

L&T HOWDEN PRIVATE LIMITED
DIRECTORS' REPORT

The Directors have pleasure in presenting their ninth Annual Report and Audited Financial Accounts of the Company for the year ended 31st March 2019.

1. FINANCIAL RESULTS

(Rs. In Lakhs)

Particulars	2018-19	2017-18
Revenue from operation & other Income	16451.59	23509.32
Profit / (Loss) before Depreciation & Tax (PBDT)	3009.26	3158.71
Depreciation	402.78	424.00
Profit / (Loss) before tax (PBT)	2606.48	2734.71
Provision for taxes	661.62	1430.55
Profit / (Loss) after tax (PAT)	1944.86	1304.15
Balance brought forward from previous year	4125.48	2821.33
Balance carried to Balance Sheet	6070.35	4125.48

CAPITAL & FINANCE

During the year under review, the Company has not allotted any equity shares. The Total Equity Share Capital as on 31st March, 2019, is Rs.30 Crore.

The Company has completely repaid its long-term foreign currency loans, equivalent to about Rs. 8.06 crore outstanding at the beginning of the year.

CAPITAL EXPENDITURE

Gross tangible and intangible assets including leased assets are Rs. 5680 Lakhs (Previous Year: Rs.5597 Lakhs). During the year, the Company spent Rs.108 Lakhs (Previous Year: Rs.12 Lakhs) on capital expenditure.

DEPOSITS

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

APPROPRIATIONS

Your Company has not made any appropriations.

2. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not given any loan, guarantees, security or made any investment for the Financial Year 2018-19 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 2018-19. A statement containing details of all material transactions/ contracts/ arrangements is attached as Annexure 'B' 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 gross sales and other income for the financial year under review is Rs.164.52 crore as against Rs.235.09 crore for the previous financial year registering a decrease of 30%. The profit before tax from continuing operations including extraordinary and exceptional items is Rs.26.07 crore and the profit after tax from continuing operations including extraordinary and exceptional items of Rs.19.45 crore for the financial year under review as against Rs.27.35 crore and Rs.13.04 crore respectively for the previous financial year.

5. DIVIDEND

Considering the capital requirement for ongoing business expansion/ internal restructuring, the Board of Directors do not recommend any dividend on its equity shares.

6. DEPOSITORY SYSTEM

The Ministry vide its notification dated 10th September 2018, 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, 2019, 50.10% of the Company's total paid up capital representing 1,50,30,000 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 report on reconciliation of share capital audit from

Practicing Company Secretary has been submitted by the Company within stipulated time.

7. MATERIAL CHANGES, IF ANY, BETWEEN BALANCE SHEET DATE AND DATE OF DIRECTORS' REPORT

There are no material changes between Balance Sheet date and date of Directors' Report.

8. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO AS PER FORM A (RULE 2) OF COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) Conservation of Energy:

1. Change of lighting in the plant to LED lighting.
2. Replaced old 350 CFM compressors with 43 CFM compressors
3. Reduced idling time of Element Line which resulted in Energy savings leading to higher productivity.

B) Technology Absorption:

1. Technology has been imported by way of technology transfer agreements for Axial Fans with Howden Denmark A/S, Denmark and for Rotary Air Pre-heaters with Howden UK Limited, Northern Ireland.
2. The effort was made to use more efficient Air Pre-heater element profile to increase the efficiency and reduce the weight. The reduction of element weight was to the extent of 9%. Ordering process for procurement of necessary rollers had been initiated last year. New HC profile for Heating Elements was implemented and put to use in current year. The profile helps produce Elements which are more suited to NoX control technology and energy efficient.

C) During the year, the Company has foreign exchange earnings and the outgo is as under:

(1) Foreign Exchange Earnings:

Particulars	(Rs. In Lakhs)	
	2018-19	2017-18
Sales & Services	4714.48	8464.23

(2) Expenditure in Foreign Currency (on accrual basis):

(Rs. In Lakhs)

Particulars	2018-19	2017-18
Project Imports	2950.76	5332.35
Royalty & Trade Mark Fees	402.93	579.59
Interest	22.07	113.74
Sales Commission	-	-
Travelling	0.89	2.91

9. 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.

10. CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated the Corporate Social Responsibility (CSR) Committee. The Committee constituted by the Board of Directors presently comprises of Mr. Martinus Zijlmans, Mr. Derek Michael Shah and Mr. Shekhar Sharda 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 as Annexure 'C' to this report.

11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

Mr. Shailendra Roy, Mr. Shekhar Sharda, Mr. Ian Brander, Mr. Martinus Zijlmans, Mr. Derek Michael Shah and Mr. Frederick Hearle are the present directors of the Company.

During the year under review, Mr. Elias Zabaneh, Mr. K. Vaidyanathan and Mr. Kanwar P. Singh resigned from the Board of Directors. Mr. Allan Kristensen, Mr. James McParland and Mr. Sabyasachi Mitra resigned as alternate directors of the Company. Mr. Amit Gulgulia resigned as Company Secretary of the Company. The Board of Directors placed on record its appreciation for the contributions made by the Directors and Key Managerial Personnel.

Mr. Frederick Hearle was appointed as Director at the Board Meeting held on April 30, 2019 to fill up the casual vacancy caused by the cessation of Mr. Elias Zabaneh. Pursuant to the provisions of section 161(4) of the Companies Act, 2013, as amended, any Director appointed in causal vacancy shall be approved by the members in the immediate next general meeting. Accordingly, Mr. Frederick Hearle holds office upto the date of this Annual General Meeting and is eligible for appointment as Director of the Company.

The Board has appointed Ms. Reena Raje as the Company Secretary at its Meeting held on 29th January, 2019.

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

Mr. Parvesh Mittal is the Manager (designated as Chief Executive) and Mr. Atul Tandon is the Chief Financial Officer of the Company.

12. 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 May 7, 2018, August 17, 2018, October 29, 2018 and January 29, 2019.

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.

13. INTERNAL AUDITOR

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.

14. VIGIL MECHANISM

During the year under review, the Company has voluntarily established a vigil mechanism framework for directors and employees to report genuine concerns.

This framework provides for adequate safeguards against victimization of persons who complain under the mechanism.

15. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

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

The Committee/Board has formulated a 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.

During the year under review, the Committee met only once on May 7, 2018.

The NRC comprised of Mr. Shailendra Roy, Mr. K. Vaidyanathan, Mr. K. P. Singh and Mr. Martinus Zijlmans. The Members elected one amongst themselves as the Chairman of the Meeting.

In view of the notifications issued by Ministry of Corporate Affairs, the Company has dissolved the NRC of the Board on 29th October, 2018 and all matters that were taken up in the NRC, were placed before the Board.

16. 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.

17. 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, 2019, 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.

18. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEE AND DIRECTORS

The Board of Directors has laid down the manner, specific criteria and grounds in which formal annual evaluation of the performance of the Chairman, Board, Committees and individual directors shall be carried out. It includes circulation of questionnaires to all the Directors for evaluation of the Board, its committees and individual directors, 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 Chairman of the Board 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 and the summary of the evaluation given by all the directors were discussed in the meeting of the Board of Directors.

19. AUDITORS' REPORT

The Auditors report to the shareholders does not contain any qualification, observation, adverse comment or remark. The notes to the accounts referred to in the Auditors' Report are self-explanatory.

20. AUDITORS

As per the provisions of the Companies Act, 2013, M/s Sharp & Tannan were appointed as Statutory Auditors for a period of three continuous years i.e. from the conclusion of the 7th Annual General Meeting till the conclusion of 10th Annual General Meeting of the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company and their appointment would be within the limits as prescribed under Section 141 of the Companies Act, 2013.

21. 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.

22. 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 the financial year 2018-19.

The Company has an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

23. 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) Rules, 2014, as amended, the Board of Directors had appointed M/s Vaghela Kishor & Co., Cost Accountants (Registration No. 103811), Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2020 at a remuneration of Rs.45,000. The appointment shall be intimated to the Central Government. 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 2019-20 is placed before the shareholders for consideration.

The Report of the Cost Auditors for the financial year ended March 31, 2019 is under finalization and will be filed with the MCA 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 are made, and records have been maintained in respect of the applicable products for the year ended 31st March 2019.

24. OTHER DISCLOSURES

- 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 committed against the Company by its officers or employees as specified under section 143(12) of the Companies Act, 2013.
- Credit Rating: India Ratings – the credit rating agency assigned A category rating to the Company during the year signifying stable outlook.

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 'A' to this report.

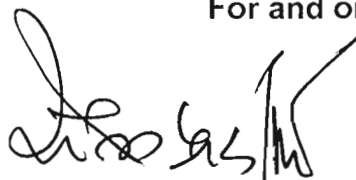
26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

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.

27. ACKNOWLEDGEMENTS

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. The Directors acknowledge the support extended to the Company by the Banks, Central & State Governments authorities, the management of the promoter companies and other fellow subsidiaries.

For and on behalf of the Board


Shailendra Roy
Director
DIN: 02144836


Martinus Zijlmans
Director
DIN: 03611576

Place: Faridabad

Date: 30th April, 2019

Annexure B

Form No. 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:

Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/ transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any
L & T MHPS Boiler Pvt Ltd	Member of same group	Sale of Goods & Services	April18-March 19	1,102,048,397	
Howden UK Limited	Member of same group	Sale of Goods & Services	April18-March 19	582,107	
Howden UK Limited	Member of same group	Purchase of Project Goods & Services	April18-March 19	11,523,851	
Howden Spain, S.L.	Member of same group	Purchase of Project Goods & Services	April18-March 19	8,507,736	
Howden Hua Engineering Co Ltd	Member of same group	Purchase of Project Goods & Services	April18-March 19	17,718,078	
Howden Axial Fans ApS	Member of same group	Purchase of Project Goods & Services	April18-March 19	223,342,873	
TLT Babcock India Pvt. Ltd.	Member of same group	Purchase of Project Goods & Services	April18-March 19	128,895,424	
Howden Group Limited	Member of same group	Royalty and Trademark Fees	April18-March 19	16,287,743	
Howden Axial Fans ApS	Member of same group	Royalty and Trademark Fees	April18-March 19	12,843,973	
Howden UK Limited	Member of same group	Royalty and Trademark Fees	April18-March 19	11,160,947	
Larsen & Toubro Limited	Holding Company	Purchase (Sale) of Fixed Assets	April18-March 19	17,150	
		Training Fees	April18-March 19	271,874	
		ESOPs Cost	April18-March 19	175,572	
		Infrastructure Charges	April18-March 19	21,994,074	
		Administration & Sales Overheads	April18-March 19	24,297,088	

CSR ACTIVITIES FOR 2018-19

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

The Company's CSR 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, 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 vocational training such as skill building, computer training, women empowerment, support to ITI's, support to specially abled (infrastructure support & vocational training), CSTI's, providing employability skills at project sites, creating training centres.

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

2. Composition of the CSR Committee.

The CSR Committee comprised of Two Non-Executive Directors and one Independent Director as Members. The Company Secretary acts as the Secretary to the Committee.

The present Committee comprises of Mr. Derek Michael Shah, Mr. Martinus Zijlmans and Mr. Shekhar Sharda as Members. The Committee elects one amongst them as the Chairman. During the year under review, the Committee met twice on 7th May, 2018 and 29th October, 2018.

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 Rs. 28.48 crores.

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

The Company was required to spend an amount of Rs. 56,96,412 as CSR expenditure during the financial year 2018-19.

5. Details of CSR spent during the financial year 2018-19

a. Total amount to be spent for the financial year

Particulars	Amount (Rs. in crs)
Average Net Profit of the Company for the last three financial years	28.48
Amount to be spent as CSR	0.57
Amount unspent, if any	0.01

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

(Amount in Rupees)

S. No	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	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2)Overheads:	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Education	Education	Udayan Care, NS -14, D Block, Sec – Gamma 1 Greater Noida-201306	7,70,000	7,70,587	7,70,587	Direct
2	Health	Health	FRU-1 Sector 30 Faridabad	29,25,000	29,15,579	29,15,579	Direct
3	Health	Health	FRU-2 Sector 3 Faridabad	20,00,000	19,38,947	19,38,947	Direct
4	Health	Health	BAPS Pramukh Swami Hospital, Surat	2,000	2,200	2,200	Direct
	TOTAL			56,97,000	56,27,313	56,27,313	

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

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community.

During the year 2018-19, the Company had spent substantially the entire amount budgeted on CSR activities aggregating to Rs.56.27 lakhs (as against budget of Rs.56.96 lakhs). The small shortfall was due to delay in the start of certain projects for which the money was allocated. The Company believes that its CSR activities shall gain further momentum with accelerated spending in the forthcoming years.

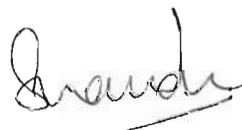
7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has 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;
- 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.



MARTINUS ZIJLMANS
Director
(DIN: 03611576)



SHEKHAR SHARDA
Director
(DIN: 00348214)



SHARP & TANNAN

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of L&T Howden Private Limited

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of L&T Howden Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements 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 Standalone 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 independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

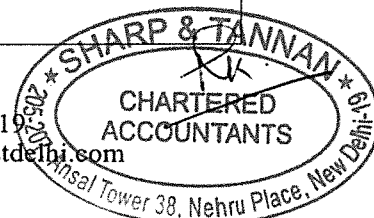
Key audit matters

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

Key audit matter	How the matter was addressed in our audit
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)
	We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.
	Our procedures included:

205-207, Ansal Tower, 38, Nehru Place, New Delhi-110019
Tel. (011) 41032506 Telefax: (011) 41033506 E-mail: contact@stdelhi.com

Shreedhar T. Kunte Rajkumar Khullar
Pavan K. Aggarwal Raghunath P. Acharya
Associate Offices: Bangalore, Chennai, Goa, Mumbai, Pune & Hyderabad



SHARP & TANNAN

Chartered Accountants

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The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures, which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

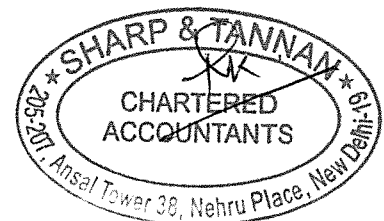
- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard;
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of such controls; and
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analysed and identified the distinct performance obligations in such contracts;
 - Compared such performance obligations with that identified and recorded by the Company;
 - Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration;
 - In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the supporting documentation, validated estimates of costs to complete, mathematical accuracy of calculations and the adequacy of project accounting; and
 - Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.

Contract accounting- accuracy of revenue recognition and valuation of work in progress

Revenue and related costs from long-term customer orders i.e. projects where performance is recognised over a period of time (construction and service contracts) are recognized by applying the Percentage of Completion ('PoC projects') method provided they fulfil the criteria contained in the Indian Accounting Standard 115. The PoC method allows recognizing revenues by reference to the stage of completion of the contract. The application of the PoC method is complex and requires

Our procedures included:

- We obtained an understanding of the project accounting processes and relevant controls relating to the accounting for customer contracts;
- We tested selected key controls, including review of results by management, for their operating effectiveness and performed procedures to gain sufficient audit



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judgments by management when estimating the stage of completion, total project costs and the costs to complete the work. Incorrect assumptions and estimates can lead to revenue being recognized in the wrong reporting period or in amounts inadequate to the actual stage of completion, and therefore lead to an incorrect result for the period.

During order fulfilment, contractual obligations may need to be reassessed. In addition, change orders or cancellations have to be considered. As a result, total estimated project costs may exceed total contract revenues and therefore require write-offs of WIP or PoC receivables and the immediate recognition of the expected loss.

Regarding the projects where revenue is recognised at a point in time ('non-PoC projects'), the risk includes inappropriate revenue recognition arising from revenue being recorded in the wrong accounting period or at amounts not justified.

For the year ended 31 March 2019, revenue (non-PoC projects) from operation amounts to Rs. 162.88 Crore (Refer note no. 21)

evidence on the accuracy of the accounting for customer contracts and related financial statement captions;

- We read significant new contracts to understand the terms and conditions and their impact on revenue recognition.
- We performed enquiries with management to understand their project risk assessments and inspected meeting minutes from project review performed by management to identify relevant changes in their assessments and estimates;
- We performed testing for non-PoC projects on a sample basis to confirm the appropriate application of revenue recognition policies. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off; and
- We assessed the adequacy of the Company's disclosures on revenue recognition arising as stated in note 28 to the financial statements.

Based on the procedures performed the amount of revenue recognised for the year is fairly stated in the financial statements.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage and hedge foreign currency exchange risks and interest rate risks. These instruments are typically designated in a fair value or cash flow hedge relationship. Financial instruments that are not designated in a hedging relationship and where no hedge accounting is applied are measured at fair value through profit and loss.

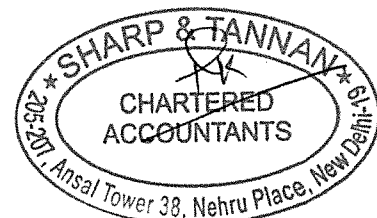
The fair value of the derivative financial instruments is based on valuation models using observable input data.

We focused on this area on account of the number of contracts, their measurement, the complexity related to hedge accounting and the potential impact on the statement of profit and loss.

As at 31 March 2019, the Company has forward contract receivable at fair value of Rs. 14.22 Lacs (Refer note no. 7)

Our procedures included:

- We obtained an understanding of the risk management policies and testing key controls for the use, the recognition and the measurement of derivative financial instruments;
- We reconciled derivative financial instruments data with third party confirmations;
- We compared input data used in the Group's valuation models with independent sources and externally available market data;
- We compared valuation of derivative financial instruments with market data or results from alternative, independent valuation models;
- We tested on a sample basis the applicability and accuracy of hedge accounting; and
- We considered the appropriateness of disclosures in relation to financial risk management, derivative financial



SHARP & TANNAN

Chartered Accountants

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	instruments and hedge accounting in note 28 to the financial statements; Based on the procedures performed the derivative financial instruments and hedge accounting are fairly stated in the financial statements.
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Information other than the standalone financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the board's report including annexures thereto and management discussion and analysis, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

Management's responsibility for the standalone financial statements

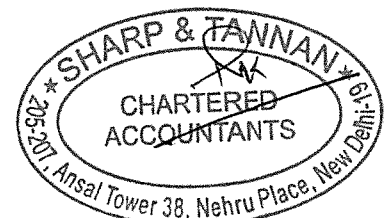
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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

Auditor's responsibilities for the audit of the standalone financial statements

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



SHARP & TANNAN

Chartered Accountants

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

- Identify and assess the risks of material misstatement of the standalone 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

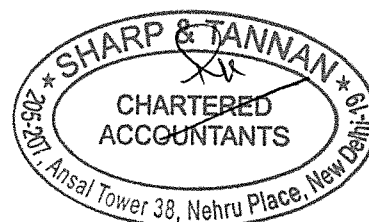
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 standalone 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"), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we



SHARP & TANNAN

Chartered Accountants

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give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 As required by section 143(3) of the Act, based on our audit, we report that:

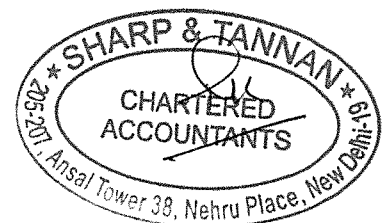
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 B; 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, we report that 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; and
- (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 There are no pending litigations which would impact the financial position of the Company.
 - ii the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.000452N

Rajkumar

Rajkumar Khullar
Partner
Membership no. 092507

Place: New Delhi
Date:



SHARP & TANNAN

Chartered Accountants

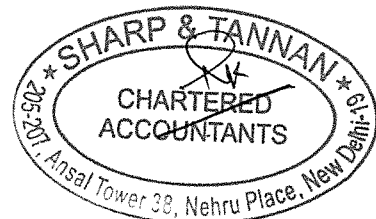
LETTER NO. _____

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ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title / lease deeds of the immovable properties are held in the name of the Company.
- (ii) As explained to us, inventories (excluding materials in transit) have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3 (iii) (a) to (c) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loans, made any investments, given any guarantees and security. Accordingly, the Paragraph 3 (iv) of the Order are not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 73 to section 76 or any other relevant provisions the Companies Act, 2013 and the rules framed there under. Accordingly, the Paragraph 3 (v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company as specified under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:



SHARP & TANNAN

Chartered Accountants

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Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs.)
Nil				

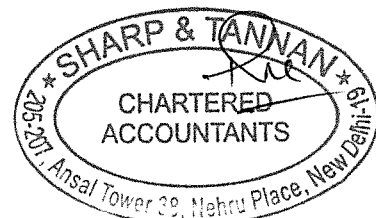
- (viii) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to any financial institution. The Company has not issued any debentures. Accordingly, the Paragraph 3 (viii) of the Order is not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). Accordingly, the Paragraph 3 (ix) of the Order is 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 generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.000452N

Rajkumar

Rajkumar Khullar
Partner
Membership no. 092507

Place: New Delhi
Date: 30.04.2019



SHARP & TANNAN

Chartered Accountants

LETTER NO. _____

SHEET NO. _____

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **L&T Howden Private Limited** (the 'Company') as of 31st March, 2019 in conjunction with our audit of the standalone 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

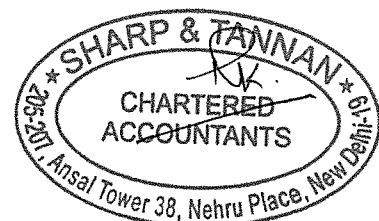
Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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



SHARP & TANNAN

Chartered Accountants

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Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

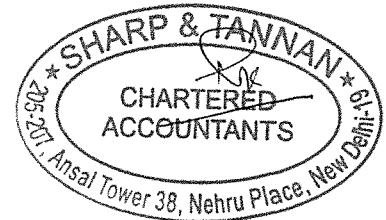
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.000452N

Rajkumar

Rajkumar Khullar
Partner
Membership no. 092507

Place: New Delhi
Date: 30.04.2019



L&T HOWDEN PRIVATE LIMITED
BALANCE SHEET AS AT March 31,2019

NOTE	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
ASSETS		
Non Current Assets		
Property, plant and equipment	1.1 281,953,308	311,308,688
Other intangible assets	1.2 670,127	1,007,013
Capital work in progress	-	-
Other non-current assets	2 3,171,529	980,832
Current Assets		
Inventories	3 126,554,540	143,522,444
Financial assets		
Trade receivables	4 983,921,275	737,884,246
Cash and bank balances	5.1 21,374,307	29,338,518
Other bank balances	5.2 611,771	-
Loans	6 3,043,389	3,765,554
Other financial assets	7 1,421,539	4,329,545
Current Tax assets (Net)	8 5,378,234	2,838,056
Other current assets	9 662,862,800	792,631,339
TOTAL	2,090,962,819	2,027,606,235
EQUITY AND LIABILITIES		
Equity		
Equity share capital	10 300,000,000	300,000,000
Other equity	11 605,812,331	411,857,397
LIABILITIES		
Non Current Liabilities		
Financial liabilities		
Borrowings	12 -	-
Deferred tax liabilities (Net)	13 18,163,930	27,768,467
Provisions	14 13,795,309	9,594,252
Current Liabilities		
Financial Liabilities		
Borrowings	15.1 -	35,824,100
Current maturities of long term borrowings	15.2 -	80,642,076
Trade payables	16 718,853,786	700,004,879
Other financial liabilities	17 4,784,405	8,425,940
Current Tax liabilities	18 -	-
Other current liabilities (Net)	19 222,967,433	236,034,713
Provisions	20 206,585,625	217,454,411
Total Equity and Liabilities	2,090,962,819	2,027,606,235
Significant accounting policies & other explanatory information forming part of the accounts	28	

As per our report attached

SHARP & TANNAN

Chartered Accountants
ICAI Registration No: 000452N
By the hand of

Rajkumar

Rajkumar Khullar

Partner

Membership No.92507

[Signature]
Chief Executive

[Signature]
Director

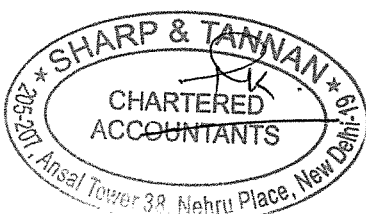
[Signature]
Director

[Signature]
Chief Financial Officer

[Signature]
Company Secretary

Place : New Delhi

Date : 30.04.2019



L&T HOWDEN PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED March 31,2019

	NOTE	2018-19 Rs.	2017-18 Rs.
INCOME			
Revenue from operations	21	1,628,759,838	2,348,601,424
Other Income	22	16,398,927	2,330,397
		1,645,158,765	2,350,931,821
EXPENDITURE			
Materials, manufacturing & operating Expenses	23	1,140,692,326	1,809,497,098
Increase/(Decrease) in inventories	24	9,042,056	(2,286,562)
Employee benefits expenses	25	80,324,163	77,485,532
Sales, administration & other expenses	26	110,613,930	137,035,202
Finance costs	27	3,560,677	13,329,530
Depreciation and amortisation	1.1 & 1.2	40,277,516	42,400,275
		1,384,510,669	2,077,461,076
Profit before tax		260,648,096	273,470,745
Provision for income tax			
- MAT/I Tax		75,902,229	122,689,900
- MAT Credit		-	-
- Deferred tax		(9,740,357)	20,365,555
Profit after tax		194,486,224	130,415,291
Profit for the year		194,486,224	130,415,291
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of Post employment benefit obligation		(1,082,970)	(454,839)
Income Tax relating to these items		315,361	157,411
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair Value changes on cash flow hedges		372,138	1,569,294
Income Tax relating to these items		(135,819)	(543,102)
Total Comprehensive Income		193,954,934	131,144,054
Earning Per Share (Face value of Rs. 10 each)			
- Basic & Diluted		6.48	4.35
Weighted Average No. of Shares		30,000,000	30,000,000

Significant accounting policies & other explanatory information forming part of the accounts 28

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

Rajkumar

Rajkumar Khullar
Partner
Membership No.92507

Place : New Delhi
Date : 30.04.2019

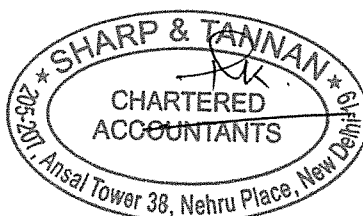
[Signature]
Chief Executive

[Signature]
Chief Financial Officer

[Signature]
Director

[Signature]
Company Secretary

[Signature]
Director



L&T HOWDEN PRIVATE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2019

	2018-19 Rs.	2017-18 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before tax	260,648,096	273,470,745
Adjustments for:		
Depreciation	40,277,516	42,400,275
Unrealized forex (gain) /loss	23,844,048	(11,514,646)
(Profit)/Loss on sale of fixed assets (net)	(34,175)	595,955
Interest (Net)	3,189,914	11,582,302
Operating profit / (Loss) before working capital changes	<u>327,925,400</u>	<u>316,534,632</u>
Adjustment for:		
(Increase) / decrease in Non current Loans and Advances	(2,190,697)	1,472,259
(Increase) / decrease in Trade Receivables	(275,691,431)	(163,122,830)
(Increase) / decrease in Other Current Assets	127,228,360	(127,363,468)
(Increase) / decrease in Inventories	16,967,903	27,351,223
Increase / (decrease) in Trade Payables	20,665,922	91,584,530
Increase / (decrease) in Other Current Liabilities	(16,708,816)	(15,540,620)
(Increase) / decrease in Current Loans and advances	722,165	(2,082,056)
(Increase) / decrease in Other Financial Assets	2,908,006	7,329,545
Increase / (decrease) in Long Term Provisions	5,599,388	(932,774)
Increase / (decrease) in Short Term Provisions	(86,771,015)	(38,820,782)
Cash flow from operating activities (A)	<u>120,655,186</u>	<u>96,409,658</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sale / (Purchase) of fixed assets	(8,351,537)	103,381
Interest received	370,763	1,747,228
Net cash flow (used in) /from investing activities (B)	<u>(7,980,774)</u>	<u>1,850,609</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share capital	-	-
ECB from ANZ Singapore	(80,642,076)	(186,156,487)
Bank Borrowings	(35,824,100)	35,824,100
Interest Paid	(3,560,677)	(13,329,530)
Net cash flow / (used in) from financing activities (C)	<u>(120,026,852)</u>	<u>(163,661,917)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>(7,352,441)</u>	<u>(65,401,651)</u>
Cash and cash equivalents at beginning of the period	29,338,518	94,740,168
Cash and cash equivalents at end of the period	<u>21,986,078</u>	<u>29,338,518</u>
Net increase in cash and cash equivalents	<u>(7,352,440)</u>	<u>(65,401,651)</u>

1) Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS) 7 - Cash Flow Statements.

2) Additions to property, plant and equipment and intangible assets include movements of capital work-in-progress and intangible assets under development respectively during the year.

SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

Rajkumar

Rajkumar Khullar
Partner
Membership No.92507

[Signature]
Chief Executive

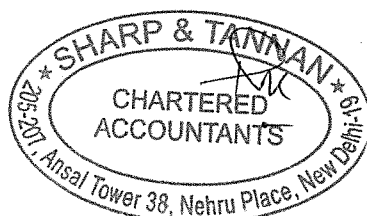
[Signature]
Chief Financial Officer

[Signature]
Director

[Signature]
Director

[Signature]
Company Secretary

Place : New Delhi
Date : 30.04.2019



L&T HOWDEN PRIVATE LIMITED

Statement of Changes in Equity

A. Equity Share Capital

Particulars	Amount (Rs)
As at 31 March 2018	300,000,000
Changes in Equity Share Capital	-
As at 31 March 2019	300,000,000

B. Other Equity

Particulars	Reserve & Surplus		in Rs	
	Retained Earning	Other Reserve Hedging Reserve	Total	
As at 1 April 2017				
Profit for the Year	282,066,648	(1,353,306)	280,713,341	
Other Comprehensive Income	130,415,291	-	130,415,291	
	(297,428)	1,026,192	728,764	
As at 31 March 2018	412,184,511	(327,114)	411,857,397	
Profit for the Year	194,486,224	-	194,486,224	
Other Comprehensive Income	(767,609)	236,319	(531,290)	
As at 31 March 2019	605,903,125	(90,795)	605,812,331	

SHARP & TANNAN

Chartered Accountants

ICAI Registration No: 000452N

By the hand of

Rajkumar Khullar

Partner

Membership No.92507

Chief Executive

Director

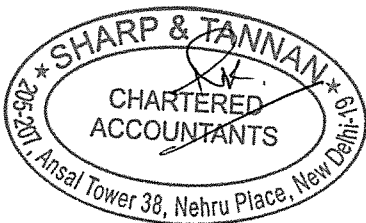
Director

Chief Financial Officer

Company Secretary

Place : New Delhi

Date : 30.04.2019



1.1 Property, Plant and equipment

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2019

PARTICULARS	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equipments	Computers	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2018	35,052,301	165,873,379	312,450,523	5,559,987	3,171,102	7,464,025	529,571,316
Additions/Adjustments	-	-	10,508,991	-	0.00	307,334	10,816,325
Deductions/Adjustments	-	-	(2,429,789)	-	-	(34,999)	(2,464,788)
Gross Carrying Value as at 31.03.2019	35,052,301	165,873,379	320,529,724	5,559,987	3,171,102	7,736,360	537,922,853
DEPRECIATION / AMORTISATION upto 01.04.2018	2,389,930	26,509,767	176,787,068	3,143,240	2,977,263	6,455,360	218,262,627
For the year	354,064	4,638,638	34,178,372	554,806.57	45,493.66	169,256	39,940,630
Adjustment	-	-	(2,198,714)	-	-	(34,999)	(2,233,713)
DEPRECIATION / AMORTISATION upto 31.03.2019	2,743,993	31,148,405	208,766,726	3,698,047	3,022,757	6,589,616	255,969,544
Net Carrying Value as at 31.03.2019	32,308,308	134,724,974	111,762,999	1,861,941	148,344	1,146,743	281,953,308

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2018

PARTICULARS	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equipments	Computers	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2017	35,052,301	165,873,379	311,993,421	5,559,987	3,377,778	7,845,331	529,702,197
Additions/Adjustments	-	-	1,106,912	-	28,155.75	65,682	1,200,749
Deductions/Adjustments	-	-	(649,811)	-	(234,832)	(446,988)	(1,331,630)
Gross Carrying Value as at 31.03.2018	35,052,301	165,873,379	312,450,523	5,559,987	3,171,102	7,464,025	529,571,316
DEPRECIATION / AMORTISATION upto 01.04.2017	2,035,866	21,871,129	143,241,874	2,588,433	2,982,879	6,505,788	179,225,970
For the year	354,064	4,638,638	33,758,412	554,806.55	91,061.42	220,536	39,617,518
Adjustment	-	-	(-213,219)	-	(96,678)	(-270,964.49)	(580,861)
DEPRECIATION / AMORTISATION upto 31.03.2018	2,389,930	26,509,767	176,787,068	3,143,240	2,977,263	6,455,360	218,262,627
Net Carrying Value as at 31.03.2018	32,662,371	139,363,611	135,663,455	2,416,747	193,838	1,008,665	311,308,688

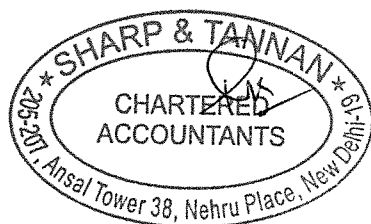
1.2 Intangible Assets

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2019

PARTICULARS	Software	Technical Know-how	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2018	7,720,167	22,365,000	30,085,167
Additions/Adjustments	-	-	-
Deductions/Adjustments	-	-	-
Gross Carrying Value as at 31.03.2019	7,720,167	22,365,000	30,085,167
DEPRECIATION / AMORTISATION upto 01.04.2018	6,713,154	22,365,000	29,078,154
For the year	336,887	-	336,887
Adjustment	-	-	-
DEPRECIATION / AMORTISATION upto 31.03.2019	7,050,041	22,365,000	29,415,041
Net Carrying Value as at 31.03.2019	670,127	-	670,127

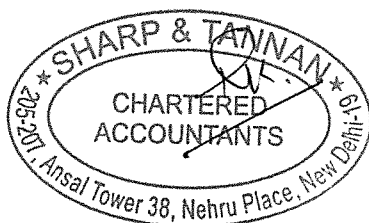
Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2018

PARTICULARS	Software	Technical Know-how	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2017	7,692,667	22,365,000	30,057,667
Additions/Adjustments	27,500	-	27,500
Deductions/Adjustments	-	-	-
Gross Carrying Value as at 31.03.2018	7,720,167	22,365,000	30,085,167
DEPRECIATION / AMORTISATION upto 01.04.2017	5,726,207	20,569,190	26,295,397
For the year	986,947	1,795,811	2,782,757
Adjustment	-	-	-
DEPRECIATION / AMORTISATION upto 31.03.2018	6,713,154	22,365,000	29,078,154
Net Carrying Value as at 31.03.2018	1,007,013	-	1,007,013



L&T HOWDEN PRIVATE LIMITED
NOTES FORMING PART OF ANNUAL ACCOUNTS

	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
NOTE 2 : NON CURRENT ASSETS		
Income tax Receivable (Net of Provisions)	3,171,529	980,832
	<u>3,171,529</u>	<u>980,832</u>
CURRENT ASSETS		
NOTE 3 : Inventories(at cost or net realisable value whichever is lower)		
Raw materials, Stores Spares and components	86,457,931	94,383,778
Work in Progress	5,895,661	10,692,442
Components in Transit	-	-
Finished goods	34,200,948	38,446,223
	<u>126,554,540</u>	<u>143,522,444</u>
NOTE 4 :Trade Receivable		
Trade Receivables		
Unsecured		
Considered good	983,921,275	737,884,246
Considered Doubtful	11,234,373	1,903,418
	<u>995,155,648</u>	<u>739,787,664</u>
Less:Provision for Doubtful Debts(Expected Credit Loss allowance)	(A) 11,234,373	(B) 1,903,418
Total (A-B)	<u>983,921,275</u>	<u>737,884,246</u>
NOTE 5.1:Cash & Cash Equivalents		
Cash on Hand	-	-
Balance with Bank in current account	21,374,307	29,338,518
NOTE 5.2:Other Bank Balances		
Short Term Deposits with Bank with maturity >3 months and <12 months	611,771	-
Short Term Deposits with Bank with maturity< 3 months	-	-
	<u>21,986,078</u>	<u>29,338,518</u>
NOTE 6:Loans		
- Security Deposit/Earnest Money Deposit	3,043,389	3,765,554
	<u>3,043,389</u>	<u>3,765,554</u>
NOTE 7:Other Financial Assets		
- Forward Contract Receivable	1,421,539	-
- Embedded Derivative Asset	-	4,329,545
	<u>1,421,539</u>	<u>4,329,545</u>
NOTE 8: Current Tax Assets (Net)		
Advance Tax	78,300,000	121,200,000
TDS Receivable (Net)	2,840,294	4,715,151
	<u>81,140,294</u>	<u>125,915,151</u>
Less: Provision for Tax	(75,762,059)	(123,077,095)
	<u>5,378,234</u>	<u>2,838,056</u>
NOTE 9 : Other Current Assets		
- Advance to Suppliers	59,081,855	90,666,052
- Advances recoverable in cash or in kind or for value to be received	64,124,619	44,017,148
- Input Credit Receivable for Excise & VAT	175,037	175,037
- Input Credit Receivable for GST	16,335,127	66,285,839
- Interest Accrued - FDs	-	-
-Retentions- Customer	523,146,162	591,487,262
	<u>662,862,800</u>	<u>792,631,339</u>



L&T HOWDEN PRIVATE LIMITED
NOTES FORMING PART OF ANNUAL ACCOUNTS

	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
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NOTE 10 : SHARE CAPITAL

Authorised

3,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs. 10/-each	300,000,000	300,000,000
-----------------------------------------------------------------------	-------------	-------------

Issued, Subscribed & Paid up

3,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs. 10/-each fully paid up	300,000,000	300,000,000
	300,000,000	300,000,000

a. Equity Shares held by party with substantial interest

Name of Shareholder	Relationship	31-03-2019		31-03-2018	
		Number	Amount	Number	Amount
Larsen & Toubro Limited	JV Partner	15,030,000	150,300,000	15,030,000	150,300,000
Howden Holding B.V.	JV Partner	14,970,000	149,700,000	14,970,000	149,700,000

b. Equity Shares in the company held by each shareholder holding more than 5% share

Name of Shareholder	Relationship	31-03-2019		31-03-2018	
		Number	%	Number	%
Larsen & Toubro Limited	JV Partner	15,030,000	50.10%	15,030,000	50.10%
Howden Holding B.V.	JV Partner	14,970,000	49.90%	14,970,000	49.90%

c. Reconciliation of the shares outstanding at the beginning and at end of the reporting period;

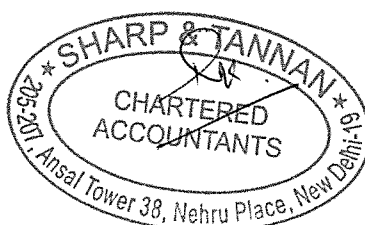
Particulars	31-03-2019		31-03-2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	30,000,000	300,000,000	30,000,000	300,000,000
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	30,000,000	300,000,000	30,000,000	300,000,000

d. Terms/Rights attached to the Equity Shares

The company has only one class of Equity Shares having a par value of Rs. 10 Per Share. Each holder of Equity Shares is entitled to one vote per share.

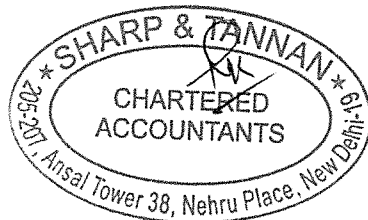
NOTE 11 : Other Equity

Profit (Loss) as per last Balance Sheet	411,857,397	280,713,341
Profit (Loss) for the year	194,486,224	130,415,291
Other Comprehensive Income	(767,609)	(297,428)
Hedging Reserve	236,319	1,026,192
	605,812,331	411,857,397



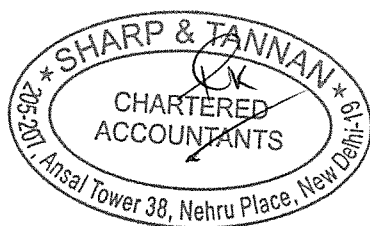
L&T HOWDEN PRIVATE LIMITED
NOTES FORMING PART OF ANNUAL ACCOUNTS

	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
NOTE 12 : NON CURRENT LIABILITIES		
Financial Liabilities		
Borrowings	-	-
Nature of Security and repayment terms:		
a. Term loans are in the form of External Commercial Borrowing from foreign bank secured by way of first charge of all movable fixed assets, present and future by way of Hypothecation		
NOTE 13 :DEFERRED TAX LIABILITIES (NET)		
	18,163,930	27,768,467
	<u>18,163,930</u>	<u>27,768,467</u>
NOTE 14 : PROVISIONS		
Provision for Gratuity & Compensated Absences	13,795,309	9,594,252
	<u>13,795,309</u>	<u>9,594,252</u>
Financial Liabilities		
NOTE 15.1 : Borrowings		
Credit Facility- Buyers Credit from Kotak Bank	-	35,824,100
	<u>-</u>	<u>35,824,100</u>
NOTE 15.2 : Current Maturities of Long Term Borrowings		
Secured Term Loan from Bank	-	80,642,076
	<u>-</u>	<u>80,642,076</u>
NOTE 16:Trade Payables		
Total Outstanding dues of micro and small enterprises		
Amounts due to MSMED Suppliers	39,800,416	45,550,536
Interest Accrued & due to MSMED Suppliers	1,388,638	729,980
Total Outstanding dues of other than micro and small enterprises		
Liability for Revenue Goods	111,739,479	103,324,375
Other Payables	565,925,253	550,399,988
	<u>718,853,786</u>	<u>700,004,879</u>
NOTE 17: Other Financial Liabilities		
Embedded Derivative Payable	0	363,201
Employees Payable	4,756,115	8,029,199
Security Deposit Received	28,290	33,540
	<u>4,784,405</u>	<u>8,425,940</u>
NOTE 18: Current Tax Liability (Net)		
Provision for Current Year Tax	-	-
	<u>-</u>	<u>-</u>
Less: Advance Tax Paid	-	-
TDS Receivable (Net)	-	-
	<u>-</u>	<u>-</u>
NOTE 19:Other Current Liabilities		
Advance from Customers	209,166,319	229,830,655
Duties & Taxes	13,801,114	6,204,058
	<u>222,967,433</u>	<u>236,034,713</u>
NOTE 20:Provisions		
Provision for Product warranty	137,429,516	131,183,997
Provision for Retirement Benefits	2,296,541	2,516,416
Provision for Contractual Obligation Cost	66,859,568	83,753,998
	<u>206,585,625</u>	<u>217,454,411</u>



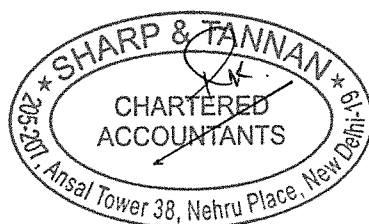
L&T HOWDEN PRIVATE LIMITED
NOTES FORMING PART OF ANNUAL ACCOUNTS

	2018-19 Rs.	2017-18 Rs.
NOTE 21 : REVENUE FROM OPERATIONS		
Sale of Products :		
Gross Sales	1,600,328,261	2,375,098,576
Less : Excise Duty	-	83,390,400
Sales (Net)	1,600,328,261	2,291,708,176
Sale of Services	28,431,577	56,893,248
	<u>1,628,759,838</u>	<u>2,348,601,424</u>
NOTE 22 : OTHER INCOME		
Interest Income on Bank Deposits	370,763	1,747,228
Miscellaneous Income	2,216,788	2,309,054
Premium on Forward Contract	13,777,202	(1,129,929)
Gain/Loss on Sale of Fixed Asset	34,175	(595,955)
	<u>16,398,927</u>	<u>2,330,397</u>
NOTE 23 : MATERIALS, MANUFACTURING & OPERATING EXPENSES		
Materials, components & service consumed	1,077,921,327	1,728,567,258
Royalty & trademark fees on sales	40,292,663	57,959,017
Power, Fuel and Water	3,141,993	4,864,015
Other Direct Expenses	19,336,344	18,106,808
	<u>1,140,692,326</u>	<u>1,809,497,098</u>
NOTE 24: (INCREASE) / DECREASE IN INVENTORIES		
Opening Stocks		
Work-In-Progress	10,692,442	7,278,389
Finished Goods	38,446,223	49,138,666
	<u>49,138,666</u>	<u>56,416,855</u>
Less : Closing Stocks		
Work-In-Progress	5,895,661	10,692,442
Finished Goods	34,200,948	38,446,223
	<u>40,096,609</u>	<u>49,138,666</u>
	<u>9,042,056</u>	<u>(2,286,562)</u>
NOTE 25 : EMPLOYEE BENEFITS EXPENSES		
Salaries & Wages	69,131,849	72,469,921
Contribution to Provident & Other Funds	1,960,147	1,910,563
Expenses on Employee Stock Option Scheme (ESOP)	175,572	170,484
Staff Welfare	3,418,621	2,389,722
Leave Encashment	4,642,058	(409,556)
Gratuity	995,916	954,397
	<u>80,324,163</u>	<u>77,485,532</u>



L&T HOWDEN PRIVATE LIMITED
NOTES FORMING PART OF ANNUAL ACCOUNTS

	2018-19 Rs.	2017-18 Rs.
NOTE 26 : SALES, ADMINISTRATION & OTHER EXPENSES		
Rent	6,931,370	8,331,658
Rates & Taxes	2,142,607	599,306
Insurance	83,815	149,707
Audit & Certification Fees	667,240	600,317
Travelling	7,642,114	10,001,154
Vehicle Running & Maintenance	4,545,387	4,997,856
Recruitment Expenses	6,400	192,602
Printing & Stationery	213,292	335,263
Office Running & Maintenance	3,848,555	3,257,603
Communication Expenses	874,024	1,070,094
Warranty & Contractual Obligation Cost	(10,415,792)	73,332,371
Freight Forwarding Exp	9,307,774	641,039
Legal and Professional	3,143,772	3,186,930
Community Welfare (CSR)	5,627,312	3,412,197
IT Software Exp	842,689	167,783
Training Fees	906,626	1,466,745
Miscellaneous	1,057,906	102,014
Provision for Expected credit loss	9,330,955	(6,201,258)
Bank Charges	491,529	1,151,464
Foreign Currency Fluctuation (Net)	27,837,386	(14,570,864)
Networking Fee	24,447,628	33,923,511
Corporate Infrastructure Charges	11,081,341	10,887,710
	110,613,930	137,035,202
NOTE 27 : FINANCE COSTS		
Interest Expense:		
Term Loans	2,207,469	11,373,952
Others	1,324,156	1,853,186
Other Borrowing Cost	29,052	102,392
	3,560,677	13,329,530



NOTE - 28

Company Overview

L&T Howden Private Limited (LTHPL), a joint venture between Larsen & Toubro Ltd and Howden Group U.K., design, engineer, manufacture, supply and provides aftermarket services for axial fans and rotary air pre-heaters for super critical thermal power plants.

28 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention, except for certain items of property, plant and equipment that were revalued in accordance with the previous GAAP principles and the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment. The preparation of financial statements in conformity with IND AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for operating expenses, future obligations under Income Tax and useful lives of fixed assets. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

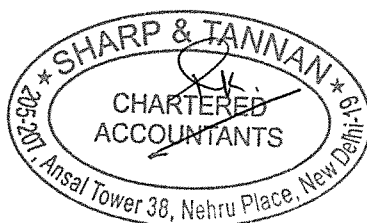
B. Presentation of financial statements

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 Cash Flow Statement 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 the financial statements along with the other notes required to be disclosed under the notified Accounting Standards

C. Revenue Recognition

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

- a) Revenue from sale of goods is recognized when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract where there is no uncertainty as to measurement or collectability of consideration.
- b) Revenue from engineering and service fees is recognized as per the terms of contract.
- c) Interest income is accrued on a time basis at effective interest rate applicable.



D. Property, Plant and Equipment (PPE)

PPE is recognised 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. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under i-GAAP as on April 1, 2015 is regarded as its deemed cost.

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.

The carrying value was original cost less accumulated depreciation and cumulative impairment. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method.

Depreciation on Property, Plant & Equipment has been provided based on useful life as prescribed in Schedule II of the Companies Act, 2013. Property, Plant & Equipment which are added/disposed-off during the year depreciation has been provided on pro-rata basis with reference to the month of addition/deletion.

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
Water Cooler	15
Attendance Punching Machine	15

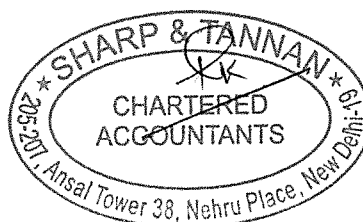
E. Intangible Assets

Intangible assets are stated at cost, less accumulated depreciation and impairment, if any. Intangible assets are amortized over their estimated useful lives using the straight-line method.

F. Inventories

Inventories are valued after providing for obsolescence, as under:

- Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realizable value.
- Manufacturing work-in-progress at lower of cost including related overheads or net realizable value.
- Finished goods at lower of weighted average cost or net realizable value.



G. Foreign Currency Transactions

The reporting currency of company is Indian Rupee. Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rates at the date of transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Any resulting loss /gain is charged / taken to the Profit & Loss Account. 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:

- a) 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 an adjustment to interest costs;
- b) exchange differences on transactions entered into in order to hedge certain foreign currency risks.

H. Employee Benefits

- a) Short term employee benefits:

All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, short term compensated absences, expected cost of performance incentives, ex-gratia etc. are recognised as expense in the period in which the employee renders the related service.

- b) Long term employee benefits:

Long term employee benefits including compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders related services are recognised as a liability at the present value of the defined benefit obligation based on actuarial valuation (under projected unit credit method) carried out at the Balance Sheet date.

- c) Post Employment Benefits:

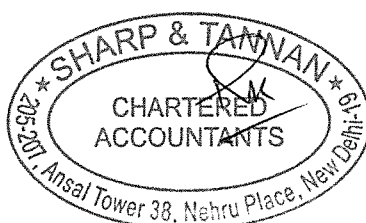
- i. Defined-contribution plans:

The Company has defined contribution plans (where Company pays pre-defined amounts and does not have any legal or informal obligation to pay additional sums) for post employment benefits (viz. Provident Fund), the Company's contributions thereto are charged to Profit and Loss Account every year.

- ii. Defined-benefit plan:

The Company has a defined benefit plan (viz., Gratuity) for employees, the liability for which is determined on the basis of valuation carried out by an independent actuary (under projected unit credit method) at the Balance Sheet date.

Remeasurements, comprising actuarial gains and losses are recognized immediately in other comprehensive income and reflected in retained earnings and are not reclassified to profit & loss.



I. Operating Segment

The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (IND AS 108)

J. Taxes on Income:

- a) 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 Income Tax Act, 1961, and based on the expected outcome of assessments / appeals.
- b) Deferred tax liability is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing, enacted or substantially enacted regulations.
- c) 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.

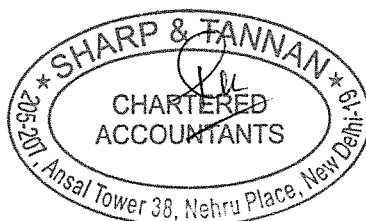
K. Provisions, Contingent Liabilities and Contingent Assets

- a) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
 - i. the Company has a present obligation as a result of a past event,
 - ii. a probable outflow of resources is expected to settle the obligation; and
 - iii. the amount of the obligation can be reliably estimated.
- b) Contingent liability is disclosed in case of
 - i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
 - ii. a present obligation when no reliable estimate is possible; and
 - iii. a possible obligation arising from past events where the probability of outflow of resources is not remote.
- c) Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

L. Impairment of Assets

At the Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine



- a) the provision for impairment loss required, if any, or
- b) the reversal required 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 higher of the net selling price and the value in use;
- b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at 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.

M. Borrowing Cost

Borrowing cost that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of such assets till such time as the asset is ready for intended use or sale. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

N. Financial Instruments:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

a) Financial Assets carried at amortized cost:

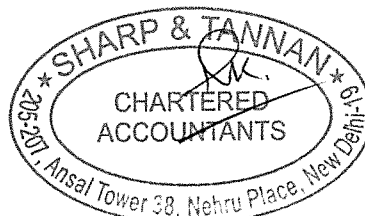
A Financial Asset is subsequently measured at amortised cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

b) Financial Assets at fair value through other comprehensive income:

A Financial Asset is subsequently measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Other Financial Assets are recognized in Profit or Loss

d) Financial liabilities including loans and borrowings are measured at amortized cost using Effective Interest Rate (EIR) method applied.



e) Cash Flow Hedges:

The Company designates certain hedging instruments, which include derivatives, in respect of foreign currency risk, as 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 of hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

f) Impairment of Financial Assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables and other contractual rights to receive cash or other financial asset. For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and forecast of future economic conditions based on reasonable and supportable information which is available at the reporting date.

O. 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.

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

P. Cash and Cash Equivalent

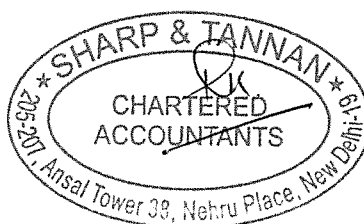
Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation.

Q. 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/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

R. Key Source of Estimation Uncertainty

Examples of such estimates include useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. difference, if any, between the actual results and estimates is recognized in the period in which the results are known.



NOTE :28. OTHER EXPLANATORY INFORMATION:

1.1 Capital and other commitments

Particulars	2018-19 Rs.	2017-18 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for	363,820	9,535,776
Total	363,820	9,535,776

1.2 Income in Foreign Currency (on accrual basis)

Particulars	2018-19 Rs.	2017-18 Rs.
Foreign Exchange Earned/ Deemed Exports	471,448,257	846,423,410
Total	471,448,257	846,423,410

1.3 Expenditure in Foreign Currency (on accrual basis)

Particulars	2018-19 Rs.	2017-18 Rs.
Royalty & Trade Mark Fees	40,292,663	57,959,017
Interest	2,207,469	11,373,952
Sales Commission		
Travelling	88,603	291,088
Total	42,588,735	69,624,057

1.4. Value of imports calculated on CIF basis

Particulars	2018-19 Rs.	2017-18 Rs.
Capital Expenses		
Project Imports	295,076,390	533,235,107
Total	295,076,390	533,235,107

1.5 Remuneration to auditor

Particulars	2018-19 Rs.	2017-18 Rs.
Statutory Audit	180,000	180,000
For Taxation Matters	162,000	162,000
For Certification works	287,380	209,000
Out of Pocket Expenses	37,860	46,828
Total	667,240	597,828

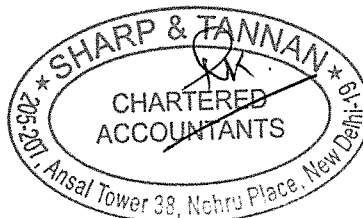
1.6 Disclosures as required By Indian Accounting Standard (Ind AS) 19" Employee Benefits"

A) An amount of Rs 19,60,147/- (Previous year Rs 19,10,563/-) is recognized as an expense towards company's contribution to employees Provident Fund and is included in Employee Benefit Expense.

B)The company provides for gratuity to employees in accordance with Payment of Gratuity Act 1972 wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement whichever is earlier. The benefit vests after five years of continuous service.

Amount recognized in balance sheet - gratuity

Particulars	2018-19 Rs.	2017-18 Rs.
	5,114,731	4,492,993
Net defined benefit liability / (asset) recognized in balance sheet under current liabilities	5,114,731	4,492,993



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2019

Reconciliation of Net Liability/Assets

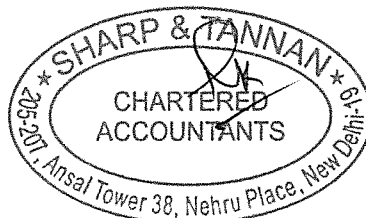
Particulars	2018-19 Rs.	2017-18 Rs.
Opening net defined benefit Liability/(asset)	4,492,993	3,675,549
Expense Charges to P& L	995,916	954,397
Amount Recognized outside profit & Loss A/c	1,082,970	454,839
Employer Contribution	(1,457,148)	(591,792)
Closing Net Defined benefit liability /(asset)	5,114,731	4,492,993

Particulars	2018-19 Rs.	2017-18 Rs.
(a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	4,492,993	3,675,549
Past Service Cost	-	-
Current Service Cost	694,824	697,652
Interest Cost	301,092	256,745
Actuarial (gain) / Loss arising from change in financial assumption	93,835	(112,908)
Actuarial (gain) / Loss arising from change in demographic assumption	(444)	(38,024)
Actuarial (gain) / Loss arising from change in experience changes	989,579	605,771
Benefits paid	(1,457,148)	(591,792)
Defined Benefit obligation at year end	5,114,731	4,492,993
(b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year		
Expected return on plan assets		
Actuarial gain / (loss)		
Employer contribution	1,457,148	591,792
Benefits paid	(1,457,148)	(591,792)
Fair Value of plan assets at year end		
(c) Expense recognised during the year		
Current Service Cost	694,824	697,652
Past Service Cost		
Interest Cost	301,092	256,745
Expected return on plan assets		
Actuarial Losses / (Gain) recognized		
Net Cost	995,916	954,397
Principal assumptions used in determining Gratuity obligations are as under:		
Discount rate	7.45%	7.70%
Expected rate of return on assets	0.00%	0.00%
Future salary increase	7.00%	7.00%

Amount Recorded in Other Comprehensive Income:

The total amount of remeasurement items and impact of liabilities assumed or settled, if any, which is recorded immediately in Other Comprehensive Income (OCI) during the period is shown in the table below:

Particulars	2018-19 Rs.	2017-18 Rs.
Opening amount recognized in OCI outside profit and loss account	565,328	110,489
Remeasurement during the period due to		
Changes in Financial assumptions	93,835	(112,908)
Changes in demographic assumptions	(444)	(38,024)
Experience adjustments	989,579	605,771
Actual return on plan assets less interest on plan assets		
Adjustment to recognize the effect of asset ceiling		
Closing amount recognized in OCI outside profit and loss account	1,648,298	565,328



Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising because an increase or decrease in the reported assumption by 100 basis points.

Particulars	Period Ended 2018-19	
	Discount Rate	Salary Escalation Rate
Impact of increase in 100 bps on DBO	-7.00%	7.92%
Impact of decrease in 100 bps on DBO	7.97%	-7.09%

Particulars	Period Ended 2017-18	
	Discount Rate	Salary Escalation Rate
Impact of increase in 100 bps on DBO	-6.89%	7.89%
Impact of decrease in 100 bps on DBO	7.89%	-6.99%

1.7 Disclosure of Segment information pursuant to Ind AS 108 "Operating Segments"

The Company operates in only one business segment (design, engineering, manufacturing, supply and aftermarket services for axial fans and rotary air pre-heaters for super critical thermal power plants) and in one geography viz. India. Hence, reporting of operating segments does not arise. The company does not have operations outside India. Hence, disclosure of Geographical segment information doesn't arise

1.8 Share based payments - Employee Stock Option Plan

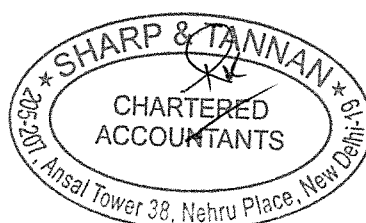
Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is Rs.18,45,173. The same is being recovered over the period of vesting by the holding company. Accordingly, cost of Rs.18,45,173 (P.Y.16,69,601) has been recovered by the holding company upto current year, out of which, Rs.1,75,572 (P.Y. 1,70,484) was recovered during the

1.9 Details of Inventory Write Down (Cost less Net Realisable Value)

Particulars	2018-19	2017-18
	Rs.	Rs.
Raw materials, components and stores & spares	5,611,058	2,861,955
Work in Progress	23,088	-
Finished goods	-	370,062
Total	5,634,146	3,232,017

1.10 Inventory pledged as Security

Particulars	AS AT 2018-19	AS AT 2017-18
	Rs.	Rs.
Raw materials, components and stores & spares	86,457,931	94,383,778
Work in Progress	5,895,661	10,692,442
Finished goods	34,200,948	38,446,223
Total	126,554,540	143,522,444

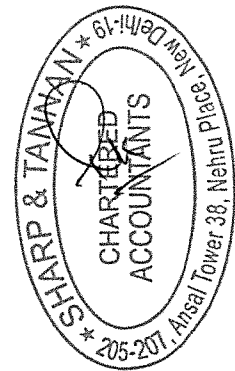


L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March, 2019

1.11 Details of Current Assets and Current Liabilities expected to be recovered within twelve months and after 12 months:

Particulars	Details of Current Assets				Total
	31.03.2019		31.03.2018		
	Within 12 months	After 12 months	Within 12 months	After 12 months	
Inventory	126,554,540		143,522,444		143,522,444
Financial Assets					
Trade receivables	993,921,275		737,884,246		737,884,246
Cash and bank balances	21,374,307		29,338,518		29,338,518
Other Bank Balances	611,771		0		0
Loans	3,043,389		3,765,554		3,765,554
Other financial assets	1,421,539		4,329,545		4,329,545
Current Tax assets (Net)	5,378,234		2,838,056		2,838,056
Other current assets					
- Advance to Suppliers	59,081,855		52,815,181	37,850,871	90,666,052
- Advances recoverable in cash or in kind or for value to be received	64,124,619		44,017,148		44,017,148
- Input Credit Receivable for Excise & VAT	175,037		175,037		175,037
- Input Credit Receivable for GST	16,335,127		66,285,839		66,285,839
- Retentions- Customer	373,697,799	149,448,363	402,157,016	189,330,246	591,487,262
Total	1,555,719,492	149,448,363	1,487,128,585	227,181,117	1,714,309,702

Particulars	Details of Current Liabilities				Total
	31.03.2019		31.03.2018		
	Within 12 months	After 12 months	Within 12 months	After 12 months	
Financial Liabilities					
Borrowing	0		35,824,100		35,824,100
Current maturities of long term borrowings	0		80,642,076		80,642,076
Trade payables	718,853,786		700,004,879		700,004,879
Other Financial Liabilities	4,784,405		8,425,940		8,425,940
Current Tax liabilities			0		0
Other current liabilities					
Advance from Customers	195,311,722	13,854,597	152,242,053	77,588,602	229,830,655
Duties & Taxes	13,801,114		6,204,058		6,204,058
Provisions					
Provision for Product warranty	86,736,648	50,692,868	69,356,636	61,827,361	131,183,997
Provision for Retirement Benefits	2,296,541		2,516,416		2,516,416
Provision for Contractual Obligation Cost	52,552,765	14,306,803	27,522,560	56,231,438	83,753,998
Total	1,074,336,981	78,854,268	1,082,738,718	195,647,401	1,278,386,119



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2019

1.12 Micro ,Small and Medium Enterprises

The Company has amount due to suppliers under the Micro, Small and medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2019. Disclosure Pursuant to the said act is as under:

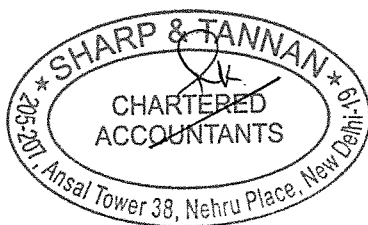
Particulars	In Rs	
	31-3-2019	31-3-2018
Principal Amount due to Suppliers under MEMED Act	39,800,416	45,550,536
Interest Accrued due to Suppliers under MEMED Act on the above and unpaid	78,014	2,781
Payment made to suppliers (other than interest) beyond the appointed day during the year	25,427,641	32,422,424
Interest Paid to Suppliers under MEMED Act (other than Section 16)	-	-
Interest Paid to Suppliers under MEMED Act (Section 16)	-	-
Interest Due and Payable towards Suppliers under MEMED Act for payment already made	1,310,624	727,199
Interest Accrue and remaining unpaid at the end of the year to Suppliers under MEMED Act	1,388,638	729,980

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.

1.13 Financial Instruments by category

The carrying value and fair value of financial instruments by category			In Rs
Categories of financial assets	As at		
	Mar-19	Mar-18	
Measured at amortised cost			
a. Non-current investment -others			
b. Loans	3,043,389	3,765,554	
c. Cash and bank balances (including other bank balances)	21,986,078	29,338,518	
d. Other financial assets	1,421,539		
e. Trade receivable	983,921,275	737,884,246	
Measured at FVTOCI			
a. Govt Securities,bonds and debentures			
b. Derivative instruments designated as cash flow hedges		4,329,545	
Total financial assets	1,010,372,280	775,317,863	

Categories of financial liabilities			In Rs
Categories of financial liabilities	As at		
	Mar-19	Mar-18	
Measured at amortised cost			
a. Borrowings	-	116,466,175	
b. Other financial liabilities	4,784,405	8,062,739	
c. Trade Payables	718,853,786	700,004,879	
Measured at FVTOCI			
a. Derivative instruments designated as cash flow hedges	0	363,201	
Total financial liabilities	723,638,192	824,896,995	



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2019

1.14 Fair Value Hierarchy

The Following table presents fair value hierarchy of Financial assets and liabilities measured at fair value on a recurring basis as of March 31,2019

Particulars	In Rs		
	Level 1	Level 2	Level 3
Financial Assets			
A) Derivative instruments designated as cash flow hedges			
B) Trade Receivable		983,921,275	
C) Cash and bank balances (including other bank balances)		21,374,307	
D) Other Receivable		3,043,389	
E) Other financial assets		1,421,539	
Financial Liabilities			
A) Derivative instruments designated as cash flow hedges			
B) Trade Payable		718,853,786	
C) Other financial liabilities		4,784,405	

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

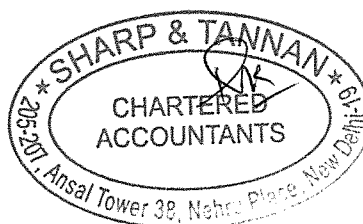
1.15 The following table presents Net gain/(losses) on Financial assets and Financial liabilities

Particulars	In Rs	
	Mar-19	Mar-18
Net gain/(losses) on financial assets and financial liabilities:		
Financial assets that are measured at FVTOCI		
Gain recognised in OCI during the year	(531,290)	728,764
Financial assets measured at amortised cost		
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (debtors, loans given etc)	(29,654,402)	48,153,648
Allowance for expected Credit Loss during the year	(9,330,955)	6,201,258
Financial Liabilities measured at amortised cost		
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (Creditors, borrowings availed)	1,817,015	(33,582,783)
Interest Revenue:		
Financial assets that are measured at amortised cost	370,763	1,747,228
Interest Expenses:		
Financial liabilities that are not measured at FVTPL	(2,207,469)	(11,373,952)
	(39,536,337)	11,874,161

1.16 Corporate Social Responsibility

a) Amount required to be spent by the company on corporate social responsibility (CSR) related activities during the year is Rs 56,96,412/- . (previous year Rs 39,90,861/-)

b) The Company has spent Rs 56,27,312/- (previous year Rs 34,12,197/-) towards corporate social responsibility activities during the financial year.



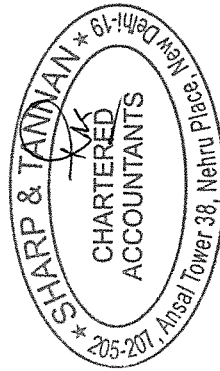
L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March, 2019

1.17 The Following table gives details in respect of outstanding hedge instruments

Particulars	31.03.2019			31.03.2018				
	Nominal Amount	Avg Rate	Upto 12 months	more than 12 months	Nominal Amount	Avg Rate	Upto 12 months	more than 12 months
Cash flow hedge								
a. Currency exposure								
Foreign currency Swap								
Payable hedges								
USD	-	-	-	-	1,363,636	62	1,363,636	-
EURO	-	-	-	-	454,044	82	454,044	-
Forward Cover								
Receivable hedges								
EURO	2,051,091	77	2,051,091	-	-	-	-	-
GBP	563,686	91	563,686	-	-	-	-	-
Payable hedges								
EURO	908,389	77	908,389	-	-	-	-	-
GBP	82,650	91	82,650	-	-	-	-	-
b. Interest rate exposure								
Interest rate swaps								
USD	-	-	-	-	45,767	62	45,767	-

Carrying amounts of hedge instruments in Rs

Particulars	31.03.2019		31.03.2018	
	Currency Exposure	Interest rate Exposure	Currency Exposure	Interest rate Exposure
Swap Contracts				
Current				
Other Financial Assets			4,329,545	-
Other Financial Liability				363,201
Forward Contracts				
Current				
Other Financial Assets	1,421,539	-	-	-
Other Financial Liability				



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March, 2019

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

(a) Disaggregation of revenue: Following table covers the revenue segregation in to Product Line:

Particulars	2018-19		2017-18		Total as per P&L reporting Rs.
	Revenue as per Ind AS 115 Rs.	Other Revenue Rs.	Revenue as per Ind AS 115 Rs.	Other Revenue Rs.	
Manufacturing					
RAPH	744,063,133		1,290,962,467		
FAN	856,264,867		1,002,063,267		
Service					
RAPH	6,553,658		4,398,978		2,350,931,821
FAN	21,878,180		51,176,711		
Other		16,398,927		2,330,397	
Total	1,628,759,838	16,398,927	2,348,601,423	2,330,397	2,350,931,821

(b) Contract balances: Following table covers the movement in contract advance balances during the year.

Particulars	2018-19	2017-18
Opening Balance as on April 1	229,830,655	239,023,223
(Less): Revenue recognised during the year	(155,380,108)	(251,693,229)
Add: Advance received during the year (net of adjustments)	134,715,771	242,500,661
Closing Balance as on March 31	209,166,319	229,830,655

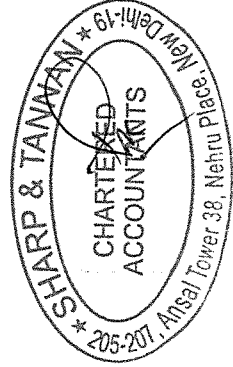
(c) Reconciliation of contracted price with revenue during the year

Particulars	2018-19	2017-18
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	6,256,936,012	4,485,831,236
Changes during the year on account of:		
Add: Fresh orders received	2,098,669,830	2,011,115,118
Less: Orders completed	4,742,085,085	240,010,342
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	3,614,520,757	6,256,936,012
Revenue recognised during the year		
Out of orders completed during the year	1,007,358,236	240,010,342
Out of continuing orders at the end of the year (I)	621,401,602	2,108,591,082
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)		1,744,255,027
Balance revenue to be recognised in future (III)	2,993,119,155	2,404,089,903
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III)	3,614,520,757	6,256,936,012

(d) Remaining performance obligations: Following table covers the aggregate amount of transaction price allocated to remaining performance obligations and when company expects to convert the same into revenue.

Particulars	Total Rs.	Likely conversion in revenue	
		Upto 1 Year	From 1 to 2 years
Transaction price allocated to the remaining performance obligation	2,993,119,155	2,306,000,000	687,119,155
Total	2,993,119,155	2,306,000,000	687,119,155

(e) Disclosure of amount by which financial statements are impacted by application of Ind AS 115 as compared to Ind AS 11 and Ind AS 18 is NIL.



1.19 The following table provides the reconciliation of cash flow hedge reserve for period ended March 31, 2019

	In Rs	
	2018-19	2017-18
Movement of Cost of Hedging Reserve		
Cost of Hedging Reserve		
Opening	1,026,193	(1,353,305)
Add: Changes in fair value for time period related hedge	372,138	1,569,294
Less: deferred tax related to above	(135,819)	(543,101)
Closing Balance	236,319	1,026,193

1.20 The following table provides details of Maturity Profile of Financial assets and Financial liabilities

Particulars	31.03.2019		31.03.2018		Total
	Within 12 months	After 12 months	Within 12 months	After 12 months	
Financial Assets					
Trade receivables	983,921,275	-	983,921,275	-	983,921,275
Cash and bank balances	21,374,307	-	21,374,307	-	21,374,307
Other Bank Balances	611,771	-	611,771	-	611,771
Loans	3,043,389	-	3,043,389	-	3,043,389
Other financial assets	1,421,539	-	1,421,539	-	1,421,539
Total	1,010,372,280	-	1,010,372,280	-	1,010,372,280
Financial Liabilities					
Borrowing including Current maturities of long term borrowings	-	-	-	-	-
Trade payables	718,853,786	-	718,853,786	-	718,853,786
Borrowing	-	-	-	-	-
Other financial liabilities	4,784,405	-	4,784,405	-	4,784,405
Total	723,638,191	-	723,638,191	-	723,638,191



1.21 The Following table gives detail of carrying amount of Financial Assets pledged as security

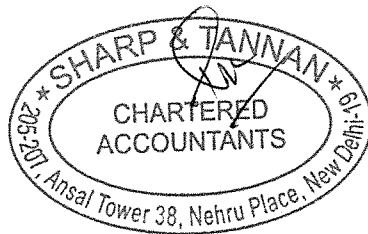
Particulars	In Rs	
	31.03.2019	31.03.2018
	Total	Total
Financial Assets		
Current		
Trade receivables	983,921,275	737,884,246
Cash and bank balances	21,374,307	29,338,518
Other Bank Balances	611,771	-
Loans	3,043,389	3,765,554
Other financial assets	1,421,539	4,329,545
Total	1,010,372,280	775,317,863

1.22 Details of allowance for expected credit loss on customer balances as per "INDAS 107"

Particulars	In Rs	
	2018-19	2017-18
Movement in Expected Credit Loss		
Opening	1,903,418	8,104,676
Loss Allowance based on Expected Credit Loss	9,330,955	-6,201,258
Closing	11,234,373	1,903,418

1.23 Details of Amount of write off for contractual amount outstanding during the period and are still subject to

Particulars	In Rs	
	2018-19	2017-18
Amount of financial assets written off during the period but still enforceable	8,762,743	138,144,349



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March, 2019

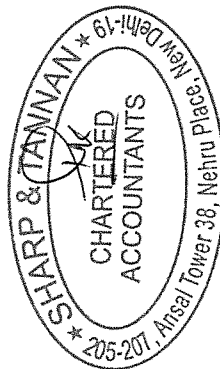
1.24 The Company's exposure to foreign currency risk at the end of reporting period expressed in INR, as below:

Particulars	31.03.2019			31.03.2018			In Rs		
	OMR	USD	Euro	OMR	USD	Euro	OMR	USD	GBP
Financial Instrument									
Trade Payable	-	2,089,137	153,133,821	7,548	10,136,765	80,386,361			14,152,887
Trade Receivable	-	148,117	438,173,747	-	148,117	314,461,272			102,054,185
Net Exposure	-	1,941,020	(285,040,127)	7,548	9,988,648	(234,074,911)			(87,901,298)

1.25 Sensitivity

The sensitivity to profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

Particulars	In Rs	
	Mar'19	Mar'18
USD Sensitivity		
INR/USD -increase by 5%	(68,790)	(326,589)
INR/USD -decrease by 5%	68,790	326,589
Euro Sensitivity		
INR/Euro -increase by 5%	10,101,822	7,653,313
INR/Euro -decrease by 5%	(10,101,822)	(7,653,313)
GBP Sensitivity		
INR/GBP -increase by 5%	2,163,616	2,874,021
INR/GBP -decrease by 5%	(2,163,616)	(2,874,021)
OMR Sensitivity		
INR/OMR -increase by 5%	-	(247)
INR/OMR -decrease by 5%	-	247



L&T Howden Private Limited

Notes forming part of Accounts for the year ended 31st March,2019

1.26 Income Taxes

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 timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

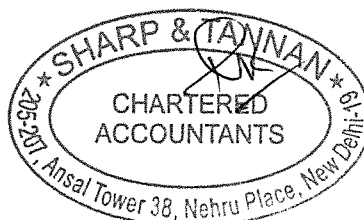
Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The major components of tax expense for the year ended March 31, 2019 and March 31, 2018

Particulars	2018-19	2017-18
In Rs		
Consolidated statement of Profit and Loss:		
(i) Profit and Loss section		
Current Income tax :		
Current income tax charge	75,902,229	122,689,900
Deferred Tax:		
Relating to origination and reversal of temporary differences	(9,740,357)	20,365,555
Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense	-	-
Effect on deferred tax balances due to the change in income tax rate	-	-
Income tax expense reported in the statement of profit or loss	66,161,872	143,055,455
Other Comprehensive Income (OCI) Section:		
Current Income tax :		
Net loss/ (gain) on remeasurement of defined benefit plans	315,361	157,411
Deferred Tax:		
Net gain / (loss) on cash flow hedges	(135,819)	(543,102)
Unrealised gain / (loss) on debt securities (FVTOCI)		
Income tax expense reported in the OCI section	179,542	(385,691)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2019 and March 31, 2018

Particulars	2018-19	2017-18
In Rs		
Profit before tax	260,648,096	273,470,745
Applicable tax rate	29.12%	34.61%
Items of expense not deductible for tax purposes:		
CSR Expenses	1,638,673	1,180,893
Provision for warranty and contractual obligation cost		25,378,867
Difference in Books & Income Tax	1,274,787	3,185,877
Other	(3,172,590)	(1,698,493)
Tax expense recognised during the year	75,641,596	122,689,900
Effective tax Rate	29.02%	44.86%



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March, 2019

1.27 Items for which no deferred tax asset is recognised in the balance sheet :
 Unused tax credits (MAT credit not recognised in books)

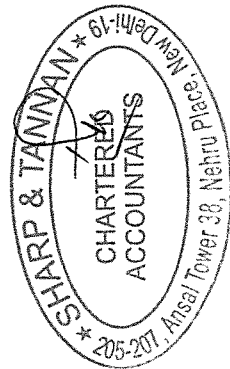
Particulars	31.03.2019		31.03.2018		Expiry date
	Base Amount	Deferred Tax	Base Amount	Deferred Tax	
AY 2015-16	-	-	2,053,468	710,664	31.03.2025
AY 2013-14	-	-	3,226,276	1,116,550	31.03.2023
Unused tax credits (MAT credit not recognised in books)	-	-	-	-	-

1.28 Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss:

Particulars	Balance Sheet		Statement of Profit & Loss	
	31.3.2019	31.3.2018	2018-19	2017-18
Difference in Book and Income tax depreciation	26,158,627	33,634,614	(7,475,987)	(2,633,868)
Provision for compensated absences disallowed u/s 43B	(3,196,537)	(2,636,325)	(560,212)	443,691
Provision for Gratuity	(1,489,410)	(1,554,935)	65,524	(282,901)
Provision for Contingency	-	-	-	9758804
Preliminary Expenses	-	-	-	-
Business loss available for offsetting against future taxable income	-	-	-	10946365
Other Timing Difference	-	(843,031)	843,032	133,385
Provision towards Expected credit loss and doubtful debts	(3,271,449)	(658,734)	(2,612,714)	2,000,079
Changes in Fair value of cash flow hedges	(37,301)	(173,121)	-	-
Deferred tax expense / (income)	18,163,930	27,768,467	(9,740,357)	20,365,554
Net deferred tax (assets) / liabilities	18,163,930	27,768,467		

1.29 The Gross movement in the deferred income tax account during the year:

Particulars	In Rs	
	2018-19	2017-18
Opening Balance as on April 1	27,768,467	6,859,810
Tax income / (expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	(9,740,357)	20,365,554
Tax income / (expense) during the period recognised in statement of Profit and Loss in OCI Section	135,819	543,102
Closing Balance as on March 31	18,163,930	27,768,467



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2019

1.30 Operating Leases

The company has taken office premises and flats under cancelable operating leases. These lease agreements are normally renewed on expiry.

1.31 Detail of Sales, raw material and components:

A) Sales:

Class of Goods	In Rs	
	2018-19 Rs.	2017-18 Rs.
Rotary Air Preheater & Axial Fans	1,600,328,261	2,291,708,176

B) Raw Material & Components Consumed:

Class of Goods	In Rs	
	2018-19 Rs.	2017-18 Rs.
Steel and structure and other materials	1,086,963,383	1,726,280,696

C) Inventories

Class of Goods	In Rs	
	2018-19 Rs.	2017-18 Rs..
Steel and structure and other materials	126,554,540	143,522,444

1.32 Term loan of USD 10 Million was taken in year 2012-13 from HSBC Mauritius to finance capital expenditure. The same had been refinanced from ANZ Bank, Singapore to the extent of USD 5.45 Million. To hedge the risk of adverse movement in foreign exchange rate and interest rate linked to LIBOR, the company had entered into a swap agreement with Kotak Bank under which all risk of foreign exchange and interest rate movement had been transferred to Kotak Bank. The last installment of the term loan stood repaid in August 2018 and the charge on the assets stand relinquished.

1.33 Disclosures required by pursuant to IND AS 37 "Provisions, Contingent Liabilities and Contingent Assets":

A. Movement in Provision

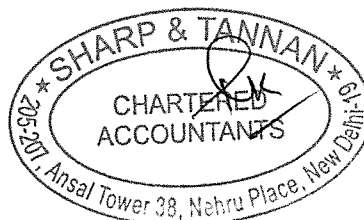
Particulars	In Rs	
	Product Warranties	Contractual Obligation Cost
Opening Balance as on 01-04-2018	131,183,997	83,753,998
Provision made during the year	17,721,693	28,659,583
Provision used during the year	(11,476,174)	(45,554,013)
Balance as on 31-03-2019	137,429,516	66,859,568

B. Nature of provision

i). Product Warranties: 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 March 31, 2019 represents the amount of the expected cost of meeting such obligations of rectifications/replacement. The timing of the outflows is expected to be within a period of 2 to 5 years from the date of Balance Sheet.

ii) Provision for Contractual Obligation Cost: It is mainly in respect of estimated cost which company is likely to incur as per the contractual obligations .

1.34 The company has not capitalized any borrowing cost during the year, as there were no qualifying assets (Previous Year Nil).



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2019

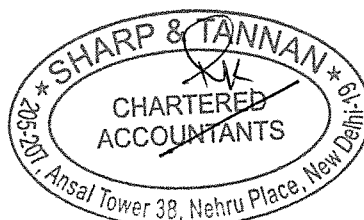
1.35 Related Party Disclosure

A) List of related parties with whom transactions have taken place during the year

Name	Relationship
Larsen & Toubro Limited	JV partner
Howden Holding B.V.	JV partner
Howden Hua Engineering Co Ltd	Member of same group
TLT Babcock India Pvt. Ltd.	Member of same group
Howden Solyvent (India) Private Ltd	Member of same group
Howden Axial Fans ApS	Member of same group
Howden Spain Ltd	Member of same group
Howden Group Limited	Member of same group
Howden UK Limited	Member of same group
L&T - MHPS Boilers Pvt. Limited	Member of same group
Nabha Power Limited	Member of same group

B) Balances of Related Parties

		In Rs	
Name of Related Party	Particulars	2018-19	2017-18
Larsen & Toubro Limited	Trade Payables	52,370,570	104,172,739
	Advances to Vendor	-	1,765,600
Howden Hua Engineering Co Ltd	Trade Payables	-	10,036,950
Howden Axial Fans ApS	Trade Payables	94,601,229	91,908,704
Howden UK Limited	Trade Payables	7,636,858	18,092,560
Howden Group Limited	Trade Payables	11,435,003	12,010,567
Howden Solyvent (India) Private Ltd	Trade Payables	360,585	-
TLT Babcock India Pvt. Ltd.	Trade Payables	32,538,408	11,694,582
L & T MHPS Boiler Pvt Ltd	Trade Payables	460,512	-
L & T MHPS Boiler Pvt Ltd	Trade Receivables	948,615,338	1,074,832,542
L & T MHPS Boiler Pvt Ltd	Advance From Customer	87,311,143	163,338,951
Howden Axial Fans ApS	Advances to Vendor	22,616,352	41,203,127
Howden UK Limited	Advances to Vendor	584,196	
Howden Solyvent (India) Private Ltd	Advances to Vendor	120,585	120,585
TLT Babcock India Pvt. Ltd.	Advances to Vendor	13,062,836	1,072,714

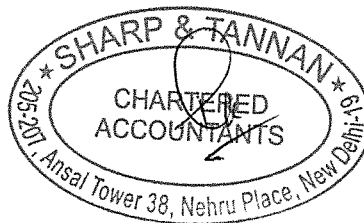


C) Transactions with Related Parties

Name of Related Party	Particulars	In Rs	
		2018-19	2017-18
Larsen & Toubro Limited	Purchase (Sale) of Fixed Assets	17,150	(18,708)
	Training Fees	271,874	369,607
	ESOPs Cost	175,572	170,484
	Infrastructure Charges	21,994,074	29,357,518
	Administration & Sales Overheads	24,297,088	18,032,849
L & T MHPS Boiler Pvt Ltd	Sale of Goods & Services	1,102,048,397	2,073,240,822
Howden UK Limited	Sale of Goods & Services	582,107	1,388,506
Howden Axial Fans ApS	Purchase of Project Goods & Services	223,342,873	437,377,623
Howden UK Limited	Purchase of Project Goods & Services	11,523,851	5,718,026
Howden Hua Engineering Co Ltd	Purchase of Project Goods & Services	17,718,078	10,036,950
TLT Babcock India Pvt. Ltd.	Purchase of Project Goods & Services	128,895,424	25,716,392
Howden Spain, S.L.	Purchase of Project Goods & Services	8,507,736	109,095
Howden Group Limited	Royalty & Trade Mark Fees	16,287,743	23,486,014
Howden Axial Fans ApS	Royalty & Trade Mark Fees	12,843,973	15,030,950
Howden UK Limited	Royalty & Trade Mark Fees	11,160,947	19,442,053

D) Payments made to independent directors

Particulars	In Rs			
	2018-19		2017-18	
	Mr. K. P. Singh	Mr. K. Vaidyanathan	Mr. K. P. Singh	Mr. K. Vaidyanathan
Sitting fees for				
Audit committee meeting	-	-	-	-
Board meeting	70,000	90,000	90,000	110,000
CSR committee meeting	-	-	-	-
Nomination & remuneration committee meeting	-	-	-	-
Total sitting fees				
Commission	500,000	500,000	500,000	500,000
Total payment				



L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2019

1.36 Contingent Liabilities


Particulars	In Rs	
	2018-19	2017-18
Service Tax Liability that may arise in respect of matters in appeal/challenged by the company	-	1,169,798
	-	1,169,798

1.37 Basic and diluted earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per Share"

Particulars	In Rs	
	2018-19	2017-18
Net profit/(loss) after tax available for Equity Shareholders	194,486,224	130,415,291
Weighted Average Number of Equity Shares (in numbers)	30,000,000	30,000,000
Face Value Per Share	10	10
Basic and Diluted Earnings Per Share	6.48	4.35


As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of



Rajkumar Khullar
Partner

Membership No.92507


Place New Delhi
Date: 30.04.2019


Chief Executive


Director


Director


Chief Financial Officer


Company Secretary

