing from the end of 12 months from the date of grant.

Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [20] (contd.)

During the year ended March 31, 2026 Nil (previous year: 65,000) and 95,17,915 (previous year: 58,62,791) options were allotted under the scheme 2010 and 2013 respectively.

(i) The details of the grants are summarised below:

Sr. No.	Particulars	Scheme 2010		Scheme 2013	
		2025-26	2024-25	2025-26	2024-25
i.	Grant Price	₹ 44.20		₹ 10.00 ⁽¹⁾ /Market Price	
ii.	Options granted & outstanding at the beginning of the year	—	65,000	1,77,54,264	2,22,60,003
iii.	Options lapsed	—	—	9,23,080	7,82,948
iv.	Options granted	—	—	4,65,000	21,40,000
v.	Options exercised	—	65,000	95,17,915	58,62,791
vi.	Options granted and outstanding at the end of the year, of which				
	Options vested	—	—	28,50,324	90,47,375
	Options yet to vest	—	—	49,27,945	87,06,889
vii.	Weighted average remaining contractual life of options (in years)	—	—	5.76	4.80

⁽¹⁾ w.e.f. from July 10, 2019

- (ii) Weighted average share price of options exercised during the year is ₹ 235.48 (Previous year: ₹ 173.01) per option.
- (iii) Weighted average fair values of options granted during the year is ₹ 178.30 (Previous year: ₹ 142.71) per options.
- (iv) The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. No.	Particulars	2025-26	2024-25
i.	Weighted average risk-free interest rate	6.04%	6.99%
ii.	Weighted average expected life of options	2.94 years	3 years
iii.	Weighted average expected volatility	36.71%	36.78%
iv.	Weighted average expected dividends (₹)	8.08 per option	7.49 per option
v.	Weighted average share price (₹)	193.32 per option	156.80 per option
vi.	Weighted average exercise price (₹)	10 per option	10 per option
vii.	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the company's shares price applicable to the expected life of each option.	

- (III) In respect of stock options granted pursuant to the stock options schemes of the Company and subsidiaries referred above, the fair value of the options is treated as discount and accounted as employee compensation over the vesting period. Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2025-26 is ₹ 115.31 crore (previous year: ₹ 222.60 crore) Note [37].

(j) Capital Management Note

The Company continues its policy of a conservative capital structure which has ensured that it retains the highest credit rating even amidst an adverse economic environment. Low gearing levels also enable the Company to navigate business challenges on one hand and raise growth capital on the other. This policy also provides flexibility of fund-raising options for future, which is especially important in times of global economic volatility. The gross debt equity ratio is 0.95:1 as at March 31, 2026 (as at March 31, 2025 1.12:1).

During the year ended March 31, 2026, the Company paid the final dividend of ₹ 34 per equity share for the year ended March 31, 2025 amounting to ₹ 4676.22 crore.

The Board of directors, at their meeting held on May 5, 2026 recommended the final dividend of ₹ 38 per equity share for the year ended March 31, 2026 subject to approval from shareholders. On approval, the total dividend outgo is expected to be ₹ 5227.40 crore based on number of shares outstanding as at March 31, 2026.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [21]

Other equity

₹ crore		
Particulars	As at 31-3-2026	As at 31-3-2025
Capital reserve [Note 1(II)(g)]		
Capital reserve	10.52	10.52
Capital reserve on consolidation	271.92	271.92
	282.44	282.44
Capital redemption reserve ^[1]	335.11	335.11
Securities premium [Note 1(II)(u)]	220.06	138.43
Employee share options (net) [Note 1(II)(x)]		
Employee share options outstanding	427.34	666.63
Deferred employee compensation expense	(85.16)	(167.27)
	342.18	499.36
Statutory reserves		
Debenture redemption reserve ^[2]	3.12	3.12
Reserve u/s 45-IC of the Reserve Bank India Act, 1934 ^[3]	4277.31	3657.25
Reserve u/s 29C of the National Housing Bank Act, 1987 ^[4]	11.09	11.09
Reserve u/s 36(1)(viii) of the Income-tax Act, 1961 ^[5]	1068.77	1061.27
Impairment reserve as per Reserve Bank of India ^[6]	32.39	32.39
	5392.68	4765.12
Retained earnings	100764.28	89974.25
Foreign currency translation reserve [Note 1(II)(y)(iv)]	1344.24	889.98
Hedging reserve [Note 1(II)(r)(iii)(B)]		
Cash flow hedging reserve	404.61	112.98
Cost of hedging reserve	108.13	138.35
	512.74	251.33
Debt instruments through Other comprehensive income [Note 1(II)(r)(i)(B)]	(179.06)	244.54
	109014.67	97380.56

^[1] Capital redemption reserve: Created on:

- a. Buyback of equity shares out of free reserves and securities premium in accordance with Section 69 of the Companies Act, 2013
- b. Redemption of preference shares out of profits in accordance with Section 55(2)(c) of the Companies Act, 2013.

^[2] Debenture redemption reserve: Created on non-convertible debentures in accordance with the Companies (Share capital and Debenture) Rules, 2014 (as amended).

^[3] Reserve u/s-45 IC of the Reserve Bank of India Act, 1934: Created by subsidiary(ies) by transferring amount not less than twenty per cent of its net profit every year.

^[4] Reserve u/s 29C of the National Housing Bank Act, 1987: Created by subsidiary(ies) by transferring amount not less than twenty per cent of its net profit every year.

^[5] Reserve u/s 36(1)(viii) of Income tax Act, 1961: Created by subsidiary(ies) by transferring an amount not exceeding twenty percent of the profits derived from eligible business every year.

^[6] Impairment reserve as per Reserve Bank of India: Created pursuant to circular issued by Reserve Bank of India where impairment allowance as per Ind AS 109 is lower than the provisioning required as per extant prudential norms.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [22]

Non-current liabilities: Financial liabilities - Borrowings

Particulars	As at 31-3-2026			As at 31-3-2025		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Redeemable non-convertible fixed rate debentures	19482.87	10223.76	29706.63	20363.91	9906.71	30270.62
Term loans from banks	34031.96	–	34031.96	23741.26	–	23741.26
Term loans from others	–	–	–	–	341.41	341.41
Loans from financial institutions	–	–	–	3150.05	–	3150.05
	53514.83	10223.76	63738.59	47255.22	10248.12	57503.34

Notes:

- (a) Loans guaranteed by directors: Nil (previous year: Nil)
- (b) Non-convertible debentures and borrowings from banks and financial institutions are secured by charge on the specified movable and immovable assets of the respective entities.

NOTE [23]

Non-current liabilities: Other financial liabilities

Particulars	As at 31-3-2026		As at 31-3-2025	
Forward contract payables	1792.71	63.68		
Embedded derivative payables	–	50.83		
Financial guarantee contracts	53.86	0.56		
Due to others ⁽¹⁾	133.29	137.11		
	1979.86	252.18		

⁽¹⁾ Mainly includes security deposits, liabilities towards capital goods and liability for other expenses

NOTE [24]

Non-current liabilities: Provisions

Particulars	As at 31-3-2026		As at 31-3-2025	
Employee pension scheme [Note 52(b)(i)]	360.33	371.37		
Post-retirement medical benefits plan [Note 52(b)(i)]	451.97	433.58		
Provision for other employee benefits	16.01	8.50		
Other provisions [Note 56(a)]	4.17	310.56		
	832.48	1124.01		

NOTE [25]

Other non-current liabilities

Particulars	As at 31-3-2026		As at 31-3-2025	
Deferred Income in respect of Government Grants	16.78	575.17		
Other payables ⁽¹⁾	20.04	19.57		
	36.82	594.74		

⁽¹⁾ Includes payable towards tax matters

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [26]

Current liabilities: Financial liabilities - Borrowings

₹ crore

Particulars	As at 31-3-2026			As at 31-3-2025		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Loans repayable on demand	11081.30	3750.53	14831.83	8196.52	3750.00	11946.52
Short-term loans from banks	11114.87	724.61	11839.48	12051.75	693.09	12744.84
Loans from related parties	–	43.86	43.86	–	1.28	1.28
Commercial paper	–	8063.36	8063.36	–	11168.66	11168.66
	22196.17	12582.36	34778.53	20248.27	15613.03	35861.30

Note: The secured portion of loans payable on demand and bank borrowings are secured by charge on the specified movable and immovable assets of the respective entities.

NOTE [27]

Current liabilities: Financial liabilities - Current maturities of long term borrowings

₹ crore

Particulars	As at 31-3-2026			As at 31-3-2025		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Redeemable non-convertible fixed rate debentures	4419.36	658.26	5077.62	10357.68	7970.80	18328.48
Term loans from banks	18088.28	–	18088.28	15322.70	2199.06	17521.76
Loans from financial institutions	–	–	–	344.46	–	344.46
	22507.64	658.26	23165.90	26024.84	10169.86	36194.70

Notes:

- Loans guaranteed by directors: Nil (previous year: Nil)
- Non-convertible debentures and borrowings from banks and financial institutions are secured by charge on the specified movable and immovable assets of the respective entities.

NOTE [28]

Current liabilities: Financial liabilities - Other trade payables

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
Due to related parties:		
Associates	12.16	14.14
Joint ventures	1659.53	758.97
	1671.69	773.11
Due to others (including Supplier Finance Arrangement [Note 50(c)])	65943.59	50272.00
	67615.28	51045.11

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [28][a]

Current liabilities: Financial liabilities - Trade payables ageing

₹ crore

Particulars	As at 31-3-2026						Total
	Unbilled Dues	Not due	Outstanding for following periods from due date of payment Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and small enterprises							
Disputed	–	–	–	–	–	–	–
Undisputed	90.54	1544.16	174.26	13.41	7.81	10.17	1840.35
Sub-total (A)	90.54	1544.16	174.26	13.41	7.81	10.17	1840.35
Others							
Disputed	–	1.77	0.28	0.85	–	–	2.90
Undisputed	26810.51	28147.14	10508.18	943.38	177.26	1025.91	67612.38
Sub-total (B)	26810.51	28148.91	10508.46	944.23	177.26	1025.91	67615.28
Total (A) + (B)	26901.05	29693.07	10682.72	957.64	185.07	1036.08	69455.63

₹ crore

Particulars	As at 31-3-2025						Total
	Unbilled Dues	Not due	Outstanding for following periods from due date of payment Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and small enterprises							
Disputed	–	–	–	–	–	–	–
Undisputed	63.37	1179.05	145.57	11.27	4.88	10.09	1414.23
Sub-total (A)	63.37	1179.05	145.57	11.27	4.88	10.09	1414.23
Others							
Disputed	0.52	2.56	0.04	–	–	0.10	3.22
Undisputed	15591.31	25867.61	8045.13	370.68	195.94	971.22	51041.89
Sub-total (B)	15591.83	25870.17	8045.17	370.68	195.94	971.32	51045.11
Total (A) + (B)	15655.20	27049.22	8190.74	381.95	200.82	981.41	52459.34

NOTE [29]

Current liabilities: Other financial liabilities

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
Unclaimed dividend	143.77	137.78
Unclaimed interest on debentures	135.85	156.86
Financial guarantee contracts	17.53	0.47
Forward contract payables	3722.22	432.56
Embedded derivative payables	14.01	27.50
Due to others ^{[1] [2]}	7059.50	5518.20
	<u>11092.88</u>	<u>6273.37</u>

^[1] Due to others include due to directors: ₹ 228.13 crore (previous year: ₹ 137.43 crore)

^[2] Mainly includes security deposits, liability towards employee benefits and capital goods

NOTE [30]

Other current liabilities

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
Contract liabilities [Note 47(d)(i)]		
Excess of billing over revenue	37663.25	28524.41
Advances from customers	39585.64	29086.96
	<u>77248.89</u>	<u>57611.37</u>
Liabilities towards joint operations	780.79	412.38
Liabilities towards employee benefits	2370.64	696.94
Other payables ^[1]	5461.20	4606.28
	<u>85861.52</u>	<u>63326.97</u>

^[1] Mainly includes statutory dues and other non-financial liability

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [31]

Current liabilities: Provisions

₹ crore		
Particulars	As at 31-3-2026	As at 31-3-2025
Provision for employee benefits:		
Gratuity [Note 52(b)(i)]	558.07	405.99
Compensated absences	2402.99	1999.06
Employee pension scheme [Note 52(b)(i)]	31.91	31.26
Post-retirement medical benefits plan [Note 52(b)(i)]	22.45	21.58
Others	0.24	0.24
	3015.66	2458.13
Other provisions [Note 56(a)]	1993.37	2233.54
	5009.03	4691.67

NOTE [32]

Contingent Liabilities

₹ crore		
Particulars	As at 31-3-2026	As at 31-3-2025
(a) Claims against the Group not acknowledged as debts *	9218.42	4552.83
(b) Sales tax/GST liability that may arise in respect of matters in appeal	7806.44	6118.60
(c) Excise duty/service tax/customs duty liability that may arise in respect of matters in appeal/ challenged by the Group in WRIT	1030.09	954.36
(d) Income tax liability that may arise in respect of which the Group is in appeal	3519.78	3422.21
(e) Guarantees or letter of credit or letter of comfort given to third parties	56.00	56.00
(f) Corporate guarantees given for financial obligations of joint venture companies	209.10	211.67
(g) Corporate and bank guarantees for performance obligations of joint venture companies	19.59	19.41
(h) Share in contingent liabilities of joint operations for which the Group is contingently liable	141.15	153.79
(i) Contingent liabilities in respect of liabilities of other joint operators of joint operations	6899.36	5055.57
(j) Share of joint ventures' contingent liabilities in respect of a legal claim lodged against the entity	13.83	13.50
(k) Indemnities for performance given on behalf of third parties	8.17	9.65

* ₹ 16.76 crore pertains to L&T Metro Rail (Hyderabad) Limited, classified as held for sale [Note 45(a)]

Notes:

- (i) The Group expects reimbursements of ₹ 1.91 crore (pertains to L&T Metro Rail (Hyderabad) Limited, classified as held for sale) (previous year: ₹ 1.91 crore) in respect of the above contingent liabilities except in respect of matters at (k)
- (ii) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above pending resolution of the arbitration / appellate proceedings. Further, the liability mentioned in (a) to (d) above includes interest in cases where the company has determined that the possibility of such levy is remote.
- (iii) In respect of matters at (e), the cash flows, if any, could occur any time during the subsistence of the underlying agreement.
- (iv) In respect of matters at (f), the cash outflows, if any, could generally occur up to two years, being the period over which the validity of the guarantees extends except in a few cases where the cash outflows, if any, could occur any time during the subsistence of the borrowing to which the guarantees relate.
- (v) In respect of matters at (g), the cash outflows, if any, could generally occur up to five years, being the period over which the validity of the guarantees extends.
- (vi) In respect of matters at (h) and (i), the cash outflows, if any, could generally occur upto completion of projects undertaken by the respective joint operations.
- (vii) In respect of matters at (j), the cash outflows, in any, could generally occur any time up to settlement of claims or during subsistence of the underlying agreements.
- (viii) In respect of matters at (k), the cash outflows, if any, is fully reimbursable by the third parties under an agreement entered in to with them.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [33]

Commitments

₹ crore

Particulars	As at 31-3-2026	As at 31-3-2025
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances):		
(i) Property, plant and equipment	1777.49	1530.73
(ii) Investment property *	266.60	445.31
(iii) Intangible assets *	98.85	98.92
(b) Other funding commitments:		
(i) Undrawn/undisbursed commitments to other companies (in Financial Services segment)	2516.70	2035.76
(ii) Purchase of additional stake in associate company	–	327.75
(iii) Share of joint ventures' capital commitments	19.16	1.30

* Includes Investment property: ₹ 7.30 crore and Intangible assets: ₹ 3.58 crore respectively pertaining to L&T Metro Rail (Hyderabad) Limited, classified as held for sale [Note 45(a)]

NOTE [34]

Revenue from operations

₹ crore

Particulars	2025-26	2024-25
Sales & service:		
Construction and project related activity	196921.28	174161.52
Manufacturing and trading activity	5871.58	5292.70
Engineering service fees	12123.27	12686.28
Software development products and services	41885.05	37617.79
Income from financing activity/annuity based projects	18196.34	16137.89
Property development activity	2469.67	2410.45
Fare collection and related activity	695.18	622.99
Servicing fees	2924.52	1956.96
Commission	152.41	144.36
Fees for operation and maintenance of power plant	2985.89	3177.71
	284225.19	254208.65
Other operational income:		
Lease rentals	197.84	187.42
Property maintenance recoveries	80.32	76.67
Gain on sale of subsidiary/business undertaking	–	187.44
Premium earned (net) on related forward exchange contracts	216.98	45.09
Net gain on sale of investment property	67.07	142.39
Miscellaneous income	1086.96	886.79
	1649.17	1525.80
	285874.36	255734.45

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [35]

Other income

₹ crore			
Particulars	2025-26		2024-25
Interest income on: [Note 46(a)]			
Loans and advances to joint ventures and associates	7.94		9.89
Investments	1830.49		1510.65
Others	1323.20		950.77
		3161.63	2471.31
Dividend income on:			
Trade investments	38.35		19.55
Current investments	227.54		46.16
Others	25.95		51.34
		291.84	117.05
Net gain/(loss) on fair valuation of investments		681.58	640.55
Net gain/(loss) on sale of investments		1181.07	492.57
Net gain/(loss) on derivatives at fair value through profit or loss		(47.54)	36.65
Net gain/(loss) on sale of property, plant and equipment		12.01	45.25
Lease rentals		5.00	7.71
Miscellaneous income (net of expenses)		475.09	313.73
		5760.68	4124.82

NOTE [36]

Manufacturing, construction and operating expenses

₹ crore			
Particulars	2025-26		2024-25
Cost of raw materials and components consumed:			
Raw materials and components	33244.05		27851.01
Less: Scrap sales	212.29		195.99
		33031.76	27655.02
Construction materials consumed		63388.65	63526.44
Purchase of stock-in-trade		1262.30	1402.14
Stores, spares and loose tools consumed		4171.98	4393.39
Sub-contracting charges		49446.73	40570.92
Changes in inventories of finished goods, stock-in-trade, work-in-progress and property development:			
Closing stock:			
Finished goods	104.99		137.00
Stock-in-trade	506.15		470.16
Work-in-progress	8992.60		8964.20
Cost of built-up space and property development land:			
Work-in-progress	6014.89		4577.08
Completed property	855.76		362.83
	16474.39		14511.27
Carried forward	16474.39	151301.42	14511.27
			137547.91

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [36]

Manufacturing, construction and operating expenses (contd.)

			₹ crore	
Particulars	2025-26		2024-25	
Brought forward	16474.39	151301.42	14511.27	137547.91
Less: Opening stock:				
Finished goods	137.00		82.09	
Stock-in-trade	470.16		228.30	
Work-in-progress	8964.20		9579.05	
Cost of built-up space and property development land:				
Work-in-progress	4577.08		3710.77	
Completed property	362.83		222.13	
	14511.27		13822.34	
	(1963.12)		(688.93)	
Inventorisation of investment property	—		278.14	
		(1963.12)		(410.79)
Other manufacturing, construction and operating expenses:				
Power and fuel	2276.53		2299.81	
Royalty and technical know-how fees	44.12		87.34	
Packing and forwarding	1252.17		847.89	
Rent and hire charges	9792.61		7129.61	
Bank guarantee charges	582.35		356.08	
Engineering, professional, technical and consultancy fees	7018.79		4425.90	
Insurance	756.96		907.46	
Rates and taxes	1229.58		1086.52	
Travelling and conveyance	1995.60		1904.15	
Repairs to plant and equipment	162.06		363.36	
Repairs to buildings	26.05		72.64	
General repairs and maintenance	1101.95		923.38	
Provision/(reversal of provision) for onerous construction contracts	(116.19)		(89.11)	
Other provisions/(reversal of provisions)	92.65		77.60	
Expenses on construction job in realty business	2566.71		1245.33	
Software development expenses	5889.05		4509.58	
Miscellaneous expenses	1831.92		1386.01	
		36502.91		27533.55
Finance cost of financial services business and finance lease activity		6995.34		6302.23
		192836.55		170972.90

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [37]

Employee benefits expense

	₹ crore	
Particulars	2025-26	2024-25
Salaries, wages and bonus	46440.95	42045.73
Contribution to and provision for:		
Provident fund and pension fund	1178.70	1032.05
Superannuation/employee pension and social security schemes	1475.09	1312.85
Gratuity funds [Note 52(b)(ii)]	535.46	308.23
	3189.25	2653.13
Expenses on employee stock option scheme	115.31	222.60
Employee medical and other insurance premium expenses	483.28	439.53
Staff welfare expenses	2069.71	1534.64
Recoveries on account of deputation charges	(111.28)	(126.95)
	<u>52187.22</u>	<u>46768.68</u>

NOTE [38]

Sales, administration and other expenses

	₹ crore	
Particulars	2025-26	2024-25
Power and fuel	229.45	234.61
Packing and forwarding	110.44	89.68
Insurance	141.70	145.22
Rent and hire charges	292.81	308.92
Rates and taxes	478.22	557.74
Travelling and conveyance	931.33	943.60
Repairs to buildings	162.52	168.00
General repairs and maintenance	785.87	784.89
Professional fees	1655.17	1479.62
Directors' fees	4.63	5.84
Telephone, postage and telegrams	227.51	215.51
Advertising and publicity	392.87	378.27
Stationery and printing	91.37	84.96
Commission:		
Distributors and agents	59.03	69.98
Others	1.87	3.47
	60.90	73.45
Bank charges	211.78	288.18
Corporate social responsibility expenses	366.64	322.62
Collection cost (Financial Services business)	518.03	557.47
Miscellaneous expenses	1580.52	1623.91
Bad debts and advances written off (net of written back)	3460.91	3081.04
Less: Allowances for expected credit loss written back	2690.86	2759.90
	770.05	321.14
Allowances for expected credit loss	3266.41	3210.94
Loss on fair valuation/sale of investments towards financing activities (net)	23.54	148.52
Loss on fair valuation of loans towards financing activities (net)	(2.63)	(215.72)
Loss on sale of loans towards financing activities	(13.48)	(96.98)
Exchange (gain)/loss [net]	(934.08)	(124.15)
Other provisions	347.88	51.04
Provision/(reversal of provision) on investments in/loans given to group companies	—	(1622.03)
Loss on divestment of equity shares in group companies	—	1622.88
	<u>11699.45</u>	<u>11558.13</u>

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [39]

Finance costs

			₹ crore
Particulars	2025-26	2024-25	
Interest expenses on borrowings	2614.75	3137.24	
Interest on lease liabilities	232.17	193.60	
Exchange (gain)/loss [net]	1.90	3.53	
	<u>2848.82</u>	<u>3334.37</u>	

39(a) Aggregation of expenses disclosed vide Note 36 - Manufacturing, construction and operating expenses, Note 37 - Employee benefits expense, Note 38 - Sales, administration and other expenses and Note 39 - Finance costs

												₹ crore
Sr. No.	Nature of expenses	2025-26					2024-25					
		Note 36	Note 37	Note 38	Note 39	Total	Note 36	Note 37	Note 38	Note 39	Total	
1	Power and fuel	2276.53	–	229.45	–	2505.98	2299.81	–	234.61	–	2534.42	
2	Packing and forwarding	1252.17	–	110.44	–	1362.61	847.89	–	89.68	–	937.57	
3	Insurance	756.96	483.28	141.70	–	1381.94	907.46	439.53	145.22	–	1492.21	
4	Rent and hire charges	9792.61	–	292.81	–	10085.42	7129.61	–	308.92	–	7438.53	
5	Rates and taxes	1229.58	–	478.22	–	1707.80	1086.52	–	557.74	–	1644.26	
6	Travelling and conveyance	1995.60	–	931.33	–	2926.93	1904.15	–	943.60	–	2847.75	
7	Repairs to plant and equipment	162.06	–	–	–	162.06	363.36	–	–	–	363.36	
8	Repairs to buildings	26.05	–	162.52	–	188.57	72.64	–	168.00	–	240.64	
9	General repairs and maintenance	1101.95	–	785.87	–	1887.82	923.38	–	784.89	–	1708.27	
10	Engineering, professional, technical and consultancy fees	7018.79	–	1655.17	–	8673.96	4425.90	–	1479.62	–	5905.52	
11	Finance Costs	6995.34	–	–	2848.82	9844.16	6302.23	–	–	3334.37	9636.60	
12	Miscellaneous expenses	1831.92	–	1580.52	–	3412.44	1386.01	–	1623.91	–	3009.92	

NOTE [40]

Depreciation, amortisation, impairment and obsolescence [Note 46(a)]

			₹ crore
Particulars	2025-26	2024-25	
Depreciation on:			
Property, plant and equipment	2615.07	2516.28	
Investment property	23.00	70.37	
		<u>2638.07</u>	2586.65
Amortisation of:			
Intangible assets	923.43	924.24	
Right-of-use assets	783.22	587.33	
		<u>1706.65</u>	1511.57
Impairment on Investment property	–	–	1.58
Obsolescence on Property, plant and equipment	20.03	–	21.38
	<u>4364.75</u>	<u>4121.18</u>	

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [41]

The list of subsidiaries, associates, joint ventures and joint operations included in the Consolidated Financial Statements are as under:

Sr. No.	Name of subsidiaries	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest /voting power(%)	Proportion of effective ownership interest /voting power(%)
	Indian subsidiaries			
1	Hi-Tech Rock Products and Aggregates Limited	India	100.00	100.00
2	L&T Geostructure Private Limited	India	100.00	100.00
3	LTM Limited (Formerly known as LTIMindtree Limited)	India	68.53	68.58
4	L&T Technology Services Limited	India	73.57	73.66
5	Intelliswift Software (India) Private Limited	India	73.57	73.66
6	L&T Thales Technology Services Private Limited	India	54.44	54.51
7	L&T Network Services Private Limited	India	100.00	100.00
8	L&T Semiconductor Technologies Limited	India	100.00	100.00
9	Siliconch Systems Private Limited ^[a]	India	–	100.00
10	L&T Finance Limited	India	65.99	66.24
11	L&T Infra Investment Partners Advisory Private Limited	India	65.99	66.24
12	L&T Infra Investment Partners Trustee Private Limited	India	65.99	66.24
13	L&T Financial Consultants Limited	India	65.99	66.24
14	L&T Infra Investment Partners	India	36.29	36.43
15	L&T Metro Rail (Hyderabad) Limited ^[b]	India	99.99	99.99
16	L&T Himachal Hydropower Limited	India	100.00	100.00
17	L&T Power Development Limited	India	100.00	100.00
18	Nabha Power Limited	India	100.00	100.00
19	Chennai Vision Developers Private Limited	India	100.00	100.00
20	Elevated Avenue Realty LLP	India	100.00	100.00
21	Elante Properties Private Limited	India	100.00	100.00
22	L&T Westend Project LLP	India	100.00	100.00
23	L&T Realty Properties Limited ^[c]	India	100.00	100.00
24	L&T Realty Developers Limited	India	100.00	100.00
25	Prime Techpark (Chennai) Private Limited	India	100.00	100.00
26	Bangalore Galaxy Techpark Private Limited	India	100.00	100.00
27	Chennai Nova Techpark Private Limited	India	100.00	100.00
28	Business Park (Powai) Private Limited	India	100.00	100.00
29	Millennium Techpark (Chennai) Private Limited	India	100.00	100.00
30	Corporate Park (Powai) Private Limited	India	100.00	100.00
31	LH Residential Housing Private Limited	India	100.00	100.00
32	LH Uttarayan Premium Realty Private Limited	India	100.00	100.00
33	L&T Energy Green Tech Limited	India	100.00	100.00
34	L&T Green Energy Kandla Private Limited ^[d]	India	100.00	-
35	Panipat Green Hydrogen Private Limited ^[e]	India	100.00	-
36	L&T Construction Equipment Limited	India	100.00	100.00
37	L&T Valves Limited	India	100.00	100.00
38	SuFin Limited ^[f]	India	100.00	-
39	L&T Electrolysers Limited	India	100.00	100.00

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [41] (contd.)

Sr. No.	Name of subsidiaries	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest /voting power(%)	Proportion of effective ownership interest /voting power(%)
	Indian subsidiaries			
40	L&T Special Steels and Heavy Forgings Private Limited	India	100.00	100.00
41	L&T Offshore Marine Private Limited (Formerly known as L&T Sapura Shipping Private Limited) ^[9]	India	100.00	—
42	Bhilai Power Supply Company Limited	India	99.90	99.90
43	L&T Aviation Services Private Limited	India	100.00	100.00
44	L&T Capital Company Limited	India	100.00	100.00

^[a] Amalgamated into L&T Semiconductor Technologies Limited, a Wholly Owned Subsidiary of Larsen & Toubro Limited w.e.f. March 24, 2026

^[b] One equity share (the Golden Share) is held by the Government of Telangana in pursuance of the Shareholders' Agreement.

^[c] The company has acquired entire equity stake in International Green Scapes Limited on April 13, 2026 for a total consideration (including deferred consideration) of ₹ 1123 crore.

^[d] Incorporated on April 4, 2025

^[e] Incorporated on June 30, 2025

^[f] Incorporated on January 2, 2026

^[g] Reclassified as a Wholly Owned Subsidiary of Larsen & Toubro Limited w.e.f. January 21, 2026 due to purchase of balance stake.

Sr. No.	Name of subsidiaries	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest /voting power(%)	Proportion of effective ownership interest /voting power(%)
	Foreign subsidiaries			
1	Larsen & Toubro (Oman) LLC	Sultanate of Oman	80.00	80.00
2	Larsen & Toubro Qatar LLC ^[a]	Qatar	49.00	49.00
3	Larsen & Toubro Saudi Arabia LLC	Kingdom of Saudi Arabia	100.00	100.00
4	Larsen and Toubro T&D SA (Proprietary) Limited	South Africa	72.50	72.50
5	Larsen & Toubro CIS FE LLC	Uzbekistan	100.00	100.00
6	Larsen & Toubro Heavy Engineering LLC ^[a]	Sultanate of Oman	70.00	70.00
7	L&T Modular Fabrication Yard LLC	Sultanate of Oman	70.00	70.00
8	Larsen Toubro Arabia LLC	Kingdom of Saudi Arabia	75.00	75.00
9	L&T Hydrocarbon Saudi Company	Kingdom of Saudi Arabia	100.00	100.00
10	L&T Energy Offshore Wind B.V. ^[b]	Netherlands	100.00	-
11	Larsen & Toubro Kuwait Construction General Contracting Company WLL	Kuwait	49.00	49.00
12	Larsen & Toubro Electromech LLC	Sultanate of Oman	70.00	70.00
13	LTIMindtree Information Technology Services (Shanghai) Co. Limited	China	68.53	68.58
14	LTIMindtree Financial Services Technologies Inc.	Canada	68.53	68.58
15	LTIMindtree Canada Limited	Canada	68.53	68.58
16	LTIMindtree South Africa (Pty) Limited	South Africa	47.68	47.73
17	LTIMindtree GmBH	Germany	68.53	68.58
18	LTIMindtree Spain, S.L ^[d]	Spain	-	68.58
19	LTIMindtree Norge AS	Norway	68.53	68.58
20	LTIMindtree S.De. RL. De. C.V	Mexico	68.53	68.58

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [41] (contd.)

Sr. No.	Name of subsidiaries	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest /voting power(%)	Proportion of effective ownership interest /voting power(%)
	Foreign subsidiaries			
21	LTIMindtree S.A.	Luxembourg	68.53	68.58
22	Syncordis Limited, UK ^[d]	UK	-	68.58
23	LTIMindtree PSF S.A.	Luxembourg	68.53	68.58
24	LTIMindtree Switzerland AG	Switzerland	68.53	68.58
25	Nielsen+Partner PTE Limited ^[e]	Singapore	-	68.58
26	LTIMindtree (Thailand) Limited	Thailand	68.53	68.58
27	LTIMindtree UK Limited	UK	68.53	68.58
28	LTIMindtree Middle East FZ-LLC	UAE	68.53	68.58
29	LTIMindtree USA Inc.	USA	68.53	68.58
30	LTIMindtree Consulting Brazil Ltda	Brazil	68.64	68.64
31	LTIM Aramco Digital Solutions for Information Technology Company ^[f]	Kingdom of Saudi Arabia	34.95	-
32	L&T Technology Services LLC	USA	73.57	73.66
33	Intelliswift Software Inc	USA	73.57	73.66
34	Intelliswift Software (Hungary) Kft	Hungary	73.57	73.66
35	Intelliswift Software (Costa Rica) Limitada	Costa Rica	73.57	73.66
36	Intelliswift Software (Canada) Inc	Canada	73.57	73.66
37	Global Infotech Corporation	USA	73.57	73.66
38	P. Murphy & Associates Inc	USA	73.57	73.66
39	L&T Technology Services Pte. Ltd.	Singapore	73.57	73.66
40	Graphene Solutions SDN. BHD.	Malaysia	73.57	73.66
41	Graphene Solutions Taiwan Limited	Taiwan	73.57	73.66
42	L&T Technology Services (Shanghai) Co. Ltd.	China	73.57	73.66
43	L&T Technology Services (Canada) Ltd.	Canada	73.57	73.66
44	L&T Technology Services Poland sp. z o.o.	Poland	73.57	73.66
45	Larsen & Toubro (East Asia) Sdn.Bhd.	Malaysia	30.00	30.00
46	PT Larsen and Toubro	Indonesia	100.00	100.00
47	Larsen & Toubro International FZE	UAE	100.00	100.00
48	L&T Global Holdings Limited	UAE	100.00	100.00
49	L&T Valves Arabia Manufacturing LLC	Kingdom of Saudi Arabia	100.00	100.00
50	L&T Valves USA LLC	USA	100.00	100.00

^[a] Under liquidation

^[b] Incorporated on February 09, 2026

^[c] Dissolved w.e.f March 31, 2026

^[d] Dissolved w.e.f July 16, 2025

^[e] Struck off on November 28, 2025

^[f] W.e.f. July 16, 2025, the Group acquired control as per Ind AS 110 [Consolidated Financial Statements] and reclassified the entity from Joint Venture to Subsidiary. The entity was incorporated on November 22, 2024

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [41] (contd.)

Sr. No.	Name of associates	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest / voting power(%)	Proportion of effective ownership interest / voting power(%)
1	Larsen & Toubro Qatar & HBK Contracting Co. WLL ^[a]	Qatar	50.00	50.00
2	L&T Camp Facilities LLC ^[a]	UAE	49.00	49.00
3	Gujarat Leather Industries Limited ^[a]	India	50.00	50.00
4	Magtorq Private Limited	India	42.85	42.85
5	E2E Networks Limited	India	18.45	14.92

^[a] Under liquidation

Sr. No.	Name of joint ventures	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest / voting power(%)	Proportion of effective ownership interest / voting power(%)
1	L&T - MHI Power Boilers Private Limited	India	51.00	51.00
2	L&T - MHI Power Turbine Generators Private Limited	India	51.00	51.00
3	L&T Howden Private Limited	India	50.10	50.10
4	L&T-Sargent & Lundy Limited	India	50.00	50.00
5	L&T MBDA Missile Systems Limited	India	51.00	51.00
6	L&T Offshore Marine Private Limited (Formerly known as L&T Sapura Shipping Private Limited) ^[a]	India	—	60.00
7	Raykal Aluminium Company Private Limited	India	75.50	75.50
8	Indiran Engineering Projects and Systems Kish PJSC	Iran	50.00	50.00
9	GH4India Private Limited	India	33.33	33.33
10	Hydrocarbon Arabia Limited Company	Kingdom of Saudi Arabia	60.00	60.00
11	LTIM Aramco Digital Solutions for Information Technology ^[b]	Kingdom of Saudi Arabia	—	34.97

^[a] Reclassified as a Wholly Owned Subsidiary of Larsen & Toubro Limited w.e.f. January 21, 2026 due to purchase of balance stake

^[b] W.e.f. July 16, 2025, the Group acquired control as per Ind AS 110 [Consolidated Financial Statements] and reclassified the entity from Joint Venture to Subsidiary. The entity was incorporated on November 22, 2024

Sr. No.	Name of joint operations (with specific ownership interest in the arrangement)	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest (%)	Proportion of effective ownership interest (%)
1	Desbuild L&T Joint Venture	India	49.00	49.00
2	Larsen and Toubro Limited-Shapoorji & Co. Ltd. Joint Venture	India	50.00	50.00
3	Al Balagh Trading & Contracting Co W.L.L- L&T Joint Venture	Qatar	80.00	80.00
4	L&T-AM Tapovan Joint Venture	India	65.00	65.00
5	HCC-L&T Purulia Joint Venture	India	43.00	43.00
6	International Metro Civil Contractors Joint Venture	India	26.00	26.00
7	Metro Tunneling Group	India	26.00	26.00
8	L&T-Hochtief Seabird Joint Venture	India	90.00	90.00

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [41] (contd.)

Sr. No.	Name of joint operations (with specific ownership interest in the arrangement)	Principal place of business	As at 31-3-2026	As at 31-3-2025
			Proportion of effective ownership interest (%)	Proportion of effective ownership interest (%)
9	Metro Tunneling Chennai-L&T Shanghai Urban Construction (Group) Corporation Joint Venture	India	75.00	75.00
10	Metro Tunneling Delhi-L&T Shanghai Urban Construction (Group) Corporation Joint Venture	India	60.00	60.00
11	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture CC27 Delhi	India	68.00	68.00
12	Aktor-Larsen & Toubro-Yapi Merkezi-STFA-AI Jaber Engineering Joint Venture	Qatar	22.00	22.00
13	Civil Works Joint Venture	Kingdom of Saudi Arabia	29.00	29.00
14	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture	India	51.00	51.00
15	DAEWOO and L&T Joint Venture ^[a]	India	100.00	50.00
16	L&T-STEC JV MUMBAI	India	65.00	65.00
17	L&T-ISDPL JV	India	100.00	100.00
18	L&T-IHI Consortium	India	100.00	100.00
19	Larsen and Toubro Limited-Scomi Engineering BHD Consortium-Residual Joint Works Joint Venture	India	60.00	60.00
20	Larsen and Toubro Limited-Scomi Engineering BHD Consortium-O&M Joint Venture	India	50.00	50.00
21	L&T- Inabensa JV	India	100.00	100.00
22	L&T-Delma Mafrag Joint Venture	UAE	100.00	100.00
23	L&T-AL-Sraiya LRDP 6 Joint Venture ^[b]	Qatar	—	75.00
24	Larsen & Toubro Limited & NCC Limited Joint Venture	India	55.00	55.00
25	Besix - Larsen & Toubro Joint Venture ^[b]	UAE	—	50.00
26	Larsen & Toubro Ltd - Passavant Energy & Environment JV	India	50.00	50.00
27	Larsen & Toubro Ltd - Passavant Energy & Environment JV_O&M	India	100.00	100.00
28	Larsen and Toubro Shriram EPC JV ^[b]	Tanzania	—	90.00
29	LTH Milcom Private Limited	India	56.67	56.67
30	L&T - Tecton JV	India	60.00	60.00
31	L&T - Powerchina JV	UAE	55.00	55.00
32	L&T - PCIPL JV	India	99.00	99.00
33	Bauer- L&T Geo Joint Venture	India	50.00	50.00
34	Larsen Toubro Arabia LLC - Subsea Seven Saudi Company Ltd.	Kingdom of Saudi Arabia	50.00	50.00
35	Hafeet Rail SPC ^[c]	Oman	55.00	—
36	Ras Mohaisen Independent Water Project ^[d]	Kingdom of Saudi Arabia	70.00	—
37	Riyadh Metro Line 2 ^[e]	Kingdom of Saudi Arabia	29.00	—
38	Dubai HSR JV ^[f]	UAE	50.00	—

^[a] Additional control acquired w.e.f December 15, 2025

^[b] Closed on completion of project

^[c] Formed on December 10, 2024, operation commenced in Q1 FY 26

^[d] Formed on March 12, 2025, operation commenced in Q1 FY 26

^[e] Formed on January 1, 2026

^[f] Formed on January 30, 2026

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [42]

Disclosure pursuant to Ind AS 112 "Disclosure of interest in other entities": Subsidiaries

(a) Change in the Group's ownership interest in a subsidiary:

(i) On account of acquisition of part stake (from open market/ direct purchase from NCI):

Name of Group company	2025-26				2024-25			
	Acquisition (%)	Payment made	(Gain)/Loss accounted in Non-controlling interest ^[1]	(Gain)/Loss accounted in Other Equity	Acquisition (%)	Payment made	(Gain)/Loss accounted in Non-controlling interest ^[1]	(Gain)/Loss accounted in Other Equity
L&T Finance Limited	—	—	—	—	0.53%	227.77	134.96	92.81
Larsen & Toubro (Oman) LLC	—	—	—	—	15.00%	26.14	62.74	(36.60)
Total	—	—	—	—	—	253.91	197.70	56.21

^[1] Represents proportionate share of the net assets of subsidiaries.

(ii) On account of dilution due to exercise of Employee Stock Options (without ceding control):

Name of Group company	2025-26				2024-25			
	Dilution (%)	Proceeds received	(Dr)/Cr to Non-controlling interest ^[1]	(Dr)/Cr to Other Equity	Dilution (%)	Proceeds received	(Dr)/Cr to Non-controlling interest ^[1]	(Dr)/Cr to Other Equity
L&T Finance Limited	0.25%	88.74	122.15	(33.41)	0.15%	40.40	63.28	(22.88)
LTM Limited (Formerly known as LTIMindtree Limited)	0.05%	2.98	50.36	(47.38)	0.06%	3.51	49.73	(46.22)
L&T Technology Services Limited	0.09%	0.02	18.47	(18.45)	0.08%	0.03	17.49	(17.46)
Total	—	91.74	190.98	(99.24)	—	43.94	130.50	(86.56)

^[1] Represents proportionate share of the net assets of subsidiaries.

(b) Disclosure of subsidiaries having material non-controlling interest:

(i) Summarised Statement of Profit and Loss

Particulars	L&T Finance Limited		L&T Technology Services Limited	
	2025-26	2024-25	2025-26	2024-25
Revenue from operations	17283.43	15193.58	9207.15	8505.13
Profit/(loss) for the year	3100.31	2617.81	1206.15	1220.91
Other comprehensive income	10.35	24.47	(450.40)	(32.11)
Total comprehensive income	3110.66	2642.28	755.75	1188.80
Effective % of non-controlling interest	34.01%	33.76%	26.43%	26.34%
Profit/(loss) allocated to non-controlling interest (including consolidation adjustments)	995.47	893.55	321.68	320.94
Dividend to non-controlling interest	232.33	209.33	156.34	138.94

Particulars	LTM Limited (Formerly known as LTIMindtree Limited)	
	2025-26	2024-25
Revenue from operations	40482.15	36682.51
Profit/(loss) for the year	4933.75	4446.45
Other comprehensive income	(1944.98)	(48.68)
Total comprehensive income	2988.77	4397.77
Effective % of non-controlling interest	31.47%	31.42%
Profit/(loss) allocated to non-controlling interest (including consolidation adjustments)	1443.80	1323.46
Dividend to non-controlling interest	624.27	604.32

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [42] (contd.)

(ii) Summarised Balance Sheet

₹ crore

Particulars	L&T Finance Limited		L&T Technology Services Limited	
	As at 31-3-2026	As at 31-3-2025	As at 31-3-2026	As at 31-3-2025
Current assets (a)	56409.11	52813.12	5587.63	5717.90
Current liabilities (b)	60537.71	55039.37	2368.82	2597.43
Net current assets (c)=(a)-(b)	(4128.60)	(2226.25)	3218.81	3120.47
Non-current assets (d)	85533.40	67219.67	3117.85	3144.44
Non-current liabilities (e)	53571.52	39698.70	732.51	516.72
Net non-current assets (f)=(d)-(e)	31961.88	27520.97	2385.34	2627.72
Assets classified as held-for-sale (g)	–	–	987.08	–
Liabilities classified as held-for-sale (h)	–	–	664.13	–
Net assets (i)=(c)+(f)+(g)-(h)	27833.28	25294.72	5927.10	5748.19
Accumulated non-controlling interest	9470.41	8524.44	1681.08	1620.14

₹ crore

Particulars	LTM Limited (Formerly known as LTIMindtree Limited)	
	As at 31-3-2026	As at 31-3-2025
Current assets (a)	26287.19	19913.87
Current liabilities (b)	9258.67	5537.64
Net current assets (c)=(a)-(b)	17028.52	14376.23
Non-current assets (d)	8904.83	9302.73
Non-current liabilities (e)	3064.80	1845.18
Net non-current assets (f)=(d)-(e)	5840.03	7457.55
Net assets (g)=(c)+(f)	22868.55	21833.78
Accumulated non-controlling interest	7237.97	6977.96

(iii) Summarised statement of cash flows

₹ crore

Particulars	L&T Finance Limited		L&T Technology Services Limited	
	2025-26	2024-25	2025-26	2024-25
Cash flows from operating activities	(14236.69)	(16608.17)	1271.70	1428.40
Cash flows from investing activities	397.57	499.63	(309.09)	(554.30)
Cash flows from financing activities	15433.32	15440.76	(782.41)	(704.70)
Net increase/(decrease) in cash and cash equivalents	1594.20	(667.78)	180.20	169.40

₹ crore

Particulars	LTM Limited (Formerly known as LTIMindtree Limited)	
	2025-26	2024-25
Cash flows from operating activities	4633.30	4039.70
Cash flows from investing activities	(1695.30)	(1688.00)
Cash flows from financing activities	(2951.80)	(2514.80)
Net increase/(decrease) in cash and cash equivalents	(13.80)	(163.10)

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [43]

Disclosures pursuant to Ind AS 112 "Disclosure of interest in other entities" : Joint Ventures and Associates

(a) Summarised Balance Sheet of material joint ventures and associates:

₹ crore

Particulars	Material Joint Venture				Material Associate	
	L&T - MHI Power Boilers Private Limited		L&T - MHI Power Turbine Generators Private Limited		E2E Networks Limited #	
	As at 31-3-2026	As at 31-3-2025	As at 31-3-2026	As at 31-3-2025	As at 31-3-2026	As at 31-3-2025
Current assets						
Cash and bank balances	758.70	420.80	192.20	61.73	365.93	1356.94
Other assets	3050.16	1554.01	1012.74	544.40	242.55	191.67
Total current assets (A)	3808.86	1974.81	1204.94	606.13	608.48	1548.61
Total non-current assets (B)	465.46	348.75	374.75	410.93	2680.73*	1876.58*
Current liabilities						
Financial liabilities (excluding trade payables)	338.53	170.65	337.02	252.11	475.30	898.77
Other liabilities (including trade payables)	2750.97	666.31	460.81	116.92	30.04	14.72
Total current liabilities (C)	3089.50	836.96	797.83	369.03	505.34	913.49
Non-current liabilities						
Financial liabilities (excluding trade payables)	1.03	0.63	410.09	272.18	118.02	49.93
Other liabilities (including trade payables)	—	—	112.43	81.74	19.69	24.54
Total non-current liabilities (D)	1.03	0.63	522.52	353.92	137.71	74.47
Net assets (A+B-C-D)	1183.79	1485.97	259.34	294.11	2646.16	2437.23

Additional 4.07% stake acquired in April-May'25. Stake subsequently reduced to 18.45% on account of exercise of ESOP and infusion by QIB.

* Including fair value of Goodwill & Other intangible assets attributable to Parent Company

(b) Reconciliation of carrying amounts of material joint ventures and associates:

₹ crore

Particulars	Material Joint Venture				Material Associate	
	L&T - MHI Power Boilers Private Limited		L&T - MHI Power Turbine Generators Private Limited		E2E Networks Limited #	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Opening net assets	1485.97	1520.45	294.11	319.97	1593.53	NA
Net assets on the date of acquisition	—	—	—	—	—	492.98
Infusion during the year	—	—	—	—	—	1079.28
Profit/(loss) after tax	(338.15)	(37.19)	(54.11)	(26.02)	(50.42)*	17.00
Other comprehensive income	35.97	2.71	18.11	(2.31)	0.94	(0.16)
Changes in Other Equity	—	—	1.23	2.47	106.32	3.69
Other adjustments	—	—	—	—	—	0.74
Closing net assets	1183.79	1485.97	259.34	294.11	1650.37	1593.53
Group's share in %	51.00%	51.00%	51.00%	51.00%	18.45%	14.92%
Group's share	603.74	757.85	132.27	150.00	1038.98	1082.83
Acquisition of additional stake	—	—	—	—	208.09	—
Carrying amount	603.74	757.85	132.27	150.00	1247.07	1082.83
Fair value of the investment based on the quoted price on reporting date	NA		NA		779.15	631.61

Additional 4.07% stake acquired in April-May'25. Stake subsequently reduced to 18.45% on account of exercise of ESOP and infusion by QIB.

* Including amortisation of intangible assets arising out of consolidation adjustments attributable to Parent Company

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [43] (contd.)

(c) Summarised Statement of Profit and Loss of material joint ventures and associates:

Particulars	Material Joint Venture				Material Associate	
	L&T - MHI Power Boilers Private Limited		L&T - MHI Power Turbine Generators Private Limited		E2E Networks Limited	
	2025-26	2024-25	2025-26	2024-25	2025-26*	2024-25*
	₹ crore					
Revenue	1358.40	920.00	601.73	292.45	245.58	44.79
Interest income	38.70	26.46	12.11	5.08	26.52	32.47
Depreciation and amortisation	(28.76)	(30.11)	(43.27)	(46.11)	(204.08)	(25.16)
Finance cost	(0.52)	(0.31)	(32.16)	(33.08)	(12.24)	(3.59)
Tax expense	110.90	11.28	—	—	5.63	7.92
Profit/(loss) after tax	(338.15)	(37.19)	(54.11)	(26.02)	(50.42)	17.00
Other comprehensive income	35.97	2.71	18.11	(2.31)	0.94	(0.16)
Total comprehensive income	(302.18)	(34.48)	(36.00)	(28.33)	(49.48)	16.84

From the date of acquisition

* Including amortisation of intangible assets arising out of consolidation adjustments attributable to Parent Company

(d) Financial information in respect of individually not material joint ventures/associates:

Particulars	₹ crore	
	As at 31-3-2026	As at 31-3-2025
Aggregate carrying amount of investment in individually not material joint venture/associate	274.93	327.74
Aggregate amounts of the Group's share of:		
Profit/(loss) after tax	38.40	15.64
Other comprehensive income	(118.82)	1.99
Total comprehensive income	(80.42)	17.63

(e) Carrying amount of investments in joint ventures/associates:

Particulars	₹ crore	
	As at 31-3-2026	As at 31-3-2025
Non-material joint ventures	264.98	317.10
Non-material associates	9.95	10.64
Sub-total	274.93	327.74
Material joint ventures	736.01	907.85
Material associates	1247.07	1082.83
Total	2258.01	2318.42

(f) Share in profit/(loss) of joint ventures/associates (net):

Particulars	₹ crore	
	2025-26	2024-25
Non-material joint ventures	38.68	13.20
Non-material associates	(0.28)	2.44
Sub-total	38.40	15.64
Material joint ventures	(200.06)	(32.24)
Material associates	(43.86)	2.54
Total	(205.52)	(14.06)

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [44]

Disclosures pursuant to Ind AS 103 "Business Combinations":

(a) Acquisition of L&T Offshore Marine Private Limited (formerly known as L&T Sapura Shipping Private Limited)

- (i) On January 21, 2026, the Parent Company acquired the balance 40% stake in L&T Offshore Marine Private Limited (LTOMPL). Post this transaction, LTOMPL became a wholly owned subsidiary of the Parent Company. It owns and operates a Heavy Lift cum Pipe Lay Vessel (HLPV) 'LTS3000' which is used for installation of offshore platform and laying of pipes and cables under the sea for the Hydrocarbon Upstream Industry. The entity operates in the Energy Projects segment.
- (ii) The fair value of assets acquired and liabilities recognised on the date of acquisition are as follows:

Particulars	₹ crore
Assets	
Property, Plant & Equipment (mainly Vessel)	650.55
Inventories	54.68
Trade receivables	15.70
Cash and cash equivalents	34.40
Other assets	44.96
Total Assets	800.29
Liabilities	
Borrowings	387.03
Trade and other payables	38.39
Recognition of contingent liability	71.29
Total Liabilities	496.71
Net Assets acquired	303.58

The Parent Company has paid cash consideration of ₹ 122.39 crore. The carrying value of the existing equity accounted 60% stake in the erstwhile joint venture being ₹ 58.23 crore and the corresponding fair value of ₹ 181.19 crore, led to recognition of gain on fair valuation of ₹ 122.96 crore. The same has been accounted for under other income.

- (iii) The entity has reported revenue of ₹ 56.56 crore and profit after tax of ₹ 17.24 crore from the date of acquisition till March 31, 2026. Had the entity been acquired from April 1, 2025, it would have reported revenue of ₹ 121.47 crore and loss after tax of ₹ 37.19 crore during 2025-26.
- (iv) The acquired trade receivables of ₹ 15.70 crore have been fully collected till March 31, 2026.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [44] (contd.)

(b) Acquisition of gold loan business of Paul Merchants Finance Private Limited

- (i) On June 9, 2025, L&T Finance Limited, a Subsidiary of the Company acquired the gold loan business of Paul Merchants Finance Private Limited. This business operates in the Financial Services Segment.
- (ii) The fair value of assets acquired and liabilities recognised on the date of acquisition are as follows:

Particulars	₹ crore
Assets	
Loans	1334.83
Branch network	94.91
Non-compete fees	54.69
Property, plant and equipment and Other intangible assets	7.76
Cash and cash equivalents and Bank balances	9.19
Other current assets	5.18
Total Assets	1506.56
Liabilities	
Borrowings	970.52
Trade and other payables	3.42
Provisions	3.08
Total Liabilities	977.02
Net Assets acquired	529.54

(iii) Calculation of Goodwill:

Particulars	₹ crore
Cash consideration upfront	711.93
Less: Fair value of net assets acquired	529.54
Goodwill	182.39

- (iv) Goodwill is attributable to future growth of business out of synergies from the acquisition and assembled workforce. The Goodwill is not deductible for income tax purposes.
- (v) Under the Business Transfer Arrangement, L&T Finance Limited acquired the gold loan undertaking as a slump sale rather than as a separate legal entity. Following the acquisition, these operations were fully integrated into L&T Finance Limited's existing operations. Consequently, the revenue and profit / (loss) of the acquired business are not separately identifiable, as the business now leverages shared resources and unified overhead structures to achieve operational synergies.
- (vi) Out of ₹ 1334.83 crore of loan book acquired, ₹ 1261.56 crore have been collected during the year.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [44] (contd.)

- (c) Acquisition of Power Module Packaging Division of General Device Solutions (formerly known as Fujitsu General Electronics)
- (i) On March 31, 2026, L&T Semiconductor Technologies Limited, a Wholly Owned Subsidiary of Larsen and Toubro Limited has acquired Power Module Packaging Division of General Device Solutions. The entity operates in the IT & Technology Services segment.
- (ii) The fair value of assets acquired on the date of acquisition are as follows:

Particulars	₹ crore
Assets	
Property, Plant & Equipment	2.68
Intangible assets	18.00
Inventories and Other current assets	14.90
Assets acquired and cash consideration paid	35.58

NOTE [45]

Disclosure pursuant to Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations":

- (a) The Group has following non-current assets/disposal group recognised as held for sale as on March 31, 2026.

	₹ crore		
Assets/disposal Group	Assets	Liabilities	Reportable segment
L&T Metro Rail (Hyderabad) Limited ^[1] [Note 45(b)]	16225.02	15680.45	Development Projects
Nabha Power Limited ^[2] [Note 45(b)]	8108.90	4621.46	Development Projects
L&T Technology Services Limited [Smart World & Communication business] ^[3] [Note 45(b)]	987.08	664.13	IT & Technology Services
Plant & equipment (situated at Chennai, Tamil Nadu)	22.20	–	Infrastructure Projects
Buildings and plant & equipment (situated at Faridabad, Haryana)	126.99	–	Others (Realty)
Total	25470.19	20966.04	

Notes:

- ^[1] The Company has signed a Share Purchase Agreement on April 29, 2026, with Hyderabad Metro Rail Limited, a Government of Telangana Enterprise, to divest its entire equity stake in its subsidiary L&T Metro Rail (Hyderabad) Limited ["LTMRHL"]. The transaction is subject to satisfaction of customary conditions and expected to get completed by June 30, 2026.
- ^[2] On February 16, 2026, L&T Power Development Limited, a wholly owned subsidiary of the Company, has entered into a Securities Purchase Agreement ("SPA"), to divest its entire stake in equity and convertible instruments held in Nabha Power Limited ("NPL"), a wholly owned step-down subsidiary. The transaction is subject to fulfilment of closing conditions as per the SPA and expected to get completed by June 30, 2026.
- ^[3] L&T Technology Services Limited, a subsidiary of the Company, has entered into a Business Transfer Agreement on March 25, 2026 to transfer its Smart World and Communication (SWC) Business unit, by way of a sale on a going concern basis.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [45] (contd.)

(b) The details of assets/disposal group classified as held for sale and liabilities associated thereto are as under:

₹ crore

Particulars	L&T Metro Rail (Hyderabad) Limited ^[1]	Nabha Power Limited ^[1]	L&T Technology Services Limited (SWC) ^[1]
Assets			
Property, plant and equipment including Right of use asset	48.51	48.79	7.50
Investment property including under development	798.75	—	—
Goodwill	208.19	—	—
Other Intangible Assets including under development	14865.39	1.03	—
Loans towards financing activity	—	4923.70	—
Inventories	31.74	395.54	10.47
Investments	92.13	696.63	—
Trade receivables	10.57	400.99	612.60
Cash and bank balances	20.05	668.21	—
Other assets	149.69	974.01	356.51
Group(s) of assets classified as held for sale	16225.02	8108.90	987.08
Liabilities			
Borrowings	13900.21	3875.79	—
Deferred tax liabilities	88.35	250.00	—
Trade payables	57.06	82.05	556.71
Other liabilities	1284.73	57.46	107.42
Provisions	350.10	356.16	—
Liabilities associated with group(s) of assets classified as held for sale	15680.45	4621.46	664.13

^[1] The transactions between the Group and the aforesaid businesses classified as held for sale have been treated as transactions between external parties and accordingly, have not been eliminated on consolidation and are presented under the respective line items in the financial statements.

(c) The Group has following non-current assets/disposal group recognised as held for sale as on March 31, 2025

₹ crore

Assets/Disposal Group	Assets	Reportable Segment
Buildings and plant & equipment (situated at Faridabad, Haryana)	157.44	Others (Realty)

(d) The proposed sale are expected to be completed within 1 year from the respective reporting dates.

(e) Considering the above, previous year numbers are not comparable with the current year.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [46]

Disclosure pursuant to Ind AS 108 "Operating Segment":

(a) Information about reportable segments:

Particulars	2025-26			2024-25		
	External	Inter-segment	Total	External	Inter-segment	Total
Revenue						
Infrastructure Projects	133909.95	1434.63	135344.58	129896.83	1417.69	131314.52
Energy Projects	54864.85	23.74	54888.59	40651.52	25.37	40676.89
Hi-Tech Manufacturing	14108.84	379.95	14488.79	9695.14	485.72	10180.86
IT & Technology Services	53497.23	449.30	53946.53	47844.88	608.44	48453.32
Financial Services	17283.43	—	17283.43	15193.95	—	15193.95
Development Projects	5116.81	1.70	5118.51	5387.47	1.60	5389.07
Others	7093.25	884.76	7978.01	7064.66	751.74	7816.40
Total	285874.36	3174.08	289048.44	255734.45	3290.56	259025.01
Inter-segment revenue	—	(3174.08)	(3174.08)	—	(3290.56)	(3290.56)
Total	285874.36	—	285874.36	255734.45	—	255734.45
Segment result [Profit/(loss) before interest and tax]						
Infrastructure Projects			7759.98			6921.45
Energy Projects			3374.38			3178.23
Hi-Tech Manufacturing			2105.13			1459.05
IT & Technology Services			8633.94			7682.15
Financial Services			4032.05			3491.31
Development Projects			538.95			716.00
Others			2085.70			1934.81
Total			28530.13			25383.00
Inter-segment margins on capital jobs			(114.25)			(116.53)
Finance costs			(2848.82)			(3334.37)
Unallocated corporate income net of expenditure			2131.19			1171.91
Profit before exceptional items and tax			27698.25			23104.01
Exceptional items [gain/(loss)]			(1722.44)			474.78
Profit before tax			25975.81			23578.79
Tax expense:						
Current tax			(6752.96)			(6100.82)
Deferred tax			(63.45)			209.42
Profit after tax			19159.40			17687.39
Share in profit/(loss) after tax of joint ventures/associates (net)			(205.52)			(14.06)
Profit for the year			18953.88			17673.33
Non-controlling interest			(2869.89)			(2636.22)
Profit for the year attributable to Owners of the Company			16083.99			15037.11

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [46] (contd.)

(a) Information about reportable segments:

₹ crore

Particulars	Segment assets		Segment liabilities	
	As at 31-3-2026	As at 31-3-2025	As at 31-3-2026	As at 31-3-2025
Infrastructure Projects	115059.75	97183.24	93245.91	72180.50
Energy Projects	39400.94	29342.12	41934.07	27064.51
Hi-Tech Manufacturing	17455.49	13342.07	13456.22	11092.07
IT & Technology Services	56134.40	49124.05	17319.77	11420.88
Financial Services	140383.98	118627.16	114148.04	94750.56
Development Projects	25008.07	25125.12	6328.60	6858.74
Others	18623.09	16312.18	9650.92	7649.17
Segment total	412065.72	349055.94	296083.53	231016.43
Unallocable	44516.36	35248.15	31968.09	37883.98
Inter-segment	(4032.20)	(4779.99)	(4032.20)	(4779.99)
Consolidated total	452549.88	379524.10	324019.42	264120.42

₹ crore

Particulars	Depreciation, amortisation, impairment & obsolescence included in segment expense		Non-cash expenses other than depreciation included in segment expense	
	2025-26	2024-25	2025-26	2024-25
Infrastructure Projects	1414.44	1440.98	20.32	42.41
Energy Projects	341.73	289.38	6.70	12.67
Hi-Tech manufacturing	250.90	222.37	3.10	8.21
IT & Technology Services	1786.25	1633.72	45.83	98.01
Financial Services	209.70	138.89	25.94	39.53
Development Projects	321.60	315.61	0.55	1.06
Others	136.99	127.16	2.22	4.54
Segment total	4461.61	4168.11	104.66	206.43
Unallocable	97.78	106.70	10.65	16.17
Inter-segment	(194.64)	(153.63)	–	–
Consolidated total	4364.75	4121.18	115.31	222.60

Note: Impairment loss included in segment expense: Energy Projects segment: Nil (previous year: ₹ 1.58 crore).

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [46] (contd.)

(a) Information about reportable segments:

₹ crore

Particulars	Interest income included in segment income		Finance costs included in segment expense		Profit/(loss) of associates and joint ventures accounted applying equity method not included in segment result	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Infrastructure Projects	71.31	153.82	173.13	150.91	(0.60)	1.36
Energy Projects	14.89	11.31	—	—	(162.60)	(20.73)
Hi-Tech manufacturing	1.22	0.02	—	—	1.56	3.91
IT & Technology Services	619.41	410.52	—	—	(43.86)	2.54
Financial Services	565.86	547.06	6714.82	5996.73	—	—
Development Projects	25.13	22.38	343.82	375.07	(0.02)	(1.13)
Others	221.98	174.48	—	—	—	(0.01)
Segment total	1519.80	1319.59	7231.77	6522.71	(205.52)	(14.06)
Unallocable	1954.25	1375.38	(173.13)	(150.91)	—	—
Inter-segment	(312.42)	(223.66)	(63.30)	(69.57)	—	—
Consolidated total	3161.63	2471.31	6995.34	6302.23	(205.52)	(14.06)

₹ crore

Particulars	Additions to non-current assets*		Investment in associates and joint ventures accounted applying equity method included in segment assets	
	2025-26	2024-25	As at 31-3-2026	As at 31-3-2025
Infrastructure Projects	1149.76	1077.15	—	0.60
Energy Projects	1404.15	280.55	902.97	1127.59
Hi-Tech manufacturing	437.04	490.00	107.97	106.81
IT & Technology Services	1573.36	2001.82	1247.07	1083.42
Financial Services	579.22	194.42	—	—
Development Projects	125.91	81.02	—	—
Others	1192.96	838.93	—	—
Segment total	6462.40	4963.89	2258.01	2318.42
Unallocable	454.28	416.59	—	—
Inter-segment	(1000.75)	(132.45)	—	—
Consolidated total	5915.93	5248.03	2258.01	2318.42

*Addition to Non-current assets is towards capital expenditure on Property, plant & equipment, Capital work-in-progress, Investment property including under construction, Goodwill, Other intangible assets including under development and capital advances

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [46] (contd.)

(b) Geographical information

₹ crore

Particulars	Revenue ^[1]	
	2025-26	2024-25
India (i)	132136.15	128168.58
Foreign countries (ii):		
United States of America	37275.84	33448.58
Kingdom of Saudi Arabia	72734.71	61002.04
United Arab Emirates	11258.34	9469.87
Qatar	7989.22	4160.25
Sultanate of Oman	3195.01	2373.87
United Kingdom	2480.38	2080.87
Uzbekistan	2234.93	64.47
Kuwait	1986.08	1392.57
Germany	1532.22	1336.48
Australia	1518.42	1245.46
Netherland	1022.12	395.55
Bangladesh	439.18	1188.69
Other countries	10071.76	9407.17
Total foreign countries (ii)	153738.21	127565.87
Total (i+ii)	285874.36	255734.45

^[1] Geography wise break-up of revenue is based on location of project other than service industries where it is based on location of customer.

₹ crore

Particulars	Non-current assets*	
	As at 31-3-2026	As at 31-3-2025
India	36854.94	50796.87
Foreign countries	4419.62	3088.65
Total	41274.56	53885.52

*Non-current assets excludes financial assets, deferred tax assets and assets classified as held for sale.

- (c) One customer group account for 10% or more of the total Group Revenue for the year ended March 31, 2026 and is part of mainly Energy Projects Segment.
- (d) The identification of operating segments is consistent with performance assessment and resource allocation by the management.
- (e) Segment reporting: basis of identifying operating segments, reportable segments and definition of each reportable segment:
- (i) Basis of identifying operating segments:

Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Group's other components); (b) whose operating results are regularly reviewed by the Group's Corporate Executive Management to make decisions about resource allocation and performance assessment; and (c) for which discrete financial information is available.

The Group has seven reportable segments [described under "segment composition"] which are the Group's independent businesses. The nature of products and services offered by these businesses are different and are managed separately given the different sets of technology and competency requirements. In arriving at the reportable segment, the seven operating segments have been aggregated and reported as "Infrastructure Projects" as these operating segments have similar economic characteristics in terms of long term average gross margins, nature of the products and services, type of customers, methods used to distribute the products and services and the nature of regulatory environment applicable to them.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [46] (contd.)

(ii) Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

(iii) Performance of a segment is measured based on segment profit (before interest and tax), as included in the internal management reports that are reviewed by the Group's Corporate Executive Management. The performance of financial services segment and finance lease activities of power development segment are measured based on segment profit (before tax) after deducting the interest expense.

The Segment Composition:

- **Infrastructure Projects segment** comprises engineering and construction of (a) building and factories, (b) transportation infrastructure, (c) heavy civil infrastructure, (d) power transmission & distribution, (e) renewables, (f) water & effluent treatment and (g) minerals and metals.
- **Energy Projects segment** comprises of (a) Hydrocarbon onshore and offshore businesses covering EPC solutions in oil & gas, refineries, petrochemicals & offshore wind energy sectors, from front-end design through detailed engineering, modular fabrication, procurement, project management, construction, installation and commissioning, (b) CarbonLite Solutions business covering BTG scope for power generation plants including associated systems and/or carbon capture utilisation & utility packages and (c) EPC solutions in clean energy space.
- **Hi-Tech Manufacturing segment** comprises design, manufacture/construct, supply and revamp/retrofit of (a) custom designed, engineered critical equipment & systems to the process plant, nuclear energy and green hydrogen sectors, (b) marine and land platforms including related equipment & systems; aerospace products & systems; precision and electronic products & systems for the defence, security, space and industrial sectors and (c) electrolyzers.
- **IT & Technology Services segment** comprises (a) information technology and integrated engineering services (including smart infrastructure & communication projects), (b) e-commerce/digital platforms, cloud services & data centres and (c) semiconductor chip design.
- **Financial Services segment** primarily comprises retail finance.
- **Development Projects segment** comprises (a) development, operation and maintenance of Hyderabad metro project, including transit oriented development, (b) toll roads (upto the date of divestment) and (c) power generation & development – (i) thermal power and (ii) green energy.
- **Others segment** includes (a) realty, (b) construction equipment & industrial product design development comprising of (i) manufacture and sale of industrial valves, (ii) manufacture (upto the date of sale), marketing and servicing of construction equipment, mining machinery and parts thereof, (iii) manufacture and sale of components of construction equipment and (iv) manufacture and sale of rubber processing machinery.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [47]

Disclosure pursuant to Ind AS 115 "Revenue from Contracts with Customers":

(a) Disaggregation of revenue into operating segments and geographical areas:

₹ crore

Segment	2025-26				Total as per Statement of Profit and Loss/Segment report
	Revenue as per Ind AS 115			Other revenue	
	Domestic	Foreign	Total		
Infrastructure Projects	73524.88	59983.87	133508.75	401.20	133909.95
Energy Projects	14041.74	40786.55	54828.29	36.56	54864.85
Hi-Tech Manufacturing	11352.23	2727.64	14079.87	28.97	14108.84
IT & Technology Services	4397.47	49099.76	53497.23	–	53497.23
Financial Services	1233.27	–	1233.27	16050.16	17283.43
Development Projects	4091.81	10.69	4102.50	1014.31	5116.81
Others	5864.22	1065.09	6929.31	163.94	7093.25
Total	114505.62	153673.60	268179.22	17695.14	285874.36

₹ crore

Segment	2024-25				Total as per Statement of Profit and Loss/Segment report
	Revenue as per Ind AS 115			Other revenue	
	Domestic	Foreign	Total		
Infrastructure Projects	75739.21	53810.10	129549.31	347.52	129896.83
Energy Projects	13894.49	26663.50	40557.99	93.53	40651.52
Hi-Tech Manufacturing	7620.76	2061.11	9681.87	13.27	9695.14
IT & Technology Services	3726.38	44118.50	47844.88	–	47844.88
Financial Services	1077.71	–	1077.71	14116.24	15193.95
Development Projects	4130.53	11.78	4142.31	1245.16	5387.47
Others	5963.06	881.26	6844.32	220.34	7064.66
Total	112152.14	127546.25	239698.39	16036.06	255734.45

(b) Break up of revenue into over a period of time and at a point in time:

₹ crore

Year	Over a period of time	At a point in time	Total
2025-26	251873.11	16306.11	268179.22
2024-25	214110.40	25587.99	239698.39

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [47] (contd.)

(c) Movement in expected credit loss ("ECL") during the year:

₹ crore

Particulars	Provision on trade receivables		Provision on contract assets	
	2025-26	2024-25	2025-26	2024-25
Provision as at April 1	4966.75	4593.65	2033.65	2024.69
Changes in allowance for ECL:				
Provision/(reversal) of allowance for ECL	550.76	595.70	489.84	11.18
Provision/(reversal) of allowance for ECL over & above matrix	(4.65)	302.39	2.20	(2.45)
Written off as bad debts	(388.35)	(524.71)	—	—
Translation adjustment	15.72	(0.28)	0.92	0.23
Classified as held for sale	(180.02)	—	(0.52)	—
Addition on account of business combination	1.41	—	—	—
Provision as at March 31	4961.62	4966.75	2526.09	2033.65

(d) Contract balances:

(i) Movement in contract balances during the year:

₹ crore

Particulars	2025-26			2024-25		
	Contract assets (A)	Contract liabilities (B)	Net contract balances (A-B)	Contract assets (A)	Contract liabilities (B)	Net contract balances (A-B)
Balance as at April 1	61626.14	57611.37	4014.77	60634.06	47372.49	13261.57
Balance as at March 31	74227.87	77248.89	(3021.02)	61626.14	57611.37	4014.77
Net increase/(decrease)	12601.73	19637.52	(7035.79)	992.08	10238.88	(9246.80)

Note:

Decrease in net contract balances is primarily due to lower revenue recognition as compared to progress bills raised in both the years.

- (ii) Revenue recognised from opening balance of contract liabilities amounts to ₹ 20926.55 crore (previous year: ₹ 16107.88 crore).
- (iii) Revenue recognised from the performance obligation satisfied (or partially satisfied) upto previous year (arising out of contract modifications) amounts to ₹ 1339.25 crore (previous year: ₹ 1369.62 crore).

(e) Cost to obtain/fulfil the contract:

- (i) Amortisation in Statement of Profit and Loss: ₹ 147.11 crore (previous year: ₹ 22.93 crore).
- (ii) Recognised as contract assets as at March 31, 2026: ₹ 477.71 crore (as at March 31, 2025: ₹ 110.48 crore).

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [47] (contd.)

(f) Reconciliation of contracted price with revenue during the year:

₹ crore

Particulars	2025-26	2024-25
Opening contracted price of orders on hand as at April 1 ⁽¹⁾	1372380.66	1139986.52
Add:		
Fresh orders/change orders received (net)	398631.48	321456.28
Increase due to additional consideration recognised as per contractual terms/(decrease) due to scope reduction (net)	27035.69	11851.40
Addition/(deletion) on account of business combination/divestment/held for sale	(2555.26)	472.65
Increase / (decrease) due to other factors including foreign exchange variation	42047.64	6703.73
Less:		
Orders completed during the year	125538.07	108089.92
Closing contracted price of orders on hand as at March 31 ⁽¹⁾	1712002.14	1372380.66
Total revenue recognised during the year	268179.22	239698.39
Less: Revenue out of orders completed during the year	39294.06	34159.81
Revenue out of orders under execution at the end of the year (i)	228885.16	205538.58
Revenue recognised upto previous year (from orders pending completion at the end of the year) (ii)	686004.27	562908.01
Increase/(Decrease) due to Foreign exchange movements (net) (iii)	10237.79	(5005.29)
Balance revenue to be recognised in future viz. Order book (iv)	786874.92	608939.36
Closing contracted price of orders on hand as at March 31 ⁽¹⁾ (i+ii+iii+iv)	1712002.14	1372380.66

⁽¹⁾ including full value of partially executed contracts

(g) Order book and time for its expected conversion into revenue:

₹ crore

Order book	Total	Time for expected conversion in revenue					
		Upto 1 Year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Beyond 5 years
As at March 31, 2026	786874.92	308765.61	251479.02	137361.99	46626.84	26845.55	15795.91
As at March 31, 2025	608939.36	271918.79	179848.18	93847.88	37962.08	17143.40	8219.03

(h) The Group has undertaken a project for construction, operation and maintenance of the Metro Rail System on Design-Build-Finance-Operate-Transfer (DBFOT) basis as per the service concession agreement (SCA) with the government authorities. The significant terms of the arrangement are as under:

Period of the concession	Initial period of 35 years and extendable by another 25 years at the option of the concessionaire subject to fulfilment of certain conditions under concession agreement. Considered further extension of initial concession period by 7 years in terms of Article 29 of Concession Agreement.
Remuneration	Fare collection rights from the users of the Metro Rail System, license to use land provided by the government for constructing depots and for transit oriented development and earn lease rental income on such development, monetisation of rights over the land and grant of viability gap fund.
Funding from grantor	Viability Gap Funding of ₹ 1458 crore.
Infrastructure return at the end of the concession period	Being DBFOT project, the project assets have to be transferred at the end of concession period.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [47] (contd.)

Renewal and termination options	Further extension of 25 years will be granted at the option of the concessionaire upon satisfaction of Key Performance Indicators laid under the concession agreement. This option is to be exercised by the concessionaire during the 33rd year of the initial concession period. Termination of the concession agreement can either be due to (a) force majeure (b) non political event (c) Indirect political event (d) political event. On occurrence of any of the above events, the obligations, dispute resolution, termination payments etc are as detailed in the concession agreement.
Rights & Obligations	Major obligations of the concessionaire are relating to: (a) project agreements (b) change in ownership (c) issuance of Golden Share to the Government (d) maintenance of aesthetic quality of the Rail System (e) operation and maintenance of the rolling stock and equipment necessary and sufficient for handling users equivalent to 110% of the Average PHPDT etc. Major obligations of the Government are: (a) providing required constructible right of way for construction of rail system and land required for construction of depots and transit oriented development (b) providing reasonable support and assistance in procuring applicable permits required for construction (c) providing reasonable assistance in obtaining access to all necessary infrastructure facilities and utilities (d) obligations relating to competing facilities (e) obligations relating to supply of electricity etc.
Classification of service arrangement	The service arrangement has been classified as a Service Concession Arrangement for a PPP project as per Appendix C to Ind AS 115- Revenue from contracts with customers. Accordingly, construction revenues and expenses are accounted during construction phase and intangible asset is recognised towards rights to charge the users of the system.
Construction revenue recognised	₹ 27.72 crore (previous year: ₹ 4.12 crore) [included in Note 47(a) above]

The above SCA pertains to L&T Metro Rail (Hyderabad) Limited, classified as held for sale [Note 45(a)]

NOTE [48]

(a) Exceptional Items for 2025-26 represents:

Effective November 21, 2025, the Government of India consolidated 29 existing labour regulations into four Labour codes, namely, The Code on Wages, 2019, The Industrial Relations Code, 2020, The Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020, collectively referred to as the 'New Labour Codes', The New Labour Codes has resulted in a one-time material increase in provision for employee benefits on account of recognition of past service costs. Based on the requirements of New Labour Codes and the ICAI clarification, the Group has assessed and accounted for the estimated incremental impact of ₹ 1722.44 crore (including ₹ 1689.34 crore towards Gratuity plan) as Exceptional Items in the financial statements for the year ended March 31, 2026.

(b) Exceptional Items for 2024-25 represents:

The Parent Company entered into a Joint Venture Termination Agreement with Nuclear Power Corporation of India Limited (NPCIL) on February 18, 2025 for purchase of NPCIL's 26% equity and preference shareholdings in L&T Special Steels and Heavy Forgings Private Limited (LTSSHF) and assignment of NPCIL loan to LTSSHF for a consideration of ₹ 170 crore. Pursuant to this, LTSSHF has become a wholly owned subsidiary of the Parent and accordingly consolidated in the financial statements of the Group with effect from February 18, 2025. The Exceptional Items during the year ended March 31, 2025 of ₹ 474.78 crore represents (i) partial reversal of funded resources impaired in earlier years: ₹ 459.94 crore and (ii) reversal of provision towards constructive obligation: ₹ 14.84 crore.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [49]

Disclosure pursuant to Ind AS 1 "Presentation of Financial Statements":

(a) Current assets expected to be recovered within twelve months and after twelve months from the reporting date:

₹ crore

Sr. No.	Particulars	Note	As at 31-3-2026			As at 31-3-2025		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
1	Inventories	11	5734.11	3796.82	9530.93	5650.00	2020.55	7670.55
2	Trade receivables	13	60397.77	63.49	60461.26	52693.55	1020.13	53713.68
3	Other loans	17	634.46	—	634.46	416.85	—	416.85
4	Other financial assets	18	7372.72	340.57	7713.29	5342.05	77.84	5419.89
5	Other current assets	19	78742.21	12560.97	91303.18	64702.69	10857.14	75559.83

(b) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date:

₹ crore

Sr. No.	Particulars	Note	As at 31-3-2026			As at 31-3-2025		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
1	Lease liability		780.64	265.88	1046.52	563.17	21.17	584.34
2	Trade payables:							
	Due to micro enterprises and small enterprises		1799.07	41.28	1840.35	1396.29	17.94	1414.23
	Due to others	28	65440.65	2174.63	67615.28	50279.71	765.40	51045.11
3	Other financial liabilities	29	11056.82	36.06	11092.88	6240.61	32.76	6273.37
4	Other current liabilities	30	68400.60	17460.92	85861.52	54406.69	8920.28	63326.97
5	Provisions	31	4664.93	344.10	5009.03	4450.02	241.65	4691.67

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [50]

Disclosure pursuant to Ind AS 7 "Statement of Cash Flows":

(a) Changes in liabilities arising from financing activities:

₹ crore

Sr. No.	Particulars	Non-current borrowings (Note 22)	Current borrowings (Note 26)	Current maturities of long-term borrowings (Note 27)	Non-current lease liability	Current lease liability	Total
1	Balance as at 1-4-2024	56506.97	27834.27	29698.53	1734.78	547.67	116322.22
2	Additions to lease liability	–	–	–	1063.69	186.41	1250.10
3	Changes from financing cash flows	37101.00	8297.43	(29683.70)	(71.52)	(490.91)	15152.30
4	Effect of changes in foreign exchange rates	4.22	–	57.82	(12.22)	(0.06)	49.76
5	Interest accrued (net of interest paid)	142.94	(265.22)	(129.74)	–	–	(252.02)
6	Other changes (transfer within categories)	(36251.79)	–	36251.79	(417.47)	417.47	–
7	De-recognition/addition on termination/divestment/business combination	–	(5.18)	–	(32.02)	(76.24)	(113.44)
8	Balance as at 31-3-2025 (8 = 1 to 7)	57503.34	35861.30	36194.70	2265.24	584.34	132408.92
9	Additions to lease liability	–	–	–	847.82	900.37	1748.19
10	Changes from financing cash flows	40236.44	3056.63	(36002.90)	(80.39)	(637.89)	6571.89
11	Effect of changes in foreign exchange rates	745.82	6.96	118.65	19.04	63.05	953.52
12	Interest accrued (net of interest paid)	45.24	(178.91)	(404.15)	–	–	(537.82)
13	Other changes (transfer within categories)	(27022.26)	–	27022.26	(191.89)	191.89	–
14	Addition on account of business combination (net of elimination)	713.27	408.37	–	–	–	1121.64
15	De-recognition on termination	–	–	–	(92.77)	(55.24)	(148.01)
16	Liabilities classified as held for sale (net of elimination)	(8483.26)	(4375.82)	(3762.66)	–	–	(16621.74)
17	Balance as at 31-3-2026 (17 = 9 to 16)	63738.59	34778.53	23165.90	2767.05	1046.52	125496.59

Amounts reported in Statement of Cash Flows under financing activities:

₹ crore

Sr. No.	Particulars	2025-26	2024-25
a	Proceeds from non-current borrowings	40637.03	38199.71
b	Repayment of non-current borrowings	(36403.49)	(30782.41)
c	Proceeds from/(repayment of) other borrowings (net)	3056.63	8297.30
d	Repayment of lease liability	(718.28)	(562.30)
e	Total changes from financing cash flows (e = a to d)	6571.89	15152.30

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [50] (contd.)

(b) Reconciliation of certain line items from consolidated financial statement:

₹ crore

Sr. No.	Particulars	2025-26	2024-25
a	Finance costs as per Statement of Profit & Loss [Note 39]	2848.82	3334.37
	Less : Interest expense on employee benefits and trade payable (forming part of cash flow from operating activities)	223.36	161.02
	Finance costs as per Statement of Cash Flows	2625.46	3173.35
b	Interest income as per Statement of Profit & Loss [Note 35]	3161.63	2471.31
	Less : Interest on income tax refund (forming part of cash flow from operating activities)	144.38	21.44
	Interest income as per Statement of Cash Flows	3017.25	2449.87

(c) Supplier Finance Arrangement:

The Group has entered into certain Supplier Finance Arrangements (SFA) with finance providers during the year. The primary objective of these arrangements is to benefit the suppliers with early payments, efficient payment processing and enable the Group to pay over the period of time to manage its working capital. The Group doesn't provide any collateral or guarantees to the finance provider.

₹ crore

Sr. No.	Particulars	Financial liabilities classified as		
		Trade payables	Other current financial Liabilities	Other non-current financial liabilities
(i)	Outstanding as on March 31, 2026	3305.75	84.19	18.23
(ii)	Out of (i), amount received by suppliers from finance providers	3301.07	84.19	18.23
(iii)	Payment terms for SFA	30 - 180 days	365 - 1098 days	365 - 1098 days
(iv)	Payment terms for comparable trade payable that are not part of the SFA	30 - 180 days	30 - 60 days	30 - 60 days
	Outstanding as on March 31, 2025	5001.24	64.56	40.78

There are no material business combinations or foreign exchange differences that would affect the liabilities under the supplier finance arrangement.

The Group has applied transitional relief and accordingly comparative information, wherever applicable, for the above disclosures is not presented in the first year of adoption of the amendment.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [51]

Disclosure pursuant to Ind AS 12 "Income Taxes":

(a) Major components of tax expense/(income):

₹ crore

Sr. No.	Particulars	2025-26	2024-25
	Consolidated Statement of Profit and Loss:		
(a)	Profit and Loss section:		
(i)	Current income tax:		
	Current income tax expense	6922.91	6249.57
	Effect of previously unrecognised tax losses and tax offsets used during the year	(118.84)	(265.33)
	Tax expense of earlier years	(51.11)	116.58
		6752.96	6100.82
(ii)	Deferred tax:		
	Tax expense on origination and reversal of temporary differences	132.40	(160.17)
	Effect of previously unrecognised tax losses and tax offsets on which deferred tax benefit is recognised	(68.95)	(49.25)
		63.45	(209.42)
	Income tax expense/(income) [(i)+(ii)]	6816.41	5891.40
(b)	Other comprehensive income section:		
(i)	Items that will not be reclassified to profit or loss:		
(A)	Current tax expense/(income):		
	On remeasurement of net defined benefit plans	(27.07)	(68.28)
		(27.07)	(68.28)
(B)	Deferred tax expense/(income):		
	On remeasurement of net defined benefit plans	(3.47)	(0.96)
		(3.47)	(0.96)
(ii)	Items that will be reclassified to profit or loss:		
(A)	Current tax expense/(income):		
	On gain/(loss) on cash flow hedges other than mark to market	26.82	(46.65)
	On gain/(loss) on fair value of debt securities	0.35	–
	On exchange differences in translating the financial statements of foreign operations	(22.00)	(3.92)
		5.17	(50.57)
(B)	Deferred tax expense/(income):		
	On gain/(loss) on cost of hedging reserve	(11.61)	48.10
	On mark to market gain/(loss) on cash flow hedges	(294.92)	53.03
	On gain/(loss) on fair valuation of debt instruments	(101.09)	55.38
		(407.62)	156.51
	Income tax expense/(income) [(i)+(ii)]	(432.99)	36.70

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [51] (contd.)

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

₹ crore

Sr. No.	Particulars	2025-26	2024-25
(a)	Profit before tax (including exceptional items):	25975.81	23578.79
(b)	Corporate tax rate as per Income Tax Act, 1961	25.17%	25.17%
(c)	Tax on accounting profit [(c)=(a)*(b)]	6537.59	5934.31
(d)	(i) Tax effect on Corporate Social Responsibility expenses, not tax deductible	93.27	81.84
	(ii) Tax effect on impairment/(reversal) and fair valuation losses/(gains) recognised on which deferred tax asset is not recognised	(6.53)	(5.90)
	(iii) Tax effect of losses of current year on which no deferred tax asset is recognised	274.96	227.28
	(iv) Effect of previously unrecognised tax losses used to reduce tax expense	(194.16)	(314.58)
	(v) Effect of lower tax rate on capital gains	(81.29)	(88.09)
	(vi) Tax expense of earlier years	(51.11)	116.58
	(vii) Tax effect on various other Items	243.68	(60.04)
	Total effect of tax adjustments [(d) = (i) to (vii)]	278.82	(42.91)
(e)	Tax expense recognised during the year [(e)=(c)+(d)]	6816.41	5891.40
(f)	Effective tax rate [(f)=(e)/(a)]	26.24%	24.99%

(c) (i) Unused tax losses for which no deferred tax asset is recognised in Balance Sheet:

Particulars	As at 31-3-2026		As at 31-3-2025	
	₹ crore	Expiry year	₹ crore	Expiry year
Tax losses (Business loss and unabsorbed depreciation)				
- Amount of losses having expiry *	6051.87	FY 2026-27 to FY 2033-34	5688.04	FY 2025-26 to FY 2032-33
- Amount of losses having no expiry *	4170.38	NA	5224.94	NA
Tax losses (Capital loss)	6977.86	FY 2026-27 to FY 2033-34	6870.82	FY 2025-26 to FY 2031-32
Total	17200.11		17783.80	

(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet:

₹ crore

Sr. No.	Particulars	As at 31-3-2026	As at 31-3-2025
(a)	Towards provision for diminution in value of investments/loans	807.86	790.21
(b)	Other items giving rise to temporary differences	–	1371.25
	Total	807.86	2161.46

* Includes amount of losses having expiry (₹ 4664.57 crore) and amount of losses having no expiry (₹ 2075.85 crore) respectively pertaining to L&T Metro Rail (Hyderabad) Limited, classified as held for sale [Note 45(a)]

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [51] (contd.)

(d) Major components of deferred tax liabilities and deferred tax assets:

₹ crore

Particulars	Deferred tax liabilities/ (assets) as at 1-4-2024	Charge/ (credit) to Statement of Profit and Loss	Effect due to acquisition	Charge/ (credit) to Other comprehensive income (OCI)	Debit/(credit) to hedge reserve (other than through OCI)	Recognised through Balance Sheet	Exchange difference	Deferred tax liabilities/ (assets) as at 31-3-2025
Deferred tax liabilities:								
- Difference between book base and tax base of property, plant and equipment, investment property and intangible assets	3073.13	85.68	0.50	—	—	—	(0.48)	3158.83
- Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Statement of Profit and Loss	200.72	60.33	—	—	—	—	—	261.05
- Net gain/(loss) on derivative transactions to be offered for tax purposes in the year of transfer/settlement	159.52	0.53	—	101.13	(0.03)	—	—	261.15
- Other items giving rise to temporary differences	804.45	76.74	4.51	(0.20)	—	—	8.18	893.68
Deferred tax liabilities	4237.82	223.28	5.01	100.93	(0.03)	—	7.70	4574.71
Offsetting of deferred tax liabilities with deferred tax (assets)	(3704.19)							(4164.70)
Net deferred tax liabilities	533.63							410.01
Deferred tax (assets):								
- Provision on expected credit loss (ECL)	(2673.12)	(87.82)	—	—	—	—	—	(2760.94)
- Unpaid statutory liabilities	(297.26)	(109.45)	—	—	—	—	—	(406.71)
- Unabsorbed depreciation	(2924.79)	(172.82)	—	—	—	—	—	(3097.61)
- Brought forward tax losses	(2.77)	(96.76)	—	—	—	—	—	(99.53)
- Unutilised MAT credit	(212.86)	59.14	—	—	—	0.05	—	(153.67)
- Other items giving rise to temporary differences	(1457.11)	(24.99)	(10.57)	54.62	—	3.89	(4.96)	(1439.12)
Deferred tax (assets)	(7567.91)	(432.70)	(10.57)	54.62	—	3.94	(4.96)	(7957.58)
Offsetting of deferred tax (assets) with deferred tax liabilities	3704.19							4164.70
Net deferred tax (assets)	(3863.72)							(3792.88)
Net deferred tax liability/(assets)	(3330.09)	(209.42)	(5.56)	155.55	(0.03)	3.94	2.74	(3382.87)

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [51] (contd.)

₹ crore

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2025	Charge/ (credit) to Statement of Profit and Loss	Effect due to Held for Sale	Charge/ (credit) to Other comprehensive income (OCI)	Debit/(credit) to hedge reserve (other than through OCI)	Recognised through Balance Sheet	Exchange difference	Deferred tax liabilities/ (assets) as at 31-3-2026
Deferred tax liabilities:								
- Difference between book base and tax base of property, plant and equipment, investment property and intangible assets	3158.83	190.91	(250.00)	–	–	–	(4.19)	3095.55
- Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Statement of Profit and Loss	261.05	25.20	–	–	–	–	(0.01)	286.24
- Net gain/(loss) on derivative transactions to be offered for tax purposes in the year of transfer/ settlement	261.15	0.66	–	(300.35)	–	–	0.03	(38.51)
- Other items giving rise to temporary differences	893.68	73.11	(88.35)	(11.16)	–	–	1.12	868.40
Deferred tax liabilities	4574.71	289.88	(338.35)	(311.51)	–	–	(3.05)	4211.68
Offsetting of deferred tax liabilities with deferred tax (assets)	(4164.70)							(4044.57)
Net deferred tax liabilities	410.01							167.11
Deferred tax (assets):								
- Provision on expected credit loss (ECL)	(2760.94)	(23.31)	–	–	–	–	(2.11)	(2786.36)
- Unpaid statutory liabilities	(406.71)	(33.60)	–	0.01	–	–	(1.30)	(441.60)
- Unabsorbed depreciation	(3097.61)	(150.13)	–	–	–	–	–	(3247.74)
- Brought forward tax losses	(99.53)	19.09	–	–	–	–	(4.24)	(84.68)
- Unutilised MAT credit	(153.67)	133.29	–	–	–	(2.65)	3.41	(19.62)
- Other items giving rise to temporary differences	(1439.12)	(171.77)	–	(99.58)	–	–	(6.86)	(1717.33)
Deferred tax (assets)	(7957.58)	(226.43)	–	(99.57)	–	(2.65)	(11.10)	(8297.33)
Offsetting of deferred tax (assets) with deferred tax liabilities	4164.70							4044.57
Net deferred tax (assets)	(3792.88)							(4252.76)
Net deferred tax liability/(assets)	(3382.87)	63.45	(338.35)	(411.08)	–	(2.65)	(14.15)	(4085.65)

(e) Global minimum tax (Pillar Two)

The Organisation for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GloBE) Model Rules for the implementation of a global minimum tax (Pillar Two). The consolidated revenue of the Group falls within the scope of Pillar Two, as it exceeds the revenue threshold prescribed under the OECD framework. Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions in which the Group operates. Based on the assessment performed using the most recent country-by-country reporting data and the financial statements of the constituent entities, most of the jurisdictions in which the Group operates qualify under the transitional CbCR Safe Harbour provision. In respect of the balance jurisdictions the Group does not expect a material financial impact from the application of Pillar Two Rules. Overall, based on the current assessment, the Group does not expect the application of Pillar Two rules to have a material financial impact.

Tax expense includes ₹ 87.18 crore towards current tax expense related to Pillar Two income taxes.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [52]

Disclosure pursuant to Ind AS 19 "Employee Benefits" [Note 1(ii)(p)]:

- (a) Defined contribution plans: ₹ 2035.87 crore (previous year: ₹ 1776.86 crore) has been incurred and is included in "Employee benefits expense".
- (b) Defined benefit plans:
- (i) The amounts recognised in Balance Sheet are as follows:

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Pension plan		Trust-managed provident fund plan	
	As at 31-3-2026	As at 31-3-2025	As at 31-3-2026	As at 31-3-2025	As at 31-3-2026	As at 31-3-2025	As at 31-3-2026	As at 31-3-2025
A) Present value of defined benefit obligation								
– Wholly funded	4018.83	2008.27	–	–	–	–	12795.84	10727.71
– Wholly unfunded	558.07	405.99	474.42	455.16	392.24	402.63	–	–
	4576.90	2414.26	474.42	455.16	392.24	402.63	12795.84	10727.71
Less: Fair value of plan assets	2016.60	1531.52	–	–	–	–	12821.90	11277.55
Add: Amount not recognised as an asset [limit in para 64(b)]	–	0.01	–	–	–	–	26.06	549.84
Amount to be recognised as liability/(asset)	2560.30	882.75	474.42	455.16	392.24	402.63	–	–
B) Amounts reflected in the Balance Sheet:								
Liabilities	2560.30	882.75	474.42	455.16	392.24	402.63	155.26	140.44
Assets	–	–	–	–	–	–	–	–
Net liability/(asset)	2560.30	882.75	474.42	455.16	392.24	402.63	155.26 ^[1]	140.44 ^[1]
Net liability/(asset) - Current	2560.30	882.75	22.45	21.58	31.91	31.26	155.26	140.44
Net liability/(asset) - Non-current	–	–	451.97	433.58	360.33	371.37	–	–

^[1] Employer's and employee's contribution due towards Provident Fund.

- (ii) The amounts recognised in Statement of Profit and Loss are as follows:

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Pension plan		Trust-managed provident fund plan	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
1 Current service cost	540.15	313.31	19.29	16.80	2.64	2.80	662.99 ^[2]	605.26 ^[2]
2 Past service cost	1689.34	(4.81)	–	–	–	4.02	–	–
3 Interest cost	179.27	114.60	29.74	27.74	25.93	26.36	914.57	778.74
4 Interest income on plan assets	(106.99)	(95.12)	–	–	–	–	(914.57)	(778.74)
5 Actuarial (gains)/losses - Difference between actual return on plan assets and interest income	7.32	(21.53)	–	–	–	–	368.18	(128.23)
6 Actuarial (gains)/losses - Others	(28.27)	276.73	(6.98)	36.05	(9.04)	16.50	152.26	–
7 Actuarial gains/(losses) not recognised in books	–	–	–	–	–	–	(368.18)	128.23
8 Translation adjustments	(6.82)	(0.36)	–	–	–	–	–	–
Total (1 to 8)	2274.00	582.82	42.05	80.59	19.53	49.68	815.25	605.26

^[2] Employer's contribution to provident fund.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [52] (contd.)

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Pension plan		Trust-managed provident fund plan	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
I. Amount included in "Employee benefits expense"	535.46	308.23	19.29	16.80	2.64	6.82	662.99	605.26
II. Amount included as part of "Manufacturing, construction and operating expenses"	0.20	0.27	—	—	—	—	—	—
III. Amount included as part of "Finance costs"	69.95	19.12	29.74	27.74	25.93	26.36	—	—
IV. Amount included as part of "Other comprehensive income"	(20.95)	255.20	(6.98)	36.05	(9.04)	16.50	152.26	—
V. Amount included in "Exceptional items" [Note 48(a)]	1689.34	—	—	—	—	—	—	—
Total (I+II+III+IV+V)	2274.00	582.82	42.05	80.59	19.53	49.68	815.25	605.26
Actual return on plan assets	99.67	116.65	—	—	—	—	546.39	906.97

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Pension plan		Trust-managed provident fund plan	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Opening balance of the present value of defined benefit obligation	2414.26	1873.88	455.16	395.76	402.63	382.26	10727.71	9173.37
Add: Current service cost	540.15	313.31	19.29	16.80	2.64	2.80	662.99 ^[2]	605.26 ^[2]
Add: Past service cost	1689.34	(4.81)	—	—	—	4.02	—	—
Add: Interest cost	179.27	114.60	29.74	27.74	25.93	26.36	914.57	778.74
Add: Contribution by plan participants - Employee	—	—	—	—	—	—	1118.89	1020.70
Add/(less): Actuarial (gains)/losses arising from changes in -		—		—				
i) Demographic assumptions	(9.40)	213.60	1.54	(3.84)	—	—	—	—
ii) Financial assumptions	45.38	60.12	(10.45)	27.41	(5.01)	13.67	152.26	—
iii) Experience adjustments	(64.25)	3.01	1.93	12.48	(4.03)	2.83	—	—
Less: Benefits paid	(235.23)	(202.94)	(22.53)	(21.19)	(29.92)	(29.31)	(1331.08)	(1388.36)
Add: Liabilities assumed/(transferred)	3.35	30.09	—	—	—	—	550.50	534.15
Add: Business combination/disposal/ classified as held for sale	(20.96)	12.80	(0.26)	—	—	—	—	—
Add: Adjustment for earlier years	—	—	—	—	—	—	—	3.85
Add/(less): Translation adjustments	34.99	0.60	—	—	—	—	—	—
Closing balance of the present value of defined benefit obligation	4576.90	2414.26	474.42	455.16	392.24	402.63	12795.84	10727.71

^[2] Employer's contribution to provident fund.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [52] (contd.)

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

₹ crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	2025-26	2024-25	2025-26	2024-25
Opening balance of the fair value of the plan assets	1531.52	1375.36	11277.55	9596.45
Add: Interest income on plan assets ^[3]	106.99	95.12	914.57	778.74
Add/(Less): Actuarial gains/(losses) - Difference between actual return on plan assets and interest income	(7.32)	21.53	(368.18)	128.23
Add: Contribution by the employer	544.55	203.74	654.43	596.14
Add: Contribution by plan participants	–	–	1124.06	1023.13
Add: Assets assumed/(transferred)	–	(1.78)	550.50	534.15
Add/(Less): Business combination/disposal/classified as held for sale (net)	(7.19)	2.07	–	–
Less: Benefits paid	(152.73)	(154.75)	(1331.08)	(1388.36)
Add: Adjustment for earlier years	–	–	0.05	9.07
Less: Translation adjustments	0.78	(9.77)	–	–
Closing balance of the plan assets	2016.60	1531.52	12821.90	11277.55

Notes: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

^[3] Basis used to determine interest income on plan assets:

The Trust formed by the Parent Company and a few subsidiaries manage the investments of provident funds and gratuity fund. Interest income on plan assets is determined by multiplying the fair value of the plan assets by the discount rate stated in (vii) below both determined at the start of the annual reporting period.

The Group expects to fund ₹ 1935.15 crore (previous year: ₹ 464.27 crore) towards its gratuity plan and ₹ 327.23 crore (previous year: ₹ 280.75 crore) towards its trust-managed provident fund plan during the year 2026-27.

- (v) The fair value of major categories of plan assets are as follows:

₹ crore

Particulars	Gratuity plan					
	As at 31-3-2026			As at 31-3-2025		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Cash and cash equivalents	–	39.42	39.42	–	3.42	3.42
Equity instruments	45.32	–	45.32	43.05	–	43.05
Debt instruments - Corporate bonds	369.40	–	369.40	266.98	–	266.98
Debt instruments - Central Government bonds	103.34	–	103.34	129.27	–	129.27
Debt instruments - State Government bonds	313.83	–	313.83	216.23	–	216.23
Debt instruments - Public Sector Unit bonds	21.10	–	21.10	18.55	–	18.55
Mutual funds - Equity	37.47	114.29	151.76	38.96	87.97	126.93
Mutual funds - Others	21.84	–	21.84	–	–	–
Special deposit scheme	–	1.48	1.48	–	1.48	1.48
Fixed deposits	–	4.52	4.52	–	5.16	5.16
Insurer managed fund	–	920.81	920.81	–	711.46	711.46
Others	0.04	23.74	23.78	1.02	7.97	8.99
Closing balance of the plan assets	912.34	1104.26	2016.60	714.06	817.46	1531.52

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [52] (contd.)

₹ crore

Particulars	Trust-managed provident fund plan					
	As at 31-3-2026			As at 31-3-2025		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Cash and cash equivalents	–	23.74	23.74	–	13.27	13.27
Equity instruments	429.92	–	429.92	439.25	–	439.25
Debt instruments - Corporate bonds	4386.35	–	4386.35	3866.07	–	3866.07
Debt instruments - Central Government bonds	1103.25	–	1103.25	945.90	–	945.90
Debt instruments - State Government bonds	4638.26	–	4638.26	4233.98	–	4233.98
Debt instruments - Public Sector Unit bonds	112.41	–	112.41	137.49	–	137.49
Mutual funds - Equity	54.83	1281.74	1336.57	213.84	911.76	1125.60
Mutual funds - Debt	4.27	5.84	10.11	–	–	–
Mutual funds - Others	–	7.17	7.17	–	–	–
Special deposit scheme	–	216.09	216.09	–	215.83	215.83
Fixed deposits	–	16.13	16.13	–	9.53	9.53
InvIT instruments	529.70	–	529.70	271.54	–	271.54
Others	3.00	9.20	12.20	12.65	6.44	19.09
Closing balance of the plan assets	11261.99	1559.91	12821.90	10120.72	1156.83	11277.55

- (vi) The average duration (in number of years) of the defined benefit obligation at the Balance Sheet date is as follows:

Plans	As at 31-3-2026	As at 31-3-2025
1. Gratuity	6.35	5.97
2. Post-retirement medical benefit plan	12.33	12.50
3. Pension plan	7.10	7.37

- (vii) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average):

Plans	As at 31-3-2026	As at 31-3-2025
(A) Discount rate:		
(a) Gratuity plan	6.61%	6.60%
(b) Post-retirement medical benefit plan	6.61%	6.60%
(c) Pension plan	6.61%	6.60%
(B) Annual increase in healthcare costs	–	–
(C) Salary growth rate:		
(a) Gratuity plan	7.45%	6.97%
(b) Pension plan	9.00%	9.00%

- (D) Attrition rate for various age groups:

- (a) For gratuity plan, the entity wise attrition rate varies from 1% to 48% (previous year: 1% to 48%).
- (b) For post-retirement medical benefit plan, the entity wise attrition rate varies from 1% to 20% (previous year: 1% to 23%).
- (c) For pension plan, the entity wise attrition rate varies from 0% to 2% (previous year: 0% to 2%).

- (E) 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.

- (F) The interest payment obligation of trust-managed provident fund is expected 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 in the Statement of Profit and Loss as actuarial losses.

- (G) The obligation of the Group under the post-retirement medical benefit plan is limited to the overall ceiling limits.

Notes forming part of the Consolidated Financial Statements (contd.)

NOTE [52] (contd.)

(H) A one percentage point change in actuarial assumptions would have the following effects on defined benefit obligation:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	As at	As at	As at	As at
	31-3-2026	31-3-2025	31-3-2026	31-3-2025
₹ crore				
Gratuity				
Impact of change in salary growth rate	267.43	142.79	(242.91)	(130.48)
Impact of change in discount rate	(245.25)	(129.29)	275.67	144.55
Post-retirement medical benefit plan				
Impact of change in health care cost	10.16	10.23	(10.47)	(10.48)
Impact of change in discount rate	(51.85)	(52.56)	64.40	65.50
Pension plan				
Impact of change in discount rate	(25.83)	(27.51)	29.39	31.44

(viii) Characteristics of defined benefit plans and associated risks:

(A) Gratuity plan:

The Parent Company operates gratuity plan through a trust whereby every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable to vested employees at retirement, death while in employment or on termination of employment. The benefit vests after five years of continuous service. The Company's scheme is more favourable as compared to the obligation under The Code on Social Security, 2020.

The defined benefit plans for gratuity of the Parent Company and material domestic subsidiary companies are administered by separate gratuity funds that are legally separate from the Parent Company and the material domestic subsidiary companies. The trustees nominated by the Group are responsible for the administration of the plans. There are no minimum funding requirements of these plans. The funding of these plans is based on gratuity fund's actuarial measurement framework set out in the funding policies of the plan. These actuarial measurements are similar compared to the assumptions set out in (vii) above. An insignificant portion of the gratuity plan of the Group attributable to subsidiary companies is administered by the respective subsidiary companies and is funded through insurer managed funds. A part of the gratuity plan is unfunded and managed within the Group. Further, the unfunded portion also includes amounts payable in respect of the Group's foreign operations which result in gratuity payable to employees engaged as per the local laws of country of operation. Employees do not contribute to any of these plans.

(B) Post-retirement medical care 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 sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

(C) Pension plan:

In addition to contribution to State-managed pension plan (EPS scheme), the Group operates a post-retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

(D) Trust-managed provident fund plan:

The Parent Company and a few subsidiaries manage provident fund plan through a provident fund trust for its employees which is permitted under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The plan mandates contribution by employer at a fixed percentage of employee's salary. Employees also contribute to the plan at a fixed percentage of their salary as a minimum contribution and additional sums at their discretion. The plan 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.

Any loss/gain arising out of the investment risk and actuarial risk associated with the plan is also recognised as expense or income in the period in which such loss/gain occurs.

All the above defined benefit plans expose the Group to general actuarial risks such as interest rate risk and market (investment) risk.