

L&T-SARGENT & LUNDY LIMITED

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 25th Annual Report and Audited Financial Statements for the year ended 31st March 2020.

1. FINANCIAL RESULTS:

Particulars	2019-20	2018-19
	₹ In Lakhs	₹ In Lakhs
Profit before Depreciation and Tax	2849.64	1620.15
Less: Depreciation	222.33	188.37
Profit before tax	2627.31	1431.78
Less: Provision for tax	369.40	217.87
Profit for the period carried to Balance Sheet	2257.91	1213.91
Add: Balance brought forward from previous year	4995.78	5590.20
Less: Dividend paid during the previous year (including dividend distribution tax)	-	1808.33
Balance to be carried forward	7253.69	4995.78

2. 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 ₹ 556.55 lakhs.

3. CAPITAL EXPENDITURE:

As at 31st March 2020, the gross property, plant and equipment and other intangible assets, stood at ₹ 988.55 lakhs and the net property, plant and equipment and other intangible assets, at ₹ 229.24 lakhs. Capital Expenditure during the year amounted to ₹ 132.01 lakhs.

4. DEPOSITS:

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

5. APPROPRIATIONS:

There were no appropriations made during the financial year 2019-20.

6. 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 the Companies Act, 2013.

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Board has approved the related party transactions for the FY 2019-20. All transactions were in the ordinary course of business and at arm's length. The details of the related party transactions have been given in Note no. 33 of the Annual Financial Statements.

There were no materially significant related party transactions that may have conflict with the interest of the Company.

8. STATE OF COMPANY AFFAIRS:

The total income for the financial year under review was ₹ 11854.85 lakhs as against ₹ 9965.35 lakhs for the previous financial year registering an increase of 19%. The profit before tax from continuing operations was ₹ 2627.31 lakhs for the financial year under review as against ₹ 1,431.80 lakhs for the previous financial year, registering an increase of 83%. The profit after tax from continuing operations was ₹ 2257.91 lakhs for the financial year under review as against ₹ 1213.93 for the previous financial year, registering an increase of 86%.

9. DIVIDEND:

No dividends have been paid or declared by the company since the end of previous financial year. The Directors do not recommend any dividends for the current financial year.

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

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

11. 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 31st March 2020, 50.00% of the Company's total paid up capital representing 27,82,731 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.

12. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as required to be given under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure 'A' forming part of this Board Report.

13. RISK MANAGEMENT POLICY:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risk to key business objectives. Major risk identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company has mechanism to inform the Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

14. CORPORATE SOCIAL RESPONSIBILITY:

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

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

Mr. Derek M Shah, Mr. Ejaz Shameem and Mr. Robert Sronce are the present Directors of the Company.

During the year under review, Mr. Shailendra Roy & Mr. Timothy S. Laughlin resigned as Director of the Company with effect from 31st December 2019 and Mr. B. K. Basu resigned as Director of the company with effect from 1st October 2019.

The Board places on record its sincere appreciation for the valuable contributions made by them and guidance provided by Mr. Shailendra Roy, Mr. Timothy S. Laughlin and Mr. B. K. Basu during their tenure as Directors of the Company.

Mr. K. M. Subramanian is the Manager and Mr. Gurinder Pal Singh is the Company Secretary of the Company.

16. 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 four meetings were held on 25th April 2019, 20th August 2019, 22nd October 2019 and 09th January 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.

17. INTERNAL AUDIT:

The Internal Audit team of L&T 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.

18. VIGIL MECHANISM:

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

19. COMPANY POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Board had formulated a policy on Directors' 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 Board implements the criteria's while considering the appointment of any

Director on the Board.

20. ADEQUACY OF 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 31st March 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 exists. 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.

21. 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 / 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 the Companies Act, 2013 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.

22. 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.

23. PROTECTION OF WOMEN AT WORKPLACE:

Our joint venture 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 consisting of appropriate balance of members.

24. AUDITORS REPORT:

The Auditors report to the Shareholders does not contain any qualifications, observations or comment or remark which has an adverse effect on the functioning of the Company.

25. AUDITORS:

As per the provisions of the Companies Act, 2013, M/s Sharp & Tannan were appointed as Statutory Auditors for a period of 5 continuous years from the conclusion of 22nd Annual General Meeting till the conclusion of the 27th Annual General Meeting.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013 and for reappointment under section 139(1) of Companies Act, 2013 and Rule of the Companies (Audit and Auditors) Rules, 2014.

26. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE 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. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 is attached as Annexure 'C' to this Board Report."

28. 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 as specified under section 143(12) of the Companies Act, 2013.
- MSME: The Company has been complying with the requirement of submitting a half yearly return to the Ministry of Corporate Affairs within the prescribed timelines.

29. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

For and on behalf of the Board

Sd/-

**DEREK M.SHAH
Director
(DIN: 06526950)**

Sd/-

**EJAZ A.SHAMEEM
Director
(DIN: 06579073)**

**Date : 29th April, 2020
Place: Vadodara**

**Date : 29th April, 2020
Place: Chicago**

Annexure 'A' to the Board Report

Information as required to be given under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

[A] CONSERVATION OF ENERGY:

1) The steps taken or impact on conservation of energy:	<p>The operations of the Company are not energy-intensive. However, adequate measures have been taken to reduce the energy consumption by using energy efficient computers and other equipment, and installation of electronic choke for improved power factor and low energy consumption in tube light fittings, reducing the height of ceiling, usage of LED/CFL lights in many offices, installing power capacitors, replacement of very old air conditioners to reduce power consumption, reduction in daily A.C. running time, switching off lights and air conditioners during lunch breaks.</p> <p>Lighting system has been integrated with motion detection system to switch off when there is no human presence to conserve energy</p> <p>The measures taken have resulted in savings in overheads. Since energy cost comprises a small part of the Company's total expenses, the financial impact of these measures is not material.</p> <p>Company also did certain modifications to provide redundancy of power supply to its servers to maintain and increase server uptime.</p>
2) The steps taken by the Company for utilizing alternative resources of energy:	
3) The capital investment on energy conservation equipments:	

[B] TECHNOLOGY ABSORPTION:

1) The efforts made towards technology absorption:	<p>The Company uses state of the art, frontline equipments and methods in engineering designs.</p> <p>The Company has organized / arranged various training programmes for its personnel for exposure to the integrated engineering software, latest designs, technologies and IT practices.</p>
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<p>2) Benefits derived like product improvement, cost reduction, product development or import substitution:</p>	<p>The efforts put above have resulted in minimum re-work in addition to increase in the productivity, reliability, customer satisfaction and efficiency. It has helped to reduce cost and time and to earn foreign exchange for the Company.</p>
<p>3) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and (e) the expenditure incurred on Research and Development.</p>	<p>The Company has not imported any such technology during last three years. The Company uses many intangible assets like computer softwares which are procured from outside India. These softwares are in the nature of tools and modules which assist in making the engineering designs and drawings, its reviews and other operations like control mechanism, updates, efficiency of the work executed etc. The Company's primary activity is the provision of Engineering Services in field of power generating plants. The services provided fall in the category of Design and Engineering and as such the Company's total operation can be deemed to be R&D.</p>

[C] FOREIGN EXCHANGE EARNINGS & OUTGO:

₹ in lakhs	
Particulars	2019-20
Foreign exchange earned	4998.40
Foreign exchange used	146.88

Annexure 'B' to the Board Report

CSR ACTIVITIES FOR 2019-20

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

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

The Company will primarily focus on '**Building India's Social Infrastructure**' as part of its CSR programme which will include, amongst others, the following areas, viz.

- Water & Sanitation - includes but not limited to watershed development -making clean drinking water available, promoting rain water harvesting, soil and moisture conservation, enhancing ground water levels by facilitating community management of water resources for improving conditions related to sanitation, health, education and livelihoods of communities through an integrated approach.
- Education - includes but not limited to education infrastructure support to educational Institutions, educational programs & nurturing talent at various levels.
- Health - includes but not limited to community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programs, support to HIV / AIDS, Tuberculosis control programs.
- Skill Development - includes 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), Construction Skills Training Centres and providing employability skills to women and youth.

Governance, Technology and Innovation would be the key enabling factors across all these verticals.

2. Composition of the CSR Committee

The CSR Committee comprises of Three Non-Executive Directors as Members. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. Derek M Shah, Mr. Ejaj Shameem and Mr. Robert Sronce as Members and Mr. Gurinder Pal Singh as the Secretary of the Committee.

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 ₹ 1028.04 lakhs.

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

The Company is required to spend an amount of ₹ 20.56 lakhs as CSR expenditure during the financial year 2019-20.

5. Details of CSR spent during the financial year:

a. Total amount to be spent for the financial year

The Company was required to spend ₹ 20.56 lakhs during the financial year 2019-20. As against the mandate, the company spent ₹ 20.63 lakhs towards various activities for the benefit of the community.

b. Amount unspent, if any Nil

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

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 programs wise (₹ in lakhs)	Direct expenditure on projects or programs (₹ in lakhs)	Overheads (₹ in lakhs)	Cumulative expenditure upto the reporting period (₹ in lakhs)	Amount spent: Direct or through implementing agency
1.	Donated RO Plant drinking water facility	Water & Sanitation	Dhaniyavi Primary Govt. School, Village : Dhaniyavi, Karvan Road, Vadodara	2.00	2.03	0.10	2.13	Direct
2.	Donated Storage cabinets to keep books , notebooks, workbooks of School Children.	Educational	Rushivishvmitra Primary Govt. School, N P Saher, V S No. 27, Nr. Ramdev Nagar, Ajwa Road, Vadodara	3.80	3.75	0.28	4.03	Direct
3.	Donated Old desktop computers, projectors, mounting kit, speakers etc.	Educational	Kavi Sundaram Govt. School, Fatehpura, Vadodara	0.20	0.08		0.08	Direct
4.	Renovation of Police Training	Skill Development	Police Bhavan, Pratap Nagar, Vadodara	11.50	11.55	0.55	12.10	Direct

	Institute							
5.	Donated Storage cabinets to keep books, notebooks, workbooks of School Children.	Educational	Kavi Dula Kag Primary School, Opp. Moti Nagar, Paragraj Society, Gyatri Nagar Society, Kishanwadi, Vadodara - 390006	2.03	2.03	0.10	2.13	Direct
6	Distribution of Face mask & sanitizer during Covid-19 pandemic.	Health	Vadodara Police	0.15	0.16		0.16	Direct
	TOTAL			19.68	19.60	1.03	20.63	

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

NA

7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

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

Sd/-

EJAZ A.SHAMEEM
Director
(DIN: 06579073)

Sd/-

DEREK M.SHAH
Chairman-CSR Committee
(DIN: 06526950)

Annexure 'C' to the Board Report

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:

i) CIN	U74210MH1995PLC088099
ii) Registration Date	May 05, 1995
iii) Name of the Company	L&T-SARGENT & LUNDY LIMITED
iv) Category	PUBLIC LIMITED COMPANY
v) Sub Category of the Company	COMPANY HAVING SHARE CAPITAL
vi) Address of the Registered office and contact details	L&T HOUSE,N. M. MARG, BALLARD ESTATE MUMBAI - 400 001 TEL : 022-67525656 FAX : 022-67525893 Email : subhodh.shetty@larsentoubro.com
vii) Whether listed company	UNLISTED
viii) 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	Architecture and engineering activities and related technical consultancy	711	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	LARSEN & TOUBRO LIMITED	L&T HOUSE, N. M. MARG, BALLARD ESTATE, MUMBAI - 400001	L99999MH1946PLC004768	HOLDING	50.0001	Section 2(46)

IV. SHARE HOLDING PATTERN:

i) Category-wise Share Holding:

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	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	2,782,736	2,782,736	50.0001	2,782,731	5	2,782,736	50.0001	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	0	2,782,736	2,782,736	50.0001	2,782,731	5	2,782,736	50.0001	0.00
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00

b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	2,782,727	2,782,727	49.9999	0	2,782,727	2,782,727	49.9999	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	2,782,727	2,782,727	49.9999	0	2,782,727	2,782,727	49.9999	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	5,565,463	5,565,463	100.00	2,782,731	2,782,732	5,565,463	100.00	0.00

B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (1):-	0	0	0	0.00	0	0	0	0.00	0.00
(2) Non- Institutions									
a) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital up to ` 2 lakh	0	0	0	0.00	0	0	0	0.00	0.00

ii) Individual shareholders holding nominal share capital in excess of ` 2 lakh	0	0	0	0.00	0	0	0	0.00	0.00
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.000	0.00
Grand Total (A+B+C)	0	5,565,463	5,565,463	100.00	2,782,731	2,782,732	5,565,463	100.00	0.00

(ii) Shareholding of Promoters:

Sl. 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 & others	2,782,736	50.0001	NIL	2,782,736	50.0001	NIL	NIL
2	Sargent & Lundy LLC	2,782,727	49.9999	NIL	2,782,727	49.9999	NIL	NIL
	Total	5,565,463	100.00	NIL	5,565,463	100.00	NIL	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

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
1	At the beginning of the year				
2	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
3	At the end of the year		NIL		NIL

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

Sl. No.	Name of the Share Holder	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
1	At the beginning of the year				
2	Date wise Increase / Decrease in Share-holding during the year specifying the reasons for increase and decrease (e.g. allotment / transfer / bonus / sweat equity etc)		NIL		NIL
3	At the End of the year		NIL		NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Directors / 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
1	At the beginning of the year				
2	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
3	At the end of the year		NIL		NIL

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding / accrued but not due for payment as on 31st March 2020

(` in lakhs)

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

ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. REMUNERATION TOMANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:

(` in lakhs)

Sl. no.	Particulars of Remuneration	Name of Manager/Chief Executive	Total Amount
		K. M. SUBRAMANIAN	
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	51.78	51.78
2.	Stock Option	0.00	0.00
3.	Sweat Equity	0.00	0.00
4.	Commission - as % of profit - Others, specify...	0.00	0.00
5.	Others (Retirement Benefits, Contribution to Provident Fund & Superannuation Fund)	0.92	0.92
	Total (A)	52.70	52.70
	Ceiling as per the Act		129.41

B. REMUNERATION TO OTHER DIRECTORS: Not Applicable

(` in lakhs)

Sl. no.	Particulars of Remuneration	Total Amount
1.	Independent Directors Fee for attending board / committee meetings Commission Others, please specify	
	Total (1)	NIL
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	
	Total (2)	NIL
	Total (B)=(1+2)	NIL
	Total Managerial Remuneration (A) + (B)	52.70
	Overall Ceiling as per the Act	129.41

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

Sl. no.	Particulars of Remuneration	Company Secretary (Gurinder Pal Singh)	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		

4.	Commission - as % of profit - others, specify		
5.	Others, please Specify		
	Total	NIL	NIL

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



SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

INDEPENDENT AUDITOR'S REPORT

To the Members of L&T- Sargent & Lundy Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of L&T- Sargent & Lundy Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the 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 Companies Act, 2013 ('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 ('ICAI') 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.

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

The Company's Board of Directors is responsible for the preparation of 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.

Ravindra Annexe, 194, Churchgate Reclamation, Dinshaw Vachha Road, Mumbai - 400 020, India.

Tel. (22) 2204 7722/23, 2286 9900 Fax (22) 2286 9949 E-mail : admin.mumbai@stllp.in

Shreedhar T. Kunte

Ramnath D. Kare

Edwin P. Augustine

Raghunath P. Acharya

Firdosh D. Buchia

Tirtharaj A. Khot

Pavan K. Aggarwal

Also at Pune. Associate Offices : New Delhi, Chennai, Bangalore, Baroda, Goa & Ahmedabad

In connection with our audit of the financial statements, our responsibility is to read the other information 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 on the other information that we obtained prior to the date of this auditor's report, 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 the 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 misstatement 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.

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 flow dealt with by this report are in agreement with the relevant books of account;

SHARP & TANNAN

LETTER NO: _____

SHEET NO: _____

- (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):

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 The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 41 & 43 to the financial statements;
 - ii the Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company– refer note 39 to the financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Sd/-
Firdosh D. Buchia
Partner
Membership no. 038332
UDIN: 20038332AAAAJB3032

Mumbai, 29 April 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, certain fixed assets were physically verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification; and
- (c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable. The Company has complied with the provisions of section 186 of the Act in respect of investments made.
- (v) In our opinion, and according to information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of duty of customs and employee's state insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2020 are as under:

(Rs. in lakhs)

Name of the statute	Nature of the disputed dues	Amount*	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Dispute for availment of cenvat credit on input services	41.80	2012-13 to 2016-17	CESTAT
Finance Act, 1994	Dispute for availment of cenvat credit on input services	44.94	2015-16 & 2016-17	CESTAT
Finance Act, 1994	Dispute for availment of cenvat credit on input services	12.87	April 2017 to June 2017	Commissioner GST & Central Excise, Appeals
Finance Act, 1994	Dispute for availment of cenvat credit on input services	1,226.90	April 13 to June 17	CESTAT
Finance Act, 1994	Dispute for availment of cenvat credit on input services	965.98	2012-13 to 2014 to 2015	CESTAT

* Net of pre-deposit paid in getting the stay/ appeal admitted.

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

SHARP & TANNAN

LETTER NO: _____

SHEET NO: _____

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) 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.109982W

Sd/-
Firdosh D. Buchia
Partner
Membership no. 038332
UDIN: 20038332AAAAJB3032

Mumbai, 29 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- Sargent & Lundy Limited ("the Company") as of 31 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 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.

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 on audit of internal financial controls over financial reporting 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 31 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 on audit of internal financial controls over financial reporting issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Sd/-
Firdosh D. Buchia
Partner
Membership no. 038332
UDIN: 20038332AAAAJB3032

Mumbai, 29 April 2020

Particulars	Note	As at 31-03-2020		As at 31-03-2019	
ASSETS:					
Non-current assets					
Property, plant and equipment	2		123.89		95.55
Intangible assets	3a		105.34		88.56
Right of use of Lease Asset	3b		283.97		-
Financial assets					
Other financial assets	4		211.04		199.10
Deferred tax assets (net)	31		507.72		328.46
Other non-current assets	5		1,543.51		1,359.14
			2,775.47		2,070.81
Current Assets					
Financial Assets					
Investments	6	5,456.96		3,098.06	
Trade receivables	7	3,247.35		2,764.85	
Cash and cash equivalents	8	40.00		121.86	
Other financial assets	9	327.88		376.56	
			9,072.19		6,361.33
Other current assets	10		310.26		368.26
			9,382.45		6,729.59
TOTAL ASSETS			12,157.92		8,800.40
EQUITY AND LIABILITIES:					
Equity					
Equity share capital	11	556.55		556.55	
Other equity	12	7,659.15		5,563.54	
Total equity			8,215.70		6,120.09
Liabilities					
Non-current liabilities					
Provisions			-		-
Lease Liability			173.96		-
			8,389.66		6,120.09
Current liabilities					
Financial liabilities					
Trade payables	13	1,242.62		1,264.26	
Lease Liability - Current		146.57		-	
Other financial liabilities	14	791.78		615.05	
			2,180.97		1,879.31
Other current liabilities	15		661.98		204.10
Provisions	16		925.31		596.90
			3,768.26		2,680.31
TOTAL EQUITY AND LIABILITIES			12,157.92		8,800.40
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1 to 45				

In terms of our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

Sd/-

K. M. SUBRAMANIAN
Manager

Sd/-

DEREK M. SHAH
Director
(DIN: 06526950)

Sd/-

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Sd/-

GURINDER PAL SINGH
Company Secretary

Sd/-

EJAZ A. SHAMEEM
Director
(DIN: 06579073)

Date: 29th April, 2020
Place: Mumbai

Date: 29th April, 2020
Place: Vadodara

Date: 29th April, 2020
Place: Chicago

Particulars	Note	2019-20		2018-19	
INCOME:					
Revenue from operations	17		11,193.93		9,341.04
Other income	18		660.92		624.31
Total income			11,854.85		9,965.35
EXPENSES:					
Operating and establishment expenses	19		2,990.78		2,647.09
Employee benefits expense	20		5,410.27		5,224.96
Other expenses	21		572.88		474.25
Finance cost	22		31.28		(1.10)
Depreciation, amortisation, impairment and obsolescence			222.33		188.37
Total expenses			9,227.54		8,533.57
Profit before tax			2,627.31		1,431.78
Tax expense					
Current tax		478.45		322.16	
MAT Credit Entitlement		(87.12)		(83.56)	
Deferred tax		(21.93)		(20.73)	
			369.40		217.87
Profit after tax			2,257.91		1,213.91
Other Comprehensive Income					
A. Items that will not be reclassified to Profit and Loss:					
Gain/(loss) on re-measurements of the defined benefits plan			(15.69)		70.74
B. Items that will be reclassified to Profit and Loss:					
Fair value changes on cash flow hedges net		(168.58)		117.11	
Income tax on fair value changes on cash flow hedges net		46.90	(121.68)	(32.24)	84.87
Other Comprehensive Income for the year [net of tax]			(137.37)		155.61
Total Comprehensive Income for the year			2,120.54		1,369.52
Basic earnings per equity shares (₹)			40.57		21.81
Face value per equity share (₹)			10.00		10.00
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1 to 45				

In terms of our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration no. 109982W

by the hand of

Sd/-

K. M. SUBRAMANIAN
Manager

Sd/-

DEREK M. SHAH
Director
(DIN: 06526950)

Sd/-

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Sd/-

GURINDER PAL SINGH
Company Secretary

Sd/-

EJAZ A. SHAMEEM
Director
(DIN: 06579073)Date: 29th April, 2020
Place: MumbaiDate: 29th April, 2020
Place: VadodaraDate: 29th April, 2020
Place: Chicago

Statement of changes in Equity for the year ended March 31, 2020

₹ in lakhs

A. Equity Share Capital

Particulars	2019-20		2018-19	
	Number of Shares	₹	Number of Shares	₹
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	5,565,463	556.55	5,565,463	556.55
Add: Changes in equity share capital	-	-	-	-
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	5,565,463	556.55	5,565,463	556.55

B. Other equity

Particulars	Retained Earnings	Capital redemption reserve	Hedging reserve
Balance as at 01-04-2018	5,714.71	269.09	18.56
Profit for the year	1,213.91	-	-
Other Comprehensive income for the year			
- Gain/(loss) on re-measurements of the defined benefits plan	70.74	-	-
- Fair value changes on cash flow hedges net	-	-	84.87
- Dividend	(1,500.00)	-	-
- Dividend distribution tax	(308.33)	-	-
Balance as at 31-03-2019	5,191.02	269.09	103.43
Profit for the year	2,257.91	-	-
Adjustment of Lease impact as per Ind AS 116	(34.54)	-	-
Deferred tax impact on Lease reserve	9.61	-	-
Other Comprehensive income for the year			
- Gain/(loss) on re-measurements of the defined benefits plan	(15.69)	-	-
- Fair value changes on cash flow hedges net	-	-	(121.68)
Balance as at 31-03-2020	7,408.31	269.09	(18.25)

In terms of our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

Sd/-

K. M. SUBRAMANIAN
Manager

Sd/-

DEREK M. SHAH
Director
(DIN: 06526950)

Sd/-

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Sd/-

GURINDER PAL SINGH
Company Secretary

Sd/-

EJAZ A. SHAMEEM
Director
(DIN: 06579073)

Date: 29th April, 2020
Place: Mumbai

Date: 29th April, 2020
Place: Vadodara

Date: 29th April, 2020
Place: Chicago

Statement of Cash Flows for the year ended March 31, 2020

₹ in lakhs

Particulars	2019-20 ₹	2018-19 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	2,627.31	1,431.79
Adjustments for:		
Depreciation, amortisation, impairment and obsolescence	222.33	188.37
Interest expense	31.28	(1.10)
(Profit)/loss on sale of investments (net)	(75.43)	(157.39)
Change in fair value of investments	(211.57)	(97.83)
(Profit)/loss on sale of fixed assets (net)	(2.39)	(1.59)
Provision for Bad and doubtful debts	119.64	99.94
Bad debts written off	3.35	96.41
Interest received	(15.94)	(10.49)
Operating profit before working capital changes	2,698.58	1,548.10
Adjustments for:		
(Increase) / decrease in trade and other receivable	(683.08)	(69.38)
Increase / (decrease) in trade and other payable	155.10	83.13
Lease Payment	(168.93)	-
Increase / (decrease) in other current liabilities & provisions	786.24	(133.77)
Cash (used in) / generated from operations	2,787.91	1,428.08
Direct taxes refund/(paid) [net]	(676.52)	(525.12)
Net cash (used in)/from operating activities	2,111.39	902.97
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(132.01)	(29.95)
Sale of fixed assets	3.27	3.45
(Purchase)/sale of current Investments (net)	(2,071.89)	969.00
Change in other bank balance and cash not available for immediate use	4.00	(1.61)
Net cash (used in) / from investing activities	(2,196.62)	940.89
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	3.37	1.10
Dividend paid	-	(1,500.00)
Dividend distribution tax paid	-	(308.33)
Net cash (used in) / from financing activities	3.37	(1,807.23)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(81.86)	36.62
Cash and cash equivalents at the beginning of the period	121.86	85.24
Cash and cash equivalents at the end of the period	40.00	121.86

Notes:

01. Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

02. Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets.

03. Cash and cash equivalents included in the Statement of cash flows comprise the cash and cash equivalents disclosed under current assets [Note 8]

04. Previous year's figures have been regrouped/reclassified wherever applicable

In terms of our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration no. 109982W

by the hand of

Sd/-

K. M. SUBRAMANIAN
Manager

Sd/-

DEREK M. SHAH
Director
(DIN: 06526950)

Sd/-

FIRDOSH D. BUCHIA

Partner

Membership No. 038332

Sd/-

GURINDER PAL SINGH
Company Secretary

Sd/-

EJAZ A. SHAMEEM
Director
(DIN: 06579073)

Date: 29th April, 2020

Place: Mumbai

Date: 29th April, 2020

Place: Vadodara

Date: 29th April, 2020

Place: Chicago

L&T-SARGENT & LUNDY LIMITED

NOTE [1]

Corporate information

L&T-Sargent & Lundy Limited (L&T-S&L), established in 1995, is a premier engineering and consultancy firm in the power sector which offers the complete gamut of power plant engineering and consultancy services, ranging from concept to commissioning and beyond encompassing services such as detail engineering, owner's engineering, independent / lender's engineer, special engineering, transmission and distribution, renovation and modernisation, renewable energy.

The Company is a public company incorporated and domiciled in India and has its registered office at L&T House, Ballard Estate, P.O.Box No 278, Mumbai-400001, Maharashtra, India.

Significant accounting policies

(a) Statement of compliance

These financial statements of L&T-Sargent & Lundy Limited ("the Company") have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations requires a different treatment.

Accordingly, the Company has prepared these financial statements which comprise the balance sheet as at 31 March, 2020, the statement of profit and loss for the year ended 31 March 2020, the statement of cash flows for the year ended 31 March 2020, the statement of changes in equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'financial statements').

These financial statements have been approved for issue by the Board of Directors at their meeting held on April 29, 2020.

(b) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention basis except for certain financial instruments which are measured at fair values in accordance with Ind AS, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses data only from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

(c) 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 under indirect method 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 Ind AS.

Amounts in the financial statements are presented in Indian Rupees in lakhs [1 Lakhs = 0.1 million] rounded off to two decimal places in line with the requirements of schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

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

Any asset or liability is classified as current if it satisfies any of the following conditions:

the asset/liability is expected to be realized/settled in the Company’s normal operating cycle;

- i. the asset is intended for sale or consumption;
- ii. the asset/liability is held primarily for the purpose of trading;
- iii. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- iv. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- v. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

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 realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

(e) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115, revenue from contract with customers the same is applied to contracts that were not competed as of April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognised based on nature of activity when consideration can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable.

A. Revenue from operations

The Company derives revenue from detailed engineering and other services. Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- i. the amount of revenue can be measured reliably;
- ii. it is probable that the economic benefits associated with the transaction will flow to the Company;
- iii. the stage of completion of the transaction at the end of the reporting period can

be measured reliably; and

- iv. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Use of significant judgments in revenue recognition:

Significant judgments are used in:

Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards completion of the performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date to the total estimated cost attributable to the performance obligation.

Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

B. Other income

- i. Dividend income is accounted in the period in which the right to receive the same is established.
- ii. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- iii. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(f) 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 measured reliably.

PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment if any

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in schedule II to the Companies Act, 2013, which are detailed as follows:

Sr. no.	Asset class	Minimum useful life (in years)	Maximum useful life (in years)
01.	Computer	3	6
02.	Office Equipment	5	5

03.	Furniture and Fixture	10	10
04.	Vehicles	7	7

Depreciation for additions / deductions is calculated pro rata from / to the month of additions / deductions. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

All other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

(g) Intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Computer software is recognized as intangible assets and amortised from the date at which the asset is available for use. Computer software is amortised with a finite useful life using straight line method over 6 years.

(h) Impairment of assets

i. Impairment of financial assets

The Company assesses at each balance sheet date whether a financial assets or group of financial assets are impaired. In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision for ECL is based on external and internal credit risk factors such as the Company's historical

experience for customers, type of customers e.g. public sectors, private sectors etc. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables. .

ii. Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined at the higher of the net selling price and the value in use.

(i) **Employee benefits**

(a) Short term employee benefits:

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

(b) Post-employment benefits:

i. Defined contribution plans: The Company's contribution to state governed Provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees' gratuity fund schemes and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under

defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the date near to the balance sheet date.

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

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

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

Actuarial gains and losses are recognized immediately in balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Other changes in net defined benefit obligation like current service cost, past service cost, gains and losses on curtailment and net interest expense or income are recognized in statement of profit and loss.

(c) Long term employee benefits:

The present value of the obligation under long term employee benefit plans such as compensated absences, is recognized in similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

(j) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from fair value measured on initial recognition of financial asset or liability.

Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit and loss are recognised immediately in statement

of profit and loss

i. Financial assets

Classification of financial assets

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

(a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

(b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognized in profit or loss.

(c) Financial assets at fair value through other comprehensive income

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

De-recognition of financial assets

The Company derecognizes the financial assets when:

- a. the right to receive cash flows from the asset has expired, or
- b. the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and

- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit and loss.

ii. Financial liabilities

Financial liabilities are initially recognized at fair value, and subsequently carried at amortised cost using effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount is approximate fair value due to short maturity of these instruments.

(k) Foreign currencies

The functional currency and the presentation currency of the Company is the Indian rupee.

Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognized in statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are not retranslated.

(l) Tax expenses

Tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i. Current income taxes:

Current income tax expense includes income taxes payable by the Company. The current tax payable by the Company in India is Indian income tax liability for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs) and withholding tax deducted by overseas customers as per the provisions of DTAA and TDS deducted by local customers.

ii. Deferred income taxes:

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of

availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

The Company recognizes interest levied related to income tax assessments in interest expenses.

(m) Government grants

The Company recognizes government grants only when there is reasonable assurance that conditions attached to them shall be complied with and grants will be received. Government grants receivable in the form of duty credit scripts is recognized as other income in the statement of profit and loss in the period in which application is made to the government authorities. Grants are disclosed after netting of all expenses which might not have been incurred by the Company if grant had not been available.

(n) Borrowing costs

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance with banks, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period.

(q) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a possible obligation unless the probability of outflow of resources is remote..

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

(r) Commitments

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

1. when estimated amount of contracts remaining to be executed on capital account and not provided; and
2. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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

(s) Statement of cash flows

Statement of cash flows is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of changes during the period in operating receivables and payables transactions of a non-cash nature, non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses, and all other items for which the cash effects are investing or financing cash flows. Cash and cash equivalents (including bank

balances) shown in the statement of cash flows exclude items which are not available for general use as on the date of balance sheet.

(t) Accounting and reporting information for operating segments

Company operates in single segment namely engineering services. Hence the same is not reported on the basis of operations but are reported on the basis of geographical classification. Segment revenue and segment assets are reported on the basis of their geographical locations classifying the same as India, USA and rest of the world.

(u) Exceptional items

Exceptional items are those items, of income or expense that management considers by virtue of their size, type or incidence require disclosure in order to provide an understanding of the performance of the Company.

(v) Leases

The Ministry of Corporate Affairs (“MCA”) has notified Ind AS 116 “Leases” in respect of accounting periods commencing on or after 1st April, 2019 superseding Ind AS 17 “Leases”.

Ind AS 116 introduces significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to finance lease. Under the revised model, lessee would recognize a right of use of asset and a corresponding liability for all leases. The standard however does not require an entity to recognize the assets and liabilities for :

- (a) Short term leases (for a period of 12 months or less)
- (b) Leases of low value assets.

This Standard permits two methods of transition:

- (1) Retrospective approach - under this approach the Standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors; and
- (2) Modified retrospective approach - retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application. This model is applied by the Company.

On transition, adoption of new standard resulted in recognition of right of use asset of

₹ 420.27 lakhs and a lease liability of ₹ 454.81 lakhs. The cumulative effect of applying the standard, amounting to ₹ 24.93 lakhs was debited to retained earnings, net of taxes.

Right to use assets is amortised considering lease tenure as a useful life.

(w) Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements and the reported amounts of income and expense for the periods presented. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates include useful lives of property, plant and equipment and intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, future cash inflows (net) for hedging purpose, fair value measurement etc. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

2. Property, plant and equipment & capital work-in-progress

	Plant & machinery	Office equipment	Furniture and fixtures	Vehicle	Total
Cost:					
As at 01-04-2018	605.46	45.14	14.92	-	665.52
Additions	16.50	10.78	0.85	-	28.13
Disposals/transfers	41.26	4.27	-	-	45.53
As at 31-03-2019	580.70	51.65	15.77	-	648.12
Additions	77.09	0.35	-	-	77.44
Disposals/transfers	19.49	0.43	-	-	19.92
As at 31-03-2020	638.30	51.57	15.77	-	705.64
Accumulated depreciation					
As at 01-04-2018	396.11	30.52	7.55	-	434.18
Depreciation charge for the year	136.42	16.67	0.30	-	153.39
Disposals/transfers	31.11	3.89	-	-	35.00
As at 31-03-2019	501.42	43.30	7.85	-	552.57
Depreciation charge for the year	38.61	3.59	6.03	-	48.23
Disposals/transfers	18.62	0.43	-	-	19.05
As at 31-03-2020	521.41	46.46	13.88	-	581.75
Net book value					
As at 31-03-2019	79.28	8.35	7.92	-	95.55
As at 31-03-2020	116.89	5.11	1.89	-	123.89

3a. Other Intangible assets

	Computer software	Total
Cost:		
As at 01-04-2018	217.87	217.87
Additions	10.50	10.50
Disposals/transfers	0.04	0.04
As at 31-03-2019	228.33	228.33
Additions	54.58	54.58
Disposals/transfers	-	-
As at 31-03-2020	282.91	282.91
Accumulated depreciation		
As at 01-04-2018	104.80	104.80
Additions	34.98	34.98
Disposals/transfers	-	-
As at 31-03-2019	139.77	139.77
Additions	37.80	37.80
Disposals/transfers	-	-
As at 31-03-2020	177.57	177.57
Net book value		
As at 31-03-2019	88.56	88.56
As at 31-03-2020	105.34	105.34

3b. Right of Use of Lease Asset

	Right of Use of Lease Asset	Total
Cost:		
As at 01-04-2019	420.27	420.27
Additions	-	-
Disposals/transfers	-	-
As at 31-03-2020	420	420
Accumulated depreciation		
As at 01-04-2019	136.30	136.30
Additions	-	-
Disposals/transfers	-	-
As at 31-03-2020	136.30	136.30
Net book value		
As at 31-03-2020	283.97	283.97

4. Other financial assets - non-current

Particulars	As at 31-03-2020	As at 31-03-2019
Cash and bank balances not available for immediate use (given against guarantee)	211.04	199.10
	211.04	199.10

5. Other non current assets

Particulars	As at 31-03-2020	As at 31-03-2019
Income tax receivable (net)	1,543.51	1,359.14
	1,543.51	1,359.14

6. Financial Assets - current: Investments

Particulars	As at 31-03-2020	As at 31-03-2019
Unquoted Investments		
Investments in mutual funds		
Carried at fair value through profit and loss	5,456.96	3,098.06
	5,456.96	3,098.06

Details of Current Investments

Particulars	No. of units as at 31-03-2020	NAV per unit as at 31-03-2020	As at 31-03-2020	As at 31-03-2019
Investments in mutual funds				
01. Aditya Birla Sun Life Savings Fund - DP - Growth	361,403.64	400.83	1,448.61	1,343.55
02. Nippon India Prime Debt Fund Direct Plan - Growth	2,340,859.14	43.41	1,016.05	939.03
03. L&T Liquid Fund Direct Plan - Growth	10,981.84	2,721.63	298.88	814.24
04. L&T Ultra Short Term Fund Direct Plan - Growth	-	-	-	1.24
05. Invesco India Treasury Advantage Fund - DP - Growth	39,102.47	2,862.09	1,119.15	-
06. Kotak Low Duration Fund - Direct Growth	14,602.99	2,581.24	376.94	-
07. HDFC Ultra Short Term Fund - DP - Growth	10,634,810.95	11.26	1,197.32	-
			5,456.96	3,098.06

Details of Unquoted investments:

Particulars	As at 31-03-2020	As at 31-03-2019
Aggregate amount of Unquoted current investment and market values thereof;		
Book value	4,887.67	2,740.35

7. Financial Assets - current: Trade Receivables

Particulars	As at 31-03-2020		As at 31-03-2019	
Considered good - Secured	-	-	-	-
Considered good - unsecured	3,434.18		2,832.04	
Allowance for doubtful debts	(186.83)	3,247.35	(67.19)	2,764.85
Significant increase in Credit Risk	-	-	-	-
Credit impaired	247.61		247.61	
Allowance for doubtful debts	(247.61)	-	(247.61)	-
		3,247.35		2,764.85

8. Financial Assets - current: Cash and cash equivalents		
Particulars	As at 31-03-2020	As at 31-03-2019
Balance with banks	40.00	31.84
Fixed deposits with banks(maturity less than 3 months)	-	90.02
	40.00	121.86

9. Other current financial assets		
Particulars	As at 31-03-2020	As at 31-03-2019
Advances recoverable in cash or in kind or for value to be received Considered good	16.10	10.57
Other Financial receivables	311.78	150.66
Forward contract receivables	-	215.33
	327.88	376.56

10. Other current assets		
Particulars	As at 31-03-2020	As at 31-03-2019
Due from customers (project related activity)	-	14.54
Advance to suppliers	101.36	154.64
Prepaid expenses	115.98	133.41
Statutory and other receivables	92.92	65.67
	310.26	368.26

11. Equity share capital

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of shares	₹	No. of shares	₹
Authorised:				
Equity shares of ₹ 10 each	15,000,000	1,500	15,000,000	1,500
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	5,565,463	556.55	5,565,463	556.55

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of shares	₹	No. of shares	₹
Issued, subscribed and fully paid up:				
Balance at the beginning of the year	5,565,463	556.55	5,565,463	556.55
Addition/deletion during the year	-	-	-	-
Balance at the end of the year	5,565,463	556.55	5,565,463	556.55

(c) Terms/rights attached to equity shares:

The Company has one class of shares i.e. equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the Shareholders	As at 31-03-2020		As at 31-03-2019	
	No. of shares	Shareholding %	No. of shares	Shareholding %
Larsen & Toubro Limited	2,782,736	50%	2,782,736	50%
Sargent & Lundy LLC	2,782,727	50%	2,782,727	50%

₹ in lakhs

12. Other equity

Particulars	As at 31-03-2020	As at 31-03-2019
Retained earnings	7,408.31	5,191.02
Capital redemption reserve*	269.09	269.09
Hedging reserve	(18.25)	103.43
	7,659.15	5,563.54

* Capital redemption reserve was created by the Company at the time of buy-back of shares in earlier years.

13. Financial liabilities - current: Trade payables		
Particulars	As at 31-03-2020	As at 31-03-2019
Due to micro and small enterprises	43.92	-
Due to other than micro and small enterprises	1,198.70	1,264.26
	1,242.62	1,264.26

14. Other financial liabilities - current		
Particulars	As at 31-03-2020	As at 31-03-2019
Due to employees and others	735.19	615.05
Forward Contract Payable	56.59	-
	791.78	615.05

15. Other current liabilities		
Particulars	As at 31-03-2020	As at 31-03-2019
Due to customers (Project related activities)	392.00	-
Advances from customers	17.79	37.04
Other payables	252.19	167.06
	661.98	204.10

16. Current liabilities: Provisions		
Particulars	As at 31-03-2020	As at 31-03-2019
Provision for employee benefits: Compensated absences	553.47	493.55
Other provisions - Job cost	371.84	103.35
	925.31	596.90

17. Revenue from operations

Particulars	2019-20	2018-19
Revenue from engineering services	7,835.01	4,874.62
Increase/(decrease) in Work-in-progress (engineering services)		
Add/(Less): closing work-in-progress	(392.00)	14.54
Add/(Less): opening work-in-progress	(14.54)	(121.56)
Revenue from other services	3,765.47	4,573.43
	11,193.93	9,341.04

18. Other Income

Particulars	2019-20	2018-19
Profit on sale/redemption of investments (net)	75.43	157.39
Gain on fair valuation of financial assets	211.57	97.83
Profit/(Loss) on sale of fixed assets (net)	2.39	1.59
Exchange Gain/(Loss) on Forward contracts	23.23	46.89
Reimbursement of expenses from customers	64.98	77.91
Miscellaneous income	15.50	46.40
Export Benefits	161.11	145.34
Exchange Gain/(Loss) (net)	106.71	50.96
	660.92	624.31

19. Operating and establishment expenses

Particulars	2019-20	2018-19
Establishment expenses	911.91	1,084.22
Technical service and project expenses	725.59	566.94
Travelling and conveyance	473.12	531.16
Cost of Computer Software & Hardware	509.21	326.12
Power and fuel	102.46	86.49
Provision towards Job Cost	268.49	52.16
	2,990.78	2,647.09

20. Employee benefits expenses

Particulars	2019-20	2018-19
Salaries and allowances	5,076.95	4,941.08
Provident fund and pension fund	139.77	136.21
Gratuity fund	39.48	48.97
Leave encashment	93.88	25.09
Staff welfare expenses	60.19	73.61
	5,410.27	5,224.96

21. Other Expenses

Particulars	2019-20	2018-19
Insurance	3.82	9.38
Telecommunication expenses	34.88	35.51
Rates and taxes	5.49	18.23
Stationery and printing	24.33	24.44
Repairs and maintenance - others	6.07	7.22
CSR expense	20.63	27.04
Bad debts written off	3.35	96.41
Allowances for doubtful debts	119.64	99.94
Miscellaneous expenses	354.67	156.08
	572.88	474.25

22. Finance cost

Particulars	2019-20	2018-19
Interest others	31.28	(1.10)
	31.28	(1.10)

23. Corporate social responsibility expenditure:

Amount required to be spent by the Company on CSR related activities during the year is ₹ 20.56 lakhs (previous year: ₹ 26.90 lakhs).

Amount spent during the year:

(₹ in lakhs)

Particulars	Year ended 31-03-2020			Year ended 31-03-2019		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Revenue expenses	18.60	2.03	20.63	1.53	25.52	27.05
Total	18.60	2.03	20.63	1.53	25.52	27.05

24. Disclosure for current assets and current liabilities:

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

(₹ in lakhs)

Particulars	As at 31-03-2020			As at 31-03-2019		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Investments	5,456.96	-	5,456.96	3,098.06	-	3,098.06
Trade receivables	3,247.35	-	3,247.35	2,764.85	-	2,764.85
Cash and cash equivalents	40.00	-	40.00	121.86	-	121.86
Other financial assets	327.88	-	327.88	298.57	77.99	376.56
Other current assets	310.26	-	310.26	368.26	-	368.26
Total	9382.45	-	9382.45	6,651.60	77.99	6,729.59

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

(₹ in lakhs)

Particulars	As at 31-03-2020			As at 31-03-2019		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Trade payables	1,242.62	-	1,242.62	1,264.26	-	1,264.26
Lease liability	146.57	-	146.57	-	-	-
Other financial liabilities	786.27	5.51	791.78	615.05	-	615.05
Other current liabilities	661.98	-	661.98	204.12	-	204.12
Provisions	925.31	-	925.31	596.90	-	596.90
Total	3,762.75	5.51	3,768.26	2,680.33	-	2,680.33

25. Other disclosure pursuant to Ind AS 107 “Financial Instruments”:

i) Outstanding currency exchange rate hedge instruments:

Forward covers taken to hedge exchange rate risk and accounted as cash flow hedge.

(₹ in lakhs)

Receivable hedges	As at March 31, 2020				As at March 31, 2019			
	Nominal amount	Avg. rate (₹)	Within twelve months	After twelve months	Nominal amount	Avg. rate (₹)	Within twelve months	After twelve months
US Dollar	3,349.36	77.09	2,977.69	371.67	4,727.00	71.46	2,774.60	1952.40

ii) Break up of hedging reserve:

(₹ in lakhs)

Cash flow hedge	Currency exposure	
	As at March 31, 2020	As at March 31, 2019
Forward contracts		
Current asset/(liability)		
Other financial assets / (liabilities)	(56.59)	215.32

iii) Movement of hedging reserve:

(₹ in lakhs)

Hedging reserve	2019-20	2018-19
Opening balance	103.43	18.56
Changes in fair value of forward contracts designed as hedging instrument	(271.91)	99.23
Amount reclassified to statement of profit and loss	103.33	17.88
Tax impact on above	46.90	(32.24)
Closing balance	(18.25)	103.43

26. Fair value measurements:

(a) Financial instrument by category

(₹ in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
Financial assets						
Investments - mutual funds	5,456.96	-	-	3,098.06	-	-
Bank fixed deposits	-	-	211.04	-	-	199.10
Trade receivables	-	-	3,247.35	-	-	2,764.85
Cash and cash equivalents	-	-	40.00	-	-	121.86
Forward contract receivable	-	-	-	-	215.33	-
Other receivables	-	-	327.88	-	-	161.23

Total financial assets	5,456.96	-	3,826.27	3,098.06	215.33	3,247.04
Financial liabilities						
Trade payables	-	-	1,242.62	-	-	1,264.26
Lease liability	-	-	146.57	-	-	-
Forward contract payable	-	56.59	-	-	-	-
Other payables	-	-	735.19	-	-	615.05
Total financial liabilities	-	56.59	2,124.38	-	-	1,879.31

(b) Fair value hierarchy

Particulars	As at March 31, 2020			As at March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments - mutual funds	5,456.96	-	-	3,098.06	-	-
Forward contract receivable	-	-	-	-	215.33	-
Total financial assets	5,456.96	-	-	3,098.06	215.33	-
Financial liabilities						
Forward contract payable	-	56.59	-	-	-	-
Total financial liabilities	-	56.59	-	-	-	-

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liability

Level 2 – Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

There were no transfers between the levels during the year.

27. Financial risk management:

The business activities of the Company are exposed to various financial risks such as credit/counter-party risk, liquidity risk and market risk.

a) Credit/counter-party risk

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

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

In addition, for delay in collection of receivables, the Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivables. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customers e.g. public sectors, private sectors etc.

The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(₹ in lakhs)		
Particulars	2019-20	2018-19
Opening balance	314.80	214.87
Additional provision	119.64	99.93
Closing balance	434.44	314.80

The revenue from its top five customers is ₹ 6,616.29 lakhs which is equivalent to 57.03% for FY 2019-20 (₹ 5,521.12 lakhs which is equivalent to 58.44% for FY 2018-19).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks (see below). The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments.

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

b) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position.

The Company has no borrowings as on 31 March 20 but it has credit facilities with banks that will help it to generate funds for the business if required. The contractual maturities of financial assets and financial liabilities is as follows:

(₹ in lakhs)			
Financial assets	Within twelve months	After twelve months	Total
Investment	5,456.96	-	5,456.96
Trade receivables	3,247.35	-	3,247.35
Bank balances other than cash and cash equivalents	211.04	-	211.04
Other financial assets	367.88	-	367.88
Total	9,283.23	-	9,283.23

(₹ in lakhs)			
Financial liabilities	Within twelve months	After twelve months	Total
Trade payables	1,242.62	-	1,242.62
Lease liability	146.57	-	146.57

Other financial liabilities	786.27	5.51	791.78
Total	2,175.46	5.51	2,180.97

c) Market risk

Market risk is the risk of loss of future earnings, fair value and future cash flows that may result from change in price of financial instrument. The value of the financial instrument may change as a result of change in interest rate scenario and other market changes that affect the market risk sensitive instrument. Market risk is attributable to market risk sensitive instruments viz. investments in mutual funds.

The Company's finance team manages cash resources, implementation of hedging strategies for foreign currency exposures, and ensure compliance with market risk limits and policies. This team is guided by the treasury committee. Company manages the market risk through the treasury committee which evaluates and exercises independent control over the entire process of market risk management. The treasury committee recommends the policies & processes for investments. The committee is appraised the implementation of plan and policies on quarterly basis. Board of the Company is also apprised of the proceedings of the treasury committee on quarterly basis.

(i) Foreign currency risk

Foreign exchange risk is a significant financial risk for the Company

The Company uses derivative financial instruments to mitigate foreign exchange related exposures.

The Company's operations are in foreign currencies, and the maximum exposure is in US dollars.

The board of directors has approved the Company's financial risk management policy covering management of foreign currency exposures. The Company's treasury department monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Company hedges its exposure both on cash flow basis as well as on net basis (i.e. net expected outcome of the project). These hedges are cash flow hedges.

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

Exchange rate risk:

(₹ in lakhs)

Particulars	Impact on profit after tax		Impact on other components of equity	
	2019-20	2018-19	2019-20	2018-19
USD sensitivity				
INR/USD - Increase by 1%*	(16.69)	(14.87)	(13.48)	(29.59)
INR/USD - Decrease by 1%*	16.69	14.87	13.48	29.59

* Holding all other variable constant

(ii) Interest rate risk:

The Company has no interest risk in case of borrowings as on 31 March 2020.

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

28. Segment reporting:

The Company operates in a single segment, namely, providing engineering and associated services and supplies for thermal, hydro and combined cycle power projects services. Country wise segment is as under:

(₹ in lakhs)

Revenue by location of customers	2019-20	2018-19
India	5,935.33	4,865.16
USA	1,736.94	377.57
Rest of the world	3,521.66	4,098.30
Total	11,193.93	9,341.04

(₹ in lakhs)

Carrying amount of segment assets by location of assets	As at 31-03-2020	As at 31-03-2019
India	10,258.01	7,270.28
USA	376.46	70.51
Rest of the world	1,523.45	1,459.60
Total	12,157.92	8,800.40

(₹ in lakhs)

Cost incurred on acquisition of tangible and intangible fixed assets	2019-20	2018-19
India	132.02	38.63
USA	-	-
Rest of the world	-	-
Total	132.02	38.63

29. Disclosures pursuant to Ind AS 115 - "Revenue from Contracts with Customers":

- (a) Movement in contract balances during the year

(₹ in lakhs)

Particulars	Contract Assets
Opening balance (A)	14.54
Closing balance (B)	(392.00)
Net increase/(decrease)	(406.54)

- (b) Reconciliation of contracted price with revenue during the year

(₹ in lakhs)

Particulars	2019-20
Opening contract price of orders	10,764.86
Add: orders received during the year	15,112.74
Less: Reduction in scope of existing contract	1,310.48
Total	24,567.12
Revenue recognized during the year	11,193.93
Closing contract price of orders	13,373.19

(c) The Company has made provisions, as required under the applicable law or Ind AS, for material foreseeable losses, wherever required on long-term contracts.

30. Tax reconciliation statement:

A reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ in lakhs)

Sr. no.	Particulars	2019-20	2018-19
(a)	Profit before tax	2,627.31	1,431.78
(b)	Corporate tax rate as per income tax Act, 1961	29.12%	27.82%
(c)	Tax on accounting profit (c)=(a)*(b)	765.08	398.32
(d)	(i) Tax in respect of items exempt from tax	(460.84)	(246.11)
	(ii) Difference in tax for items which are not allowed as deduction	64.76	68.65
	(iii) Difference of tax and accounting depreciation	22.33	17.74
	(iv) Effect on deferred tax balances	(21.93)	(20.73)
	Total effect of tax adjustments [(i) to (iv)]	(395.68)	(180.45)
(e)	Tax expense recognized during the year (e)=(c)-(d)	369.40	217.87
(f)	Effective tax rate (f)=(e)/(a)	14.06%	15.22%

The effective tax rate is after considering the income tax benefit available under the Income-tax Act, 1961 - section 10AA for unit registered under the Special Economic Zone Act, 2005 (SEZ). The Company has received letter of approval for set up of new SEZ unit in the L&T-IT / ITES SEZ, Vadodara wide letter dated 19-04-2017 from the office of the Zonal Development Commissioner, Kandla Special Economic Zone and commencement of commercial activity / operation with effect from 22-09-2017.

31. Deferred tax:

(₹ in lakhs)

Particulars	Deferred tax (asset)/ liability as at 31-03-19	Charge /(credit) to profit and loss account	Charge (credit) to OCI	Deferred tax (asset)/ liability as at 31-03-20
Provision for leave encashment	(137.31)	(16.67)	-	(153.97)
Provision for doubtful debts	(87.58)	(33.28)	-	(120.87)
Provision for annual expense	-	(27.82)	-	(27.82)
Net impact of lease under Ind AS 116	-	(0.56)	-	(10.17)*
Deferred tax asset	(224.89)	(78.33)	-	(312.83)
Difference between book and tax depreciation	(22.87)	(2.45)	-	(25.33)
MTM revaluation of investment in mutual fund	99.52	58.86	-	158.38
Derivative transactions	39.86	-	(46.90)	(7.03)
Deferred tax liability	116.51	56.41	(46.90)	126.02
Net deferred tax (asset)/ liability	(108.38)			(186.81)

MAT credit entitlement	(220.08)			(320.91)
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* Out of total impact of INR 10.17 lakhs, INR 9.61 lakhs impact is given in retained earnings directly.

32. Employee benefits:

a) The amount recognised in balance sheet are as follows:

(₹ in lakhs)

Particulars	Gratuity plan	Gratuity plan	Trust managed provident fund plan	Trust managed provident fund plan
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
A				
a) Present value of defined benefit obligation				
- Wholly funded	422.48	360.53	3,151.25	3,139.68
- Wholly unfunded	-	-	26.24	22.37
b) Fair value of plan assets	393.56	383.40	3,298.03	3,325.48
Amount to be recognised as liability or (asset) (a-b)	28.92	(22.87)	(120.54)⁽¹⁾	(163.43)⁽¹⁾
B Amounts reflected in the balance sheet				
Liabilities	28.92	-	26.24 ⁽²⁾	22.37 ⁽²⁾
Assets	-	(22.87)	-	-
Net liability / (asset)	28.92	(22.87)	26.24	22.37

⁽¹⁾ Asset is not recognized in balance sheet.

⁽²⁾ Employer's and employee's contribution for the month of March '2020 paid in April '2020.

b) The amount recognised in statement of profit and loss are as follows:

(₹ in lakhs)

Particulars	Gratuity plan	Gratuity plan	Trust managed provident fund plan	Trust managed provident fund plan
	2019-20	2018-19	2019-20	2018-19
1 Current service cost	39.48	48.97	75.05 ⁽¹⁾	71.06 ⁽¹⁾
2 Past service cost		-		-
5 Interest cost	(3.37)	(1.10)	266.87	186.33
6 Expected return on plan assets		-	(266.87) ⁽²⁾	(186.33) ⁽²⁾
7 Actuarial losses / (gains)	-	-	12.78 ⁽²⁾	(69.49) ⁽²⁾

9	Actual return on plan assets over interest payable	-	-	(12.78)	69.49
	Total expense for the year	36.11	47.87	75.05	71.06
i.	Amount included in “Employee benefits expense”	39.48	48.97	75.05	71.06
ii.	Amount included in “Finance Cost”	(3.37)	(1.10)	-	-
	Total Expense (i+ii)	36.11	47.87	75.05	71.06

(1) Employer’s contribution to provident fund.

(2) The actual return on plan assets is higher than interest cost but no credit is taken to the statement of profit and loss on account of the difference.

c) Amount recorded in other comprehensive income:

(₹ in lakhs)

Particulars	Gratuity plan	Gratuity plan	Trust managed provident fund plan	Trust managed provident fund plan
	2019-20	2018-19	2019-20	2018-19
Opening amount recognized in OCI	(195.24)	(124.50)	-	-
Re-measurements during the period due to				
a Changes in financial assumption	25.08	(31.58)	-	-
b Changes in demographic assumptions	-	(0.01)	-	-
c Experience adjustments	4.81	(30.35)	-	-
d Actual return on plan assets less interest on plan assets	(14.20)	(8.80)	-	-
e Adjustment to recognize the effect of assets celling	-	-	-	-
Closing amount recognized in OCI	(179.55)	(195.24)	-	-

d) Reconciliation of net liability / asset:

(₹ in lakhs)

Particulars	Gratuity plan	Gratuity plan	Trust managed provident fund plan	Trust managed provident fund plan
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Opening net defined benefit liability / (assets)	(22.87)	10.24	-	-
Expenses charged to profit and loss account	36.11	47.87	-	-

Amount recognized in OCI	15.68	(70.74)	-	-
Employer contribution	-	(10.24)	-	-
Closing net defined benefit liability / (assets)	28.92	(22.87)	-	-

e) **Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**

(₹ in lakhs)

Particulars	Gratuity plan	Gratuity plan	Trust managed provident fund plan	Trust managed provident fund plan
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Opening balance of the present value of defined benefit obligation	360.53	393.14	3,139.68	2,154.09
Add: Current service cost	39.48	48.97	75.05	71.06
Add: Interest cost	22.72	26.70	266.87	186.33
Add: Contribution by plan participants				
i) Employee		-	223.00	194.24
ii) Transfer-in/(out)		-	56.78	1,256.98
Add/(less): Actuarial (gains)/losses arising from -				
Change in financial assumptions	25.08	(31.57)	-	-
Change in demographic assumptions		(0.01)	-	-
Experience adjustments	4.81	(30.35)	-	-
Less: benefits paid	(30.14)	(46.35)	(610.13)	(723.02)
Closing balance of the present value of defined benefit obligation	422.48	360.53	3,151.25	3,139.68

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

(₹ in lakhs)

Particulars	Gratuity plan	Gratuity plan	Trust managed provident fund plan	Trust managed provident fund plan
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Opening balance of the fair value of the plan assets	383.40	382.90	3,325.48	2,292.77
Add: Interest on plan asset	26.09	27.80	-	-
Add: Expected return on plan assets			266.87	186.33

Add/(less): Actuarial gains/(losses) due to actual return on plan asset less interest income	14.21	8.80	(12.78)	69.49
Add: Contribution by the employer	-	10.24	68.44	65.23
Add/(less): Transfer in/(out)			56.78	1256.98
Add: Contribution by plan participants	-	-	203.37	177.70
Less: benefits paid	(30.14)	(46.35)	(610.13)	(723.02)
Closing balance of the plan assets	393.56	383.40	3,298.03	3,325.48

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

The Company expects to contribute ₹ 50 lakhs (P.Y. ₹ 50 lakhs) towards its gratuity plan and ₹ 75.05 lakhs (P.Y. ₹ 76.74 lakhs) towards its trust-managed provident fund plan in the financial year 2019-20.

g) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan	Gratuity plan	Trust-managed provident fund plan	Trust-managed provident fund plan
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Government of India securities	48%	51%	51%	51%
Corporate bonds	45%	47%	44%	47%
Others	7%	2%	5%	2%

h) Category wise value of plan assets:

(₹ in lakhs)

Particulars	Period Ended		
	31 Mar 20	31 Mar 20	31 Mar 20
	Quoted	Unquoted	Total
Government debt instruments	188.37	-	188.37
Other debt instruments	176.57	-	176.57
Others	-	28.62	28.62
Grand Total	364.94	28.62	393.56

The plan does not invest directly in any property occupied by the Company or in any financial securities issued by the Company.

i) Principal actuarial assumptions of gratuity:

Particulars	As at 31-03-2020	As at 31-03-2019
Discount rate (p.a.)	5.90%	7.05%
Attrition rate	10% to 20% for various age groups	10% to 20% for various age groups
Salary growth rate (p.a.)	5.00%	5.00%

Sensitivity analysis:

Particulars	Gratuity plan	
	As at 31-03-20	As at 31-03-19
Discount rate		
Impact of increase in 50bps on defined benefit obligation	-2.67%	-2.45%
Impact of decrease in 50bps on defined benefit obligation	2.81%	2.57%
Salary growth rate		
Impact of increase in 50bps on defined benefit obligation	2.82%	2.61%
Impact of decrease in 50bps on defined benefit obligation	-2.70%	-2.51%

- i. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.
- ii. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at 27th March, 2020 date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Retirement age: The employees are assumed to retire at the age of 58 years.

Mortality: Published rates under the Indian Assured Lives Mortality (2012-14) Ult tables.

Disability: Leaving service due to disability is included in the provision made for all causes of leaving service.

j) The amounts pertaining to defined benefit plans are as follows:

Summary of plan assets and liabilities of gratuity fund:

(₹ in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
1 Defined benefit obligation	422.48	360.53
2 Plan assets	393.56	383.39
3 Surplus/ (deficit)	28.92	(22.86)

Experience adjustments on plan asset and liabilities of gratuity fund:

(₹ in lakhs)

Particulars		As at 31-03-2020	As at 31-03-2019
1	Experience adjustments on plan liabilities	4.81	(30.35)
2	Experience adjustments on plan assets	14.21	8.80

Trust-managed provident fund plan:

(₹ in lakhs)

Particulars		As at 31-03-2020	As at 31-03-2019
1	Defined benefit obligation	3,177.49	3,162.05
2	Plan assets	3,298.03	3,325.48
3	Surplus/ (deficit)	120.54	163.43

k) The Company has contributed ₹ 61.68 lakhs (P.Y. ₹ 54.26 lakhs) towards employee pension scheme and ₹ Nil (P.Y. ₹ Nil) towards superannuation scheme (both defined contribution schemes) during the year which are included in employee benefit expenses.

General descriptions of defined benefit plans:**a) Gratuity plan**

The Company makes contributions to the group gratuity fund, a funded defined benefit plan for qualifying employees managed by a trust. The scheme provides for lump-sum payment to employees at the time of retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b) Trust-managed provident fund plan

The Company's provident fund plan is managed by a trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

33. Related party transactions:

- I Joint venture
 - Larsen & Toubro Limited
 - Sargent & Lundy LLC

- II Member of same group
 - Nabha Power Limited
 - L&T Hydrocarbon Engineering Limited
 - L&T – MHPS Boilers Private Limited

- L&T Technology Services Ltd.
- L&T Chiyoda Ltd- Fellow Associate
- L&T-Gulf Private Limited

III Key Management Personnel

- K. M. Subramanian (Manager)
- Gurinder Pal Singh (Company Secretary)

IV. Disclosure of related party transactions:

(₹ in lakhs)

Sr. No.	Nature of transaction	2019-20	2018-19
1	Purchase of goods & services (including software license fees, JV administration fees, technical service fees, fixed assets)		
	Larsen & Toubro Limited	6.61	9.92
	L&T – MHPS Boilers Private Limited	16.49	0.00
	Sargent & Lundy LLC	129.37	139.80
2	Sale of fixed asset		
	Larsen & Toubro Limited	-	0.37
	L&T – MHPS Boilers Private Limited	-	0.13
3	Sale of Goods/Power/Contract Revenue & Services		
	Larsen & Toubro Limited	2,519.03	2,215.98
	L&T – MHPS Boilers Private Limited	196.67	61.92
	Nabha Power Limited	1.81	5.39
	Sargent & Lundy LLC	1,750.77	363.75
	L&T-Gulf Private Limited	-	11.70
	L&T Hydrocarbon Engineering Limited	318.87	70.24
	L&T Chiyoda Limited	1,284.81	195.82
	L&T Technology Services Ltd.	6.70	33.90
4	Infrastructure charges & overhead recoveries		
	Larsen & Toubro Limited	1,129.21	1293.48

V. Compensation to Key Managerial Personnel:

(₹ in lakhs)

Nature of Transaction	Mr. K. M. Subramanian		Mr. Srikant Jainapur	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Short-term employee benefits	51.78	31.03	-	36.82
Post-employment benefits	1.36	-	-	-
Total Compensation	53.14	31.03	-	36.82

VI. Transactions with post-employment benefit plans:

(₹ in lakhs)

Particulars	Name	2019-20	2018-19
Payment to trust managed provident fund	L&T Sargent & Lundy Staff Provident Fund Trust	68.44	65.23
Payment to approved gratuity fund	L&T Sargent & Lundy Staff Gratuity Trust	-	10.24

VII. Amount due to / from related parties:

(₹ in lakhs)

Sr. No.	Particulars	As at 31- 03-2020	As at 31- 03-2019
1	Accounts receivable from related parties		
	Larsen & Toubro Limited	669.15	622.36
	L&T – MHPS Boilers Private Limited	34.44	-
	L&T Chiyoda Limited	236.52	9.89
	Nabha Power Limited	-	0.82
	Sargent & Lundy LLC	368.28	70.35
	L&T Hydrocarbon Engineering Limited	109.20	17.84
	L&T Technology Services Ltd	-	7.69
	L&T Gulf Private Limited	-	2.43
2	Accounts payable to related parties		
	Larsen & Toubro Limited	436.88	807.64
	L&T – MHPS Boilers Private Limited	3.45	-
	Sargent & Lundy LLC	22.25	(1.12)
	L&T Hydrocarbon Engineering Limited	8.00	9.10
3	Advance received from customer		
	Larsen & Toubro Limited	21.53	39.66
	L&T – MHPS Boilers Private Limited	0.94	2.11

34. Disclosure of transition Impact as per Ind AS 116

(₹ in lakhs)

	Particulars	Amount
I	Impact on opening retained earnings (RE)	
	Lease liability on transition date (A)	454.81
	Right-of-Use (asset) on transition date (net of accu. depr.) (B)	420.27
	Opening RE impact (gross) (C = B-A)	(34.54)
	Opening RE Impact of Ind AS 116 Lease (tax) (D)	9.61
	Opening RE impact (net) (C-D)	(24.93)
II	P&L charge for existing leases - For the period - 2019-20	
	As per Ind AS 17 (old standard) (A)	168.93
	Interest expense- As per Ind AS 116	34.65
	Depreciation- As per Ind AS 116	136.30

	Total expense- As per Ind AS 116	(B)	170.95
	PBT Impact	(A-B)	(2.02)

35. Basic and diluted earnings per share [EPS]:

Particulars		2019-20	2018-19
Basic earnings per share			
Profit after tax as per accounts (₹ in lakhs)	A	2,257.91	1,213.91
Weighted average number of equity shares outstanding	B	55,65,463	55,65,463
Basic EPS (₹)	A/B	40.57	21.81
Diluted EPS (₹)		40.57	21.81
Face value per share (₹)		10	10

36. Auditors remuneration and expenses charged to the accounts:

(₹ in lakhs)

Particulars	2019-20	2018-19
Paid to Auditors – Statutory audit fees	2.40	2.28
Taxation matters	1.18	1.18
Company law matters	0.33	0.33
Other services including certification work	0.62	0.54

37. Outbreak of COVID 19 and resultant lockdown announced by the Government of India in the country has affected certain work like erection/commissioning work at project sites. However, LTSL being in the business of design and consulting engineering was able to work from home to a great extent. In assessing the recoverability of receivables including unbilled receivables, intangible assets, and investments, the Company has considered internal and external information up to the date of approval of these financial statements. The Company expects to recover the carrying amount of these assets. The impact of the COVID-19 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. The Company has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020.

38. The Company has ₹ 43.92 lakhs (P.Y. ₹ Nil) amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) as at March 31, 2020.

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

40. Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹ 2,857.50 lakhs (P.Y. ₹ 2,746.04 lakhs). The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 2,758.86 lakhs (P.Y. ₹ 2,716.96 lakhs) has been recovered by the holding company up to current year, out of which, ₹ 41.90 lakhs (P.Y. ₹ 93.65 lakhs) was recovered during the year. Balance ₹ 98.64 lakhs (P.Y. ₹ 29.08 lakhs) will be recovered in future periods.

41. The Company has a pending litigation of claim for penalty of ₹ 20 lakhs (P.Y. ₹ 20 lakhs) imposed against stamp duty payable on lease agreement of SEZ unit with L&T SEZ Developer. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.
42. Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 122.05 lakhs (P.Y ₹ 44.00 lakhs).

43. **Contingent liability:**

(₹ in lakhs)

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
Service tax liability that may arise in respect of matters in appeal *(₹ 89.96 lakh (PY ₹ 54.99 lakh) is paid towards admitting appeal)	2,382.44*	1,016.82

44. The cash credit facilities from Bank are secured by hypothecation of book debts. The charge on these assets also extends to outstanding bank guarantees up to ₹ 863.52 lakhs (P.Y. ₹ 546.89 lakhs)
45. Figures for the previous year have been regrouped / reclassified wherever necessary

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm registration no. 109982W

by the hand of

Sd/-

K. M. SUBRAMANIAN

Manager

Sd/-

DEREK M SHAH

Director

(DIN: 06526950)

Sd/-

FIRDOSH D. BUCHIA

Partner

Membership no.038332

Sd/-

GURINDER PAL SINGH

Company Secretary

Sd/-

EJAZ A. SHAMEEM

Director

(DIN: 06579073)

Date: 29th April, 2020

Place: Mumbai

Date: 29th April, 2020

Place: Vadodara

Date: 29th April, 2020

Place: Chicago