

**L&T HOWDEN PRIVATE LIMITED
DIRECTORS' REPORT**

The Directors have pleasure in presenting their tenth Annual Report and Audited Financial Accounts of the Company for the year ended 31st March 2020.

1. FINANCIAL RESULTS

Particulars	(Rs. In Lakhs)	
	2019-20	2018-19
Revenue from operation & other Income	15001.77	16451.59
Profit / (Loss) before Depreciation & Tax (PBDT)	2385.59	3009.26
Depreciation	319.38	402.78
Profit / (Loss) before tax (PBT)	2066.21	2606.48
Provision for taxes	573.04	661.62
Profit / (Loss) after tax (PAT)	1493.17	1944.86
Balance brought forward from previous year	6070.35	4125.48
Balance carried to Balance Sheet	7563.52	6070.35

CAPITAL & FINANCE

During the year under review, the Company has not allotted any equity shares. The Total Equity Share Capital as on 31st March, 2020, is Rs.30 Crore.

CAPITAL EXPENDITURE

Gross tangible and intangible assets including leased assets are Rs. 5697 Lakhs (Previous Year: Rs.5680 Lakhs). During the year, the Company spent Rs.18 Lakhs (Previous Year: Rs.108 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 2019-20 as specified under section 186 of Companies Act, 2013.

3. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board has approved the Related Party Transactions for the Financial Year 2019-20. A statement containing details of all material transactions/ contracts/ arrangements is attached as Annexure '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.150.05 crore as against Rs.164.52 crore for the previous financial year registering a decrease of 9%. The profit before tax from continuing operations including extraordinary and exceptional items is Rs.20.66 crore and the profit after tax from continuing operations including extraordinary and exceptional items of Rs.14.93 crore for the financial year under review as against Rs.26.07 crore and Rs.19.45 crore respectively for the previous financial year.

The Novel Coronavirus (COVID-19) has affected over 150 countries, including India. Due to this Pandemic, the Government of India has imposed lockdown till 3rd May, 2020 throughout the Country. The Company has supported the same and implemented 'Work from Home' Policy for its employees. The Company has also participated in the relief operations to contain the epidemic and taken adequate precautionary measures to educate its Employees to contain the disease and minimize its contagious effect. The assessment of COVID-19's impact on the Company's operations indicates that the items like supply of raw materials have been delayed resulting into deferment in the deliveries to the clients/customers. However, there has not been any material impact over the operations of the Company due to such delays till the date of the Board Report.

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, requires certain companies to facilitate dematerialization of all its existing securities and has mandated that the stake of promoters, directors and key managerial personnel should be held in demat form. As on March 31, 2020, 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 Company submits the report on reconciliation of share capital audit from Practicing Company Secretary within the prescribed timelines.

7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

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

Replacement of 350 CFM Air compressor with 47 CFM Air compressor in element basket manufacturing shop in the financial year 2018-19 has led to savings of 86,970 Electricity units in FY 19-20.

Replacement of Element shop and Admin office conventional lighting with LED lighting in the FY 2017-18 & FY 2018-19 has led to conservation of 22260 Electricity Units in FY 19-20

B) Technology Absorption:

None

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

(1) Foreign Exchange Earnings:

Particulars	(Rs. In Lakhs)	
	2019-20	2018-19
Foreign Exchange earned	5115.46	3718.19

(2) Expenditure in Foreign Currency

Particulars	(Rs. In Lakhs)	
	2019-20	2018-19
Foreign Exchange Used	2904.45	2500.06

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

During the year under review, Mr. Shailendra Roy, and Mr. Ian Brander resigned from the Board of Directors. Mr. Parvesh Mittal resigned as Manager of the Company. The Board of Directors placed on record its appreciation for the contributions made by the them during their tenure of directorships and key managerial personnel.

The Board appointed Mr. Pawan K. Mehndiratta as the Manager (designated as Chief Executive) of the Company for a period of three years with effect from 11th July, 2019.

Mr. Shekhar Sharda and Mr. Frederick Hearle retires by rotation in the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Atul Tandon is the Chief Financial Officer and Ms. Reena Raje is the Company Secretary 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 April 30, 2019, July 11, 2019, October 14, 2019 and January 17, 2020.

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

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. The Board of the Company oversees the functioning of the Vigil Mechanism framework.

15. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The 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. The appointments of the Directors and Key Managerial Personnel are done as per the policy.

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, 2020, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

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

The Company's Auditors M/s Sharp & Tannan have already completed ten years as Statutory Auditors of the Company. In view of the mandatory rotation of auditor and in accordance with the provisions of the Companies Act, 2013, it is proposed to appoint M/s M P Chitale & Co. as statutory Auditors for a period of five continuous years i.e. from the conclusion of the 10th Annual General Meeting till the conclusion of the 15th Annual General Meeting of the Company.

The Board places on record its appreciation for the services rendered by M/s Sharp & Tannan as the Statutory Auditors 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.

The Members are requested to ratify their appointment as the Statutory Auditors of the Company and to fix their remuneration.

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 2019-20.

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, 2021 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 2020-21 is placed before the shareholders for consideration.

The Report of the Cost Auditors for the financial year ended March 31, 2020 is under finalization and will be filed with the 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 2020.

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 IND A assigned A category rating to the Company during the year signifying stable outlook.
- MSME: The Company has been complying with the requirement of submitting a half yearly return to the Ministry of Corporate Affairs within the prescribed timelines.

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

Derek Michael Shah
Director
DIN: 06526950

Place: Vadodara
Date: 21.04.2020

Martinus Zijlmans
Director
DIN: 03611576

Place: Dubai
Date: 21.04.2020

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

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

CIN	U31401MH2010PTC204403
Registration Date	17/06/2010
Name of the Company	L&T Howden Private Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	FAN Assembly & Air Preheater Parts	25133	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary / associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	50.1	2(46)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	15030000	14970000	30000000	100.00	15030000	14970000	30000000	100.00	NIL

(ii) Shareholding of Promoters

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	15030000	50.10	NIL	15030000	50.10	NIL	NIL
2	Howden Holdings B.V	14970000	49.90	NIL	14970000	49.90	NIL	NIL
	Total	30000000	100.00	NIL	30000000	100.00	NIL	NIL

(iii) Change in Promoters' Shareholding – There is no change in the Promoter' Shareholding

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

(Amount in Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness				

during the financial year				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Total Amount	
		Mr. Mittal – Manager*	Mr. Mehndiratta-Manager@
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	NA	NA

Note: *Resigned with effect from 11th July, 2019
@ Appointed with effect from 11th July, 2019

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	NIL	NIL	NIL
	Total (1)			

		Mr. Roy \$	Mr. Shah	Mr. Sharda	Mr. Zijlmans	Mr. Brander \$	Mr. Hearle@	
2.	Other Non-Executive Directors							
	• Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (B)=(1+2)							
	Total Managerial Remuneration Overall Ceiling as per the Act							

Note: \$ resigned with effect from 24th October, 2019
@ appointed as on 30th April, 2019

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary – Ms. Reena Raje	CFO – Mr. Atul Tandon	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total			NA

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

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	April19- March 20	766,910,486	
Howden Taiwan Co. Ltd	Member of same group	Sale of Goods	April19- March 20	50,736,378	
Howden Solyvent (India) Private Ltd	Member of same group	Sale of Services	April19- March 20	577,000	
Howden UK Limited	Member of same group	Purchase of Project Goods	April19- March 20	5,823,293	
Howden Axial Fans ApS	Member of same group	Purchase of Project Goods	April19- March 20	114,229,451	
Howden Solyvent (India) Private Ltd.	Member of same group	Purchase of Project Goods & Services	April19- March 20	186,550,190	
Howden Group Limited	Member of same group	Trademark Fees	April19- March 20	14,800,149	
Howden Axial Fans ApS	Member of same group	Royalty Fees	April19- March 20	11,087,551	
Howden UK Limited	Member of same group	Royalty Fees	April19- March 20	10,550,065	
Larsen & Toubro Limited	Holding Company	Purchase (Sale) of Fixed Assets	April19- March 20	(26,171)	
		Sale of Goods & Services	April19- March 20	8,000,000	
		Training Fees	April19- March 20	98,097	
		ESOPs Cost	April19- March 20	54,369	

		Infrastructure Charges	April19-March 20	25,956,210	
		Administration & Sales Overheads	April19-March 20	21,871,893	

CSR ACTIVITIES FOR 2019-20

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

The Company's CSR 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 Three Non-Executive Directors 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 once on 30th April, 2019.

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

The average net profit of the Company for the last three financial years is Rs. 28.00 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. 55,99,126 as CSR expenditure during the financial year 2019-20.

5. Details of CSR spent during the financial year 2019-20

a. Total amount to be spent for the financial year

Particulars	Amount (Rs. in crs)
Average Net Profit of the Company for the last three financial years	28.00
Amount to be spent as CSR	0.56
Amount unspent, if any	-

b. Amount unspent, if any:

NIL

c. 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 implement ing agency
1	Health	Health	FRU-2, Sector-3, Faridabad, Haryana	7,62,376	7,62,376	7,62,376	Direct
2	Health	Health	Slum Area of Rajeev Nagar, Dayal Nagar, Tito Colony, Tilpat Village and Lakkarpur	2,10,000	2,10,000	2,10,000	Direct

			Faridabad, Haryana				
3	Education	Education	Govt. Primary School, Etmadpur Village, Faridabad, Haryana	45,93,179	45,93,179	45,93,179	Direct
4	Admin	Health & Education		33,571	33,571	33571	
	TOTAL			55,99,126	55,99,126	55,99,126	

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

Not Applicable.

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)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T HOWDEN PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of L&T Howden Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, 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 ("financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2020, 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 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 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 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 on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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
Estimation uncertainty relating to the global health pandemic on COVID-19	
In assessing the recoverability of receivables, inventories and other assets, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed sensitivity analysis on	We discussed with management in detail about the impact of COVID-19 pandemic on the recoverability of asset balances as on 31st March, 2020. We concurred with the view of the management.

<p>the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.</p>	
<p>Revenue recognition</p>	
<p>Regarding the projects where revenue is recognised at a point in time ('non-PoC project order'), the risk includes inappropriate revenue recognition arising from revenue being recorded in the wrong accounting period or at amounts not justified.</p> <p>For the year ended 31 March 2020, revenue from operations amounts to Rs. 147.74 Crores (Refer note no. 19)</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • 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 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 26 to the financial statements. <p>Based on the procedures performed the amount of revenue recognised for the year is fairly stated in the financial statements.</p>

Provision for Warranty expenditure	
<p>The Company is liable to its customers for repairs or to replace any defect as mentioned in respective contracts. Most contracts mention about the Defect Liability Period (DLP) for which the company needs to create appropriate provisions. The timing of the outflows is expected to be within a period of 2 to 5 years from the date of Balance Sheet. The warranty provision is major aspect for the company & hence needs to be calculated on appropriate basis.</p> <p>We focused on this area as the completeness and valuation of the expected outcome of warranty provisions requires significant management judgments and the use of estimates giving rise to inherent uncertainty in the amounts recorded in the financial statements.</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We tested the relevant internal controls regarding completeness of warranty provisions and how Management assesses valuation of provisions.</p> <p>We tested/evaluated the assumptions underlying the valuation of provisions by checking the inputs used to calculate/ reverse the provisions, including interviewing the personnel charged with the responsibility of warranty provisioning.</p>
Provision for Liquidated damages	
<p>Liquidated damages are payable by the company in cases where the delivery of product does not take place within the time specified in the purchase order issued by the customer. The company follows a policy of creating provision for liquidated damages based on current information made available by the production & marketing department with respect to actual delivery date vis-à-vis date agreed date in the purchase order issued by the customer.</p>	<p>We assessed the following:</p> <p>a) Whether the information used for creating the provision is exhaustive, b) Adequacy of provision for liquidated damages by validating the same with terms agreed with the customer.</p> <p>We are satisfied with the provisioning methodology used by the entity and found that the provisions maintained as at the reporting date is adequate.</p>

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

Our opinion on the 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 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 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 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 financial statements that give a true and fair view of the financial position, financial performance, including other 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the 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 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 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 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 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 Khullar
Partner
Membership no. 092507
UDIN: 20092507AAAABD1835

New Delhi, 21st April 2020

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, 2020 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, 2020 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs. in lakhs)
Central Sales Tax Act and Local Sales Tax Act Gujarat	Sales tax liability	Appeal filed with Dy. Commissioner (Appeal), Surat	FY 2014-15	34

- (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 Khullar
Partner
Membership no. 092507
UDIN: 20092507AAAABD1835

New Delhi, 21st April 2020

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, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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.

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, 2020, 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 Khullar
Partner
Membership no. 092507
UDIN: 20092507AAAABD1835

New Delhi, 21st April 2020

L&T HOWDEN PRIVATE LIMITED
BALANCE SHEET AS AT March 31,2020

NOTE	AS AT 31-03-2020 Rs.	AS AT 31-03-2019 Rs.
ASSETS		
Non Current Assets		
Property, plant and equipment	1.1 22,01,48,391	28,19,53,308
Capital work in progress	17,78,000	-
Intangible assets	1.2 3,54,264	6,70,127
Right-of-use assets	1.3 3,19,54,244	-
Other non -current assets	2 3,40,57,988	85,49,763
Current Assets		
Inventories	3 22,21,08,623	12,65,54,540
Financial assets		
Trade receivables	4 66,43,98,016	98,39,21,275
Cash & Cash Equivalents	5.1 5,78,20,429	2,13,74,307
Other bank balances	5.2 34,12,28,249	6,11,771
Loans	6 34,82,414	30,43,389
Other financial assets	7 -	14,21,539
Other current assets	8 69,34,19,543	66,28,62,800
TOTAL	2,27,07,50,161	2,09,09,62,819
EQUITY AND LIABILITIES		
Equity		
Equity share capital	9 30,00,00,000	30,00,00,000
Other equity	10 75,50,03,399	60,58,12,331
LIABILITIES		
Non Current Liabilities		
Deferred tax liabilities (Net)	11 1,61,47,218	1,81,63,930
Current Liabilities		
Financial Liabilities		
Trade payables		
Due to micro enterprises and small enterprises	12 3,49,84,460	4,11,89,054
Due to others	60,68,43,685	67,76,64,732
Other financial liabilities	13 54,18,828	47,84,405
Other current liabilities (Net)	14 36,05,32,889	22,29,67,433
Provisions	15 19,18,19,682	22,03,80,934
Total Equity and Liabilities	2,27,07,50,161	2,09,09,62,819

Significant accounting policies & other explanatory information forming part of the accounts 23

As per our report attached

SHARP & TANNAN

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

Rajkumar Khullar
Partner
Membership No.92507

Pawan K Mehndiratta
Chief Executive

Derek Micheal Shah Martinus Zijlmans
Director Director
DIN 06526950 DIN 03611576
Place: Vadodara Place: Dubai
Date: 21.04.2020 Date: 21.04.2020

Place : New Delhi
Date : 21.04.2020

Atul Tandon
Chief Financial Officer

Reena Raje
Company Secretary
M. No. A21440

L&T HOWDEN PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED March 31,2020

	NOTE	2019-20 Rs.	2018-19 Rs.
INCOME			
Revenue from operations	16	1,49,08,28,770	1,64,34,33,603
Other Income	17	93,48,710	17,25,163
		<u>1,50,01,77,480</u>	<u>1,64,51,58,765</u>
EXPENDITURE			
Materials, manufacturing & operating Expenses	18	1,18,97,91,780	1,14,06,92,326
(Increase)/Decrease in inventories	19	(8,03,79,936)	90,42,056
Employee benefits expenses	20	8,95,12,171	8,03,24,163
Sales, administration & other expenses	21	6,05,66,268	11,06,13,930
Finance costs	22	21,28,087	35,60,677
Depreciation and amortisation	1.1 -1.3	3,19,38,431	4,02,77,516
		<u>1,29,35,56,801</u>	<u>1,38,45,10,669</u>
Profit before tax		20,66,20,679	26,06,48,096
Provision for income tax			
- Current Tax		5,41,67,113	7,60,77,420
- Income tax - earlier years		52,03,028	(1,75,191)
- Deferred tax		(20,66,374)	(97,40,357)
Profit after tax		<u>14,93,16,912</u>	<u>19,44,86,224</u>
Profit for the year		14,93,16,912	19,44,86,224
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of Post employment benefit obligation		(3,38,617)	(10,82,970)
Income Tax relating to these items		85,230	3,15,361
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair Value changes on cash flow hedges		1,77,205	3,72,138
Income Tax relating to these items		(49,662)	(1,35,819)
Total Comprehensive Income		<u>14,91,91,068</u>	<u>19,39,54,934</u>

Earning Per Share (Face value of Rs.10 each)

- **Basic & Diluted**

4.98

6.48

Weighted Average No. of Shares

3,00,00,000

3,00,00,000

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

23

As per our report attached

SHARP & TANNAN

Chartered Accountants

ICAI Registration No: 000452N

By the hand of

Rajkumar Khullar
Partner
Membership No.92507

Pawan K Mehndiratta
Chief Executive

Derek Micheal Shah Martinus Zijlmans
Director Director
DIN 06526950 DIN 03611576
Place: Vadodara Place: Dubai
Date: 21.04.2020 Date: 21.04.2020

Place : New Delhi
Date : 21.04.2020

Atul Tandon
Chief Financial Officer

Reena Raje
Company Secretary
M. No. A21440

L&T HOWDEN PRIVATE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED March 31,2020

	2019-20 Rs.	2018-19 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before tax	20,66,20,679	26,06,48,096
Adjustments for:		
Depreciation	3,19,38,431	4,02,77,516
Unrealized forex (gain) /loss	43,63,920	2,38,44,048
(Profit)/Loss on sale of fixed assets (net)	(14,550)	(34,175)
Allowances for doubtful debts	1,43,520	93,30,955
Interest (Net)	(54,91,324)	31,89,914
Operating profit / (Loss) before working capital changes	23,75,60,676	33,72,56,355
Adjustment for:		
(Increase) / decrease in Loans	(2,55,08,225)	(21,90,697)
(Increase) / decrease in Trade Receivables	32,90,09,375	(28,50,22,386)
(Increase) / decrease in Other Current Assets	(3,05,56,743)	12,72,28,360
(Increase) / decrease in Inventories	(9,55,54,082)	1,69,67,903
Increase / (decrease) in Trade Payables	(9,10,19,196)	2,06,65,922
Increase / (decrease) in Other Current & Financial Liabilities	13,81,99,879	(1,67,08,816)
(Increase) / decrease in Other non-current assets	(4,39,024)	7,22,165
(Increase) / decrease in Other Financial Assets	14,21,539	29,08,006
Increase / (decrease) in Provisions	(2,85,52,204)	(49,54,038)
Direct Taxes	(5,94,55,371)	(7,62,17,590)
Cash flow from operating activities (A)	37,51,06,623	12,06,55,186
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase/Sale of fixed assets including CWIP- Net	(35,35,346)	(83,51,537)
Interest received	76,19,411	3,70,763
Net cash flow (used in) /from investing activities (B)	40,84,065	(79,80,774)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share capital	-	-
ECB from ANZ Singapore	-	(8,06,42,076)
Bank Borrowings	-	(3,58,24,100)
Interest Paid	(21,28,087)	(35,60,677)
Net cash flow / (used in) from financing activities (C)	(21,28,087)	(12,00,26,852)
Net increase in cash and cash equivalents (A+B+C)	37,70,62,600	(73,52,440)
Cash and cash equivalents at beginning of the period	2,19,86,078	2,93,38,518
Cash and cash equivalents at end of the period	39,90,48,678	2,19,86,078
Net increase in cash and cash equivalents	37,70,62,600	(73,52,440)

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 Khullar
Partner
Membership No.92507

Pawan K Mehndiratta
Chief Executive

Derek Micheal Shah
Director
DIN 06526950
Place: Vadodara
Date: 21.04.2020

Martinus Zijlmans
Director
DIN 03611576
Place: Dubai
Date: 21.04.2020

Place : New Delhi
Date : 21.04.2020

Atul Tandon
Chief Financial Officer

Reena Raje
Company Secretary
M. No. A21440

L&T HOWDEN PRIVATE LIMITED**Statement of Changes in Equity****A. Equity Share Capital**

Particulars	Amount (Rs)
As at 31 March 2019	30,00,00,000
Changes in Equity Share Capital	-
As at 31 March 2020	30,00,00,000

B. Other Equity

Particulars	in Rs		
	Reserve & Surplus Retained Earning	Other Reserve Hedging Reserve	Total
As at 1 April 2018	41,21,84,511	(3,27,114)	41,18,57,397
Profit for the Year	19,44,86,224	-	19,44,86,224
Other Comprehensive Income	(7,67,609)	2,36,319	(5,31,290)
As at 31 March 2019	60,59,03,125	(90,795)	60,58,12,331
Profit for the Year	14,93,16,912	-	14,93,16,912
Other Comprehensive Income	(2,53,387)	1,27,543	(1,25,844)
As at 31 March 2020	75,49,66,650	36,748	75,50,03,399

SHARP & TANNAN

Chartered Accountants

ICAI Registration No: 000452N

By the hand of

Rajkumar Khullar

Partner

Membership No.92507

Pawan K Mehndiratta

Chief Executive

Derek Micheal Shah

Director

DIN 06526950

Place: Vadodara

Date: 21.04.2020

Martinus Zijlmans

Director

DIN 03611576

Place: Dubai

Date: 21.04.2020

Place : New Delhi

Date : 21.04.2020

Atul Tandon

Chief Financial Officer

Reena Raje

Company Secretary

M. No. A21440

1.1 Property, Plant and equipment

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2020

PARTICULARS	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equipments	Computers	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2019	3,50,52,301	16,58,73,379	32,05,29,724	55,59,987	31,71,102	77,36,360	53,79,22,853
Additions/Adjustments	-	-	7,77,671	-	1,10,396	8,99,706	17,87,773
Deductions/Adjustments	(3,50,52,301)	-	-	-	-	(90,070)	(3,51,42,371)
Gross Carrying Value as at 31.03.2020	-	16,58,73,379	32,13,07,395	55,59,987	32,81,498	85,45,995	50,45,68,255
DEPRECIATION / AMORTISATION upto 01.04.2019	27,43,993	3,11,48,405	20,87,66,726	36,98,047	30,22,757	65,89,616	25,59,69,544
For the year	-	46,38,638	2,49,53,584	5,54,806.53	1,45,129.42	9,63,148	3,12,55,305
Adjustment	(27,43,993)	-	-	-	-	(60,993)	(28,04,987)
DEPRECIATION / AMORTISATION upto 31.03.2020	-	3,57,87,043	23,37,20,310	42,52,853	31,67,886	74,91,770	28,44,19,862
Net Carrying Value as at 31.03.2020	-	13,00,86,336	8,75,87,086	13,07,134	1,13,611	10,54,225	22,01,48,391

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	3,50,52,301	16,58,73,379	31,24,50,523	55,59,987	31,71,102	74,64,025	52,95,71,316
Additions/Adjustments	-	-	1,05,08,991	-	-	3,07,334	1,08,16,325
Deductions/Adjustments	-	-	(24,29,789)	-	-	(34,999)	(24,64,788)
Gross Carrying Value as at 31.03.2019	3,50,52,301	16,58,73,379	32,05,29,724	55,59,987	31,71,102	77,36,360	53,79,22,853
DEPRECIATION / AMORTISATION upto 01.04.2018	23,89,930	2,65,09,767	17,67,87,068	31,43,240	29,77,263	64,55,360	21,82,62,627
For the year	3,54,064	46,38,638	3,41,78,372	5,54,806.57	45,493.66	1,69,256	3,99,40,630
Adjustment	-	-	(21,98,714)	-	-	(34,999)	(22,33,713)
DEPRECIATION / AMORTISATION upto 31.03.2019	27,43,993	3,11,48,405	20,87,66,726	36,98,047	30,22,757	65,89,616	25,59,69,544
Net Carrying Value as at 31.03.2019	3,23,08,308	13,47,24,974	11,17,62,999	18,61,941	1,48,345	11,46,743	28,19,53,308

1.2 Intangible Assets

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2020

PARTICULARS	Software	Technical Know-how	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2019	77,20,167	2,23,65,000	3,00,85,167
Additions/Adjustments	13,200	-	13,200
Deductions/Adjustments	-	-	-
Gross Carrying Value as at 31.03.2020	77,33,367	2,23,65,000	3,00,98,367
DEPRECIATION / AMORTISATION upto 01.04.2019	70,50,041	2,23,65,000	2,94,15,041
For the year	3,29,062	-	3,29,062
Adjustment	-	-	-
DEPRECIATION / AMORTISATION upto 31.03.2020	73,79,103	2,23,65,000	2,97,44,103
Net Carrying Value as at 31.03.2020	3,54,264	-	3,54,264

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	77,20,167	2,23,65,000	3,00,85,167
Additions/Adjustments	-	-	-
Deductions/Adjustments	-	-	-
Gross Carrying Value as at 31.03.2019	77,20,167	2,23,65,000	3,00,85,167
DEPRECIATION / AMORTISATION upto 01.04.2018	67,13,154	2,23,65,000	2,90,78,154
For the year	3,36,887	-	3,36,887
Adjustment	-	-	-
DEPRECIATION / AMORTISATION upto 31.03.2019	70,50,041	2,23,65,000	2,94,15,041
Net Carrying Value as at 31.03.2019	6,70,127	-	6,70,127

1.3 Right-of-Use Assets

Following are the transfer in Right-of-Use Assets for the year ended March 31, 2020

PARTICULARS	Land
Gross Carrying Value as at 01.04.2019	-
Additions/Adjustments	3,50,52,301
Deductions/Adjustments	-
Gross Carrying Value as at 31.03.2020	3,50,52,301
DEPRECIATION / AMORTISATION upto 01.04.2019	-
For the year	3,54,064
Adjustment	27,43,993
DEPRECIATION / AMORTISATION upto 31.03.2020	30,98,057
Net Carrying Value as at 31.03.2020	3,19,54,244

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

	AS AT 31-03-2020 Rs.	AS AT 31-03-2019 Rs.
NOTE 2 : NON CURRENT ASSETS		
Income tax Receivable (Net of Provisions PY)	(A) 5,31,848	31,71,529
Advance Tax	8,35,00,000	7,83,00,000
TDS Receivable (Net)	41,08,022	28,40,294
	<u>8,76,08,022</u>	<u>8,11,40,294</u>
Less: Provision for Tax (Current Year)	(B) (5,40,81,882)	(7,57,62,059)
	<u>3,35,26,140</u>	<u>53,78,234</u>
	<u>3,40,57,988</u>	<u>85,49,763</u>
CURRENT ASSETS		
NOTE 3 : Inventories(at cost or net realisable value whichever is lower)		
Raw materials, Stores Spares and components	10,16,32,077	8,64,57,931
Work in Progress	12,49,412	58,95,661
Goods in Transit	-	-
Finished goods	11,92,27,133	3,42,00,948
	<u>22,21,08,623</u>	<u>12,65,54,540</u>
NOTE 4 :Trade Receivable		
Trade Receivables		
Unsecured		
Considered good	66,43,98,016	98,39,21,275
Considered doubtful	1,13,77,893	1,12,34,373
	(A) <u>67,57,75,909</u>	<u>99,51,55,648</u>
Less: Allowances for doubtful debts	(B) 1,13,77,893	1,12,34,373
Total (A-B)	<u>66,43,98,016</u>	<u>98,39,21,275</u>
NOTE 5.1:Cash & Cash Equivalents		
Cash on Hand	-	-
Balance with Banks	5,78,20,429	2,13,74,307
NOTE 5.2:Other Bank Balances (Including Accrued Interest)		
Short Term Deposit with Banks with maturity >3 months and <12 months	34,12,28,249	6,11,771
	<u>39,90,48,678</u>	<u>2,19,86,078</u>
NOTE 6:Loans		
- Security Deposit/Earnest Money Deposit	34,82,414	30,43,389
	<u>34,82,414</u>	<u>30,43,389</u>
NOTE 7:Other Financial Assets		
- Forward Contract Receivable	-	14,21,539
	<u>-</u>	<u>14,21,539</u>
NOTE 8 : Other Current Assets		
- Advance to Suppliers	21,17,58,857	5,90,81,855
- Advances recoverable in cash or in kind or for value to be received	4,18,97,980	6,41,24,619
- Input Credit Receivable for Excise & VAT	1,75,037	1,75,037
- Input Credit Receivable for GST	3,94,68,721	1,63,35,127
- Retentions- Customer	40,01,18,948	52,31,46,162
	<u>69,34,19,543</u>	<u>66,28,62,800</u>

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

	AS AT 31-03-2020 Rs.	AS AT 31-03-2019 Rs.
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NOTE 9 : SHARE CAPITAL

Authorised		
3,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs.10/-each	<u>30,00,00,000</u>	<u>30,00,00,000</u>
Issued, Subscribed & Paid up		
3,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs.10/-each fully paid up	<u>30,00,00,000</u>	<u>30,00,00,000</u>
	<u>30,00,00,000</u>	<u>30,00,00,000</u>

a. Equity Shares held by party with substantial interest

Name of Shareholder	Relationship	31-03-2020		31-03-2019	
		Number	Amount	Number	Amount
Larsen & Toubro Limited	JV Partner	1,50,30,000	15,03,00,000	1,50,30,000	15,03,00,000
Howden Holding B.V.	JV Partner	1,49,70,000	14,97,00,000	1,49,70,000	14,97,00,000

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

Name of Shareholder	Relationship	31-03-2020		31-03-2019	
		Number	%	Number	%
Larsen & Toubro Limited	JV Partner	1,50,30,000	50.10%	1,50,30,000	50.10%
Howden Holding B.V.	JV Partner	1,49,70,000	49.90%	1,49,70,000	49.90%

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

Particulars	31-03-2020		31-03-2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	<u>3,00,00,000</u>	<u>30,00,00,000</u>	<u>3,00,00,000</u>	<u>30,00,00,000</u>

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 10 : Other Equity

Profit (Loss) as per last Balance Sheet	60,58,12,331	41,18,57,397
Profit (Loss) for the year	14,93,16,912	19,44,86,224
Other Comprehensive Income	(2,53,387)	(7,67,609)
Hedging Reserve	1,27,543	2,36,319
	<u>75,50,03,399</u>	<u>60,58,12,331</u>

NOTE 11 :DEFERRED TAX LIABILITIES (NET)

	1,61,47,218	1,81,63,930
	<u>1,61,47,218</u>	<u>1,81,63,930</u>

NOTE 12:Trade Payables

Due to Micro & Small Enterprises	3,49,84,460	4,11,89,054
Due to Others	60,68,43,685	67,76,64,732
	<u>64,18,28,145</u>	<u>71,88,53,786</u>

NOTE 13: Other Financial Liabilities

Forward Contract Payable	7,41,736	-
Employees Payable	46,63,353	47,56,115
Security Deposit Received	13,740	28,290
	<u>54,18,828</u>	<u>47,84,405</u>

NOTE 14:Other Current Liabilities

Advance from Customers	31,39,17,363	20,91,66,319
Duties & Taxes	4,66,15,525	1,38,01,114
	<u>36,05,32,889</u>	<u>22,29,67,433</u>

NOTE 15:Provisions

Provision for Product warranty	12,49,90,140	13,74,29,516
Provision for Retirement Benefits	1,86,94,637	1,60,91,850
Provision for Contractual Obligation Cost	4,81,34,905	6,68,59,568
	<u>19,18,19,682</u>	<u>22,03,80,934</u>

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

	2019-20 Rs.	2018-19 Rs.
NOTE 16 : REVENUE FROM OPERATIONS		
Sale & Services		
Manufacturing & Trading activity	1,44,07,92,955	1,60,03,28,261
Sale of Services	3,65,89,229	2,84,31,577
(A)	<u>1,47,73,82,184</u>	<u>1,62,87,59,838</u>
Other operational income		
Non Production Scrap Sale	2,47,671	1,14,242
Miscellaneous Income	1,08,57,795	7,82,321
Premium on Forward Contract	23,41,120	1,37,77,202
(B)	<u>1,34,46,586</u>	<u>1,46,73,765</u>
(A+B)	<u>1,49,08,28,770</u>	<u>1,64,34,33,603</u>
NOTE 17 : OTHER INCOME		
Interest Income on Bank Deposits	76,19,411	3,70,763
Non operational sale	17,14,749	13,20,225
Gain on Sale of Fixed Asset	14,550	34,175
	<u>93,48,710</u>	<u>17,25,163</u>
NOTE 18 : MATERIALS, MANUFACTURING & OPERATING EXPENSES		
Materials, components & service consumed	1,12,24,24,373	1,07,79,21,327
Royalty & trademark fees on sales	3,64,37,765	4,02,92,663
Power, Fuel and Water	36,34,612	31,41,993
Other Direct Expenses	2,72,95,030	1,93,36,344
	<u>1,18,97,91,780</u>	<u>1,14,06,92,326</u>
NOTE 19: (INCREASE) / DECREASE IN INVENTORIES		
Opening Stocks		
Work-In-Progress	58,95,661	1,06,92,442
Finished Goods	<u>3,42,00,948</u>	<u>3,84,46,223</u>
	4,00,96,609	4,91,38,666
Less : Closing Stocks		
Work-In-Progress	12,49,412	58,95,661
Finished Goods	<u>11,92,27,133</u>	<u>3,42,00,948</u>
	12,04,76,546	4,00,96,609
	<u>(8,03,79,936)</u>	<u>90,42,056</u>
NOTE 20 : EMPLOYEE BENEFITS EXPENSES		
Salaries & Wages	8,01,88,731	6,91,31,849
Contribution to Provident & Other Funds	21,77,147	19,60,147
Expenses on Employee Stock Option Scheme	54,369	1,75,572
Staff Welfare	39,41,599	34,18,621
Leave Encashment	20,23,366	46,42,058
Gratuity	11,26,959	9,95,916
	<u>8,95,12,171</u>	<u>8,03,24,163</u>

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

	2019-20 Rs.	2018-19 Rs.
NOTE 21 : SALES, ADMINISTRATION & OTHER EXPENSES		
Rent	70,56,675	69,31,370
Rates & Taxes	1,02,647	21,42,607
Audit & Certification Fees	6,70,024	6,67,240
Travelling	95,80,091	76,42,114
Vehicle Running & Maintenance	52,21,572	45,45,387
Recruitment Expenses	6,700	6,400
Printing & Stationery	2,47,906	2,13,292
Office Running & Maintenance	33,73,252	38,48,555
Communication Expenses	6,32,253	8,74,024
Warranty & Contractual Obligation Cost	(3,11,64,040)	(1,04,15,792)
Freight Forwarding Exp	1,80,33,423	93,07,774
Legal and Professional	28,33,077	31,43,772
Community Welfare (CSR)	55,99,126	56,27,312
IT Software Exp	8,14,146	8,42,689
Training Fees	1,30,971	9,06,626
Miscellaneous	7,53,361	11,41,722
Allowances for doubtful debts	1,43,520	93,30,955
Bank Charges	4,84,481	4,91,529
Foreign Currency Fluctuation (Net)	43,93,487	2,78,37,386
Networking Fee	2,10,05,047	2,44,47,628
Corporate Infrastructure Charges	1,06,48,548	1,10,81,341
	<u>6,05,66,268</u>	<u>11,06,13,930</u>
NOTE 22 : FINANCE COSTS		
Interest Expense:		
Term Loans	-	22,07,469
Others	21,28,087	13,53,208
	<u>21,28,087</u>	<u>35,60,677</u>

NOTE - 23

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) Other items of Income are accounted as and when the right to receive such income arises

and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

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:

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

- c) 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.

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Notes forming part of Accounts for the year ended 31st March,2020

NOTE :23. OTHER EXPLANATORY INFORMATION:

1.1 Capital and other commitments

Particulars	2019-20 Rs.	2018-19 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,28,90,602	3,63,820
Total	1,28,90,602	3,63,820

1.2 Income in Foreign Currency

Foreign Exchange earned	51,15,46,047	37,18,19,306
Total	51,15,46,047	37,18,19,306

1.3 Expenditure in Foreign Currency

Foreign Exchange used	29,04,44,864	25,00,05,580
Total	29,04,44,864	25,00,05,580

1.4. Value of imports calculated on CIF basis

Capital Expenses		
Project Imports	14,64,30,442	29,50,76,390
Total	14,64,30,442	29,50,76,390

1.5 Remuneration to auditor

Statutory Audit	2,16,000	1,80,000
For Taxation Matters	1,94,400	1,62,000
For Certification works	2,29,540	2,87,380
Out of Pocket Expenses	30,084	37,860
Total	6,70,024	6,67,240

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

A) An amount of Rs 21,77,147/- (Previous year Rs 19,60,147/-) 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

Net defined benefit liability / (asset) recognized in balance sheet under current liabilities	62,42,291	51,14,731
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Reconciliation of Net Liability/Assets

Opening net defined benefit Liability/(asset)	51,14,731	44,92,993
Expense Charges to P& L	11,26,959	9,95,916
Amount Recognized outside profit & Loss A/c	3,38,617	10,82,970
Employer Contribution	(3,38,016)	(14,57,148)
Closing Net Defined benefit liability /(asset)	62,42,291	51,14,731

L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2020

Particulars	2019-20 Rs.	2018-19 Rs.
(a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	51,14,731	44,92,993
Past Service Cost	-	-
Current Service Cost	7,63,412	6,94,824
Interest Cost	3,63,547	3,01,092
Actuarial (gain) / Loss arising from change in financial assumption	3,55,653	93,835
Actuarial (gain) / Loss arising from change in demographic assumption	-	(444)
Actuarial (gain) / Loss arising from change in experience changes	(17,036)	9,89,579
Benefits paid	(3,38,016)	(14,57,148)
Defined Benefit obligation at year end	62,42,291	51,14,731
(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	3,38,016	14,57,148
Benefits paid	(3,38,016)	(14,57,148)
Fair Value of plan assets at year end		
(c) Expense recognised during the year		
Current Service Cost	7,63,412	6,94,824
Past Service Cost		
Interest Cost	3,63,547	3,01,092
Expected return on plan assets		
Actuarial Losses / (Gain) recognized		
Net Cost	11,26,959	9,95,916

Principal assumptions used in determining Gratuity obligations are as under:

Discount rate	6.65%	7.45%
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:

Opening amount recognized in OCI outside profit and loss account	16,48,298	5,65,328
Remeasurement during the period due to		
Changes in Financial assumptions	3,55,653	93,835
Changes in demographic assumptions	-	(444)
Experience adjustments	(17,036)	9,89,579
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	19,86,915	16,48,298

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 2019-20	
	Discount Rate	Salary Escalation Rate
Impact of increase in 100 bps on DBO	-7.03%	-7.92%
Impact of decrease in 100 bps on DBO	8.03%	7.07%

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%

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) carried out primarily in India. Hence, requirements of Ind AS 108 on "Operating segments" are not applicable to it. However, geographic wise disclosure of revenue is stated below:

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

Particulars		
Revenue from India	1,44,14,83,770	1,64,34,33,603
Revenue from Outside India	4,93,45,000	-
Total revenue	1,49,08,28,770	1,64,34,33,603

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1.13 Financial Instruments by category

		In Rs	
The carrying value and fair value of financial instruments by category			
Categories of financial assets	As at		
	Mar-20	Mar-19	
Measured at amortised cost			
a. Non-current investment -others			
b. Loans	34,82,414	30,43,389	
c. Cash and bank balances (including other bank balances)	39,90,48,678	2,19,86,078	
d. Other financial assets	-	14,21,539	
e. Trade receivable	66,43,98,016	98,39,21,275	
Measured at FVTOCI			
a. Govt Securities,bonds and debentures			
b. Derivative instruments designated as cash flow hedges			
Total financial assets	1,06,69,29,107	1,01,03,72,280	

		In Rs	
Categories of financial liabilities			
Categories of financial liabilities	As at		
	Mar-20	Mar-19	
Measured at amortised cost			
a. Borrowings	-	-	
b. Other financial liabilities	46,77,093	47,84,405	
c. Trade Payables	64,18,28,145	71,88,53,786	
Measured at FVTOCI			
a. Derivative instruments designated as cash flow hedges	7,41,736	-	
Total financial liabilities	64,72,46,974	72,36,38,191	

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 31,2020

		In Rs		
Particulars		Level		
		Level 1	Level 2	Level 3
Financial Assets				
A) Derivative instruments designated as cash flow hedges				
B)Trade Receivable			66,43,98,016	
C) Cash and bank balances (including other bank balances)			39,90,48,678	
D)Other Receivable			34,82,414	
E)Other financial assets			-	
Financial Liabilities				
A) Derivative instruments designated as cash flow hedges			7,41,736	
B) Trade Payable			64,18,28,145	
C) Other financial liabilities			46,77,093	

* 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

		In Rs	
Particulars		Period ended	
		Mar-20	Mar-19
Net gain/(losses) on financial assets and financial liabilities:			
Financial assets that are measured at FVTOCI			
Gain recognised in OCI during the year		(1,25,844)	(5,31,290)
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)		96,29,636	(2,96,54,402)
Allowance for expected Credit Loss during the year		(1,43,520)	(93,30,955)
Financial Liabilities measured at amortised cost			
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (Creditors, borrowings availed)		-1,54,87,257	18,17,015
Interest Revenue:			
Financial assets that are measured at amortised cost		76,19,411	3,70,763
Interest Expenses:			
Financial liabilities that are not measured at FVTPL		-	(22,07,469)
		14,92,426	(3,95,36,337)

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 55,99,126/- .

b) The Company has spent Rs 55,99,126/- (previous year Rs 56,27,312/-) towards corporate social responsibility activities during the financial year.

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

Particulars	31.03.2020				31.03.2019			
	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	-	-	-	-				
EURO	-	-	-	-				
Forward Cover								
Receivable hedges								
EURO	5,55,889	75	5,55,889	-	20,51,091	77	20,51,091	-
GBP	1,69,977	90	1,69,977	-	5,63,686	91	5,63,686	-
Payable hedges								
EURO				-	9,08,389	77	9,08,389	-
GBP				-	82,650	91	82,650	-
b. Interest rate exposure								
Interest rate swaps								
USD	-	-	-	-				

Carrying amounts of hedge instruments

Particulars	31.03.2020		31.03.2019	
	Currency Exposure	Interest rate Exposure	Currency Exposure	Interest rate Exposure
Swap Contracts				
Current				
Other Financial Assets				
Other Financial Liability	7,41,736	-	-	-
Forward Contracts				
Current				
Other Financial Assets			14,21,539	-
Other Financial Liability			-	-

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

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

Particulars	2019-20		Total as per P&L reporting Rs.	2018-19		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	70,59,31,478			74,40,63,133		
FAN	73,48,61,477			85,62,64,867		
Service			1,50,01,77,480			1,64,51,58,765
RAPH	73,02,857			65,53,658		
FAN	2,92,86,372			2,18,78,180		
Other		2,27,95,296			1,63,98,927	
Total	1,47,73,82,184	2,27,95,296	1,50,01,77,480	1,62,87,59,838	1,63,98,927	1,64,51,58,765

(b) Contract balances: Following table covers the movement in contract

Particulars	in Rs	
	2019-20	2018-19
Opening Balance as on April 1	20,91,66,319	22,98,30,655
(Less): Revenue recognised during the year	(32,98,52,561)	(15,53,80,108)
Add: Advance received during the year (net of adjustments)	43,46,03,606	13,47,15,771
Closing Balance as on March 31	31,39,17,363	20,91,66,319

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

Particulars	in Rs	
	2019-20	2018-19
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	3,61,45,20,757	6,25,69,36,012
Changes during the year on account of:		
Add: Fresh orders received	2,72,81,50,643	2,09,96,69,830
Less: Orders completed	58,48,76,452	4,74,20,85,085
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	5,75,77,94,948	3,61,45,20,757
Revenue recognised during the year		
Out of orders completed during the year	50,42,57,158	1,00,73,58,236
Out of continuing orders at the end of the year (I)	87,11,25,026	62,14,01,602
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)	62,14,01,602	
Balance revenue to be recognised in future (III)	4,26,52,68,320	2,99,31,19,155
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III)	5,75,77,94,948	3,61,45,20,757

(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 Rs.	From 1 to 2 years Rs.
Transaction price allocated to the remaining performance obligation	4,26,52,68,320	2,85,00,00,000	1,41,52,68,320
Total	4,26,52,68,320	2,85,00,00,000	1,41,52,68,320

(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.

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1.19 The following table provides the reconciliation of cash flow hedge reserve for period ended March 31,2020

Movement of Cost of Hedging Reserve	In Rs	
Cost of Hedging Reserve	2019-20	2018-19
Opening	2,36,319	10,26,193
Add: Changes in fair value for time period related hedge	1,77,205	3,72,138
Less: deferred tax related to above	(49,662)	(1,35,819)
Closing Balance	<u>1,27,543</u>	<u>2,36,319</u>

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

Particulars	31.03.2020			31.03.2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Trade receivables	66,43,98,016		66,43,98,016	98,39,21,275		98,39,21,275
Cash and bank balances	5,78,20,429		5,78,20,429	2,13,74,307		2,13,74,307
Other Bank Balances	34,12,28,249		34,12,28,249	6,11,771		6,11,771.00
Loans	34,82,414		34,82,414	30,43,389		30,43,389
Other financial assets	-	-	-	14,21,539	-	14,21,539
Total	<u>1,06,69,29,107</u>	<u>-</u>	<u>1,06,69,29,107</u>	<u>1,01,03,72,280</u>	<u>-</u>	<u>1,01,03,72,280</u>
Financial Liabilities						
Borrowing including Current maturities of long term borrowings	-	-	-	0	-	0
Trade payables	64,18,28,145		64,18,28,145	71,88,53,786		71,88,53,786
Borrowing	-	-	-	-	-	-
Other financial liabilities	54,18,828		54,18,828	47,84,405		47,84,405
Total	<u>64,72,46,974</u>	<u>-</u>	<u>64,72,46,974</u>	<u>72,36,38,191</u>	<u>-</u>	<u>72,36,38,191</u>

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

Particulars	In Rs	
	31.03.2020	31.03.2019
	Total	Total
Financial Assets		
Current		
Trade receivables	66,43,98,016	98,39,21,275
Cash and bank balances	5,78,20,429	2,13,74,307
Other Bank Balances	34,12,28,249	6,11,771
Loans	34,82,414	30,43,389
Other financial assets	-	14,21,539
Total	<u>1,06,69,29,107</u>	<u>1,01,03,72,280</u>

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

Particulars	In Rs	
	2019-20	2018-19
Movement in Expected Credit Loss		
Opening	1,12,34,373	19,03,418
Loss Allowance based on Expected Credit Loss	1,43,520	93,30,955
Closing	<u>1,13,77,893</u>	<u>1,12,34,373</u>

1.23 Details of Amount of write off for contractual amount outstanding during the period

Particulars	In Rs	
	2019-20	2018-19
Amount of financial assets written off during the period but still enforceable	3,11,69,270	87,62,743

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

Particulars	31.03.2020			31.03.2019		
	USD	Euro	GBP	USD	Euro	GBP
Financial Instrument						
Trade Payable	7,22,371	14,16,06,426	22,76,684	20,89,137	15,31,33,621	1,85,43,823
Trade Receivable	(10,83,297)	19,04,79,783	5,13,47,077	1,48,117	43,81,73,747	7,95,93,946
Net Exposure	<u>18,05,668</u>	<u>(4,88,73,357)</u>	<u>(4,90,70,393)</u>	<u>19,41,020</u>	<u>(28,50,40,127)</u>	<u>(6,10,50,123)</u>

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	
	Impact on profit after tax	
	Mar'20	Mar'19
USD Sensitivity		
INR/USD -increase by 5%	(67,559)	(68,790)
INR/USD -decrease by 5%	67,559	68,790
Euro Sensitivity		
INR/Euro -increase by 5%	18,28,597	1,01,01,822
INR/Euro -decrease by 5%	(18,28,597)	(1,01,01,822)
GBP Sensitivity		
INR/GBP -increase by 5%	18,35,969	21,63,616
INR/GBP -decrease by 5%	(18,35,969)	(21,63,616)

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 31,2020 and March 31, 2019

Particulars	In Rs	
	2019-20	2018-19
Consolidated statement of Profit and Loss:		
(i) Profit and Loss section		
Current Income tax :		
Current income tax charge	5,41,67,113	7,60,77,420
Deferred Tax:		
Relating to origination and reversal of temporary differences	(20,66,374)	(97,40,357)
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	5,21,00,738	6,63,37,063
Other Comprehensive Income (OCI) Section:		
Current Income tax :		
Net loss/ (gain) on remeasurement of defined benefit plans	85,230	3,15,361
Deferred Tax:		
Net gain / (loss) on cash flow hedges	(49,662)	(1,35,819)
Unrealised gain / (loss) on debt securities (FVTOCI)		
Income tax expense reported in the OCI section	35,568	1,79,542

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended

Particulars	In Rs	
	2019-20	2018-19
Profit before tax	20,66,20,679	26,06,48,096
Applicable tax rate	25.17%	29.12%
PBT * applicable tax rate (1*2)	5,20,02,292	7,59,00,725
Items of Income exempt from tax :		
Dividend Income		
Long Term Capital Gains-Exempted		
Interest on Tax free bonds		
Items of expense not deductible for tax purposes:		
CSR Expenses	14,09,188	16,38,673
Provision for warranty and contractual obligation cost		
Difference in Books & Income Tax	(6,30,865)	12,74,787
Other	13,93,237	-31,72,590
Tax expense recognised during the year	5,41,73,853	7,56,41,596
Effective tax Rate	26.22%	29.02%

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

Particulars	In Rs			
	Balance Sheet		Statement of Profit & Loss	
	31.3.2020	31.3.2019	2019-20	2018-19
Difference in Book and Income tax depreciation	2,37,04,114	2,61,58,627	(24,54,513)	(74,75,987)
Provision for compensated absences disallowed u/s 43B	(31,34,255)	(31,96,537)	62,282	(5,60,212)
Provision for Gratuity	(15,71,185)	(14,89,410)	(81,776)	65,524
Provision for Contingency	-	-	-	0
Preliminary Expenses	-	-	-	0
Business loss available for offsetting against future taxable income	-	-	-	0
Other Timing Difference				8,43,031
Provision towards Expected credit loss and doubtful debts	(28,63,817)	(32,71,449)	4,07,633	(26,12,714)
Changes in Fair value of cash flow hedges	12,361	(37,301)		
Deferred tax expense / (income)			(20,66,374)	(97,40,359)
Net deferred tax (assets) / liabilities	1,61,47,219	1,81,63,930		

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

Particulars	In Rs	
	2019-20	2018-19
Opening Balance as on April 1	1,81,63,930	2,77,68,467
Tax income / (expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	(20,66,374)	(97,40,357)
Tax income / (expense) during the period recognised in statement of Profit and Loss in OCI Section	49,662	1,35,819
Closing Balance as on March 31	1,61,47,219	1,81,63,930

1.29 Ind AS 116 - Leases

The company has changed classification of its leasehold land from "Property, plant and equipment" to "Right -of-use assets". Depreciation/amortisation

1.30 Detail of Sales, raw material and components:

Class of Goods	In Rs	
	2019-20 Rs.	2018-19 Rs.
A) Sales:		
Rotary Air Preheater & Axial Fans	1,44,07,92,955	1,60,03,28,261
B) Raw Material & Components Consumed:		
Steel and structure and other materials	1,04,20,44,437	1,08,69,63,383
C) Inventories		
Steel and structure and other materials	22,21,08,623	12,65,54,540

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

A. Movement in Provision

Particulars	Class of Provisions		In Rs
	Product Warranties	Contractual Obligation Cost	
	Opening Balance as on 01-04-2019	13,74,29,516	6,68,59,568
Provision made during the year	1,75,98,595	1,57,23,339	
Provision used during the year	(3,00,37,971)	(3,44,48,002)	
Balance as on 31-03-2020	12,49,90,140	4,81,34,905	

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 31,2020 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 .

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

1.33 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
Howden Solyvent (India) Private Ltd	Member of same group
Howden Taiwan Co. Ltd	Member of same group
Howden Vietnam Company Limited	Member of same group
Howden Thomassen Middle East FZCO	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

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B) Balances of Related Parties

Name of Related Party	Particulars	In Rs	
		2019-20	2018-19
Larsen & Toubro Limited	Trade Payables	1,07,76,848	5,23,70,570
	Advances to Vendor	24,49,978	-
	Trade Receivables	86,40,000	-
	Advances From Customer	15,98,95,999	-
Howden Axial Fans ApS	Trade Payables	3,59,41,738	9,46,01,229
Howden UK Limited	Trade Payables	7,14,911	76,36,858
Howden Group Limited	Trade Payables	-	1,14,35,003
Howden Solyvent (India) Private Ltd	Trade Payables	7,69,80,403	3,28,98,993
L & T MHPS Boiler Pvt Ltd	Trade Payables	2,16,000	4,60,512
Howden UK Limited	Trade Receivables	6,52,584	-
Howden Group Limited	Trade Receivables	26,67,643	-
Howden Solyvent (India) Private Ltd	Trade Receivables	9,20,310	-
Howden Thomassen Middle East FZCO	Trade Receivables	6,86,431	-
L & T MHPS Boiler Pvt Ltd	Trade Receivables	58,52,65,136	94,86,15,338
	Advance From Customer	2,18,97,630	8,73,11,143
Howden Vietnam Company Limited	Advance From Customer	12,31,414	-
Howden Axial Fans ApS	Advances to Vendor	38,62,656	2,26,16,352
Howden UK Limited	Advances to Vendor	-	5,84,196
Howden Solyvent (India) Private Ltd	Advances to Vendor	15,57,87,476	1,31,83,421

C) Transactions with Related Parties

Name of Related Party	Particulars	In Rs	
		2019-20	2018-19
Larsen & Toubro Limited	Purchase (Sale) of Fixed Assets	(26,171)	17,150
	Sale of Goods & Services	80,00,000	-
	Training Fees	98,097	2,71,874
	ESOPs Cost	54,369	1,75,572
	Infrastructure Charges	2,59,56,210	2,19,94,074
	Administration & Sales Overheads	2,18,71,893	2,42,97,088
L & T MHPS Boiler Pvt Ltd	Sale of Goods & Services	76,69,10,486	1,10,20,48,397
Howden Solyvent (India) Private Ltd	Sale of Services	5,77,000	-
Howden UK Limited	Sale of Goods & Services	-	5,82,107
Howden Taiwan Co. Ltd	Sale of Goods & Services	5,07,36,378	-
Howden Axial Fans ApS	Purchase of Project Goods & Services	11,42,29,451	32,58,75,713
Howden UK Limited	Purchase of Project Goods & Services	66,14,309	1,15,23,851
Howden Hua Engineering Co Ltd	Purchase of Project Goods & Services	-	1,77,18,078
Howden Solyvent (India) Private Ltd	Purchase of Project Goods & Services	18,65,50,190	12,88,95,424
Howden Spain, S.L.	Purchase of Project Goods & Services	-	85,07,736
Howden Group Limited	Trade Mark Fees	1,48,00,149	1,62,87,743
Howden Axial Fans ApS	Royalty Fees	1,10,87,551	1,28,43,973
Howden UK Limited	Royalty Fees	1,05,50,065	1,11,60,947

L&T Howden Private Limited
Notes forming part of Accounts for the year ended 31st March,2020

D) Payments made to independent directors

Particulars	In Rs			
	2019-20		2018-19	
	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
CSR committee meeting	-	-	-	-
Nomination & remuneration committee meeting	-	-	-	-
Total sitting fees				
Commission			5,00,000	5,00,000
Total payment				

1.34 Contingent Liabilities

Nature Of Liability	Name of Statute	Status	In Rs	
			31.03.2020	31.03.2019
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act Gujarat	Appeal filed with Dy.Commissioner (Appeal), Surat	34,01,783	-
Tax liability due to ITC Mis-match	Local Sales Tax Act Gujarat	Order received on 19th March, 2020 and yet to be replied.	9,48,410	-
Disallowance of Cenvat Credit of Service Tax	Central Goods and Services Tax Act ,2017	Show Cause Notice Received on 27th March, 2020 and yet to be replied.	5,43,462	-
		Total	48,93,655	

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

Particulars	In Rs	
	2019-20	2018-19
Net profit/(loss) after tax available for Equity Shareholders	14,93,16,912	19,44,86,224
Weighted Average Number of Equity Shares (in numbers)	3,00,00,000	3,00,00,000
Face Value Per Share	10	10
Basic and Diluted Earnings Per Share	4.98	6.48

SHARP & TANNAN

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

For and on behalf of the Board

Rajkumar Khullar

Partner
Membership No.92507

Pawan K Mehndiratta
Chief Executive

Derek Micheal Shah
Director
DIN 06526950
Place: Vadodara
Date: 21.04.2020

Martinus Zijlmans
Director
DIN 03611576
Place: Dubai
Date: 21.04.2020

Place New Delhi
Date: 21.04.2020

Atul Tandon
Chief Financial Officer

Reena Rajee
Company Secretary
M. No. A21440