



## **DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in presenting their fourteenth report and Audited Accounts for the year ended March 31, 2020.

### **1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
	₹ crores	₹ crores
Profit Before Depreciation & Tax	494.79	480.21
Less: Depreciation, amortization and obsolescence	(65.00)	(62.32)
Profit / (Loss) before tax	429.79	417.89
Less: Provision for tax	(117.60)	(137.93)
Profit after tax from continuing operations	312.19	279.96
Profit for the period carried to the balance sheet	312.19	279.96
Add: Balance brought forward from previous year	1214.32	962.58
Less: Dividend paid for the year (Including dividend distribution tax)	(28.22)	(28.22)
<b>Balance available for disposal &amp; carried to Balance Sheet</b>	<b>1498.29</b>	<b>1214.32</b>

### **Capital & Finance:**

During the year under review, the Company has not allotted any equity shares. The total equity share capital as on March 31, 2020, is ₹ 234.10 crores.

### **Capital Expenditure:**

As at March 31, 2020, the gross fixed and intangible assets including leased Assets, stood at ₹ 694.83 crores and the net fixed and intangible assets, including leased assets, at ₹ 390.96 crores. Capital Expenditure (including capital work in progress) during the year amounted to ₹ 13.67 crores.



**Deposits:**

During the year under review, the Company has not accepted any deposits from the Public.

**2. Particulars of loans given, investments made, guarantees given or security provided by the Company:**

During the year under review, the Company has not entered into any of the above transaction as specified under section 186 of Companies Act, 2013.

**3. Particulars of Contracts or Arrangements with related parties:**

The Board has approved the Related Party Transactions for the Financial Year 2019-20. A statement containing details of all material transactions/ contracts/ arrangements is attached as Annexure 'A' to this report.

All the related party transactions were in the ordinary course of business and at arm's length. There are no materially significant related party transactions that may have conflict with the interest of the Company.

**4. State of Company Affairs:**

The sales and other income for the financial year under review were ₹ 2104.44 crores as against ₹ 2797.00 crores for the previous financial year registering a decline of 24.8%. The profit before tax for the year under review, was higher at ₹ 429.79 crores and the profit after tax was ₹ 312.19 crores for the financial year under review as against ₹ 417.89 crores and ₹ 279.96 crores respectively for the previous financial year, registering an increase of 2.8% and 11.5% respectively mainly due to execution of various projects at advance stages and reduction in Corporate Income Tax rate.



**5. Appropriations**

During the year under review, an appropriations of ₹ 28.22 crores (previous year 28.22 crores) was made towards distribution of dividend including dividend distribution tax of ₹ 4.81 crores for the FY 2018-19 (previous year ₹ 4.81 crores).

**6. Dividend:**

The Company has not declared any final dividend on its equity share of ₹ 10/- each for the FY 2019-20 (previous year 10% ie Re.1/- per equity share).

**7. Depository System:**

The Ministry vide its notification requires certain companies to facilitate dematerialization of all its existing securities and has mandated that the stake of promoters, directors and key managerial personnel should be held in demat form. As on March 31, 2020, 51% of the Company's total paid up capital representing 11,93,91,000 shares are in dematerialized form. Further, the Ministry has prohibited the physical transfer of securities. Hence, members holding shares in physical mode are advised to avail of the facility of dematerialization.

The Company submits the report on reconciliation of share capital audit from Practicing Company Secretary within the prescribed timelines.

**8. Material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report:**

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

**9. Conservation of Energy, Technology absorption, foreign exchange earnings and outgo:**

Information as per Rule 8 of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure 'B' forming part of this Report.



**10. Risk Management Policy:**

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

**11. Corporate Social Responsibility:**

The Corporate Social Responsibility Committee has been reconstituted by the Board of Directors and presently comprises of Mr. Saurabh Indwar, Mr. Shigeharu Kokuryo, Mr. Shekhar Sharda and Mr. Shekar Viswanathan as Members. The Members elect one amongst themselves as the Chairman of the Meeting.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure 'C' to the Board report.

**12. Details of Directors and Key Managerial Personnel appointed/resigned during the year:**

Mr. Shailendra Roy, Mr. Hisashi Fukuda, Mr. Masahiro Kobayashi, Mr. Shekhar Sharda, Mr. Derek Michael Shah, Mr. Yusuke Kurogi, Mr. Saurabh Indwar, Mr. Shigeharu Kokuryo, Mrs. Vijaya Sampath and Mr. Shekar Viswanathan are the present Directors of the Company.

Mr. Shigeharu Kokuryo has been appointed as the Whole-time Director for a period of three years with effect from April 24, 2019 and the same has been approved by the shareholders at the Annual General Meeting.

Mr. Saurabh Indwar has been appointed as the Chief Executive and Whole-time Director of the Company nominated by Larsen & Toubro Limited for a period of three years with effect from 2<sup>nd</sup> October, 2019. Pursuant to the provisions of section 161(1) of the



Companies Act, 2013, any Director appointed as Additional Director shall be approved by the members in the immediate next general meeting. Accordingly, Mr. Indwar holds office upto the date of this Annual General Meeting and it has been proposed to appoint him as Whole-time Director of the Company.

During the year under review, Mr. A. S. Lamba has resigned as the Group Chief Executive and Whole-time Director of the Company with effect from 1<sup>st</sup> October, 2019. The Board placed on record its sincere appreciation of the valuable services rendered by Mr. A. S. Lamba during his tenure as Director of the Company.

Ms. Vijaya Sampath was appointed as Independent Director of the Company with effect from 21<sup>st</sup> January, 2015 to 20<sup>th</sup> January, 2020. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on January 16, 2020 has approved her re-appointment for a further period of three years from 21<sup>st</sup> January, 2020 to 20<sup>th</sup> January, 2023, subject to the approval of shareholders through special resolution.

Mr. Shekar Viswanathan was appointed as Independent Director of the Company with effect from 27<sup>th</sup> March, 2015 to 26<sup>th</sup> March, 2020. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 23<sup>rd</sup> April, 2020 has approved his re-appointment for a further period of three years from 27<sup>th</sup> March, 2020 to 26<sup>th</sup> March, 2023, subject to the approval of shareholders through special resolution.

Based upon their skills, experience, knowledge and reports of performance evaluation, the Board was of the opinion that their association would be of immense benefit to the Company and it would be desirable to continue their services as Independent Directors.

Mr. Derek Michael Shah and Mr. Hisashi Fukuda retires by rotation in the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Deepak Raj Jain is the Chief Financial Officer and Company Secretary of the Company.



**13. Number of Meetings of the Board of Directors:**

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review 4 meetings were held on April 24, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

**14. Internal Audit:**

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system of the Company, its compliances with operating systems and accounting procedures and policies of the Company. The observations and corrective measures are presented to the Board.

**15. Vigil Mechanism:**

In accordance with the requirements of the Companies Act, 2013, the company has established a vigil mechanism framework for directors and employees to report genuine concerns. This policy provides for adequate safeguards against victimization of persons who complain under the mechanism. The Board of the Company oversees the functioning of the Vigil Mechanism framework.

**16. Company Policy on Director Appointment and Remuneration:**

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

The Committee has formulated the Nomination and Remuneration policy on director's appointment and remuneration including recommendation of remuneration of the key



managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. The Independent Directors are paid remuneration by way of sitting fees and commission.

During the year under review, the Committee met thrice on 24<sup>th</sup> April, 2019, 18<sup>th</sup> July, 2019 and 16<sup>th</sup> January, 2020.

The Nomination and Remuneration Committee comprises of Mr. Shailendra Roy, Ms. Vijaya Sampath, Mr. Shekar Viswanathan and Mr. Hisashi Fukuda. The Members elect one amongst themselves as the Chairperson of the Meeting.

**17. Declaration of Independence:**

The Company has received declarations of Independence from the Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they are not disqualified from continuing as an Independent Director.

**18. Directors Responsibility Statement:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
- d) The Directors have prepared the Annual Accounts on a going concern basis:
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.



**19. Internal Financial Controls:**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2020, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

**20. Performance evaluation of the Board, its Committees and Directors:**

The Board of Directors have laid down the manner, specific criteria and grounds in which formal annual evaluation of the performance of the Board, committees, Chairman and individual directors has to be made by all directors. It includes circulation of questionnaires to all the Directors for evaluation of the Board, its committees Board composition and its structure, Board effectiveness, Board functioning, information availability, adequate discussions, etc. These questionnaires' also cover specific criteria and the grounds on which all directors in their individual capacity would be evaluated. The Chairperson of the Nomination and Remuneration Committee analyzes the individual directors' responses on the questionnaires to arrive at unbiased conclusions.

During the year under review, the Company has completed the performance evaluation of the Board, its Committee(s), Chairman and Directors and the summary of the evaluation has been shared with the members of the Nomination and Remuneration Committee and the Board.

**21. Meeting of the Independent Director's:**

The Meeting of the Independent Director's was held on April 24, 2019, without the





presence of Executive Directors and Management Personnel. They reviewed the performance of Non-independent Directors and the Board as a whole and accessed the quality, quantity and timeliness of the flow of information between management and the Board.

**22. Auditor's Report:**

The Auditors report to the shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

**23. Secretarial Audit Report:**

The Secretarial Audit Report issued by M/s. Naina Desai, Practicing Company Secretary is attached as Annexure 'D' to this Annual Report.

The Secretarial Auditors' report to the shareholders does not contain any qualification, reservation or comment.

**24. Auditors:**

As per the provisions of the Companies Act, 2013, M/s B. K. Khare & Co. were appointed as Statutory Auditors from the conclusion of 11<sup>th</sup> Annual General Meeting till the conclusion of 16<sup>th</sup> Annual General Meeting.

The Certificate from M/s B. K. Khare & Co. has been received to the effect that they are eligible to act as auditors of the Company and their appointment is within the limits as prescribed under Section 141 of the Companies Act, 2013.

**25. Extract of Annual Return:**

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-09 is attached as Annexure 'E' to this report.



**26. Compliance with Secretarial Standards on Board Meetings and General Meetings:**

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

**27. Protection of Women at Workplace:**

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during FY 2019-20.

Presently the Company has Internal/Local Complaints Committees at various locations under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 consisting of appropriate balance of members.

**28. Details of Significant and Material Orders passed by Regulators or Courts or Tribunals:**

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

**29. Cost auditors:**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014 the Board of Directors had approved the appointment of M/s. Manubhai & Associates, Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2021 at a remuneration of ₹ 75,000/-. They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.



A proposal for ratification of remuneration payable to the Cost Auditor for the financial year 2020-21 shall be placed before the shareholders for consideration.

The Report of the Cost Auditors for the financial year ended March 31, 2020 is under finalization and will be filed with the Ministry of Corporate Affairs within the prescribed period.

As per the requirements of section 148 of the Companies Act, 2013 read with the Rules, the Company is required to maintain the cost records and accordingly, such accounts and records have been maintained in respect of the applicable products for the year ended 31<sup>st</sup> March 2020.

**30. Other Disclosures:**

- The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations;
- No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable;
- Reporting of Frauds: The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.
- MSME: The Company has been complying with the requirement of submitting a half yearly return to the Ministry of Corporate Affairs within the prescribed timelines.

**31. Acknowledgement:**

The Directors wish to thank the Customers, Vendors and Business Associates for their continued support and valuable co-operation during the year. The Directors also wish to place on record their appreciation of the contribution made by employees at all levels.



Our progress in setting up of world class hi-tech manufacturing facility and meeting challenges of project deliveries was made possible by their hard work, commitment, cooperation and support. The Directors thank the Reserve Bank of India, Financial Institutions, Japan Bank for International Co-operation, Banks, Central & State Governments authorities and the stakeholders for their continued co-operation and support to the Company.

**For and on behalf of the Board**

**Shigeharu Kokuryo**

Whole-time Director

DIN: 08420289

**Shailendra Roy**

Chairman

DIN: 02144836

Place: Faridabad

Date:- 23<sup>rd</sup> April, 2020

Place: Mumbai

Date:- 23<sup>rd</sup> April, 2020

**Annexure A****FORM AOC-2**

Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

**Part A**

**Details of contracts or arrangements or transactions not at arm's length basis : NIL**

**Part B**

**Details of Material contracts or arrangements or transactions at arm's length basis :**

<b>Name of Related Party</b>	<b>Nature of Relationship</b>	<b>Nature of the transaction/contract / arrangement</b>	<b>Duration</b>	<b>Salient terms</b>	<b>Value (₹)</b>
Company has entered into various transactions for purchase, sales, services and reimbursements with related parties details of which are given in Note No. 42 attached with the Annual Accounts for the period from April'19 to March'20. These transactions are executed as per the terms of the contract with these parties.					



**Annexure B**

**[A] Conservation of Energy:**

***(a) Energy Conservation measures taken:***

***1) Improving energy effectiveness / efficiency of equipment and systems-***

- Real time automatic power factor correction system (RTPFC) has been commissioned in factory to improve the quality of power and reduce the reactive component of power. This has resulted in saving of energy
- Continuing our endeavor to replace conventional to LED lighting, 100% of lighting load in LMB has been converted to LED lights, resulting in annual saving of electricity
- Advance electronics based chargers commissioned for charging of MHE to improve the efficiency of batteries and conserve electrical energy

Total Energy savings from initiatives above is appx 3.5 Lacs KWH.

***2) Improving energy effectiveness / efficiency of Manufacturing Processes***

- Global operation control system installed in BHF#1 furnace to minimise the natural gas consumption, which has resulted in saving of 0.36 Lacs SCM.
- Induction based heating system installed in squeezing and sizing machine to eliminate the use of natural gas, which has resulted in saving of 0.02 Lacs SCM

***(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:***

- Procurement of 2 numbers of 250 KVAR real time power factor control system. An electricity saving of 5 % against the conventional power factor control system.
- Energy efficient air conditioner (30 nos) and energy efficient fan (50 nos) will be upgraded.

***(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:***

- Total energy saving measures have resulted in annual savings of about INR 74.5 Lacs.
- This has also reduced LMB Hazira's carbon footprint by about 750 tons of carbon dioxide equivalent.



**Annexure B**

**[B] Technology Absorption**

- 1) Technology absorbed for burner modification for old LMB boilers and old boilers of other OEMs to meet the new emission norms regarding Nox reduction
- 2) Selective Catalytic Reduction System (SCR) (Year:2016): Absorption has been initiated in FY 2016-17. Its completion is linked with the completion of the first project where LMB will install SCR.

**[C] FOREIGN EXCHANGE EARNINGS AND OUTGO**

(₹ crores)		
<b><u>Particulars</u></b>	<b><u>2019-20</u></b>	<b><u>2018-19</u></b>
Earnings:-		
Foreign exchange earned/Deemed exports	437.94	751.88
Outgo:-		
Foreign exchange used	64.36	340.18



## **Annexure C**

### **CSR ACTIVITIES FOR 2019-20**

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:**

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

The Company will primarily focus on the following verticals as a part of its CSR programme viz.

**Water & Sanitation** - may include but not limited to support for programmes making clean drinking water available, building check dams, rain water harvesting, facilitating irrigation, conservation, purification of water and proper sanitation facilities.

**Education** - may include but not limited to construction and renovation of schools, libraries, science laboratories, etc., education infrastructure support to educational Institutions, educational programmes & nurturing talent at various levels.

**Health** - may include but not limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

**Skill Development** - may include but not limited to creating training centres vocational training, skill building, computer training, women empowerment, support to ITI's and CSTI's, support to specially abled, infrastructure support, providing employability skills at project sites, etc.

Governance and Technology would be the key drivers across all the CSR initiatives.

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

The CSR Committee of the Board was re-constituted and it comprises of One Non-



**Annexure C**

Executive Director, One Independent Director and Two Executive Directors as Members.  
The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. Saurabh Indwar, Mr. Shigeharu Kokuryo, Mr. Shekhar Sharda and Mr. Shekar Viswanathan as Members and Mr. Deepak Raj Jain as the Secretary of the Committee. The Committee elects one amongst them as the Chairman. During the year under review, the Committee met once on April 24, 2019.

**3. Average net profit of the Company for the last three financial years:**

The average net profit of the Company for the last three financial years is ₹ 372.93 crores.

**4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):**

The Company was required to spend an amount of ₹ 7.46 crores as CSR expenditure during the financial year 2019-20.

**5. Details of CSR spent during the financial year 2019-20:****a. Total amount to be spent for the financial year**

Particulars	Amount (₹ crores)
Average Net Profit of the Company for the last three financial years	372.93
Amount to be spent as CSR	7.46

**b. Amount unspent, if any:**

The Company has spent an amount of ₹ 4.90 crores during the financial year 2019-20. An amount of ₹ 2.56 crores shall be carried forward to next year as an additional CSR spend.



## Annexure C

c. Manner in which the amount was spent in the financial year is detailed below:

(₹ lakhs)

S. N	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise in Lacs	Amount spent on the projects or programs Subheads in Lacs	Cumulative expenditure upto the reporting period in Lacs	Amount spent: Direct or through implementing agency
1	Education	Education	Construction of new school building at Babu Dera, Faridabad, Haryana	23.06	23.06	23.06	Direct
2	Health	Health	BMVSS (Jaipur Foot) - Mega Camp for providing support equipment to physically challenged people, Faridabad, Haryana	50.00	50.00	50.00	BMVSS (Jaipur Foot)
3	Health	Health	Help Age India – Mobile Healthcare Unit in & around Faridabad (3 years spread – Rs. 1.22 Cr.), Haryana	55.65	36.95	36.95	HelpAge India
4	Education	Education	Construction of new school building at Mehtru Dera, Faridabad, Haryana	62.99	62.99	62.99	Direct
5	Education	Education	Renovation of new school block at Govt. Primary & Secondary School, Dayal Nagar Faridabad, Haryana	42.27	30.54	30.54	Direct
6	Education	Education	Renovation & Seating bench at Govt. Primary School, Dhruv Dera, Haryana	6.49	3.33	3.33	Direct
7	Education	Education	Mid-day distribution vehicle to Annamrita Foundation (ISKCON), Faridabad, Haryana	46.91	0.00	0.00	Direct



## Annexure C

S. N	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise in Lacs	Amount spent on the projects or programs Subheads in Lacs	Cumulative expenditure upto the reporting period in Lacs	Amount spent: Direct or through implementing agency
8	Education	Education	Construction of Multipurpose Hall in the school premises (Total Project Cost – 0.65 Cr.), Ghazipur, U.P.	40.71	40.71	40.71	Direct
9	Education	Education	Partnering with Srotoshwini Trust for Construction of Class room block and Rain water harvesting system	47.55	47.55	47.55	Srotoshwini Trust
10	Education	Education	Partnering with Srotoshwini Trust for infra support such as Generator, Solar water Heater and security guard room.	12.24	12.24	12.24	Srotoshwini Trust
11	Education	Education	Construction of School At Dharchua Village, Ghatampur, U.P.	112.21	60.80	60.80	Direct
12	Skill Development	Skill Development	Construction of Community Centre at Sarsaul Block, Ghatampur, U.P.	36.58	12.51	12.51	Direct
13	Water & Sanitation	Water & Sanitation	Construction of Water Sump at Village Junagam (5 lac liter capacity), Hazira, Gujarat	85.87	25.41	25.41	Direct
14	Education	Education	Construction work at Govt. Primary School, Fatehpur, Kanaudha, Tanda, U.P.	63.66	23.74	23.74	Direct
15	Water & Sanitation	Water & Sanitation	Clean Ganga Fund	11.16	11.16	11.16	Direct



## Annexure C

S. N	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program me wise in Lacs	Amount spent on the projects or programs Subheads in Lacs	Cumulative expenditure upto the reporting period in Lacs	Amount spent: Direct or through implementing agency
16	Water & Sanitation	Water & Sanitation	Swachh Bharat Kosh	11.16	11.16	11.16	Direct
17	Admin Expenses	Others	Admin. expenses	37.37	37.37	37.37	NA
<b>Total</b>				<b>745.87</b>	<b>489.51</b>	<b>489.51</b>	

#### 6. Reasons for not spending the amount during the financial year:

For the year 2019-20, the total budget of the Company for the CSR activities was ₹ 7.46 crores. The Company spends amount on CSR projects keeping in mind sustainability, impact on the desired recipients, and efficacy of implementing agencies. During the year under review, the Company has identified projects worth ₹ 7.46 crores and spent to the tune of ₹ 4.90 crores. The balance identified projects have also commenced during FY 2019-20 and shall be concluded during FY 2020-21. The Company endeavours to spend the unspent amount of ₹ 2.56 crores against identified projects in the FY 2020-21, in addition to prescribed CSR Budget of FY 2020-21.

#### 7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;



**Annexure C**

- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

**Saurabh Indwar**  
**Whole Time Director**  
**DIN: 01953079**

**Shekar Viswanathan**  
**Chairman of the CSR Committee**  
**DIN: 01202587**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED March 31, 2020

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

To,

The Members,

**L&T- MHPS BOILERS PRIVATE LIMITED**

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
-

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **presently the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2018;**
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **presently the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.**

(vi) Other specific business/industry related laws applicable to the Company–

- **Gas Cylinders Rules, 2016.**
  - **The Static and Mobile Pressure Vessels (Unfired) Rules, 2016.**
  - **Indian Boiler Regulations, 1950 read with latest amendment of 2017.**
-

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time** and the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable.**

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

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

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

**I further report that, based on review of the compliance mechanism established by the Company and the Compliance Certificates taken on record by the Board of Directors at their meetings,** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period **no** events / actions have taken place, which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

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



(iv) Merger / amalgamation / reconstruction, etc. - **NIL.**

(v) Foreign technical collaborations.-**NIL.**

Place: Mumbai  
Date : April 18, 2020

NAINA R DESAI  
Practising Company Secretary  
Membership No.F 1351  
Certificate of Practice No.13365  
Peer Review Certificate No.590/2019  
UDIN : **F001351B000165636**

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

To,

The Members

**L&T- MHPS BOILERS PRIVATE LIMITED**

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

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai  
Date : April 18, 2020

NAINA R DESAI  
Practising Company Secretary  
Membership No. F1351  
Certificate of Practice No.13365  
Peer Review Certificate No.590/2019  
UDIN **F001351B000165636**

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

**as on the financial year ended on March 31, 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN	U29119MH2006PTC165102
Registration Date	09/10/2006
Name of the Company	L&T - MHPS Boilers Private Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pressure parts and structure for supercritical boilers and related products	2513	100%

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

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary /associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited. Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	51	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

### ***i) Category-wise Share Holding***

[illegible]

## Annexure E - DIRECTORS' REPORT 2019-20

[illegible]

**Annexure E - DIRECTORS' REPORT 2019-20**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Sub-total (B)(2):-</b>									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	119391000	114709000	234100000	100.0	119391000	114709000	234100000	100.0	NIL

**(ii) Shareholding of Promoters**

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	119391000	51	NIL	119391000	51	NIL	NIL
2	Mitsubishi Hitachi Power Systems Limited	114709000	49	NIL	114709000	49	NIL	NIL
	Total	234100000	100.00	NIL	234100000	100.00	NIL	NIL

**(iii) Change in Promoters' Shareholding: There has been no change in the Shareholding of Promoters**

Sl. No.	For each of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /	NIL	NIL	NIL	NIL

	decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the End of the year	NIL	NIL	NIL	NIL

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

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

***(v) Shareholding of Directors and Key Managerial Personnel:***

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

## **V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(Amount in ₹ crores)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the</b>				

<b>beginning of the financial year</b>				
i) Principal Amount	73.12	104.24	NIL	177.36
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	0.02	0.48	NIL	0.50
<b>Total (i+ii+iii)</b>	<b>73.14</b>	<b>104.72</b>	<b>NIL</b>	<b>177.86</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	NIL	NIL	NIL	NIL
Reduction	73.14	79.61	NIL	152.74
<b>Net Change</b>	<b>-73.14</b>	<b>-79.61</b>	<b>NIL</b>	<b>-152.74</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	25.01	NIL	25.01
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	0.11	NIL	0.11
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>25.11</b>	<b>NIL</b>	<b>25.11</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of the Whole-time Director			Total Amount
		Mr. A S Lamba**	Mr. Saurabh Indwar\$	Mr. Shigeharu Kokuryo*	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total (A)	NIL	NIL	NIL	NIL
	Ceiling as per the Act				NA

Note: \*appointed w.e.f. 24<sup>th</sup> April, 2019  
 \*\* resigned w.e.f 1st October, 2019  
 \$ appointed w.e.f 2nd October, 2019

### B. Remuneration to other directors:



**Annexure E - DIRECTORS' REPORT 2019-20**

**(Amount in ₹)**

(Amount in ₹)								
Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Mrs. Vijaya Sampath			Mr. Shekar Viswanathan			
1.	Independent Directors							
	• Fee for attending board / committee meetings							
	• Commission							
	• Others, please specify							
	Total (1)	7,00,000			7,25,000			14,25,000
		Mr. Shailendra Roy	Mr. Derek Michael Shah	Mr. Shekhar Sharda	Mr. Hisashi Fukuda	Mr. Masahiko Kobayashi	Mr. Yusuke Kurogi	
2.	Other Non-Executive Directors							
	• Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (B) = (1+2)	-						14,25,000
	Overall Ceiling as per the Act	-						4,29,86,246

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

**(Amount in ₹)**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		CFO & Company Secretary – Mr. Deepak Raj Jain	Total
1.	Gross salary		
	(a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961	39,71,902	39,71,902
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,13,398	4,13,398
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as % of profit		
	- others, specify		
5.	Others, please specify	NIL	NIL
	Total	43,85,300	43,85,300

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					

**Annexure E - DIRECTORS' REPORT 2019-20**

Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL



## **MANAGEMENT DISCUSSION & ANALYSIS**

Performance of L&T-MHPS Boilers (LMB) during FY 2019-20 was very good. LMB bagged two major orders for two units of 660MW each. LMB received one order from L&T Power for 1,320 MW Steam Generator and Auxiliaries Package for STPL Power Plant in Buxar, Bihar. LMB bagged the second order from THDC India for the Steam Generator and Auxiliaries Package for Khurja Super Thermal Power Plant in Bulandshahar district, UP. LMB also received first non-MHPS Export Order from M/s Andritz for Supply of Pressure Parts to Brazil.

Projects under execution have achieved several important milestones this year, with stamp of quality and performance, breaking previous records.

### **Business Development & Outlook**

Business scenario for Coal based thermal power in India is expected to be more challenging in 2020-21 with increased focus on Renewable energy and a subdued electricity demand. The company will continue to further explore business opportunities in the international market for direct export orders and work for breakthroughs in the domestic spares market. The various initiatives undertaken by the Management are expected to add significant value to our ability for executing complex jobs with improved efficiency and productivity.

### **Impact of Covid-19**

COVID-19 has affected several countries, including India. To deal with this unprecedented pandemic, the Government of India has imposed a country-wide lockdown in end of March'20 currently lasting up to 3rd May, 2020. This adverse situation has affected the production at our factory and erection / commissioning work at the project sites. For ensuring business continuity the Company has implemented 'Work from Home' Policy for its employees. As part of the CSR initiative, Company is supporting relief operations to contain this pandemic. Further, Company has taken adequate precautionary measures to contain the disease and is also proactively educating its employees to minimize the contagious effect of this infection. The Company has assessed the impact of Covid-19 outbreak and ascertained no significant financial impact on the financial statements for the year ended March 31, 2020. As regards impact of COVID-19 for future period, same is likely to vary from the assessment as on the date of approval of these financial statements and the Company will continue to closely monitor any material changes in future economic conditions.

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**L&T-MHPS Boilers Private Limited**  
Report on the Audit of the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS Financial Statements of **L&T-MHPS Boilers Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of Profit and Loss including other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained 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 Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
<b>Revenue recognition on construction contracts</b>	
The Company is engaged in the business of design, engineering, manufacturing, selling, maintenance and servicing of Supercritical Boilers, Pulverisers and related products.  Revenue from long-term construction contracts is recognized in accordance with Ind AS 115,	<b>Principal Audit Procedures:</b>  Our audit approach was a combination of test of internal controls and substantive procedures which included the following:  We tested the relevant internal controls to ensure completeness, accuracy and timing of revenue recognized, including controls over the degree of completion of turnkey and contracts at year-end.  We selected sample of contracts to assess whether the

<p>Revenue from Contracts with Customers, generally based on the extent of progress towards completion.</p> <p>Recognition of the Company's revenue is complex as its core business activity of construction contracts requires management to make assessments that significantly determine the quantum of revenue and margins recognized during a financial year.</p> <p>These assessments include assessing completion of contractually determined obligations, estimating total costs to complete the contract and identification of any possible delays and consequential penalties that may affect the revenue recognized. Revenues, total contract costs and profits could deviate from earlier estimates over the contract tenure depending on several factors.</p>	<p>revenue recognition methodology was relevant and consistent with accounting standards, and had been applied consistently.</p> <p>For the contracts selected, we inspected original signed contracts and agreed the revenue recognised to the underlying accounting records.</p> <p>For the contracts selected, we performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verified whether those variations have been considered in estimating the remaining efforts to complete the contract.</p> <p>Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which might require changes to the estimated efforts to complete the remaining performance obligations.</p> <p>Assessment of accounting for contract amendments.</p> <p>Performed analytical procedures and test of details for reasonableness of costs estimated and the billable revenues and cost of sales recognized in the statement of profit and loss considering the extent of progress towards completion.</p> <p>We performed inquiries of management teams to understand reasons for cost variations and to understand management's assessment of potential contract risks.</p>
<b>Provision for Warranty expenses</b>	
<p>The Company is liable to its customers for repairs or to replace any defect as mentioned in respective contracts. Most contracts mention about the Defect Liability Period (DLP) for which the Company needs to create appropriate provisions. Warranty provision is major aspect for the Company and hence needs to be calculated on appropriate basis.</p> <p>We focused on this area as the completeness and valuation of the expected outcome of warranty provisions requires significant management judgments and the use of estimates giving rise to inherent uncertainty in the amounts recorded in the Ind AS Financial Statements.</p>	<p><b>Principal Audit Procedures:</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We tested the relevant internal controls regarding completeness of warranty provisions and how Management assesses valuation of provisions.</p> <p>We tested / evaluated the assumptions underlying the valuation of provisions by checking the inputs used to calculate the provisions, including interviewing the personnel charged with the responsibility of warranty provisioning.</p>
<b>Foreign Currency transactions and accounting for Hedges</b>	

<p>A significant portion of the Company's transactions are in foreign currency as several contracts with customers are denominated in a currency different from the reporting currency. The Company undertakes foreign exchange forward contracts to hedge the currency risk.</p> <p>These contracts are designated as hedges under Ind AS 109 which requires management to estimate timing of cash flows from the underlying transaction and hedging instrument and also test hedge effectiveness.</p> <p>Further, the Company is also required to identify and measure foreign exchange derivatives that may be embedded within contracts with customers.</p>	<p><b>Principal Audit Procedures:</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We tested the relevant internal controls regarding initiation, processing and recording of foreign exchange contracts, documentation of contracts identified as hedges of foreign currency risk and how Management assesses effectiveness of hedges.</p> <p>These procedures also included testing of internal approvals and compliance with hedging policy approved by the Board.</p> <p>Test of details included checking fair value of forward exchange contracts as on reporting date with confirmations from counter-party banks and checking accuracy of the accounting for amounts recorded in Statement of Profit and Loss and Other Comprehensive income in relation to effective portion of hedges.</p> <p>Test of details in respect of embedded derivatives included a review of contractual terms and checking mathematical accuracy of the computations performed by the management including inquiries in relation to key assumptions made by the management.</p>
<p><b>Potential impact relating to the COVID-19 Pandemic on significant accounting estimates and management judgements</b></p>	
<p>From December 2019, COVID - 19, has spread globally, including India. This event has significantly affected economic activity globally and in India as a result, could impact the operations and financial results of the Company.</p> <p>Considering the uncertainty, the actual results on the various key estimates made by the management in preparing these Ind AS financial statements, could be materially different. The impact can also be pervasive across the financial statements.</p> <p>Considering the probable impact, the disruption could cause and the complexities involved in making the various estimates and judgements, the potential impact of COVID 19 has been identified as a Key Audit Matter.</p>	<p><b>Principal Audit Procedures:</b></p> <p>Assessed the Company's evaluation of the impact of Covid-19 pandemic on the significant management estimates.</p> <p>Evaluated the management's estimation in the current situation effected by Covid-19</p> <p>Assessed the controls over the preparation of these accounting estimates and supporting data for the evaluation.</p> <p>Assessed the sources of data and factors that management used in forming the assumptions, and consider whether such data and factors are relevant and complete.</p> <p>Evaluated the appropriateness of the assumptions used by the management</p> <p>Assessed whether the result of the previously estimated accounting estimates are significantly differs as result of Covit-19 disruption.</p>
<p><b>Allowances for Expected Credit Loss</b></p>	

<p>The recoverability of the Company's trade receivables and the provision for Expected Credit Loss ('ECL') of trade receivables require significant management judgment.</p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions.</p> <p>The Company considered current and anticipated future economic conditions relating to industries the Company deals with.</p> <p>In calculating expected credit loss, the Company has also considered the information including related to credit for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.</p> <p>Management has provided ECL provision in accordance of the ECL model followed by the management consistently.</p> <p>We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p>	<p><b>Principal Audit Procedures:</b></p> <p>Our audit procedures to assess the recoverability of trade receivables included the following:</p> <p>Obtained an understanding of and assessed the design, implementation and operating effectiveness of the Company's key internal controls over the processes of credit control, collection of trade receivables and follow up of overdue balances.</p> <p>Evaluated the Company's policy for making allowances for doubtful debts with reference to the requirements of Ind AS 109 and its adequacy.</p> <p>Assessed the assumptions and estimates made by management for the allowance for doubtful debts calculated based on a collective assessment by performing a retrospective evaluation of the historical accuracy of these estimates and recalculating the Company's allowance with reference to the Company's policy for collective assessment.</p> <p>Assessed the ageing of trade receivables, the customer's historical payment patterns and whether any post year-end payments have been received up to the date of completing our audit procedures.</p> <p>Considered the completeness and accuracy of the disclosures.</p>
---	---

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's / annual report, but does not include the Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Those Charged with Governance for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Standard on Auditing 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 Ind AS Financial Statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 management.
- Conclude on the appropriateness of management's 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 Company's ability 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 Ind AS 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Ind AS Financial Statements.

We communicate with those charged with governance 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 Ind AS 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements. (Refer Note 43 to the Ind AS Financial Statements);
  - ii. The Company has made provision, as required as per the applicable law or accounting standards for material foreseeable losses, if any, for long term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

**Ravi Kapoor**  
Partner  
Membership No. 040404  
UDIN: 20040404AAAADK7491

Mumbai, India  
April 23, 2020

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **L&T-MHPS Boilers Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk of 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 Ind AS Financial Statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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 Ind AS Financial Statements.

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

(Firm's Registration No. 105102W)

**Ravi Kapoor**

Partner

Membership No. 040404

UDIN: 20040404AAAADK7491

Mumbai, India

April 23, 2020

## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **(i) In respect of its Fixed Assets:**

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is at reasonable intervals considering the size of the Company and nature of its assets.
- c) In our opinion and according to the information and explanations given to us and on the examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

### **(ii) In respects of its Inventories:**

- a) The inventories, including stocks lying with the third parties have been physically verified by management at a reasonable intervals during the year. In our opinion, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.
  - b) The company is maintaining proper records for inventories and discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) On the basis of information given to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India, under sub section (1) of Section 148 of the Companies Act 2013, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Cess, Goods and Service tax and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Cess, Goods and Service tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (c) According the information and explanations given to us and on the basis of the examination of the records of the Company, the particulars of income tax, sales tax, value added tax which have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2020 are as under:

Nature of statute	Nature of disputed dues	*Amount (in crore)	Period to which the amount relates	Forum where dispute is pending
Central Sales tax Act and Local Sales tax Act, Gujarat	Dispute of input tax reversal on capital goods & ITC mismatch	3.54	2010-11, 2011-12, 2013-14	Deputy Commissioner Commercial Tax, Gujarat
Central Sales tax Act and Local Sales tax Act, Gujarat	Dispute of input tax credit mismatch	0.14	2012-13	Gujarat VAT Tribunal- Ahmedabad
Central Sales tax Act and Local Sales tax Act, MP	Disallowance of sales in transit	0.63	2013-14, 2014-15	Appellate Authority of Commercial Tax, Bhopal
Central Sales tax Act and Local Sales tax Act Maharashtra	Disallowance of sales in transit and high sea sales	267.17	2012-13, 2013-14, 2014-15, 2015-16	Joint / Deputy Commissioner of sales tax, Mumbai
Central Sales tax Act and Local Sales tax Act Uttar Pradesh	Disallowance of sales in transit	11.10	2015-16	Deputy Commissioner of sales tax, Uttar Pradesh
Entry Tax, Madhya Pradesh	Interest on delayed payment of Entry tax/Entry tax in scope of MPPGCL	0.07	2014-15, 2016-17	Addl. Commissioner of Commercial Taxes, Bhopal

\* The amount is net of pre-deposit paid in getting the stay/appeal admitted.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to Banks and Financial Institutions. The Company has no dues to Government and the Company has not issued debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order are not applicable to the Company.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.
- (xi) In our opinion and best to the information and explanation provided to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) In our opinion, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

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

**Ravi Kapoor**  
Partner  
Membership No. 040404  
UDIN: 20040404AAAADK7491

Mumbai, India  
April 23, 2020

**L&T-MHPS Boilers Private Limited**  
**BALANCE SHEET as at March 31,2020**

₹ crores

Particulars	Note	As at 31-03-2020		As at 31-3-2019	
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Property, plant and equipment	1	362.59		438.27	
(b) Capital work-in-progress		0.07		0.56	
(c) Intangible assets	2	3.21		3.62	
(d) Right-of-use assets	3	25.11		-	
(e) Financial assets	4	31.07		5.25	
(f) Deferred tax assets (net)	35	64.93		41.39	
(g) Other non-current assets	5	27.42		12.77	
			514.40		501.86
<b>Current assets</b>					
(a) Inventories	6	81.05		153.78	
(b) Financial assets					
(i) Investments	7	312.91		455.88	
(ii) Trade receivables	8	768.68		1,185.61	
(iii) Cash and cash equivalents	9	417.69		194.86	
(iv) Bank balances other than (iii) above	10	433.02		123.81	
(v) Loans	11	0.42		1.11	
(vi) Others	12	4.43		19.25	
(c) Other current assets	13	1,333.08		1,297.24	
			3,351.28		3,431.54
<b>TOTAL ASSETS</b>			<b>3,865.68</b>		<b>3,933.40</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity:</b>					
(a) Equity share capital	14	234.10		234.10	
(b) Other equity		1,498.84		1,211.32	
			1,732.94		1,445.42
<b>Liabilities:</b>					
<b>Non-current liabilities</b>					
Financial liabilities- others	15	-		4.65	
					4.65
<b>Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	16	25.11		177.86	
(ii) Trade payables	17				
- Due to micro and small enterprises		31.92		30.99	
- Due to others		496.67		688.00	
(iii) Other financial liabilities	18	444.29		387.23	
(b) Other current liabilities	19	1,009.83		1,152.47	
(c) Provisions	20	116.02		46.06	
(d) Current tax liabilities (net)	21	8.90		0.72	
			2,132.74		2,483.33
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>3,865.68</b>		<b>3,933.40</b>
<b>Significant accounting policies</b>	29				
<b>Notes forming parts of Financial Statements</b>	30-48				

As per our report attached

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

Chartered Accountants

Firm's registration no.105102W

By the hand of

**For and on behalf of the Board**

**Ravi Kapoor**

Partner

Membership No. 040404

**Deepak Raj Jain**  
 Chief Financial Officer &  
 Company Secretary  
 ACS:12162

**Saurabh Indwar**  
 Whole Time Director  
 DIN: 01953079

**Shigeharu Kokuryo**  
 Whole Time Director  
 DIN: 08420289

**Shailendra Roy**  
 Chairman  
 DIN: 02144836

Place : T { } Place : T { } Place : T { } Place : T { }



**Statement of Profit and Loss for the year ended March 31,2020**
**₹ crores**

Particulars	Note	FY 2019-20		FY 2018-19	
<b>INCOME</b>					
Revenue from operations	22		2,035.62		2,735.70
Other income	23		68.83		61.30
<b>TOTAL INCOME</b>			<b>2,104.45</b>		<b>2,797.00</b>
<b>EXPENSES</b>					
<b>Manufacturing, construction and operating expenses</b>	24				
Cost of raw materials and components consumed		929.77		1,419.60	
Stores, spares and tools		4.15		8.03	
Sub-contracting charges		285.56		454.94	
Change in inventories of finished goods & work in progress		(3.55)		6.02	
Other manufacturing, construction and operating expenses		138.35		164.67	
			1,354.28		2,053.26
Employee benefit expenses	25		154.71		152.74
Sales, administration and other expenses	26		95.47		93.07
Finance costs	27		5.19		17.72
Depreciation, amortisation and obsolescence	1 to 3		65.00		62.32
<b>TOTAL EXPENSES</b>			<b>1,674.65</b>		<b>2,379.11</b>
<b>Profit before tax</b>			<b>429.80</b>		<b>417.89</b>
Tax expense:	35				
Current tax		144.60		171.37	
Income tax - earlier years		(0.55)		(0.22)	
Deferred tax		(26.45)		(33.22)	
			117.60		137.93
<b>Profit after tax</b>			<b>312.20</b>		<b>279.96</b>
<b>Other comprehensive income (OCI)</b>	28				
a. Items that will not be reclassified to profit or loss		(1.35)		(0.20)	
- Income tax on above		0.34		0.07	
			(1.01)		(0.13)
b. Items that will be reclassified to profit or loss		7.46		12.53	
- Income tax on above		(2.91)		(4.38)	
			4.55		8.15
<b>Total comprehensive income</b>			<b>315.74</b>		<b>287.98</b>
Basic earnings per equity shares ₹	45		13.34		11.96
Diluted earnings per equity shares ₹	45		13.34		11.96
Face value per equity shares ₹			10.00		10.00
<b>Significant accounting policies</b>	29				
<b>Notes forming parts of Financial Statements</b>	30-48				

As per our report attached

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

Chartered Accountants

Firm's registration no.105102W

By the hand of

**For and on behalf of the Board**
**Ravi Kapoor**

Partner

Membership No. 040404

**Deepak Raj Jain**  
Chief Financial Officer &  
Company Secretary  
ACS:12162

**Saurabh Indwar**  
Whole Time Director  
DIN: 01953079

**Shigeharu Kokuryo**  
Whole Time Director  
DIN: 08420289

**Shailendra Roy**  
Chairman  
DIN: 02144836

Place : T { } Place : T { } Place : T { } Place : T { }  
Date : G E E O E Date : G E E O E Date : G E E O E Date : G E E O E

**L&T-MHPS Boilers Private Limited**

## ₹ crores

Particulars	Equity share capital	Other equity				
		Retained earning	Items of other comprehensive income	Hedge reserve - fair value	Equity component - financial instruments	Total other equity
<b>Balance as at 01 Apr 2019 (A)</b>	<b>234.10</b>	<b>1,214.32</b>	<b>(0.52)</b>	<b>(6.87)</b>	<b>4.39</b>	<b>1,211.32</b>
Profit for the year		312.20				312.20
<i>Other comprehensive income (loss) for the year</i>						
- Remeasurement gains (loss) on defined benefit plans			(1.01)			(1.01)
- Change in fair value of hedging instruments				4.55		4.55
<b>Total comprehensive income (loss) for the year (B)</b>	<b>-</b>	<b>312.20</b>	<b>(1.01)</b>	<b>4.55</b>	<b>-</b>	<b>315.74</b>
<i>Other change in equity</i>						
- Dividend distributed during the year (incl dividend tax)		(28.22)				(28.22)
<b>Total other change in equity (C )</b>	<b>-</b>	<b>(28.22)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28.22)</b>
<b>Balance as at 31 March 2020 (A + B + C)</b>	<b>234.10</b>	<b>1,498.30</b>	<b>(1.53)</b>	<b>(2.32)</b>	<b>4.39</b>	<b>1,498.84</b>

		₹ crores				
Particulars	Equity share capital	Other equity				
		Retained earning	Items of other comprehensive income	Hedge reserve - fair value	Equity component - financial instruments	Total other equity
<b>Balance as at 1 April 2018 (A)</b>	<b>234.10</b>	<b>962.58</b>	<b>(0.39)</b>	<b>(15.02)</b>	<b>4.39</b>	<b>951.56</b>
Profit for the year		279.96				279.96
<i>Other comprehensive income (loss) for the year</i>						
- Remeasurement gains (loss) on defined benefit plans			(0.13)			(0.13)
- Change in fair value of hedging instruments				8.15		8.15
<b>Total comprehensive income (loss) for the year (B)</b>	<b>-</b>	<b>279.96</b>	<b>(0.13)</b>	<b>8.15</b>	<b>-</b>	<b>287.98</b>
<i>Other change in equity</i>						
- Dividend distributed during the year (incl dividend tax)		(28.22)				(28.22)
<b>Total other change in equity (C )</b>	<b>-</b>	<b>(28.22)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28.22)</b>
<b>Balance as at 31 March 2019 (A + B + C)</b>	<b>234.10</b>	<b>1,214.32</b>	<b>(0.52)</b>	<b>(6.87)</b>	<b>4.39</b>	<b>1,211.32</b>

**For and on behalf of the Board**

By the hand of

**Shailendra Roy**  
Chairman  
DIN: 02144836

**Ravi Kapoor**  
Partner  
Membership No. 040404

Place: A { aaA QaaA } Place: C { aaA QaaA } Place: E { aaA QaaA } Place: G { aaA QaaA }  
Date: A { aaA QaaA } Date: C { aaA QaaA } Date: E { aaA QaaA } Date: G { aaA QaaA }

**MHPS****L&T-MHPS Boilers Private Limited**

**Statement of Cash Flow for the year ended March 31,2020**

₹ crores

Particulars	As at 31-03-2020	As at 31-3-2019
<b>A. Cash flow from operating activities:</b>		
Profit before tax	429.80	417.89
Adjustments for :		
Depreciation (including obsolescence, amortisation and impairment)	65.00	62.32
Unrealised (gain)/loss on investment	77.14	4.75
Allowance for doubtful debts	14.98	38.01
Exchange difference in trade receivables and payables	(35.87)	(6.50)
Finance cost	5.19	17.72
Interest income	(36.22)	(20.26)
(Profit) / loss on sale of fixed assets (net)	0.07	(0.04)
Realised (gain)/loss on investment	(102.48)	(43.87)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>417.62</b>	<b>470.02</b>
Adjustments for change in operating assets and liabilities :		
(Increase)/ Decrease in non-current assets	(14.65)	(2.87)
(Increase)/ Decrease in non-current other financial assets	(25.82)	69.76
(Increase)/ Decrease in trade and other receivables	450.59	171.27
(Increase)/ Decrease in inventories	72.73	63.16
(Increase)/ Decrease in other current assets	(20.33)	(134.32)
Increase/ (Decrease) in non current other financial liability	(4.65)	(7.26)
Increase/ (Decrease) in trade payables	(203.19)	(114.02)
Increase/ (Decrease) in other current liabilities	(9.19)	(323.99)
<b>Cash generated from operations</b>	<b>663.11</b>	<b>191.75</b>
Direct taxes refund/(paid)-net	(135.87)	(176.92)
<b>Net cash from operating activities</b>	<b>527.24</b>	<b>14.83</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(13.67)	(27.62)
Sale of fixed assets	0.10	0.28
(Purchase)/Sale of investments (net)	168.31	161.66
Interest received	36.22	20.26
<b>Net cash (used in)/ from investing activities</b>	<b>190.96</b>	<b>154.58</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds/(Repayment) of borrowings	(152.75)	(139.57)
Finance cost	(5.19)	(17.72)
Payment of dividends (including dividend distribution tax)	(28.22)	(28.22)
<b>Net cash (used in)/ from financing activities</b>	<b>(186.16)</b>	<b>(185.51)</b>
Net (decrease) / increase in cash and cash equivalents (A + B + C)	532.04	(16.10)
Cash and cash equivalents at beginning of the year	318.67	334.77
<b>Cash and cash equivalents at end of the year</b>	<b>850.71</b>	<b>318.67</b>
<b>Notes :</b>		
<b>1.</b> Cash and cash equivalents included in cash flow statement comprise the following:-	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Cash and cash equivalents (Note 9)	417.69	194.86
Other bank balances (Note 10)	433.02	123.81
<b>Total cash and cash equivalents</b>	<b>850.71</b>	<b>318.67</b>
<b>2.</b> Statement of cash flow has been prepared under indirect method as set out in the Indian Accounting Standard (Ind-AS) 7: Statement of		
<b>3.</b> Purchase of fixed assets represents additions to property, plant and equipment and intangible assets adjusted for movement of capital work-in-progress during the year.		
<b>4.</b> Cash and cash equivalents includes unrealised exchange (gain)/loss.		

As per our report attached

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

Chartered Accountants

Firm's registration no. 105102W

By the hand of

**For and on behalf of the Board**

**Deepak Raj Jain**  
Chief Financial Officer &  
Company Secretary  
ACS:12162

**Saurabh Indwar**  
Whole Time Director  
DIN: 01953079

**Shigeharu Kokuryo**  
Whole Time Director  
DIN: 08420289

**Shailendra Roy**  
Chairman  
DIN: 02144836

**Ravi Kapoor**  
Partner

Membership No. 040404

Place : T \* àaaQaaa Place : QaàaaàQaaa àa M \* àaaQaaa  
Date : G H Ece Date : G H Ece Date : G H Ece

## Notes forming part of the financial statement for the year ended March 31, 2020

## 1 Property, plant and equipment

₹ crores

Class of assets	Cost / Valuation				Depreciation				Book value	
	As at 01.04.2019	Additions	Deductions	As at 31.03.2020	As at 01.04.2019	For the year	Deductions	As at 31.03.2020	As at 31.03.2020	As at 01.04.2019
Leasehold land *	26.40	-	26.40	-	1.01	-	1.01	-	-	25.39
Building	212.38	0.55	-	212.93	37.43	12.10	-	49.53	163.40	174.95
Plant and machinery	384.66	11.19	0.53	395.32	159.13	46.96	0.50	205.59	189.73	225.53
Computers	6.85	0.70	2.90	4.65	4.09	1.41	2.82	2.68	1.97	2.76
Office equipment	4.00	0.56	0.17	4.39	1.96	0.74	0.17	2.53	1.86	2.04
Furniture and fixtures	14.16	0.54	0.09	14.61	9.23	2.10	0.10	11.23	3.38	4.90
Vehicles	3.02	0.20	0.23	2.99	0.32	0.59	0.17	0.74	2.25	2.70
<b>Total</b>	<b>651.47</b>	<b>13.74</b>	<b>30.32</b>	<b>634.89</b>	<b>213.17</b>	<b>63.90</b>	<b>4.77</b>	<b>272.30</b>	<b>362.59</b>	<b>438.27</b>

\* Deductions in Leasehold land is for transfer to "Right of use (ROU) Assets" pursuant to application of IND AS 116 - Leases from Apr 1, 2019.

₹ crores

Class of assets	Cost / Valuation				Depreciation				Book value	
	As at 01.04.2018	Additions	Deductions	As at 31.03.2019	As at 01.04.2018	For the year	Deductions	As at 31.03.2019	As at 31.03.2019	As at 01.04.2018
Leasehold land	26.40	-	-	26.40	0.73	0.28	-	1.01	25.39	25.67
Building	207.20	5.18	-	212.38	25.69	11.73	-	37.43	174.95	181.51
Plant and machinery	366.31	18.53	0.18	384.66	114.62	44.49	(0.02)	159.13	225.53	251.69
Computers	5.80	1.34	0.29	6.85	2.55	1.82	0.28	4.09	2.76	3.25
Office equipment	3.09	0.93	0.02	4.00	1.33	0.66	0.03	1.96	2.04	1.76
Furniture and fixtures	13.87	0.29	0.00	14.16	7.26	2.09	0.12	9.23	4.90	6.61
Vehicles	0.66	2.76	0.40	3.02	0.16	0.44	0.27	0.32	2.70	0.50
<b>Total</b>	<b>623.33</b>	<b>29.03</b>	<b>0.89</b>	<b>651.47</b>	<b>152.34</b>	<b>61.51</b>	<b>0.68</b>	<b>213.17</b>	<b>438.27</b>	<b>470.99</b>

## 2 Intangible assets

₹ crores

Class of assets	Cost				Amortisation				Book value	
	As at 01.04.2019	Additions	Deductions	As at 31.03.2020	As at 01.04.2019	For the year	Deductions	As at 31.03.2020	As at 31.03.2020	As at 01.04.2019
Specialised softwares	8.36	0.41	-	8.77	7.53	0.25	-	7.78	0.99	0.83
Lumpsum fees for technical knowhow	24.69	-	-	24.69	21.90	0.57	-	22.47	2.22	2.79
<b>Total</b>	<b>33.05</b>	<b>0.41</b>	<b>-</b>	<b>33.46</b>	<b>29.43</b>	<b>0.82</b>	<b>-</b>	<b>30.25</b>	<b>3.21</b>	<b>3.62</b>

₹ crores

Class of assets	Cost				Amortisation				Book value	
	As at 01.04.2018	Additions	Deductions	As at 31.03.2019	As at 01.04.2018	For the year	Deductions	As at 31.03.2019	As at 31.03.2019	As at 01.04.2018
Specialised softwares	8.23	0.22	0.09	8.36	7.38	0.24	0.09	7.53	0.83	0.85
Lumpsum fees for technical knowhow	24.69	-	-	24.69	21.33	0.57	-	21.90	2.79	3.36
<b>Total</b>	<b>32.92</b>	<b>0.22</b>	<b>0.09</b>	<b>33.05</b>	<b>28.71</b>	<b>0.81</b>	<b>0.09</b>	<b>29.43</b>	<b>3.62</b>	<b>4.21</b>



L&T-MHPS Boilers Private Limited

Notes forming part of the financial statement for the year ended March 31, 2020

3 Right-of-use assets

Particulars	Cost / Valuation				Depreciation				₹ crores	
	T/f to ROU on	Additions	Deductions	As at	T/f to ROU on	Additions	Deductions	As at	Book value	
	01.04.2019			31.03.2020	01.04.2019			31.03.2020	As at	As at
Land	26.40	-	-	26.40	1.01	0.28	-	1.29	25.11	
<b>Total</b>	<b>26.40</b>	<b>-</b>	<b>-</b>	<b>26.40</b>	<b>1.01</b>	<b>0.28</b>	<b>-</b>	<b>1.29</b>	<b>25.11</b>	

Notes forming part of the financial statement for the year ended March 31, 2020

**4 Non current - financial assets**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
Fixed deposit with banks (maturity > 12 months)		29.92		5.25
Loan to employees		1.15		-
		<b>31.07</b>		<b>5.25</b>

**5 Other non-current assets**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Unsecured, considered good, unless otherwise stated</b>				
Capital advances		-		0.02
Deposits		17.79		3.40
Income tax receivable (net of provision)		9.63		9.35
		<b>27.42</b>		<b>12.77</b>

**6 Current Asset - Inventories**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
Raw materials	37.73	38.02	70.89	72.09
Add: Goods-in-transit	0.29		1.20	
Components	28.22	28.40	68.30	70.40
Add: Goods-in-transit	0.18		2.10	
Work-in-progress - manufacturing		13.22		9.67
Stores spares parts	1.38	1.41	1.44	1.62
Add: Goods-in-transit	0.03		0.18	
		<b>81.05</b>		<b>153.78</b>

**7 Current financial assets - investments**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Unquoted investments</b>				
Mutual Funds at fair value through profit & loss		312.91		455.88
		<b>312.91</b>		<b>455.88</b>

**Detail of current investments - Mutual fund (unquoted)**

Particulars	As at 31-03-2020		As at 31-3-2019	
	No. of units	₹ crores	No. of units	₹ crores
Aditya Birla Sun Life Money Manager Fund	-	-	198,203	4.99
Aditya Birla Sun Life Corporate Bond Fund	-	-	14,085,222	101.64
Aditya Birla Sun Life Savings Fund	-	-	1,083,572	40.28
Aditya Birla Sun Life Liquid Fund	2,162,469	69.10	-	-
SBI Short Term Debt Fund	-	-	3,354,312	7.39
UTI Treasury Advantage Fund	-	-	217,480	56.59
Reliance Low Duration Fund	-	-	262,587	69.33
ICICI Prudential Savings Fund	-	-	1,137,639	41.08
ICICI Prudential Floating Interest Fund	-	-	1,298,626	37.79
ICICI Prudential Liquid Fund	3,730,717	109.60	-	-
L&T Liquid Fund	309,002	84.10	61,137	15.67
UTI Liquid Cash Plan	154,110	50.11	99,796	30.55
Reliance Liquid Fund	-	-	110,843	50.57
		<b>312.91</b>		<b>455.88</b>

Notes forming part of the financial statement for the year ended March 31, 2020

**8 Current financial assets - Trade receivables**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Unsecured:</b>				
Considered good	768.68		1,185.61	
Considered doubtful	218.10		203.12	
	986.78		1,388.73	
Less: Allowance for doubtful debts	(218.10)		(203.12)	
		768.68		1,185.61
		<b>768.68</b>		<b>1,185.61</b>

**9 Current financial assets - Cash and cash equivalents**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Cash and cash equivalents:</b>				
Balances with banks		28.13		39.19
Cash on hand		0.01		0.01
Fixed deposits with banks (maturity <= 3 months)		389.55		155.66
		<b>417.69</b>		<b>194.86</b>

**10 Current financial assets - Other bank balances**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
Fixed deposit with banks (maturity > 3 months & <=12 months)		433.02		123.81
		<b>433.02</b>		<b>123.81</b>

**11 Current financial assets - loans**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
Security deposits - unsecured		0.42		1.11
		<b>0.42</b>		<b>1.11</b>

**12 Current financial assets- others**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
Advances to employees		0.63		0.32
Forward contract receivable		2.84		16.01
Other receivables		0.96		2.92
		<b>4.43</b>		<b>19.25</b>

**13 Other current assets**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Contract Assets:</b>				
Due from customers (project related activity)	123.24		181.34	
Retention money	1,030.50		891.40	
		1,153.74		1,072.74
Balance with revenue authorities		102.47		136.01
Advances to suppliers		73.66		84.99
Government grant including duty scrips		0.00		0.20
Prepaid expenses		3.21		3.30
Interest accrued		0.00		-
		<b>1,333.08</b>		<b>1,297.24</b>

Notes forming part of the financial statement for the year ended March 31, 2020

**14 Equity share capital**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
	Number of shares	₹ crores	Number of shares	₹ crores
<b>Authorised Share Capital</b>				
Equity share capital of ₹ 10/- each	235,000,000	235.00	235,000,000	235.00
<b>Issued,subscribed and paid up share capital:</b>				
Equity share capital of ₹ 10/- each	234,100,000	234.10	234,100,000	234.10

**14(a) Reconciliation of number of shares outstanding at the beginning and at the end of the year**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
	Number of shares	₹ crores	Number of shares	₹ crores
<b>Authorised share capital</b>				
Balance at the beginning of the year	235,000,000	235.00	235,000,000	235.00
Add/(Less): Change during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>235,000,000</b>	<b>235.00</b>	<b>235,000,000</b>	<b>235.00</b>
<b>Issued,subscribed and paid up share capital</b>				
Balance at the beginning of the year	234,100,000	234.10	234,100,000	234.10
Add/(Less): Change during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>234,100,000</b>	<b>234.10</b>	<b>234,100,000</b>	<b>234.10</b>

**14(b) Terms/rights attached to equity shares**

The company has only one class of share capital i.e. equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

**14(c) Shareholders holding more than 5% of equity shares as at the end of the year**

Particulars	As at 31-03-2020		As at 31-3-2019	
	Number of shares	Shareholding %	Number of shares	Shareholding %
Larsen & Toubro Limited, India	119,391,000	51%	119,391,000	51%
Mitsubishi Hitachi Power systems Limited, Japan	114,709,000	49%	114,709,000	49%
	<b>234,100,000</b>	<b>100%</b>	<b>234,100,000</b>	<b>100%</b>

**14(d)** The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediate preceeding five years ended March 31, 2020 are Nil. (previous year- Nil)

**14(e)** The aggregate number of equity shares issued pursuant to contract without payment being received in cash in immediate preceeding five years ended March 31, 2020 are Nil.(previous year- Nil)

**15 Non Current - other financial liabilities**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
Embedded derivatives payable		-		4.65
		-		<b>4.65</b>

**16 Current borrowings**
**₹ crores**

Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Short term loan from bank</b> (under interest equalisation scheme on pre and post shipment rupee export credit)				
- Secured		-		73.14
- Unsecured		25.11		104.72
		<b>25.11</b>		<b>177.86</b>



Notes forming part of the financial statement for the year ended March 31, 2020

<b>17 Current - trade payables</b>	<b>₹ crores</b>			
Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Due to Related Parties</b>				
Larsen & Toubro Limited and its' group companies	183.39		239.84	
Mitsubishi Hitachi Power Systems Ltd. and its' group companies	4.53		6.38	
		187.92		246.22
Due to micro and small enterprises		31.92		30.99
Due to others		308.75		441.78
		<b>528.59</b>		<b>718.99</b>
<b>18 Current - other financial liabilities</b>	<b>₹ crores</b>			
Particulars	As at 31-03-2020		As at 31-3-2019	
Embedded derivative payable		8.43		21.57
Due to others		435.86		365.66
		<b>444.29</b>		<b>387.23</b>
<b>19 Other current liabilities</b>	<b>₹ crores</b>			
Particulars	As at 31-03-2020		As at 31-3-2019	
<b>Contract liabilities:</b>				
Due to customers (project related activity)	318.43		623.26	
Advance from customers	680.82		518.00	
		999.25		1,141.26
Other payables		10.58		11.21
		<b>1,009.83</b>		<b>1,152.47</b>
<b>20 Current - provisions</b>	<b>₹ crores</b>			
Particulars	As at 31-03-2020		As at 31-3-2019	
Employee benefits - compensated absences		14.63		12.36
Provision for warranties		101.39		33.70
		<b>116.02</b>		<b>46.06</b>
<b>21 Current tax liabilities (net)</b>	<b>₹ crores</b>			
Particulars	As at 31-03-2020		As at 31-3-2019	
Provision for current year tax	144.60		171.30	
<b>Less :</b>				
Advance tax paid	(108.15)		(143.34)	
Tax deducted at source	(27.55)		(27.24)	
		8.90		0.72
		<b>8.90</b>		<b>0.72</b>

Notes forming part of the financial statement for the year ended March 31, 2020

**22 Revenue from operations**
**₹ crores**

Particulars	FY 2019-20		FY 2018-19	
<b>Sales &amp; Services</b>				
Manufacturing and trading activity	77.79		52.60	
Construction and project related activity	1,936.74		2,644.95	
Sale of services/others	9.54		8.00	
		2,024.07		2,705.55
Other operational income		11.55		30.15
		<b>2,035.62</b>		<b>2,735.70</b>

**23 Other income**
**₹ crores**

Particulars	FY 2019-20		FY 2018-19	
<b>Interest income</b>				
Interest received from Banks and Others		36.22		20.26
<b>Gain / (loss) on investments</b>				
Gain / (loss) on sale of investments	102.48		43.87	
Fair value gain (loss) on investments	(77.14)		(4.75)	
		25.34		39.12
<b>Other non-operating income</b>				
Gain / (loss) on sale of fixed assets (net)	(0.07)		0.04	
Other income	7.34		1.88	
		7.27		1.92
		<b>68.83</b>		<b>61.30</b>

**24 Manufacturing, construction and operating expenses**
**₹ crores**

Particulars	FY 2019-20		FY 2018-19	
<b>Materials consumed</b>				
Raw material and component	935.55		1,429.00	
Less: Scrap sale	(5.78)		(9.40)	
		929.77		1,419.60
Stores, spares and tools		4.15		8.03
Sub-contracting charges		285.56		454.94
<b>Changes in inventories of finished goods &amp; work-in-progress</b>				
Opening stock-work-in-progress	9.67		15.69	
Less: Closing stock- work-in-progress	(13.22)		(9.67)	
		(3.55)		6.02
<b>Other manufacturing, construction and operating expenses:</b>				
Power and fuel	14.55		18.28	
Royalty and technical know-how fees	5.57		13.37	
Packing and forwarding	13.82		20.22	
Rent & hire charges	28.41		20.79	
Bank guarantee charges	1.32		0.71	
Engineering, professional, technical or consultancy fees	24.98		26.68	
Insurance	1.65		0.67	
Rent	-		10.23	
Travelling and conveyance	12.25		12.77	
Repairs & maintenance	8.55		7.38	
Other expenses	27.25		33.57	
		138.35		164.67
		<b>1,354.28</b>		<b>2,053.26</b>

Notes forming part of the financial statement for the year ended March 31, 2020

**25 Employee benefit expenses**
**₹ crores**

Particulars	FY 2019-20		FY 2018-19	
Salaries and wages		130.45		131.32
<b>Contribution to and provision for</b>				
Provident fund and pension fund	4.93		4.56	
Gratuity funds	1.54		1.54	
		6.47		6.10
Expenses on employee stock option scheme		0.38		1.76
Employee insurance premium		2.11		2.01
Employee welfare expenses		15.30		11.55
		<b>154.71</b>		<b>152.74</b>

**26 Sales, administration and other expenses**
**₹ crores**

Particulars	FY 2019-20		FY 2018-19	
Rent		0.52		0.14
Rates and taxes		0.08		0.01
Travelling and conveyance		0.44		0.56
Repairs and maintenance		3.86		4.26
Professional fees		0.82		0.83
Audit fees		0.12		0.14
Directors fees		0.14		0.14
Telephone and postage		1.42		1.96
Advertisement expenses		0.07		0.04
Stationery and printing		0.40		0.47
Bank charges		0.45		0.59
Miscellaneous expenses		5.82		6.30
Allowance for doubtful debts		14.98		38.00
Exchange (gain) / loss		(1.34)		19.40
Warranty provisions		67.69		20.23
		<b>95.47</b>		<b>93.07</b>

**27 Finance cost**
**₹ crores**

Particulars	FY 2019-20		FY 2018-19	
Interest paid on term loans		-		5.80
Other interest paid		5.19		11.92
		<b>5.19</b>		<b>17.72</b>

**28 Other comprehensive income**
**₹ crores**

Particulars	FY 2019-20		FY 2018-19	
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of the net defined benefit Plans	(1.35)		(0.20)	
- Current tax on above	0.34		0.07	
		(1.01)		(0.13)
<b>Items that will be reclassified to profit or loss</b>				
Change in fair value of hedging instruments	7.46		12.53	
- Deferred tax on above	(2.91)	4.55	(4.38)	8.15
		<b>3.54</b>		<b>8.02</b>

**Notes forming part of the Financial Statements for the year ended March 31, 2020****NOTE NO. 29 - Significant Accounting Policies****I. Corporate Information**

L&T- MHPS Boilers Private Limited (the 'Company') is a private limited company incorporated & domiciled in India. The Company is a joint venture company between Larsen & Toubro Limited (L&T), India and Mitsubishi Hitachi Power Systems (MHPS), Japan having its registered office at L&T House, Ballard Estate, Mumbai. The Company is engaged in the business of design, engineering, manufacturing, selling, maintenance and servicing of Supercritical Boilers, Pulverisers and related products.

**II. Statement of compliance**

The Company's 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 issued by Ministry of Corporate Affairs under section 133 of Companies Act, 2013. In addition, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied, wherever applicable, except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

**III. Basis of accounting**

The Company maintains its accounts on accrual basis following the historical cost convention, except carrying value of property, plant and equipment considered at deemed cost on the date of transition to Ind AS and certain financial instruments that are measured at fair values in accordance with Ind AS.

Fair value measurements are categorized into Level 1, 2 and 3 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, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

**IV. Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Indian Accounting Standards.

The Company's financial statements are presented in Indian Rupees in crores rounded off to two decimal places. Per share data are presented in Indian Rupees to two decimals places.

**V. Operating cycle for current and non-current classification**

Operating cycle for the business activities of the Company covers the duration of the specific project / contract / service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period.

**VI. Revenue recognition**

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring a promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of good or service to a customer is done over time, in other cases performance obligation is satisfied at a point in time. For each performance obligation satisfied over time, the revenue recognition is done by measuring the progress

**Notes forming part of the Financial Statements for the year ended March 31, 2020**

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. This method appropriately depicts the progress achieved by the Company in satisfying the performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstances. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

Costs to obtain a contract which are incurred, regardless of whether the contract is obtained are charged off in profit & loss immediately in the period in which such costs are incurred.

Significant judgment is used in:

- a. Determining the performance obligation;
- b. Determining when the transfer of control of good or service to customer is done and when the performance obligation is satisfied; and
- c. Determining and allocating the transaction price to performance obligation.

**i. Revenue from operations**

Revenue is exclusive of goods and service tax (GST) and includes adjustments made towards liquidated damages and other variation wherever applicable. Escalation and other claims, which are not ascertainable / acknowledged by customers are not taken into account.

a. Revenue from sale of goods:

Revenue from sale of manufactured and traded goods is recognised when the control of the same is transferred to the customer and it is probable that the Company will collect the consideration to which it is entitled in exchange of goods.

b. Revenue from construction / project related activity and contracts for supply / commissioning of complex plant and equipment:

1. Cost plus contracts: Revenue from cost plus contracts is recognized 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.
2. 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 cost of work 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.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

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 "Due from customers". 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 "Due to customers". Amounts received before the related work is performed are disclosed in the Balance Sheet as liability towards advance 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 due, are disclosed in the Balance Sheet as trade receivables. The amount of retention money held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

c. Revenue from rendering of services

Revenue from rendering services is recognised over time when performance obligation is satisfied and customer obtains the control of the transferred services. Following criteria is required to be met for transfer of control of services:

**Notes forming part of the Financial Statements for the year ended March 31, 2020**

1. the customer simultaneously receives and consumes the benefits from the services transferred.
2. the Company has an enforceable right to payment for services transferred.

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

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 (b) supra.

- d. Government grants, which are revenue in nature and are towards compensation for the qualifying costs incurred by the Company, are recognised as other operational income in the Statement of Profit and Loss in the period in which such costs are incurred.
- e. Other operational revenue represents income earned from the activities incidental to the business and is recognised when performance obligation is satisfied and right to receive the income is established as per the terms of the contract.

**ii. Other income**

- A. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate including interest on investments classified at 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 towards its realization.
- B. Dividend income is accounted in the period in which the right to receive the same is established.
- C. Government grant receivable in the form duty credit scrips is recognised as other income in the Statement of Profit and Loss in the period in which 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 Company and the amount of income can be measured reliably.

**VII. Exceptional Items**

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed as such in the financial statements.

**VIII. Property, plant and equipment (PPE)**

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation and cumulative impairment. PPE acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is provable that economic future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost. Own manufactured PPE is capitalized at cost including an appropriate share of overheads. administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

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

Depreciation on PPE has been provided using straight line method so as to write off the cost of the assets less their residual values, if any, based on useful life / usage as prescribed in Schedule II of the Companies Act, 2013 or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. PPE which are added / disposed-off during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

## Notes forming part of the Financial Statements for the year ended March 31, 2020

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, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Gains or losses arising from recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

In respect of the following asset categories, the depreciation is provided at useful life, based on the technical evaluation and business usage, which is different from the useful life prescribed under Schedule II to the Companies Act, 2013:

Asset class	Useful life (Years)
Air Conditioner & refrigeration equipment	12
Motor car	7
Assets deployed at project sites	3-8

## IX. Leases

The Company as a lessee, recognises the right-of-use asset and lease liability 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, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease 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 / impairment losses (Refer accounting policy on impairment of assets). 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 lower. 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:

- Low value leases; and
- Leases which are short-term.

## X. Intangible assets

Intangible assets are stated at original cost net of tax / duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as part of the cost of the intangible assets.

Intangible assets are amortized on straight-line basis over the estimated useful life which is the period of six years.

Amortization method and useful life is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.



**Notes forming part of the Financial Statements for the year ended March 31, 2020****XI. Impairment of assets**

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a. the provision for impairment loss, if any; and
- b. the reversal of impairment loss recognized in previous periods, if any.

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

- a. in the case of an individual asset, at the higher of the net selling price and the value in use; and
- b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the Cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

**XII. Employee benefits**

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits like salaries, wages, short term compensated absences the expected cost of bonus, ex-gratia etc. are recognized in the period in which the employee renders the related service.

b) Post-employment benefits:

- i. Defined contribution plans: The Company's, state governed pension fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.
- ii. Defined benefit plans: The employees' gratuity fund schemes and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

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

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognized in other comprehensive income and is reflected immediately in retained earnings and is not eligible to be reclassified to profit & loss.

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

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

c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, long service award etc. is measured and recognized in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) supra.

d) Termination benefits:

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognized as expense and a liability is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.



**Notes forming part of the Financial Statements for the year ended March 31, 2020****XIII. Financial instruments****i) Initial recognition:**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets and financial liabilities are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**ii) Subsequent recognition:****a) Financial assets:**

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Impairment of financial assets:** The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost viz. trade receivables and other contractual rights to receive cash and other financial asset. For the purpose of measuring expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account expected credit loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

**b) Financial liabilities:**

Financial liabilities which are classified at initial recognition as financial liabilities at fair value through profit or loss including loans and borrowings, payables, derivatives designated as hedging instruments in an effective hedge are subsequently measured at fair value. All other financial liabilities including loans and borrowings are subsequently measured at amortized costs using effective interest rate (EIR) method.

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, interest rate swaps, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

**Fair value hedges:** Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are also subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognized 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. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

**Cash flow hedges:** The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under the heading hedge reserve – fair value". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the recognized hedged item. 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 recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

**Notes forming part of the Financial Statements for the year ended March 31, 2020****XIV. Inventories**

Inventories are valued after providing for obsolescence, as under:

- a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- b) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realizable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.
- c) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realizable value.

Cost includes related overheads on such goods.

Assessment of net realizable value is done in 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 realizable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value.

**XV. Cash and cash equivalents**

Cash and bank balances also 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 not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

**XVI. Borrowing costs**

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

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized / 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 recognized in profit or loss in the period in which they are incurred.

**XVII. Foreign currency transactions**

- a) The functional currency and presentation currency of the Company is Indian rupee.
- b) Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currencies and carried at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized in profit or loss in the period in which they arise except for:
  - i. Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustment to interest costs in a foreign currency not translated; and
  - ii. Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

**XVIII. Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial

**Notes forming part of the Financial Statements for the year ended March 31, 2020**

information is available and for which operating profit / loss amounts are evaluated to allocate resources and in assessing performance.

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 Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

**XIX. Taxes on income**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments / appeals.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company'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 except where the Company 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" are recognized and carried forward to the extent there is convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Transaction or event which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

**XX. Provisions, contingent liabilities and contingent assets**

Provisions are recognized only when:

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

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- b) a present obligation arising from past events, when no reliable estimate is possible.

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.

**XXI. Commitments**

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed for estimated amount of contracts remaining to be executed on capital account and not provided for.

**Notes forming part of the Financial Statements for the year ended March 31, 2020**

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

**XXII. Statement of Cash flows**

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

- i. changes during the period in inventories, operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, amortization, 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 exclude items which are not available for general use as on the date of Balance Sheet

**XXIII. Earnings per share**

- a. Basic earnings per share: Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period.
- b. Diluted earnings per share: Diluted earnings per share is computed by dividing the profit after tax after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**XXIV. Key sources of estimation Uncertainty**

The preparation of financial statements in conformity with Ind AS requires that the management of the Company 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 financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Notes forming part of the Financial Statements for the year ended March 31, 2020

**30 Disclosure pursuant to Ind AS 115 "Revenue from contracts with customers"**
**a) Disaggregation of revenue for the year 2019-20**
**₹ crores**

Particulars	Revenue as per Ind AS 115			Other revenue	Total as per P&L
	Domestic	Foreign	Total		
a) Revenue recognised based on performance obligations satisfied over a period of time	1,639.70	297.04	1,936.74	-	1,936.74
b) Revenue recognised based on performance obligations satisfied at a point in time	86.74	0.59	87.33	-	87.33
c) Other operational income	-	-	-	11.55	11.55
<b>Total</b>	<b>1,726.44</b>	<b>297.63</b>	<b>2,024.07</b>	<b>11.55</b>	<b>2,035.62</b>

**Disaggregation of revenue for the year 2018-19**
**₹ crores**

Particulars	Revenue as per Ind AS 115			Other revenue	Total as per P&L
	Domestic	Foreign	Total		
a) Revenue recognised based on performance obligations satisfied over a period of time	2,132.27	512.68	2,644.95	-	2,644.95
b) Revenue recognised based on performance obligations satisfied at a point in time	60.60	-	60.60	-	60.60
c) Other operational income	-	-	-	30.15	30.15
<b>Total</b>	<b>2,192.87</b>	<b>512.68</b>	<b>2,705.55</b>	<b>30.15</b>	<b>2,735.70</b>

**b) (i) Movement in expected credit loss during the year**
**₹ crores**

Particulars	Provision on trade receivables covered under Ind AS 115	
	2019-20	2018-19
Opening Balance	203.12	165.12
<b>Changes in allowance:</b>		
- Loss allowance based on expected credit loss	14.98	38.00
- Additional provision (net)	-	-
Write off as bad debts	-	-
<b>Closing balance *</b>	<b>218.10</b>	<b>203.12</b>

(ii) The Company has Receivables of ₹ 297 crore from a customer in respect of boiler package of a power plant executed along with its parent company. The parent company is in discussion with the customer for realisation of the Receivables and confirmed satisfactory progress in that regard. The Company expects to realise the outstanding completion of the settlement process

**c) (i) Movement in contract balances for the year 2019-20:-**
**₹ crores**

Particulars	Contract Assets	Contract Liabilities	Net Contract Balances
Opening balance as at April 1, 2019	1,072.74	1,141.26	(68.52)
Closing balance as at March 31, 2020	1,153.74	999.25	154.49
<b>Net Increase (Decrease)</b>	<b>81.00</b>	<b>(142.01)</b>	<b>223.01</b>

**Movement in contract balances for the year 2018-19:-**
**₹ crores**

Particulars	Contract Assets	Contract Liabilities	Net Contract Balances
Opening balance as at April 1, 2018	868.81	1,635.76	(766.95)
Closing balance as at March 31, 2019	1,072.74	1,141.26	(68.52)
<b>Net Increase (Decrease)</b>	<b>203.93</b>	<b>(494.50)</b>	<b>698.43</b>

(ii) Revenue recognised during the year from opening balance of contract liabilities amounts to ₹ 1288.63 crores (previous year ₹ 1114.56 crores).

**d) Reconciliation of contracted price with revenue during the year**
**₹ crores**

Particulars	2019-20	2018-19
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	10,515.56	12,348.37
<b>Changes during the year on account of:</b>		
Add: Fresh / change orders received	5,901.40	301.95
Add: Additional consideration, exchange rate movement and claims	121.92	72.36
Less: Orders completed	(2,745.96)	(2,207.12)
<b>Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)</b>	<b>13,792.92</b>	<b>10,515.56</b>

**Notes forming part of the Financial Statements for the year ended March 31, 2020**
**Reconciliation of contracted price with revenue during the year continues..... ₹ crores**

Particulars	2019-20	2018-19
Revenue recognised during the year	2,024.07	2,705.55
Less : Revenue out of orders completed during the year	604.84	402.81
Revenue out of orders under execution at the end of the year (I)	1,419.23	2,302.74
Revenue recognised upto previous year (from orders pending completion at year end) (II)	5,196.71	5,035.08
Balance revenue to be recognised in future (III)	7,176.99	3,177.74
<b>Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III)</b>	<b>13,792.92</b>	<b>10,515.56</b>

**e) Remaining performance obligations ₹ crores**

Particulars	Likely conversion in revenue		
	Upto 1 Year	Beyond 1 Year	Total
Transaction price allocated to the remaining performance obligation	2,070.50	5,106.49	7,176.99

The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, where ever required on long-term contracts.

**31 Disclosure pursuant to Ind AS 116 "Lease Accounting"**

i) Effective 1st April, 2019, the Company has applied Ind AS 116 "Leases" in respect of lease contracts outstanding on April 1, 2019 using modified retrospective method of transition and has opted to measure Right-of-use in the financial statements. This has resulted in recognising a Right-of-use asset amounting to Rs. 25.11 crores as on 1st April 2019 (carrying amount of asset classified under finance lease under Ind AS 17 till 31st Mar 2019), corresponding lease liability was NIL as the entire lease payments related to this Right of use were paid in advance at the inception of the lease. The application of Ind AS 116 did not have any material impact on the financial statements for the financial year ended March 31, 2020.

ii) The Company has taken various assets on lease such as land, plant and machinery, buildings, office premises, vehicles. Generally leases are renewed only on mutual consent and at a prevalent market price and sub-lease is restricted.

**iii) Expense and cash outflow relating to payments not included in the measurement of lease liability:- ₹ crores**

Particulars	2019-20
Short term lease	6.55
Low value lease	0.12
Variable lease payments	-
<b>Total</b>	<b>6.67</b>

iv) There are no variable lease payments associated with the lease contracts entered by the Company. There are no significant extension / termination options associated with the leases which have not been factored in the determination of the lease liability. There are no exceptional / restrictive covenants in the lease agreements.

**32 Auditors remuneration and expenses charged to accounts**

Particulars	2019-20	2018-19
Audit fees	0.05	0.04
Taxation Matters	0.01	0.01
Certification work	0.05	0.08
Reimbursement	0.01	0.01
<b>Total</b>	<b>0.12</b>	<b>0.14</b>

**33 Micro and small enterprises**

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSME) as at March 31, 2020. The disclosure pursuant to the said Act is as under:

Particulars	2019-20	2018-19
Principal Amount due to suppliers under MSMED Act	31.19	30.27
Interest accrued, due to suppliers under MSMED Act	0.73	0.72
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than section 16)	-	-
Interest paid to suppliers under MSMED Act (section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payment already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company. Provision of interest is made based on principle of prudence.

**34 Investor education and protection fund**

There were no amounts which were required to be transferred by the Company to the investor education and protection fund.

Notes forming part of the Financial Statements for the year ended March 31, 2020

### 35 Deferred tax

Table A : Major componets of tax expense

		₹ crores	
Sr. No.	Particulars	2019-20	2018-19
(a)	<b>Income tax expense in Profit and Loss section</b>		
1	<b>Current Income tax :</b>		
	Current income tax charge	144.60	171.37
	Effect of prior period adjustments	(0.55)	(0.22)
2	<b>Deferred Tax:</b>		
	Relating to origination and reversal of temporary differences	(26.45)	(33.22)
	<b>Income tax expense reported in the statement of Profit and Loss Account</b>	<b>117.60</b>	<b>137.93</b>
(b)	<b>Other Comprehensive Income (OCI) section:</b>		
	Current tax on remeasurement of defined benefit plans	0.34	0.07
	Deferred tax on fair value change of hedging instruments	(2.91)	(4.38)
	<b>Income tax expense reported in the OCI section</b>	<b>(2.57)</b>	<b>(4.31)</b>

Table B : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

		₹ crores	
Sr. No.	Particulars	2019-20	2018-19
1	<b>Profit before tax</b>	429.80	417.89
2	Applicable tax rate	25.17%	34.94%
3	Tax on Accounting profit (1*2)	108.17	146.03
4	<b>Items of expense not deductible for tax purposes:</b>		
(a)	CSR Expenses	1.23	1.93
(b)	Difference in Book and Income tax depreciation	0.33	0.32
(c)	Effect on deferred tax balances due to the change in income tax rate	12.56	-
(d)	Effect of Items taxable at lower rate (viz. Long term Capital Gains)	(4.41)	(10.14)
(e)	Others	(0.29)	(0.21)
	<b>Tax expense recognised during the year (3 + 4)</b>	<b>117.60</b>	<b>137.93</b>
	Effective tax rate	27.36%	33.01%

Table C : Components of deferred tax (assets) and liabilities recognised in the Balance Sheet and Statement of Profit &amp; Loss

		₹ crores			
Sr. No.	Particulars	Balance Sheet		Statement of Profit & Loss	
		31-Mar-20	31-Mar-19	2019-20	2018-19
1	Fair valuation gain on equity securities (FVTPL)	0.28	15.59	(15.31)	(5.32)
2	Provision for compensated absences disallowed u/s 43B	(3.68)	(4.32)	0.64	(0.56)
3	Difference in book and income tax depreciation	19.66	33.79	(14.13)	(7.00)
4	Fair valuation of derivatives w.r.t. cash flow hedges	(0.78)	(3.69)	-	-
5	Provision for warranty cost	(25.52)	(11.78)	(13.74)	(7.07)
6	Provision for ECL	(54.89)	(70.98)	16.09	(13.28)
	<b>Deferred tax expense / (income)</b>			<b>(26.45)</b>	<b>(33.22)</b>
	<b>Net deferred tax (assets) / liabilities</b>	<b>(64.93)</b>	<b>(41.39)</b>		

Table D : Reconciliation of deferred tax (assets) / liabilities

		₹ crores	
Sr. No.	Particulars	2019-20	2018-19
1	Opening balance	(41.39)	(12.55)
2	Deferred tax income / (expense) during the period recognised in statement of Profit and Loss	(26.45)	(33.22)
3	Fair valuation of derivatives w.r.t. cash flow hedges	2.91	4.38
	<b>Closing Balance</b>	<b>(64.93)</b>	<b>(41.39)</b>

Notes forming part of the Financial Statements for the year ended March 31, 2020

**36 Movement in provisions: Product warranties**

Particulars	₹ crores	
	2019-20	2018-19
Opening balance	33.70	13.47
Add:- Additional provision during the year	67.87	31.57
Less:- Provision used / reversed during the year	(0.18)	(11.34)
<b>Closing balance</b>	<b>101.39</b>	<b>33.70</b>

The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at period end represents the amount of the expected cost of meeting such obligations of rectification/replacement.

**37 Employee benefits**

Employee benefits – provision for / contributions to retirement benefit schemes are made in accordance with Ind AS - 19 Employee Benefits as follows –

i. Defined Contribution Plan - The Company has contributed ₹ 2.79 crores (Previous Year ₹ 2.29 crores) towards provident fund during the year, which is recognised as an expense in the Statement of Profit and Loss Account.

ii. Defined Benefit Plan :

**a) General description of gratuity plans**

The Company makes contributions to the Employees Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at the time of retirement, death while in employment or termination of employment, of an amount equivalent to 15 days of last drawn salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service, subject to a maximum of ₹ 0.20 crores.

**Table 1-A : Amount recognized in Balance Sheet - Gratuity**

Particulars	₹ crores	
	Gratuity plan	
	31-Mar-20	31-Mar-19
Present value of funded defined benefit obligation	12.44	9.54
Less : Fair value of plan assets	(9.55)	(7.80)
<b>Net defined benefit liability / (asset) recognized in Balance Sheet</b>	<b>2.89</b>	<b>1.74</b>

**b) General Description of provident fund**

The provident fund is managed by the holding Company – Larsen & Toubro Limited. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by 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.

**Table 1-B : Amount recognized in Balance Sheet - Provident Fund**

Particulars	₹ crores	
	Trust managed provident fund plan	
	31-Mar-20	31-Mar-19
Present value of funded defined benefit obligation	75.43	69.05
Less : Fair value of plan assets	(79.93)	(69.47)
<b>Net defined benefit liability / (asset)</b>	<b>(4.50)</b>	<b>(0.42)</b>

**Table 2 - Current year expense charged to Profit & Loss Account**

Particulars	₹ crores			
	Gratuity plan		Trust managed provident fund plan	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Current service cost	1.44	1.43	2.79	2.29
Interest income on plan assets	(0.59)	(0.48)	(5.76)	(5.27)
Interest cost on defined benefit obligation	0.68	0.60	5.76	5.27
Actuarial losses / (gains)	1.35	0.23	1.17	0.00
Actuarial gain/(loss) not recognized in books	0.01	(0.04)	(1.17)	(0.00)
<b>Expense charged to Profit &amp; Loss A/c</b>	<b>2.89</b>	<b>1.74</b>	<b>2.79</b>	<b>2.29</b>
I. Amount included in employee benefits expense	1.54	1.54	2.79	2.29
II. Amount included as part of "Other Comprehensive Income"	1.35	0.20	-	-
<b>Total expense charged to Profit and Loss A/c (I + II)</b>	<b>2.89</b>	<b>1.74</b>	<b>2.79</b>	<b>2.29</b>



Notes forming part of the Financial Statements for the year ended March 31, 2020

**Table 3 - Reconciliation of opening and closing balance of present value of defined benefit obligations**
**₹ crores**

Particulars	Gratuity plan		Trust managed provident fund plan	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Opening balance of present value of defined benefit obligations	9.54	8.13	69.05	58.41
Add: Current service cost	1.44	1.43	2.79	2.29
Add: Interest cost	0.68	0.60	5.76	5.27
Add: Contribution by plan participants	-	-	4.26	6.09
Add (Less): Actuarial Losses / (Gains) arising from:				
<i>Changes in financial assumptions</i>	1.07	0.12	-	-
<i>Changes in demographic assumptions</i>	-	(0.01)	-	-
<i>Experience adjustments</i>	0.28	0.12	-	-
Less: Benefits paid	(0.81)	(0.85)	(6.83)	(5.52)
Add: Liabilities assumed on transfer of employees	0.24	-	0.40	2.51
<b>Closing balance of present value of defined benefit obligations</b>	<b>12.44</b>	<b>9.54</b>	<b>75.43</b>	<b>69.05</b>

**Table 4 - Reconciliation of plan assets**
**₹ crores**

Particulars	Gratuity plan		Trust managed provident fund plan	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Opening fair value of plan assets	7.80	6.22	69.47	58.91
Add: Interest income on plan assets	0.59	0.48	5.76	5.27
Add: Actuarial Gain / (Losses) - Actual return on plan assets less interest income	(0.01)	0.04	1.17	(0.00)
Add: Contributions by employer	1.74	1.91	2.76	2.29
Add: Assets acquired / (settled)*	-	-	0.41	2.53
Add: Contribution by plan participants	-	-	7.19	5.99
Less: Benefits paid	(0.81)	(0.85)	(6.83)	(5.52)
Less: Assets distributed on settlements	0.24	-	-	-
<b>Closing balance of plan assets</b>	<b>9.55</b>	<b>7.80</b>	<b>79.93</b>	<b>69.47</b>

\* On account of inter group transfer

Company expects to fund ₹ 2.79 crores (Previous year ₹ 1.74 crores) towards its gratuity plan for the next annual reporting period.

**Table 5 - Major categories of plan assets as percentage of total plan assets**

Category of Assets	Gratuity plan		Trust managed provident fund plan	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Govt. of India securities	-	-	21.53%	23.64%
State Govt. securities	-	-	25.41%	24.00%
Corporate bonds	-	-	28.88%	20.91%
Public Sector bonds	-	-	16.07%	22.00%
Special deposit scheme	-	-	4.29%	5.18%
Insurer managed fund (LIC)	99.40%	100%	0.00%	0.00%
Mutual Funds	-	-	3.07%	4.12%
Others	0.60%	-	0.75%	0.15%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Table 6 : Category wise value of plan assets**
**₹ crores**

Category of Assets	Gratuity plan		Trust managed provident fund plan	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Govt. of India securities	-	-	17.21	16.43
State Govt. securities	-	-	20.31	16.67
Corporate bonds	-	-	23.08	14.53
Public Sector bonds	-	-	12.84	15.28
Special deposit scheme	-	-	3.43	3.60
Insurer managed fund (LIC)	9.49	7.80	-	-
Mutual funds	-	-	2.46	2.86
Others	0.06	-	0.60	0.10
<b>Closing balance of plan assets</b>	<b>9.55</b>	<b>7.80</b>	<b>79.93</b>	<b>69.47</b>

**Table 7: Principal actuarial assumptions for gratuity**

Particulars	31-Mar-20	31-Mar-19
Discount rate (p.a.)	6.55%	7.65%
Salary escalation rate (p.a.)	5.00%	5.00%
Attrition Rate	6% to 8%	6% to 8%

Estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes forming part of the Financial Statements for the year ended March 31, 2020

**Table 8 : Sensitivity Analysis - impact of increase / decrease in actuarial assumptions in gratuity**

Particulars	Gratuity plan	
	31-Mar-20	31-Mar-19
<b>Discount rate</b>		
Impact of increase in 100 bps on defined benefit obligations	-7.86%	-7.57%
Impact of decrease in 100 bps on defined benefit obligations	9.21%	8.80%
<b>Salary escalation rate</b>		
Impact of increase in 100 bps on defined benefit obligations	9.27%	8.95%
Impact of decrease in 100 bps on defined benefit obligations	-8.04%	-7.82%

Average duration of defined benefit obligations of gratuity plan for current year is 9.01 years (previous year 8.15 years).

Interest payment obligation of trust-managed provident fund is adequately covered by the interest income of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit & Loss A/c.

### 38 Corporate social responsibility

- Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year was ₹ 7.46 crores (previous year ₹ 7.09 crores).
- The Company has spent ₹ 4.90 crores (previous year ₹ 5.51 crores) towards Corporate Social Responsibility activities during the financial year.

### 39 Fair value measurements

The following methods of assumptions were used to estimate the fair values:

- Fair value of the cash, short term deposits, trade and other short receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amount largely due to short term maturities of these instruments.
- Fixed and variable interest rates are revalued by the Company based on the parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluations allowance are taken to account for the expected loss on these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability

#### Financial assets by category

		₹ crores	
Sr. No.	Particulars	31-Mar-20	31-Mar-19
<b>1</b>	<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>		
(a)	Mutual funds	312.91	455.88
(b)	Derivative Instruments not designated as cash flow hedges	1.94	8.94
<b>2</b>	<b>Measured at amortised cost</b>		
(a)	Trade Receivables	768.68	1,185.61
(b)	Advances recoverable in cash	1.78	0.32
(c)	Cash and cash equivalents	417.69	194.86
(d)	Other bank balances (incl. fixed deposit having maturity >12 mths)	462.94	129.06
(e)	Security deposits	0.42	1.11
(f)	Other receivables	0.96	2.92
<b>3</b>	<b>Measured at Fair value thru" OCI (FVTOCI)</b>		
(a)	Derivative Instruments designated as cash flow hedges	0.90	7.08
<b>Total financial assets</b>		<b>1,968.22</b>	<b>1,985.78</b>

#### Financial liabilities by category

		₹ crores	
Sr. No.	Particulars	31-Mar-20	31-Mar-19
<b>1</b>	<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>		
(a)	Embedded derivatives not designated as cash flow hedges	6.22	8.64
(b)	Derivative Instruments not designated as cash flow hedges	9.44	2.43
<b>2</b>	<b>Measured at amortised cost</b>		
(a)	Borrowings	25.11	177.86
(b)	Trade payables	528.59	718.99
(c)	Other financial liabilities	426.42	363.23
<b>3</b>	<b>Financial liabilities at fair value thru OCI</b>		
(a)	Embedded derivatives designated as cash flow hedges	2.21	17.58
<b>Total financial liabilities</b>		<b>997.99</b>	<b>1,288.73</b>

Notes forming part of the Financial Statements for the year ended March 31, 2020

**Disclosures in statement of Profit & Loss**
**₹ crores**

Sr. No.	Particulars	2019-20	2018-19
<b>1</b>	<b>Net gain / (losses) on financial assets and financial liabilities</b>		
<b>(a)</b>	<b>Mandatorily measured at fair value thru" P&amp;L</b>		
	Gain/(Loss) on fair valuation or sale of investment in Mutual Fund	25.34	39.12
<b>(b)</b>	<b>Designated as at fair value thru" P&amp;L</b>		
	(i) Gain/(Loss) on fair valuation or settlement of forward contract not designated cash flow hedges	5.83	32.01
	(ii) Gain/(Loss) on fair valuation or settlement of Embedded derivative contract not designated cash flow hedges	(5.02)	(8.60)
<b>(c)</b>	<b>Financial assets measured at amortised cost</b>		
	(i) Exchange Gain/(Loss) on revaluation or settlement of items denominated in foreign currency	48.74	2.32
	(ii) (Allowances)/reversal of expected credit loss during the year	(14.98)	(38.01)
<b>(d)</b>	<b>Financial liabilities measured at amortised cost</b>		
	(i) Exchange Gain/(Loss) on revaluation or settlement of items denominated in foreign currency	(35.49)	(45.13)
<b>(e)</b>	<b>Financial assets measured at FVTOCI:</b>		
<b>(i)</b>	Gains recognized in OCI		
	(a) Gain/(Loss) on fair valuation of settlement of forward contracts designated as cash flow hedges	7.91	10.14
	(b) Gain/(Loss) on fair valuation of settlement of embedded derivatives contracts designated as cash flow hedges	(15.37)	(22.67)
<b>(ii)</b>	Gains reclassified to P&L from OCI upon de-recognition		
	(a) on embedded derivative contracts upon underlying hedged assets affecting the P&L account or related assets or liabilities.	(3.72)	(5.99)
<b>2</b>	<b>Interest revenue</b>		
	Financial assets measured at amortised cost	36.22	20.26
<b>3</b>	<b>Interest expense</b>		
	Financial liabilities that are not measured at FVTPL	(5.19)	(17.72)

**Outstanding hedge instruments as on March 31, 2020**
**(in crores)**

Particulars	Nominal Amount	Average Rate (₹ )	Timing	
			Upto 12 months	More than 12 months
<b>Currency exposure</b>				
<b>Cash flow hedge</b>				
<b>Foreign currency forward covers</b>				
<b>Payable hedges</b>				
USD including USD pegged currency	-	-	-	-
EUR	0.07	81.29	0.07	-
JPY	54.50	0.6904	54.50	-
GBP	0.20	89.57	0.20	-
<b>Receivable hedges</b>				
USD including USD pegged currency	3.92	75.35	3.78	0.14
EUR	0.54	82.59	0.54	-
JPY	163.45	0.6959	145.95	17.50

**Outstanding hedge instruments as on March 31, 2019**
**(in crores)**

Particulars	Nominal Amount	Average Rate (₹ )	Timing	
			Upto 12 months	More than 12 months
<b>Currency exposure</b>				
<b>Cash flow hedge</b>				
<b>Foreign currency forward covers</b>				
<b>Payable hedges</b>				
USD including USD pegged currency	-	-	-	-
EUR	0.38	81.00	0.38	-
JPY	98.40	0.6349	98.40	-
GBP	0.11	91.38	0.11	-
<b>Receivable hedges</b>				
USD including USD pegged currency	6.69	72.02	6.15	0.53
EUR	0.39	81.80	0.39	-
JPY	133.97	0.6546	133.97	-

Notes forming part of the Financial Statements for the year ended March 31, 2020

**Carrying amounts of hedge instruments**
**₹ crores**

Particulars	2019-20		2018-19	
	Currency exposure	Interest rate exposure	Currency exposure	Interest rate exposure
<b>(i) Forward contracts</b>				
<b>Current</b>				
Asset - Other financial assets	2.84	-	16.01	-
Liability - Other financial liabilities	9.45	-	2.43	-
<b>Non current</b>				
Asset - Other financial assets	-	-	-	-
Liability - Other financial liabilities	-	-	-	-
<b>(ii) Embedded derivative</b>				
<b>Current</b>				
Asset - Other financial assets	-	-	-	-
Liability - Other financial liabilities	8.43	-	21.57	-
<b>Non current</b>				
Asset - Other financial assets	-	-	-	-
Liability - Other financial liabilities	-	-	4.65	-

**Movement of hedge reserve:**
**₹ crores**

Particulars	2019-20	2018-19
<b>Opening balance</b>	<b>6.87</b>	<b>15.02</b>
Add: Movement in forward contract	7.91	10.15
Add: Movement in embedded derivative	(15.37)	(22.67)
Add: Changes in fair value of swaps	-	(0.01)
Add: Deferred tax related to above	2.91	4.38
<b>Closing balance</b>	<b>2.32</b>	<b>6.87</b>

**Fair value hierarchy as at 31 March 2020**
**₹ crores**

Financial assets and liabilities measured - recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>				
Mutual funds	312.91	-	-	312.91
Embedded derivative not designated as cash flow hedges	-	-	-	-
Derivative Instruments not designated as cash flow hedges	-	1.94	-	1.94
<b>Measured at amortised cost</b>				
Trade receivables	-	768.68	-	768.68
Advances recoverable in cash	-	1.78	-	1.78
Cash and cash equivalents	-	417.69	-	417.69
Other bank balances (incl. fixed deposit having maturity >12 mths)	-	462.94	-	462.94
Security deposits	-	0.42	-	0.42
Other receivables	-	0.96	-	0.96
<b>Measured at Fair value thru" OCI (FVTOCI)</b>				
Derivative financial instruments designated as cash flow hedges	-	0.90	-	0.90
<b>Total financial assets</b>	<b>312.91</b>	<b>1,655.31</b>	<b>-</b>	<b>1,968.22</b>
<b>Financial Liabilities</b>				
<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>				
Embedded derivatives not designated as cash flow hedges	-	6.22	-	6.22
Derivative Instruments not designated as cash flow hedges	-	9.44	-	9.44
<b>Measured at amortised cost</b>				
Borrowings	-	25.11	-	25.11
Trade payables	-	528.59	-	528.59
Other financial liabilities	-	426.42	-	426.42
<b>Financial liabilities at fair value thru OCI</b>				
Embedded derivatives designated as cash flow hedges	-	2.21	-	2.21
Derivative Instruments designated as cash flow hedges	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>997.99</b>	<b>-</b>	<b>997.99</b>

Notes forming part of the Financial Statements for the year ended March 31, 2020

Fair value hierarchy as at 31 March 2019				₹ crores
Financial assets and liabilities measured - recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>				
Mutual funds	455.88	-	-	455.88
Embedded derivative not designated as cash flow hedges	-	-	-	-
Derivative Instruments not designated as cash flow hedges	-	8.94	-	8.94
<b>Measured at amortised cost</b>				
Trade receivables	-	1,185.61	-	1,185.61
Advances recoverable in cash	-	0.32	-	0.32
Cash and cash equivalents	-	194.86	-	194.86
Other bank balances (incl. fixed deposit having maturity >12 mths)	-	129.06	-	129.06
Security deposits	-	1.11	-	1.11
Other receivables	-	2.92	-	2.92
<b>Measured at Fair value thru" OCI (FVTOCI)</b>				
Embedded derivative designated as cash flow hedges	-	-	-	-
Derivative financial instruments designated as cash flow hedges	-	7.08	-	7.08
<b>Total financial assets</b>	<b>455.88</b>	<b>1,529.90</b>	<b>-</b>	<b>1,985.78</b>
<b>Financial Liabilities</b>				
<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>				
Embedded derivatives not designated as cash flow hedges	-	8.64	-	8.64
Derivative Instruments not designated as cash flow hedges	-	2.43	-	2.43
<b>Measured at amortised cost</b>				
Borrowings	-	177.86	-	177.86
Trade payables	-	718.99	-	718.99
Other financial liabilities	-	363.23	-	363.23
<b>Financial liabilities at fair value thru OCI</b>				
Embedded derivatives designated as cash flow hedges	-	17.58	-	17.58
Derivative Instruments designated as cash flow hedges	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>1,288.73</b>	<b>-</b>	<b>1,288.73</b>

**Fair value of financial assets and liabilities measured at amortised cost:**

The carrying amounts of trade receivables, trade payables and cash and cash equivalents and other financial assets and liabilities (measured at amortised cost) are considered to be the same as their fair value due to their short term nature.

#### 40 Financial risk management

The Company is exposed to credit/counter-party risk, liquidity risk, and currency risk and interest rate risk.

The Company's risk management policy (including financial risk) is approved by the board of directors.

The Company's risk management committee is responsible for the implementation of the risk management policy.

**a) Credit / counter-party risk**

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

The Company makes adequate provision for non-collection of trade receivables. Further, the Company has not suffered significant payment defaults by its customers.

In addition, for delay in collection of receivables, the Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivables. These range from 7.85% (Previous year 10%) for dues outstanding from six months to twelve months and 80% (Previous year 84%) for dues outstanding for more than 108 months for year 2019-20. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customer e.g. public sector, private sectors etc.

Expected Credit Loss (ECL) reconciliation on Trade Receivable has been given at clause 30(b).

The percentage of revenue from its top two customers is 73.80% for 2019-20 (68.91% for 2018-19).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks (see below). The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter-party risk where necessary.

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

**b) Liquidity Risk**

The Company's treasury department monitors the cash flows of the Company and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds (see counter-party risk above).

The Company has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business.

Notes forming part of the Financial Statements for the year ended March 31, 2020

**Maturity profile of financial liabilities as at 31 March 2020**
**₹ crores**

Sr. No.	Particulars	Up to 12 months	More than 12 months	Total
<b>1</b>	<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>			
(a)	Embedded derivatives not designated as cash flow hedges	6.22	-	6.22
(b)	Derivative Instruments not designated as cash flow hedges	9.44	-	9.44
<b>2</b>	<b>Measured at amortised cost</b>			
(a)	Borrowings	25.11	-	25.11
(b)	Trade payables	248.73	279.86	528.59
(c)	Other financial liabilities	426.42	-	426.42
<b>3</b>	<b>Financial liabilities at fair value thru OCI</b>			
(a)	Embedded derivatives designated as cash flow hedges	2.21	-	2.21
<b>Total financial liabilities</b>		<b>718.13</b>	<b>279.86</b>	<b>997.99</b>

**Maturity profile of financial assets as at 31 March 2020**
**₹ crores**

Sr. No.	Particulars	Up to 12 months	More than 12 months	Total
<b>1</b>	<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>			
(a)	Mutual funds	312.91	-	312.91
(b)	Derivative Instruments not designated as cash flow hedges	1.94	-	1.94
<b>2</b>	<b>Measured at amortised cost</b>			
(a)	Trade receivables	658.41	110.27	768.68
(b)	Advances recoverable in cash	0.63	1.15	1.78
(c)	Cash and cash equivalents	417.69	-	417.69
(d)	Other bank balances	433.02	29.92	462.94
(e)	Security deposits	0.42	-	0.42
(f)	Other receivables	0.96	-	0.96
<b>3</b>	<b>Measured at Fair value thru" OCI (FVTOCI)</b>			
(a)	Derivative financial instruments designated as cash flow hedges	0.90	-	0.90
<b>Total financial assets</b>		<b>1,826.88</b>	<b>141.34</b>	<b>1,968.22</b>

**Maturity profile of financial liabilities as at 31 March 2019**
**₹ crores**

Sr. No.	Particulars	Up to 12 months	More than 12 months	Total
<b>1</b>	<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>			
(a)	Embedded derivatives not designated as cash flow hedges	8.55	0.09	8.64
(b)	Derivative Instruments not designated as cash flow hedges	2.43	-	2.43
<b>2</b>	<b>Measured at amortised cost</b>			
(a)	Borrowings	177.86	-	177.86
(b)	Trade payables	430.08	288.91	718.99
(c)	Other financial liabilities	363.23	-	363.23
<b>3</b>	<b>Financial liabilities at fair value thru OCI</b>			
(a)	Embedded derivatives designated as cash flow hedges	13.02	4.56	17.58
<b>Total financial liabilities</b>		<b>995.17</b>	<b>293.56</b>	<b>1,288.73</b>

**Maturity profile of financial assets as at 31 March 2019**
**₹ crores**

Sr. No.	Particulars	Up to 12 months	More than 12 months	Total
<b>1</b>	<b>Measured at Fair value thru" Profit &amp; Loss (FVTPL)</b>			
(a)	Mutual funds	455.88	-	455.88
(b)	Derivative Instruments not designated as cash flow hedges	8.94	-	8.94
<b>2</b>	<b>Measured at amortised cost</b>			
(a)	Trade receivables	1,077.20	108.40	1,185.61
(b)	Advances recoverable in cash	0.32	-	0.32
(c)	Cash and cash equivalents	194.86	-	194.86
(d)	Other bank balances	123.81	5.25	129.06
(e)	Security deposits	-	1.11	1.11
(f)	Other receivables	2.92	-	2.92
<b>3</b>	<b>Measured at Fair value thru" OCI (FVTOCI)</b>			
(a)	Derivative financial instruments designated as cash flow hedges	7.08	-	7.08
<b>Total financial assets</b>		<b>1,871.01</b>	<b>114.77</b>	<b>1,985.78</b>

**Notes forming part of the Financial Statements for the year ended March 31, 2020**
**c) Market risk:**

Market Risk is the risk of loss of future earnings, fair value and future cash flows that may result from change in price of financial instrument. The value of the financial instrument may change as a result of change in interest rate scenario and other market changes that affect the market risk sensitive instrument. Market risk is attributable to market risk sensitive instruments viz. investments in mutual funds. The Company has got a treasury team which manages cash resources, implementation of hedging strategies for foreign currency exposures, borrowing strategies and ensure compliance with market risk limits and policies. This team is guided by the treasury committee. Company manages the market risk through the treasury committee which evaluates and exercises independent control over the entire process of market risk management. The treasury committee recommends the policies & processes for investments. The committee is appraised the implementation of plan & policies on quarterly basis. Board of the Company is also appraised of the proceedings of the treasury committee on quarterly basis.

**(i) Foreign currency risk**

Foreign exchange risk is a significant financial risk for the Company. The Company uses derivative financial instruments to mitigate foreign exchange related exposures. Specialist teams that have the appropriate skills and experience take decisions for risk management purposes. The Company's operations also involves foreign currencies and maximum exposure is in US dollars and Japanese Yen.

The board of directors has approved the Company's financial risk management policy covering management of foreign currency exposures. The Company's treasury department monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Company hedges its exposure both on cash flow basis as well as on net basis (i.e. net expected outcome of the project). These hedges are cash flow hedges. In addition, the Company has embedded derivatives mainly for projects in India that were won on an international competitive bidding basis. These are quoted in foreign currency to match the exposure that the Company has as liabilities for the project. Since embedded derivatives are considered ineffective, they are charged to the statement of profit and loss along with the corresponding hedge instrument taken (if any) to mitigate the foreign exchange risk.

The Company does not enter into hedge transactions for either trading or speculative purposes.

Contracts with maturity not later than twelve months include certain contracts that can be rolled over to subsequent periods in line with underlying exposures.

<b>Exchange rate risk</b>		<b>₹ crores</b>			
<b>Particulars</b>	<b>Impact on profit after tax</b>		<b>Impact on other components of equity</b>		
	<b>2019-20</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2018-19</b>	
<b>USD Sensitivity</b>					
INR/USD -Increase by 5%*	0.85	1.44	14.45	23.15	
INR/USD -Decrease by 5%*	(0.85)	(1.44)	(14.45)	(23.15)	
<b>EURO Sensitivity</b>					
INR/EURO -Increase by 5%*	0.10	0.19	1.89	(0.06)	
INR/EURO -Decrease by 5%*	(0.10)	(0.19)	(1.89)	0.06	
<b>JPY Sensitivity</b>					
INR/JPY -Increase by 5%*	0.24	0.14	3.76	0.99	
INR/JPY -Decrease by 5%*	(0.24)	(0.14)	(3.76)	(0.99)	
<b>GBP Sensitivity</b>					
INR/GBP -Increase by 5%*	(0.04)	(0.10)	(0.89)	(0.48)	
INR/GBP -Decrease by 5%*	0.04	0.10	0.89	0.48	
<b>CNY Sensitivity</b>					
INR/CNY -Increase by 5%*	0.00	-	-	-	
INR/CNY -Decrease by 5%*	-	-	-	-	

\* Holding all other variable constant

**(ii) Interest rate risk exposure:**

		<b>₹ crores</b>	
<b>Particulars</b>		<b>31-Mar-20</b>	<b>31-Mar-19</b>
Variable rate borrowings		25.11	177.86
Fixed rate borrowings		-	-
<b>Total borrowings</b>		<b>25.11</b>	<b>177.86</b>

**(iii) Price risk in mutual fund investments**

<b>Particulars</b>	<b>₹ crores</b>	
	<b>Impact on profit after tax</b>	
	<b>2019-20</b>	<b>2018-19</b>
<b>Debt oriented mutual funds</b>		
NAV -Increase by 5%*	-	17.96
NAV -Decrease by 5%*	-	(17.96)
<b>Liquid funds</b>		
NAV -Increase by 1%*	3.13	0.97
NAV -Decrease by 1%*	(3.13)	(0.97)

\* Holding all other variable constant

d) The Company has made provisions, as required under the applicable law or accounting standards for material foreseeable losses on derivative contracts, wherever applicable.

**Notes forming part of the Financial Statements for the year ended March 31, 2020**
**e) The COVID-19 pandemic**

Outbreak of COVID 19 and resultant lock down announced by the Government of India in the country has affected the production at factory and erection / commissioning work at project sites. Overheads incurred during the lock down period, though not significant, have been charged to the statement of profit and loss. In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, intangible assets, investments etc, the Company has considered internal and external information upto the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020. Impact of COVID-19 for future period may be different from that estimated as at the date of approval of these financial statements, the Company will continue to closely monitor any material changes in future economic conditions.

**41 Segment information**

The operations of the Company are only in single business segment of "Designing, Engineering, Manufacturing and Commissioning of Super Critical Steam Boilers" carried out primarily in India. Hence, requirements of Ind AS 108 on "Operating segments" are not applicable to it. However customer wise and geographic wise disclosure of revenue is stated below :-

**Customers constituting more than 10% of the revenue**
**₹ crores**

Particulars	Segment	2019-20	2018-19
Customer 1	Supercritical Boilers & its components	942.39	1,111.95
Customer 2	Supercritical Boilers & its components	559.81	773.09
Customer 3	Supercritical Boilers & its components	274.00	513.47
Customer 4	Supercritical Boilers & its components	95.37	251.83

**Disclosure pursuant to Ind AS 108 "Operating Segment" - geographical information of revenue**
**₹ crores**

Particulars	2019-20	2018-19
Revenue from India	1,737.99	2,222.23
Revenue from Japan	274.00	513.47
Revenue from Brazil	23.63	-
<b>Total revenue</b>	<b>2,035.62</b>	<b>2,735.70</b>

**42 Related party disclosures pursuant to Ind AS 24 "Related Party Disclosures"**
**a. List of related parties who exercise control**

Sr. No.	Name of the related party	Country of incorporation	% equity interest in the Company	
			31-Mar-20	31-Mar-19
1	Larsen & Toubro Limited	India	51%	51%
2	Mitsubishi Hitachi Power Systems Limited	Japan	49%	49%

**b. Key management personnel (KMP) :**

Name	Designation
Anil Kumar Mehta (Up to 31.01.2019)	Chief Financial Officer and Company Secretary
Deepak Raj Jain (w.e.f 01.02.2019)	Chief Financial Officer and Company Secretary

**Payment of salaries, commission and perquisites to KMP**
**₹ crores**

Sr. No.	Particulars	2019-20	2018-19
i)	<b>Anil Kumar Mehta (Up to 31.01.2019)</b>		
a	Short-term employee benefits	-	0.50
b	Other long term benefits	-	0.01
ii)	<b>Deepak Raj Jain (w.e.f 01.02.2019)</b>		
a	Short-term employee benefits	0.43	0.06
b	Other long term benefits	0.01	0.00
<b>Total amount paid to KMP</b>		<b>0.44</b>	<b>0.57</b>

**c. Payments made to independent directors**
**₹ crores**

Fees paid	2019-20		2018-19	
	Mr. Shekar Viswanathan	Mrs. Vijaya Sampath	Mr. Shekar Viswanathan	Mrs. Vijaya Sampath
Sitting fees	0.02	0.02	0.01	0.03
Commissions	0.05	0.05	0.05	0.05
<b>Total</b>	<b>0.07</b>	<b>0.07</b>	<b>0.06</b>	<b>0.08</b>

**d. Post-employment benefit plans with whom transactions were carried out during the year**
**₹ crores**

Name of post employment benefit plan	Transaction	2019-20	2018-19
Larsen & Toubro Officers and Supervisory Staff Provident Fund	Payment to trust managed Provident Fund	2.76	2.29
L&T MHI Boilers Gratuity Trust	Payment to approved Gratuity Fund	1.74	1.91



Notes forming part of the Financial Statements for the year ended March 31, 2020

## e. Disclosure of related party transactions

₹ crores

Nature of transaction	Period / As on	Joint Venturer		Members of same group											
		Larsen & Toubro Limited	Mitsubishi Hitachi Power Systems Limited	L&T-MHPS Turbine Generators Private Limited	L&T- Sargent & Lundy Limited	L&T Howden Private Limited	Nabha Power Limited	Larsen & Toubro Infotech Limited	L&T Special Steels & Heavy Forgings Pvt Ltd.	L&T Capital Markrt Limited	L&T Power Development Limited	L&T Valves Limited	L&T Shipbuilding	L&T Hydrocarbon Engineering Limited	Mitsubishi Hitachi Power Systems India Private Limited
Transactions with the related parties:															
Sales	2019-20	558.07	274.00	-	-	-	-	-	-	-	-	-	-	-	-
	2018-19	768.84	512.68	-	-	-	-	-	-	-	-	-	-	-	-
Service rendered	2019-20	1.74	-	26.70	0.16	0.02	28.33	-	0.03	-	-	-	-	0.01	-
	2018-19	3.66	0.79	7.89	-	0.00	6.30	-	2.34	-	-	0.01	-	-	0.10
Deputation fees paid	2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	2.33
	2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	3.22
Purchase of fixed assets	2019-20	0.50	-	-	-	-	-	-	-	-	-	-	-	-	-
	2018-19	0.82	-	-	0.00	-	-	-	-	-	-	-	-	-	-
Engineering services, purchase of goods, sub-contracting and other revenue Charges	2019-20	154.90	1.05	0.04	2.01	78.44	-	0.02	10.14	0.05	-	9.88	-	0.10	(0.70)
	2018-19	188.02	0.12	(0.01)	0.69	108.82	-	0.01	7.02	-	(0.00)	20.70	-	0.10	(0.85)
Royalty paid	2019-20	-	5.57	-	-	-	-	-	-	-	-	-	-	-	-
	2018-19	-	13.37	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	2019-20	11.94	11.47	-	-	-	-	-	-	-	-	-	-	-	-
	2018-19	11.94	11.47	-	-	-	-	-	-	-	-	-	-	-	-
Year end balances with related parties:															
Balance due from related parties (net of advance)	31-Mar-20	811.53	(81.98)	9.08	0.03	0.02	27.79	-	0.20	-	-	-	-	0.01	0.29
	31-Mar-19	1,032.92	(113.57)	1.34	-	-	2.05	-	0.18	-	-	-	-	0.01	-
Balance due to related parties (net of advance)	31-Mar-20	96.56	2.86	0.28	0.34	70.70	-	0.01	(3.60)	-	-	5.36	-	0.11	1.67
	31-Mar-19	120.21	5.75	0.29	(0.02)	122.12	-	0.00	(0.90)	-	-	11.94	0.00	0.21	0.76

f. Provision for doubtful debts made for the amount outstanding from related parties during the year is ₹ NIL (previous year : ₹ NIL)

g. Amount written off or written back in respect of debts due from or to related parties in ₹ NIL (previous year : ₹ NIL)

Notes forming part of the Financial Statements for the year ended March 31, 2020

**h. Names of related parties with whom transactions were carried out during the year and description of relationship:**

Sr. No.	Related Party	Relationship
1	Larsen & Toubro Limited	Joint venturer
2	Mitsubishi Hitachi Power Systems Limited	Joint venturer
3	L&T-MHPS Turbine Generators Private Limited	Member of same group
4	L&T-Sargent & Lundy Limited	Member of same group
5	L&T Howden Private Limited	Member of same group
6	Nabha Power Limited	Member of same group
7	Larsen & Toubro Infotech Limited	Member of same group
8	L&T Special Steels & Heavy Forgings Private Limited	Member of same group
9	L&T Power Development Limited	Member of same group
10	L&T Valves Limited	Member of same group
11	L&T Shipbuilding	Member of same group
12	L&T Hydrocarbon Engineering Limited	Member of same group
13	L&T Capital Market Limited	Member of same group
14	Mitsubishi Hitachi Power Systems India Private Limited	Member of same group

**i. Purchase commitment with related parties - revenue**

₹ crores

Sr. No.	Related Party	31-Mar-20	31-Mar-19
1	Larsen & Toubro Limited	75.69	155.42
2	Mitsubishi Hitachi Power Systems Limited	2.53	-
3	L&T Howden Private Limited	65.66	81.65
4	L&T Special Steels & Heavy Forgings Private Limited	10.04	3.43
5	L&T Valves Limited	14.91	21.07
6	L&T Technology Services Limited	0.01	0.01
7	L&T - Sargent & Lundy Limited	12.02	0.74
8	Larsen & Toubro Infotech Limited	0.07	0.07
<b>Total</b>		<b>180.93</b>	<b>262.39</b>

**43 Contingent liabilities**

Contingent liabilities as at balance sheet date are as under:-

₹ crores

Nature of liability	Name of statute	Status	31-Mar-20	31-Mar-19
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act Gujarat	Appeal filed with appellate authority	3.00	3.00
Interest liability on service tax	Service tax under Finance Act, 1994	Appeal to be filed with Tribunal CESTAT, Vadodara	-	0.43
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act, Madhya Pradesh	Appeal filed with Commissioner (Appeal), Bhopal	0.67	0.67

The Company does not expect any reimbursements in respect of the above contingent liabilities. It is not practicable to estimate the timings of cash outflows, if any, in respect of above pending resolution of the appellate proceedings.

**44 Capital commitments**

Estimated amount of contracts remaining to be executed on capital account (net of advances) are ₹ 8.40 crores (previous year ₹ 5.76 crores).

**45 Earnings per share & dividend**

**a. Basic and diluted earnings per share (EPS)**

Particulars	2019-20	2018-19
Profit / (loss) after tax (₹ crores)	312.20	279.96
Number of shares outstanding (in crore)	23.41	23.41
Weighted average number of shares outstanding (in crore)	23.41	23.41
<b>Basic and diluted earning per share (₹ per share)</b>	<b>13.34</b>	<b>11.96</b>

**b. Dividend :**

Dividend @ ₹1/- per equity share amounting ₹ 23.41 crore (Previous year : ₹1/- per equity share amounting Rs 23.41 crore) and dividend distribution tax of ₹ 4.81 crore (Previous year : Rs 4.81 crore) for the financial year 18-19 was paid during the year. The Board of Directors didn't recommended any dividend for the year ended March 31, 2020 (Previous year : ₹1/- per equity share)

**46 Share based payments - employee option plan**

Pursuant to the Employees Stock Options Scheme established by the Joint Venturer (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the Joint venturer, in respect of the same is ₹ 45.04 crores (previous year ₹ 44.38 crores) which is being recovered over the period of vesting by the Joint venturer. Accordingly, cost of ₹ 44.80 crores (previous year ₹ 43.84 crores) has been recovered by the Joint venture upto current year, out of which, ₹ 0.42 crores (previous year ₹1.68 crores) was recovered during the year. Balance ₹ 0.24 crores (previous year ₹ 0.54 crores) will be recovered in future periods.

Notes forming part of the Financial Statements for the year ended March 31, 2020

**47 Assets pledged as security**

Carrying amount of assets pledged as security for current borrowings (including non fund based limits): ₹ crores

Particulars	31-Mar-20	31-Mar-19
<b>Current:</b>		
<b>Financial assets</b>		
Trade Receivables	768.68	1,185.61
<b>Non Financial assets</b>		
Inventories	81.05	153.78
Retention money	1,030.50	891.40
<b>Total assets pledged as security</b>	<b>1,880.23</b>	<b>2,230.79</b>

**48** Previous years figures have been re-grouped/reclassified wherever necessary.

As per our report attached

**B. K. Khare & Co.**  
Chartered Accountants  
Firm's registration no.105102W  
By the hand of

**For and on behalf of the Board**

Ravi Kapoor  
Partner  
Membership No. 040404

Place : Mumbai, India  
Date : 23-04-2020

<b>Deepak Raj Jain</b> Chief Financial Officer & Company Secretary ACS: 12162	<b>Saurabh Indwar</b> Whole Time Director DIN: 01953079	<b>Shigeharu Kokuryo</b> Whole Time Director DIN: 08420289	<b>Shailendra Roy</b> Chairman DIN: 02144836
--	---	--	--

Place : Faridabad, India  
Date : 23-04-2020

Place : Mumbai, India  
Date : 23-04-2020