

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

The Directors have pleasure in presenting their Eleventh Annual Report and Audited Financial Accounts of the Company for the year ended 31<sup>st</sup> March 2021.

### **1. FINANCIAL RESULTS**

<b>(Rs. In Lakhs)</b>		
<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Revenue from operation & other Income	25,750.35	15,001.77
Profit / (Loss) before Depreciation & Tax (PBDT)	4,086.37	2,385.59
Depreciation	264.45	319.38
Profit / (Loss) before tax (PBT)	3,821.92	2,066.21
Provision for taxes	931.48	573.04
Profit / (Loss) after tax (PAT)	2,890.44	1,493.17
Add: Balance brought forward from previous year	7,563.52	6,070.35
Less: Dividend paid for the year (including dividend distribution tax)	(375.00)	-
Balance carried to Balance Sheet	10,078.96	7,563.52

### **CAPITAL & FINANCE**

During the year under review, the Company has not allotted any equity shares. The Total Equity Share Capital as on 31<sup>st</sup> March, 2021, is Rs.30 Crore.

### **CAPITAL EXPENDITURE**

Gross tangible and intangible assets including leased assets are Rs.5781 Lakhs (Previous Year: Rs. 5697 Lakhs). During the year, the Company spent Rs.77 Lakhs (Previous Year: Rs.18 Lakhs) on capital expenditure.

### **DEPOSITS**

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

### **APPROPRIATIONS**

Your Company has not made any appropriations.

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

The Company has not given any loan, guarantees, security or made any investment for the Financial Year 2020-21 as specified under section 186 of Companies Act, 2013.

## **3. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Board has approved the Related Party Transactions for the Financial Year 2020-21. A statement containing details of all material transactions/ contracts/ arrangements is attached as Annexure 'B' to this report.

All the related party transactions were in the ordinary course of business and at arm's length.

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

## **4. STATE OF COMPANY AFFAIRS**

The gross sales and other income for the financial year under review is Rs.257.50 crore as against Rs.150.05 crore for the previous financial year registering an increase of 72%. The profit before tax from continuing operations including extraordinary and exceptional items is Rs.38.22 crore and the profit after tax from continuing operations including extraordinary and exceptional items of Rs.28.90 crore for the financial year under review as against Rs. 20.66 crore and Rs. 14.93 crore respectively for the previous financial year.

### **COVID-19**

A major part of the period under review was impacted on account of the COVID-19 pandemic. This was mainly on account of a disruption in the supply chain, capacity under-utilization at vendors works and logistics-related issues.

The Company focused on supporting the public health system in dealing with the COVID-19 pandemic and the most vulnerable members of the society. The Company also implemented safety and hygiene protocols which were regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

During the year under review, the Company was able to minimize the impact due to COVID-19 pandemic on its operations. There was deferment of your Company's revenues and corresponding profits to next year by approximately

Rs. 3100 lakhs and Rs. 400 lakhs respectively in comparison to estimated revenue deferment of around 6000 Lakhs.

## **5. DIVIDEND**

The Board at its Meeting held on 15<sup>th</sup> July, 2020 declared an interim dividend of Rs.1.25/- per share (previous year NIL) amounting to Rs.3.75 crores and the same was paid on 20<sup>th</sup> July, 2020.

The Dividend is based upon the parameters mentioned in the Dividend Distribution Policy approved by the Board of Directors of the Company.

## **6. DEPOSITORY SYSTEM**

The Ministry vide its notification, requires certain companies to facilitate dematerialization of all its existing securities and has mandated that the stake of promoters, directors and key managerial personnel should be held in demat form. As on March 31, 2021, 50.10% of the Company's total paid up capital representing 1,50,30,000 shares are in dematerialized form. Further, the Ministry has prohibited the physical transfer of securities. Hence, members holding shares in physical mode are advised to avail of the facility of dematerialization. The Company submits the report on reconciliation of share capital audit from Practicing Company Secretary within the prescribed timelines.

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

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

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

A) Conservation of Energy:

Replacement of 350 CFM Air compressor with 47 CFM Air compressor in Fan testing shop has led to savings of around 12,500 Electricity units in FY 20-21.

Replacement of conventional lighting with LED lighting in Fan Shop has led to conservation of 29,353 KWH per annum.

B) Technology Absorption:

Introduction of R-Hub for FGD Market & Low Solidity Rotor (reduced number of Blades )

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

(1) Foreign Exchange Earnings:

(Rs. In Lakhs)		
Particulars	2020-21	2019-20
Foreign Exchange earned	797.27	5115.46

(2) Expenditure in Foreign Currency

(Rs. In Lakhs)		
Particulars	2020-21	2019-20
Foreign Exchange Used	1211.18	2904.45

## 9. RISK MANAGEMENT POLICY

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

## 10. CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated the Corporate Social Responsibility (CSR) Committee. The Committee constituted by the Board of Directors presently comprises of Mr. Martinus Zijlmans, Mr. Derek Michael Shah and Mr. Shekhar Sharda as Members. The Members elect one amongst themselves as the Chairman of the Meeting.

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

The Chief Financial Officer of the Company has certified that CSR funds so disbursed for the projects have been utilized for the purposes and in the manner as approved by the Board.

The Corporate Social Responsibility Policy is disclosed on the Company's website at [www.lnthowden.com](http://www.lnthowden.com).

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

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

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

Mr. Pawan K. Mehndiratta is the Manager (designated as Chief Executive), Mr. Atul Tandon as the Chief Financial Officer and Ms. Reena Raje is the Company Secretary of the Company.

**12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, 4 meetings were held on April 21, 2020, July 15, 2020, October 14, 2020 and January 13, 2021.

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

**13. INTERNAL AUDITOR**

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

**14. VIGIL MECHANISM**

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

This framework provides for adequate safeguards against victimization of persons who complain under the mechanism. The Board of the Company oversees the functioning of the Vigil Mechanism framework.

#### **15. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION**

The Board has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. The appointments of the Directors and Key Managerial Personnel are done as per the policy.

#### **16. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms:

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

#### **17. INTERNAL FINANCIAL CONTROLS**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and

implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

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

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

During the year under review, the Company has completed the performance evaluation and the summary of the evaluation given by all the directors were discussed in the meeting of the Board of Directors.

**19. AUDITORS' REPORT**

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

**20. AUDITORS**

As per the provisions of the Companies Act, 2013, M/s M P Chitale & Co. were appointed as statutory Auditors for a period of five continuous years i.e. from the conclusion of the 10<sup>th</sup> Annual General Meeting till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company.

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

**21. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS**

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

**22. PROTECTION OF WOMEN AT WORKPLACE**

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the financial year 2020-21.

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

**23. COST AUDITORS**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Rules, 2014, as amended, the Board of Directors had appointed M/s Vaghela Kishor & Co., Cost Accountants (Registration No. 103811), Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2022 at a remuneration of Rs.45,000. The appointment shall be intimated to the Central Government. They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

A proposal for ratification of remuneration payable to the Cost Auditor for the financial year 2021-22 is placed before the shareholders for consideration.

The Report of the Cost Auditors for the financial year ended March 31, 2021 is under finalization and will be filed with the MCA within the prescribed period.

As per the requirements of section 148 of the Companies Act, 2013 read with the Rules, the Company is required to maintain the cost records and accordingly, such accounts are made, and records have been maintained in respect of the applicable products for the year ended 31<sup>st</sup> March 2021.

**24. OTHER DISCLOSURES**

- No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

- Reporting of Frauds: The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees as specified under section 143(12) of the Companies Act, 2013.
- Credit Rating: India Ratings – the credit rating agency IND A assigned A category rating to the Company during the year signifying stable outlook.
- MSME: The Company has been complying with the requirement of submitting a half yearly return to the Ministry of Corporate Affairs within the prescribed timelines.

## **25. ANNUAL RETURN**

As per the provisions of section 92(3) of the Companies Act, 2013, the Annual Return of the Company for the financial year 2020-21 is available on our website [www.lnthowden.com](http://www.lnthowden.com).

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

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

## **27. ACKNOWLEDGEMENTS**

The Directors wish to thank the Customers, Vendors and business associates for their continued support and valuable co-operation during the year. The Directors also wish to place on record their appreciation of the contribution made by employees at all levels. The Directors acknowledge the support extended to the Company by the Banks, Central & State Governments authorities, the management of the promoter companies and other fellow subsidiaries.

**For and on behalf of the Board**

Derek Michael Shah  
**Director**  
**DIN: 06526950**  
**Place: Vadodara**  
 Date: 28.04.2021

Frederick Hearle  
**Chairman**  
**DIN: 08399370**  
**Place: UK**  
 Date: 28.04.2021

**Annexure B****Form No. AOC-2**

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

**Part A**

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

**Part B**

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

<b>Name(s) of the related party</b>	<b>Nature of relationship</b>	<b>Nature of contracts/arrangements/ transactions</b>	<b>Duration</b>	<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>
L & T MHI Power Boiler Pvt Ltd	Member of same group	Sale of Goods & Services	April 20-March 21	22,93,91,287
Nabha Power Limited	Member of same group	Sale of Goods & Services	April 20-March 21	6,63,490
Howden Vietnam Company Limited	Member of same group	Sale of Goods & Services	April 20-March 21	65,42,972
Howden Australia Pvt Limited	Member of same group	Sale of Goods & Services	April 20-March 21	1,36,41,718
Howden UK Limited	Member of same group	Purchase of Project Goods & Services	April 20-March 21	29,47,083
Howden Axial Fans ApS	Member of same group	Purchase of Project Goods & Services	April 20-March 21	4,30,33,723
Howden Hua Engineering Co Ltd	Member of same group	Purchase of Project Goods & Services	April 20-March 21	20,32,741
Howden Solyvent (India) Private Ltd.	Member of same group	Purchase of Project Goods & Services	April 20-March 21	69,18,06,144
Howden Spain, S.L.	Member of same group	Purchase of Project Goods & Services	April 20-March 21	76,48,840
Howden Group Limited	Member of same group	Trademark Fees	April 20-March 21	2,53,23,104
Howden Axial Fans ApS	Member of same group	Royalty Fees	April 20-March 21	3,41,00,096
Howden UK Limited	Member of same group	Royalty Fees	April 20-March 21	34,19,883
Larsen & Toubro Limited	Holding Company	Sale of Goods & Services	April 20-March 21	1,16,77,54,527
		Training Fees	April 20-March 21	4,25,651
		Infrastructure Charges	April 20-March 21	3,62,81,602
		Administration & Sales Overheads	April 20-March 21	2,08,36,135

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

### 1. Brief outline on CSR Policy of the Company:

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

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

**Water & Sanitation** – may include but not limited to support for programmes making clean drinking water available, conservation, purification of water and proper sanitation facilities.

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

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

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

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

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Derek Michael Shah	Non – Executive Director	1	1
2.	Mr. Shekhar Sharda	Non – Executive Director	1	1
3.	Mr. Martinus Zijlmans	Non – Executive Director	1	1

Ms. Reena Raje is the Secretary of the Committee. The Committee elects one amongst them as the Chairman.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company. - [www.lnthowden.com](http://www.lnthowden.com)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). - NA
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **NOT APPLICABLE**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
	<b>TOTAL</b>		

6. Average net profit of the company as per section 135(5). - Rs.2,470.90 Lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) - Rs.49.41 Lakhs
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - NOT APPLICABLE
- (c) Amount required to be set off for the financial year, if any - NOT APPLICABLE
- (d) Total CSR Obligation for the financial year (7a+7b+7c) - Rs.49.41 Lakhs

8. (a) CSR Amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
49,41,643	NA		NA		

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **NOT APPLICABLE**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project State District		Project duration	Amount allocate d for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Impleme ntation - Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Nam e	CSR Registration number
	TOTAL											

(b) Details of CSR amount spent against **other than ongoing projects** for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
1.	Establishing a Construction Skills Training Centre	promoting education	Yes	Bihar	Buxar	23,66,738	Yes	NA	NA
2.	Empowerment of Women and Girl Child in rural areas through skills development	promoting education	Yes	Haryana	Faridabad	12,68,785	Yes	NA	NA
3.	Mobile healthcare unit	promoting health care	Yes	Haryana	Faridabad	10,00,215	Yes	NA	NA
4.	Civil work in Construction of New School Building	promoting education	Yes	Haryana	Faridabad	39,196	Yes	NA	NA
5.	Contribution to PM-CARES fund	Contribution to Government Fund	NA	NA	NA	2,13,562	Yes	NA	NA
TOTAL						48,88,496			

(c)	Amount spent in Administrative Overheads	Rs. 0.56 Lakhs
(d)	Amount spent on Impact Assessment, if applicable	Not Applicable
(e)	Total amount spent for the Financial Year (8b+8c+8d+8e)	Rs.49.41 Lakhs
(f)	Excess amount for set off, if any	Not Applicable

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	49,41,599
(ii)	Total amount spent for the Financial Year	49,41,643
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Not Applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:  
**NOT APPLICABLE**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1.							
	TOTAL						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **NOT APPLICABLE**

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed/ Ongoing
1.								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)** **NOT APPLICABLE**

(a) Date of creation or acquisition of the capital asset(s)

(b) Amount of CSR spent for creation or acquisition of capital asset

(c ) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **NOT APPLICABLE**

<div>_____ <b>Frederick Hearle</b> Director <i>DIN: 08399370</i></div>	<div>_____ <b>Derek Michael Shah</b> (Chairman CSR Committee) <i>DIN: 06526950</i></div>
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<p style="text-align: center;"><b>INDEPENDENT AUDITOR'S REPORT</b> <b>TO THE MEMBERS OF L&amp;T HOWDEN PRIVATE LIMITED</b></p>
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**Report on the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS Financial Statements of L&T Howden Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Changes in Equity, the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flows for the year ended on that date, notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (the "Ind AS") prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs ( financial position) of the Company as at March 31,2021, the changes in equity, its profit ( financial performance including other comprehensive income) and cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing (SA) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further prescribed in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

## **Key Audit Matters**

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

### **Revenue Recognition (Rs. 250.33 Crore)**

Regarding the projects where revenue is recognised at a point in time the risk includes inappropriate revenue recognition arising from revenue being recorded in the wrong accounting period or at amounts not justified. For the year ended 31 March 2021, revenue from operation amounts to Rs.250,33,40,175 (Refer note no. 16)

Our procedure includes

1. We obtained an understanding of the project accounting processes and relevant controls relating to the accounting for customer contracts.
2. We tested selected key controls, including review of result by the management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement caption;
3. We performed enquiries with management to understand their project risk assessment and its impact on revenue recognition.
4. We assessed the adequacy of the company's disclosure on revenue recognition arising as stated in point no. 1.18 of note no. 23 to the financial statement.

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

### **Provision for Warranty expenditure to Rs. Rs. 3,05,16,149/-**

The Company is liable to its customer for repairs or the replace any defects as mentioned in respective contracts. Most contracts mentioned about the Defect Liability Period (DLP) for which the company needs to create appropriate provisions. The timing of the outflows is expected to be within a period of 2 to 5 years from the date of Balance sheet. The warranty provision is a major aspect for the company and hence needs to be calculated on appropriate basis.

We focused on this area as the completeness and valuation of the expected outcome of warranty provisions requires significant management judgements and the use of estimates giving rise to inherent uncertainty in the amounts recorded in the financial statement.

Our audit approach was a combination of test of internal controls and substantive procedure which include the following:

We tested the relevant internal controls regarding completeness of warranty provisions and how management assesses valuation of provision.

We tested/ evaluated the assumptions underlying the valuation of provision by checking the inputs used to calculate/ reverse the provisions, including interviewing the personnel charged with the responsibility of warranty provisioning.

We tested disclosures as stated in Point no. 1.31 of Note No.23

#### **Provision for Liquidated damages amount to Rs. 7,17,38,596/-**

Liquidated damages are payable by the company in cases where the delivery of product does not take place within the time specified in the purchase order issued by the customer. The company follows a policy of creating provision for liquidated damages based on the current information made available by the production and marketing department with respect to actual delivery date vis-à-vis agreed date in the purchase order issued by the customer.

We assessing the following,

- a) Whether the information used for calculating the provision is exhaustive.
- b) Adequacy of provision for liquidated damages by validating the same with terms agreed with the customer.

We are satisfied with the provisioning methodology used by the entity are found that the provisions maintained as at the reporting date is adequate.

#### **Physical verification of Inventory**

The management conducts the physical verification of inventory as per its policy. The management performed this as part of its year end procedure on March 31,2021 for inventory having value as 19,13,15,504/-. (Refer note no. 3)

Due to restrictions on travelling, we could not verify the inventory in person. We have relied on the management certified year end inventory statement.

The audit procedure involved are :

Understood the management policy for conduct of physical verification and the internal control on Inventory, its recording as well as movement.

Participated in physical verification through audit – video mode for a sample verification to overview the physical verification procedure.

Tested the analytical reviews performed for material consumption, provisions for slow-moving / non-moving inventories, its sale / reversal.

### **Information Other than the Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for preparation of other information. The other information comprises information included in the Management discussion and analysis, the Directors' Report including Annexures to Directors' Report (collectively called as "Other information") but does not include the Ind AS Financial Statements and our auditor's report thereon. The Other information is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Other information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance.

### **Responsibility of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of state of affairs ( financial position), changes in equity, profit or loss( financial performance including other comprehensive income) and cash flows and of the company of in accordance with the accounting principles generally accepted in India, including the Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with Rules 7 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

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

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

### **Auditor's Responsibilities for the Audit of Ind AS 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 Ind AS 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 Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of Act,

we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to Ind AS Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### **Other Matter**

The Comparative Financial Statements of the Company for the year ended March 31, 2020 were audited by M/s. Sharp and Tannan, Chartered Accountants, who expressed an unmodified opinion on those statements in their Auditor's Report dated April 21, 2020.

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

- (i) As required by the Companies (Auditors' Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of the Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.

- (ii) As required by sub-section (3) of the section 143 of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS Financial Statement comply with the Indian Accounting Standards referred under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended,
  - (e) On the basis of written representations from the Directors as on March 31, 2021 and taken on record by the Board of Directors, in its meeting held on April 28, 2021 none of the Directors is disqualified as on March 31, 2021, from being appointed as a Director u/s 164(2) of the Companies Act, 2013;
  - (f) With respect to the adequacy of the internal financial controls with reference to Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”. Further, our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over with reference to Ind AS Financial Statements;
  - (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 provisions of Section 197 read with Schedule V of the Act are not applicable to the Company as no managerial remuneration has been incurred by the Company.
  - (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, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) There are no pending litigations which would impact the financial position of the Company.

- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For M. P. Chitale & Co.**  
**Chartered Accountants**  
**ICAI Firm Registration No.: 101851W**

**Anagha Thatte**  
**Partner**  
**ICAI Membership No.: 105525**  
**UDIN: 21105525AAAACV1560**  
**Place : Mumbai**  
**Date : April 28, 2021**

<p style="text-align: center;"><b>ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE INDAS FINANCIAL STATEMENTS OF L&amp;T HOWDEN PRIVATE LIMITED</b></p>
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(Referred to in paragraph (i) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of the Company)

We report that:

- i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation, of all fixed assets.
- (b) According to the information and explanations given to us fixed assets were physically verified by management with a phased programme of verification, which is in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification as compared to the book records.
- (c) According to the information and explanations given to us and the records of the Company examined by us, title deed in case of leasehold land covered under the head Investment Property is in the name of the company.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. Basis the information and explanation given to us no discrepancies noticed on such verification.
- 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 and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable.
- iv) In our opinion and according to information and explanations given to us, Company has not given any loan, made any investment, given guarantee and security. Accordingly, paragraph 3(iv) of the Order are not applicable.
- v) According to the information and explanations given to us, the Company has not accepted deposits from the public in terms of provisions of Sections 73 to 76 of the Companies Act, 2013.

- vi) According to the information and explanations given to us, pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section sub-section (1) of section 148 of the Companies Act, 2013, the Company is required to maintain cost records in respect of product manufactured by the Company. Accordingly, we have broadly reviewed the books of account and records maintained by the company and are of the opinion that prima facie the prescribed accounts and records have been maintained. The contents of these accounts and records have not been examined by us.
- vii) (a) According to the information and explanations given to us and the records of the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales-tax, service tax, Goods and Service tax, value added tax, cess and other material statutory dues as applicable with appropriate authorities.

According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales-tax, service tax, Goods and Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues outstanding as at March 31, 2021 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 March 31, 2021 are as follows.

<b>Name of the statute</b>	<b>Nature of the disputed dues</b>	<b>Amount (Rs. In Lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where disputes are pending</b>
Goods and Services Tax	ITC Credit disallowed	10.25	Mar-15 to Jun-17	Appeal filed with Commissioner Appeal (CGST)
Value Added Taxes (VAT)	Sales tax liability	6.81	FY 2016-17	Deputy Commissioner Commercial Tax

Value Added Taxes (VAT)	Sales tax liability	0.66	FY 2017-18	Deputy Commissioner Commercial Tax
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- viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has neither availed any loans nor made borrowings from financial institutions, banks or Government as at the balance sheet date. The Company has not issued debentures. Hence, this clause 3 (viii) of the Order pertaining to default is not applicable to the Company
- ix) In our opinion and according to the information and explanations given to us, on an overall basis the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Further, no terms loans were taken during the year.
- x) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no 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 on the basis of the records, no managerial remuneration has been paid within the provisions of section 197 read with Schedule V to the Companies Act.
- xii) Since the Company is not a nidhi company, this clause is not applicable to the Company.
- xiii) According to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act as applicable and the details have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.
- xiv) The Company has not made any preferential allotment or private allotment shares or fully or partly convertible debentures during the year under review.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with directors.

- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

**For M. P. Chitale & Co.**  
**Chartered Accountants**  
**ICAI Firm Registration No.: 101851W**

**Anagha Thatte**  
**Partner**  
**ICAI Membership No.: 105525**  
**UDIN: 21105525AAAACV1560**  
**Place : Mumbai**  
**Date : April 28, 2021**

<p style="text-align: center;"><b>ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF L&amp;T HOWDEN PRIVATE LIMITED</b></p>
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(Referred to in paragraph (ii) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members the Company)

**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 with reference to Ind AS Financial Statements of L & T Howden Private Limited ("the Company") as of March 31, 2021 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 with reference to Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS Financial Statements were 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 with reference to Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls with reference to Ind AS Financial Statements**

A company's internal financial control with reference to Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS Financial Statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Ind AS Financial Statements.

### **Inherent Limitations of Internal Financial Controls with reference to Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS Financial Statements 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 with reference to Ind AS Financial Statements were operating effectively as at March 31, 2021, based on the internal control with reference to Ind AS Financial Statements 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.

**For M. P. Chitale & Co.**

**Chartered Accountants**

**ICAI Firm Registration No.: 101851W**

**Anagha Thatte**

**Partner**

**ICAI Membership No.: 105525**

**UDIN: 21105525AAAACV1560**

**Place : Mumbai**

**Date : April 28, 2021**

**L&T HOWDEN PRIVATE LIMITED**  
**BALANCE SHEET as at March 31,2021**

	NOTE	AS AT 31-03-2021 Rs.	AS AT 31-03-2020 Rs.
<b>ASSETS</b>			
<b><u>Non Current Assets</u></b>			
Property, plant and equipment	1.1	20,33,40,309	22,01,48,391
Capital work in progress		1,34,85,973	17,78,000
Intangible assets	1.2	1,90,705	3,54,264
Right-of-use assets	1.3	3,16,00,180	3,19,54,244
Other non -current assets	2	4,78,20,724	3,40,57,988
<b><u>Current Assets</u></b>			
Inventories	3	18,32,14,240	22,21,08,623
Financial assets			
Trade receivables	4	1,24,88,07,289	66,43,98,016
Cash & Cash Equivalents	5.1	5,96,79,253	5,78,20,429
Other bank balances	5.2	43,36,11,363	34,12,28,249
Short term Loans & Advances	6	36,23,974	34,82,414
Other current assets	8	92,49,63,158	69,34,19,543
<b>TOTAL</b>		<b>3,15,03,37,169</b>	<b>2,27,07,50,161</b>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity</u></b>			
Equity share capital	9	30,00,00,000	30,00,00,000
Other equity	10	1,00,68,36,725	75,50,03,399
<b>LIABILITIES</b>			
<b><u>Non Current Liabilities</u></b>			
Deferred tax liabilities (Net)	11	1,66,51,588	1,61,47,218
<b><u>Current Liabilities</u></b>			
Financial Liabilities			
Trade payables			
'Due to micro enterprises and small enterprises	12	14,64,80,126	3,49,84,460
'Due to others		77,24,16,570	60,68,43,685
Other financial liabilities	13	58,92,299	54,18,828
Other current liabilities (Net)	14	53,38,58,612	36,05,32,889
Provisions	15	36,82,01,248	19,18,19,682
<b>Total Equity and Liabilities</b>		<b>3,15,03,37,169</b>	<b>2,27,07,50,161</b>

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

As per our report attached

**M.P. Chitale & Co.**

Chartered Accountants  
Firm Registration No.:101851W  
By the hand of

**Anagha Thatte**  
Partner  
Membership No.: 105525

**Pawan K Mehndiratta**  
Chief Executive  
Place: Faridabad

**Derek MichaelShah**  
Director  
DIN : 06526950  
Place: Vadodara

**Frederick Hearle**  
Director  
DIN : 08399370  
Place : UK

Place: Mumbai  
Date : 28.04.2021

**Atul Tandon**  
Chief Financial Officer

**Reena Raje**  
Company Secretary  
M. No. ACS21440

**L&T HOWDEN PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED March 31,2021**

	NOTE	2020-21 Rs.	2019-20 Rs.
<b>INCOME</b>			
Revenue from operations	16	2,54,80,20,437	1,49,08,28,770
Other Income	17	2,70,14,187	93,48,710
		<u>2,57,50,34,623</u>	<u>1,50,01,77,480</u>
<b>EXPENDITURE</b>			
Materials, manufacturing & operating Expenses	18	1,92,45,71,608	1,18,97,91,780
(Increase)/Decrease in inventories	19	2,30,47,747	(8,03,79,936)
Employee benefits expenses	20	9,81,86,048	8,95,12,171
Sales, administration & other expenses	21	12,19,61,297	6,05,66,268
Finance costs	22	(13,69,911)	21,28,087
Depreciation and amortisation	1.1 -1.3	2,64,45,028	3,19,38,431
		<u>2,19,28,41,817</u>	<u>1,29,35,56,801</u>
Profit before tax		38,21,92,806	20,66,20,679
Provision for income tax			
- Current Tax		9,88,28,973	5,41,67,113
- Income tax - earlier years		(61,96,993)	52,03,028
- Deferred tax		5,16,731	(20,66,374)
Profit after tax		<u>28,90,44,095</u>	<u>14,93,16,912</u>
Profit for the year		28,90,44,095	14,93,16,912
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of Post employment benefit obligation		4,35,627	(3,38,617)
Income Tax relating to these items		(1,09,647)	85,230
Items that will be reclassified subsequently to profit or loss			
Fair Value changes on cash flow hedges		(49,110)	1,77,205
Income Tax relating to these items		12,361	(49,662)
Total Comprehensive Income		<u>28,93,33,326</u>	<u>14,91,91,068</u>
Earning Per Share (Face value of Rs.10 each)			
- <b>Basic &amp; Diluted</b>		<b>9.63</b>	<b>4.98</b>
Weighted Average No. of Shares		3,00,00,000	3,00,00,000

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

As per our report attached

**M.P. Chitale & Co.**

Chartered Accountants  
Firm Registration No.:101851W  
By the hand of

**Anagha Thatte**  
Partner  
Membership No.: 105525

**Pawan K Mehndiratta**  
Chief Executive  
Place: Faridabad

**Derek Michael Shah**  
Director  
DIN : 06526950  
Place: Vadodara

**Frederick Hearle**  
Director  
DIN : 08399370  
Place : UK

Place: Mumbai  
Date : 28.04.2021

**Atul Tandon**  
Chief Financial Officer

**Reena Raje**  
Company Secretary  
M. No. ACS21440

**L&T HOWDEN PRIVATE LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED March 31,2021**

	2020-21 Rs.	2019-20 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/ (Loss) before tax	38,21,92,806	20,66,20,679
<b>Adjustments for:</b>		
Depreciation	2,64,45,028	3,19,38,431
Unrealized forex (gain) /loss	1,12,45,652	43,63,920
(Profit)/Loss on sale of fixed assets (net)	3,40,379	(14,550)
Allowances for doubtful debts	(28,55,224)	1,43,520
Interest (Net)	(1,84,54,896)	(54,91,324)
Operating profit / (Loss) before working capital changes	39,89,13,745	23,75,60,676
<b>Adjustment for:</b>		
(Increase) / decrease in Short term Loans & Advances	(1,41,560)	(2,55,08,225)
(Increase) / decrease in Trade Receivables	(56,61,84,199)	32,90,09,375
(Increase) / decrease in Other Current Assets	(23,15,43,615)	(3,05,56,743)
(Increase) / decrease in Inventories	3,88,94,382	(9,55,54,082)
Increase / (decrease) in Trade Payables	24,88,56,011	(9,10,19,196)
Increase / (decrease) in Other Current & Financial Liabilities	17,37,99,194	13,81,99,879
(Increase) / decrease in Other non-current assets	(1,37,62,736)	(4,39,024)
(Increase) / decrease in Other Financial Assets	-	14,21,539
Increase / (decrease) in Provisions	17,63,81,567	(2,85,52,204)
Direct Taxes	(9,25,22,333)	(5,94,55,371)
<b>Cash flow from operating activities (A)</b>	13,26,90,456	37,51,06,623
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase/Sale of fixed assets including CWIP- Net	(1,94,03,413)	(35,35,346)
Interest received	1,70,84,985	76,19,411
<b>Net cash flow (used in) /from investing activities (B)</b>	(23,18,428)	40,84,065
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend	(3,75,00,000)	-
Interest Paid	13,69,911	(21,28,087)
<b>Net cash flow / (used in) from financing activities ( C )</b>	(3,61,30,089)	(21,28,087)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	9,42,41,939	37,70,62,601
<b>Cash and cash equivalents at beginning of the period</b>	39,90,48,678	2,19,86,078
<b>Cash and cash equivalents at end of the period</b>	49,32,90,616	39,90,48,678
<b>Net increase in cash and cash equivalents</b>	9,42,41,938	37,70,62,600

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

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

**M.P. Chitale & Co.**  
Chartered Accountants  
Firm Registration No.:101851W  
By the hand of

**Anagha Thatte**  
Partner  
Membership No.: 105525

**Pawan K Mehndiratta**  
Chief Executive  
Place: Faridabad

**Derek MichaelShah**  
Director  
DIN : 06526950  
Place: Vadodara

**Frederick Hearle**  
Director  
DIN : 08399370  
Place : UK

Place: Mumbai  
Date : 28.04.2021

**Atul Tandon**  
Chief Financial Officer

**Reena Raje**  
Company Secretary  
M. No. ACS21440

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

Particulars	Amount (Rs)
As at 31 March 2020	30,00,00,000
Changes in Equity Share Capital	-
As at 31 March 2021	30,00,00,000

**B. Other Equity**

in Rs

Particulars	Reserve & Surplus	Other Reserve	Total
	Retained Earning	Hedging Reserve	
<b>As at 1 April 2019</b>	60,59,03,125	(90,795)	60,58,12,330
Profit for the Year	14,93,16,912	-	14,93,16,912
Other Comprehensive Income	(2,53,387)	1,27,543	(1,25,844)
<b>As at 31 March 2020</b>	75,49,66,650	36,749	75,50,03,399
Profit for the Year	28,90,44,095	-	28,90,44,095
Other Comprehensive Income	3,25,980	(36,749)	2,89,231
Dividend Paid	(3,75,00,000)		(3,75,00,000)
<b>As at 31 March 2021</b>	1,00,68,36,725	-	1,00,68,36,725

**M.P. Chitale & Co.**

Chartered Accountants

Firm Registration No.:101851W

By the hand of

**Anagha Thatte**

Partner

Membership No.: 105525

**Pawan K Mehndiratta**

Chief Executive

Place: Faridabad

**Derek Michael Shah**

Director

DIN : 06526950

Place: Vadodara

**Frederick Hearle**

Director

DIN : 08399370

Place : UK

Place: Mumbai

Date : 28.04.2021

**Atul Tandon**

Chief Financial Officer

**Reena Raje**

Company Secretary

M. No. ACS21440

### 1.1 Property, Plant and equipment

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2021

PARTICULARS	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equipments	Computers	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2020	-	16,58,73,379	32,13,07,395	55,59,987	32,81,498	85,45,995	50,45,68,255
Additions/Adjustments	-	-	57,94,540	-	2,12,500	16,88,400	76,95,440
Deductions/Adjustments	-	-	8,10,009	-	(58,856)	(65,714)	6,85,440
Gross Carrying Value as at 31.03.2021	-	16,58,73,379	32,79,11,944	55,59,987	34,35,142	1,01,68,682	51,29,49,135
DEPRECIATION / AMORTISATION upto 01.04.2020	-	3,57,87,043	23,37,20,310	42,52,853	31,67,886	74,91,770	28,44,19,862
For the year	-	46,38,638	1,98,65,701	5,54,806.58	33,895.27	8,34,364	2,59,27,404
Adjustment	-	-	(6,41,391)	-	(58,856)	(38,195)	(7,38,442)
DEPRECIATION / AMORTISATION upto 31.03.2021	-	4,04,25,681	25,29,44,620	48,07,660	31,42,926	82,87,939	30,96,08,825
Net Carrying Value as at 31.03.2021	-	12,54,47,698	7,49,67,325	7,52,328	2,92,216	18,80,743	20,33,40,309

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

PARTICULARS	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equipments	Computers	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2019	3,50,52,301	16,58,73,379	32,05,29,724	55,59,987	31,71,102	77,36,360	53,79,22,853
Additions/Adjustments	-	-	7,77,671	-	1,10,396.00	8,99,706	17,87,773
Deductions/Adjustments	(3,50,52,931)	-	-	-	-	(90,070)	(3,51,42,371)
Gross Carrying Value as at 31.03.2020	-	16,58,73,379	32,13,07,395	55,59,987	32,81,498	85,45,995	50,45,68,255
DEPRECIATION / AMORTISATION upto 01.04.2019	27,43,993	3,11,48,405	20,87,66,726	36,98,047	30,22,757	65,89,616	25,59,69,544
For the year	-	46,38,638	2,49,53,584	5,54,806.53	1,45,129.42	9,63,148	3,12,55,305
Adjustment	(27,43,993)	-	-	-	-	(60,993)	(28,04,987)
DEPRECIATION / AMORTISATION upto 31.03.2020	-	3,57,87,043	23,37,20,310	42,52,853	31,67,886	74,91,770	28,44,19,862
Net Carrying Value as at 31.03.2020	-	13,00,86,336	8,75,87,086	13,07,134	1,13,611	10,54,225	22,01,48,391

### 1.2 Intangible Assets

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2021

PARTICULARS	Software	Technical Know-how	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2020	77,33,367	2,23,65,000	3,00,98,367
Additions/Adjustments	-	-	-
Deductions/Adjustments	-	-	-
Gross Carrying Value as at 31.03.2021	77,33,367	2,23,65,000	3,00,98,367
DEPRECIATION / AMORTISATION upto 01.04.2020	73,79,103	2,23,65,000	2,97,44,103
For the year	1,63,560	-	1,63,560
Adjustment	-	-	-
DEPRECIATION / AMORTISATION upto 31.03.2021	75,42,663	2,23,65,000	2,99,07,663
Net Carrying Value as at 31.03.2021	1,90,705	-	1,90,705

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

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

### 1.3 Right-of-Use Assets

Following are the transfer in Right-of-Use Assets for the year ended March 31, 2021

PARTICULARS	Land
Gross Carrying Value as at 01.04.2020	3,50,52,301
Additions/Adjustments	-
Deductions/Adjustments	-
Gross Carrying Value as at 31.03.2021	3,50,52,301
DEPRECIATION / AMORTISATION upto 01.04.2020	30,98,057
For the year	3,54,064
Adjustment	-
DEPRECIATION / AMORTISATION upto 31.03.2021	34,52,121
Net Carrying Value as at 31.03.2021	3,16,00,180

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

		AS AT 31-03-2021 Rs.	AS AT 31-03-2020 Rs.
<b>NOTE 2 : NON CURRENT ASSETS</b>			
Income tax Receivable (Net of Provisions PY)	(A)	4,01,44,771	5,31,848
Advance Tax		10,37,87,000	8,35,00,000
TDS Receivable (Net)		28,27,573	41,08,022
		<b>10,66,14,573</b>	<b>8,76,08,022</b>
Less: Provision for Tax (Current Year)		(9,89,38,620)	(5,40,81,882)
	(B)	76,75,953	3,35,26,140
		<b>4,78,20,724</b>	<b>3,40,57,988</b>
<b>CURRENT ASSETS</b>			
<b>NOTE 3 : Inventories(at cost or net realisable value whichever is lower)</b>			
Raw materials, Stores Spares and components		9,38,86,706	11,13,96,691
Work in Progress		18,43,685	13,51,389
Finished goods		9,55,85,114	11,95,01,046
Less: Provision on Slow moving Goods		(81,01,264)	(1,01,40,503)
		<b>18,32,14,240</b>	<b>22,21,08,623</b>
<b>NOTE 4 :Trade Receivable</b>			
<b>Trade Receivables</b>			
<b>Unsecured</b>			
Considered good		1,24,88,07,289	66,43,98,016
Considered doubtful		85,22,669	1,13,77,893
	(A)	1,25,73,29,958	67,57,75,909
Less: Allowances for doubtful debts	(B)	85,22,669	1,13,77,893
<b>Total (A-B)</b>		<b>1,24,88,07,289</b>	<b>66,43,98,016</b>
<b>NOTE 5.1:Cash &amp; Cash Equivalent</b>			
Cash on Hand		-	-
Balance with Banks		5,96,79,253	5,78,20,429
<b>NOTE 5.2:Other Bank Balances (Including Accrued Interest)</b>			
Short Term Deposit with Banks with maturity >3 months and <12 months		43,36,11,363	34,12,28,249
		<b>49,32,90,616</b>	<b>39,90,48,678</b>
<b>NOTE 6:Short term Loans &amp; Advances</b>			
- Considered good - Unsecured (Security Deposit/Earnest Money Deposit)		36,23,974	34,82,414
		<b>36,23,974</b>	<b>34,82,414</b>
<b>NOTE 7:Other Financial Assets</b>			
- Forward Contract Receivable		-	-
		-	-
<b>NOTE 8 : Other Current Assets</b>			
- Advance to Suppliers		17,63,22,274	21,17,58,857
- Advances recoverable in cash or in kind or for value to be received		10,88,79,446	4,18,97,980
- Input Credit Receivable for Excise & VAT		-	1,75,037
- Input Credit Receivable for GST		11,03,99,243	3,94,68,721
-Retentions- Customer		52,93,62,195	40,01,18,948
		<b>92,49,63,159</b>	<b>69,34,19,543</b>

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

	AS AT 31-03-2021 Rs.	AS AT 31-03-2020 Rs.
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**NOTE 9 : SHARE CAPITAL**

**Authorised**

3,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs.10/-each	30,00,00,000	30,00,00,000
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**Issued, Subscribed & Paid up**

3,00,00,000 (Previous year 3,00,00,000) Equity Shares of Rs.10/-each fully paid up	30,00,00,000	30,00,00,000
	<b>30,00,00,000</b>	<b>30,00,00,000</b>

**a. Equity Shares held by party with substantial interest**

Name of Shareholder	Relationship	31-03-2021		31-03-2020	
		Number	Amount	Number	Amount
Larsen & Toubro Limited	JV Partner	1,50,30,000	15,03,00,000	1,50,30,000	15,03,00,000
Howden Holding B.V.	JV Partner	1,49,70,000	14,97,00,000	1,49,70,000	14,97,00,000

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

Name of Shareholder	Relationship	31-03-2021		31-03-2020	
		Number	%	Number	%
Larsen & Toubro Limited	JV Partner	1,50,30,000	50.10%	1,50,30,000	50.10%
Howden Holding B.V.	JV Partner	1,49,70,000	49.90%	1,49,70,000	49.90%

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

Particulars	31-03-2021		31-03-2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000

**d. Terms/Rights attached to the Equity Shares**

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

**NOTE 10 : Other Equity**

Profit (Loss) as per last Balance Sheet	75,50,03,399	60,58,12,331
Profit (Loss) for the year	28,90,44,095	14,93,16,912
Other Comprehensive Income	2,89,231	(2,53,387)
Dividend Paid	(3,75,00,000)	-
Hedging Reserve	-	1,27,543
	<b>1,00,68,36,725</b>	<b>75,50,03,399</b>

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

	AS AT 31-03-2021 Rs.	AS AT 31-03-2020 Rs.
<b>NOTE 11 :DEFERRED TAX LIABILITIES (NET)</b>	1,66,51,588	1,61,47,218
	<u><b>1,66,51,588</b></u>	<u><b>1,61,47,218</b></u>
 <b>NOTE 12:Trade Payables</b>		
Due to Micro & Small Enterprises	14,64,80,126	3,49,84,460
Due to Others	77,24,16,570	60,68,43,685
	<u><b>91,88,96,697</b></u>	<u><b>64,18,28,145</b></u>
 <b>NOTE 13: Other Financial Liabilities</b>		
Forward Contract Payable	-	7,41,736
Employees Payable	58,92,299	46,63,353
Security Deposit Received	-	13,740
	<u><b>58,92,299</b></u>	<u><b>54,18,828</b></u>
 <b>NOTE 14:Other Current Liabilities</b>		
Advance from Customers	43,27,46,660	31,39,17,363
Duties & Taxes	10,11,11,952	4,66,15,525
	<u><b>53,38,58,612</b></u>	<u><b>36,05,32,889</b></u>
 <b>NOTE 15:Provisions</b>		
Provision for Product warranty	10,60,48,047	12,49,90,140
Provision for Retirement Benefits	1,95,09,697	1,86,94,637
Provision for Contractual Obligation Cost	24,26,43,504	4,81,34,905
	<u><b>36,82,01,248</b></u>	<u><b>19,18,19,682</b></u>

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

	2020-21 Rs.	2019-20 Rs.
<b>NOTE 16 : REVENUE FROM OPERATIONS</b>		
<b>Sale &amp; Services</b>		
Manufacturing & Trading activity	2,50,33,40,175	1,44,07,92,955
Sale of Services	4,10,90,389	3,65,89,229
(A)	<u><b>2,54,44,30,564</b></u>	<u><b>1,47,73,82,184</b></u>
<b>Other operational income</b>		
Non Production Scrap Sale	2,40,713	2,47,671
Miscellaneous Income	17,33,601	1,08,57,795
Premium on Forward Contract	16,15,559	23,41,120
(B)	<u><b>35,89,873</b></u>	<u><b>1,34,46,586</b></u>
(A+B)	<u><b>2,54,80,20,437</b></u>	<u><b>1,49,08,28,770</b></u>
<b>NOTE 17 : OTHER INCOME</b>		
Interest Income on Bank Deposits	1,70,84,985	76,19,411
Non operational sale	1,02,69,580	17,14,749
Gain on Sale of Fixed Asset	(3,40,379)	14,550
	<u><b>2,70,14,187</b></u>	<u><b>93,48,710</b></u>
<b>NOTE 18 : MATERIALS, MANUFACTURING &amp; OPERATING EXPENSES</b>		
Materials, components & service consumed	1,82,15,93,107	1,12,24,24,373
Royalty & trademark fees on sales	6,28,43,083	3,64,37,765
Power, Fuel and Water	31,51,215	36,34,612
Other Direct Expenses	3,69,84,202	2,72,95,030
	<u><b>1,92,45,71,608</b></u>	<u><b>1,18,97,91,780</b></u>
<b>NOTE 19: (INCREASE) / DECREASE IN INVENTORIES</b>		
Opening Stocks		
Work-In-Progress	12,49,412	58,95,661
Finished Goods	<u>11,92,27,133</u>	<u>3,42,00,948</u>
	12,04,76,546	4,00,96,609
Less : Closing Stocks		
Work-In-Progress	18,43,685	12,49,412
Finished Goods	<u>9,55,85,114</u>	<u>11,92,27,133</u>
	9,74,28,799	12,04,76,546
	<u><b>2,30,47,747</b></u>	<u><b>(8,03,79,936)</b></u>
<b>NOTE 20 : EMPLOYEE BENEFITS EXPENSES</b>		
Salaries & Wages	8,95,24,919	8,01,88,731
Contribution to Provident & Other Funds	24,87,543	21,77,147
Expenses on Employee Stock Option Scheme	-	54,369
Staff Welfare	37,02,330	39,41,599
Leave Encashment	11,83,000	20,23,366
Gratuity	12,88,255	11,26,959
	<u><b>9,81,86,048</b></u>	<u><b>8,95,12,171</b></u>

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

	2020-21 Rs.	2019-20 Rs.
<b>NOTE 21 : SALES, ADMINISTRATION &amp; OTHER EXPENSES</b>		
Rent	83,97,112	70,56,675
Rates & Taxes	9,46,985	1,02,647
Audit & Certification Fees	4,80,900	6,70,024
Travelling	33,90,059	95,80,091
Vehicle Running & Maintenance	50,20,965	52,21,572
Recruitment Expenses	3,62,694	6,700
Printing & Stationery	1,83,702	2,47,906
Office Running & Maintenance	36,07,202	33,73,252
Communication Expenses	8,48,894	6,32,253
Warranty & Contractual Obligation Cost	(1,50,81,632)	(3,11,64,040)
Freight Forwarding Exp	5,53,45,387	1,80,33,423
Legal and Professional	18,31,831	28,33,077
Community Welfare ( CSR)	49,41,643	55,99,126
IT Software Exp	14,15,085	8,14,146
Training Fees	4,84,243	1,30,971
Miscellaneous	9,96,864	7,53,361
Allowances for doubtful debts	(28,55,224)	1,43,520
Bank Charges	5,86,169	4,84,481
Foreign Currency Fluctuation (Net)	1,04,51,767	43,93,487
Networking Fee	3,16,69,816	2,10,05,047
Corporate Infrastructure Charges	85,79,637	1,06,48,548
	<b>12,19,61,297</b>	<b>6,05,66,268</b>
<b>NOTE 22 : FINANCE COSTS</b>		
Interest Expense:		
Term Loans	-	-
Others	(13,69,911)	21,28,087
	<b>(13,69,911)</b>	<b>21,28,087</b>

NOTE :23. OTHER EXPLANATORY INFORMATION:

1.1 Capital and other commitments

Particulars	2020-21 Rs.	2019-20 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for	34,09,731	1,28,90,602
<b>Total</b>	<b>34,09,731</b>	<b>1,28,90,602</b>

1.2 Income in Foreign Currency

Particulars	2020-21 Rs.	2019-20 Rs.
Foreign Exchange earned	7,97,27,091	51,15,46,047
<b>Total</b>	<b>7,97,27,091</b>	<b>51,15,46,047</b>

1.3 Expenditure in Foreign Currency

Particulars	2020-21 Rs.	2019-20 Rs.
Foreign Exchange used	12,11,18,269	29,04,44,864
<b>Total</b>	<b>12,11,18,269</b>	<b>29,04,44,864</b>

1.4. Value of imports calculated on CIF basis

Particulars	2020-21 Rs.	2019-20 Rs.
Capital Expenses		
Project Imports	8,66,87,714	14,64,30,442
<b>Total</b>	<b>8,66,87,714</b>	<b>14,64,30,442</b>

1.5 Remuneration to auditor

Particulars	2020-21 Rs.	2019-20 Rs.
Statutory Audit	2,16,000	2,16,000
For Taxation Matters	1,94,400	1,94,400
For Certification works	70,500	2,29,540
Out of Pocket Expenses	-	30,084
<b>Total</b>	<b>4,80,900</b>	<b>6,70,024</b>

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

A) An amount of Rs 24,87,543/- (Previous year Rs 21,77,147/-) is recognized as an expense towards company's contribution to employees Provident Fund and is included in Employee Benefit Expense.

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

Amount recognized in balance sheet - gratuity

Particulars	2020-21 Rs.	2019-20 Rs.
	70,29,473	62,42,291
Net defined benefit liability / (asset) recognized in balance sheet under current liabilities	70,29,473	62,42,291

Reconciliation of Net Liability/Assets

Particulars	2020-21 Rs.	2019-20 Rs.
Opening net defined benefit Liability/(asset)	62,42,291	51,14,731
Expense Charges to P&L	12,88,255	11,26,959
Amount Recognized outside profit & Loss A/c	(4,35,627)	3,38,617
Employer Contribution	(65,446)	(3,38,016)
Closing Net Defined benefit liability /(asset)	70,29,473	62,42,291

Particulars	2020-21 Rs.	2019-20 Rs.
<b>(a) Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	62,42,291	51,14,731
Past Service Cost	-	-
Current Service Cost	8,89,992	7,63,412
Interest Cost	3,98,263	3,63,547
Actuarial (gain) / Loss arising from change in financial assumption	(26,136)	3,55,653
Actuarial (gain) / Loss arising from change in demographic assumption	-	-
Actuarial (gain) / Loss arising from change in experience changes	(4,09,491)	(17,036)
Benefits paid	(65,446)	(3,38,016)
Defined Benefit obligation at year end	70,29,473	62,42,291
<b>(b) Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year		
Expected return on plan assets		
Actuarial gain / (loss)		
Employer contribution	65,446	3,38,016
Benefits paid	(65,446)	(3,38,016)
Fair Value of plan assets at year end		
<b>(c) Expense recognised during the year</b>		
Current Service Cost	8,89,992	7,63,412
Past Service Cost	-	-
Interest Cost	3,98,263	3,63,547
Expected return on plan assets		
Actuarial Losses / (Gain) recognized	12,88,255	11,26,959
Net Cost		
<b>Principal assumptions used in determining Gratuity obligations are as under:</b>		
Discount rate	6.70%	6.65%
Expected rate of return on assets	0.00%	0.00%
Future salary increase	7.00%	7.00%

Amount Recorded in Other Comprehensive Income:

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

Particulars	2020-21 Rs.	2019-20 Rs.
Opening amount recognized in OCI outside profit and loss account	19,86,915	16,48,298
Remeasurement during the period due to		
Changes in Financial assumptions	(26,136)	3,55,653
Changes in demographic assumptions	-	-
Experience adjustments	(4,09,491)	(17,036)
Actual return on plan assets less interest on plan assets		
Adjustment to recognize the effect of asset ceiling		
Closing amount recognized in OCI outside profit and loss account	15,51,288	19,86,915

Sensitivity Analysis:

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

Particulars	Period Ended 2020-21	
	Discount Rate	Salary Escalation
Impact of increase in 100 bps on DBO	-6.94%	7.84%
Impact of decrease in 100 bps on DBO	7.95%	-6.98%

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

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

The Company operates in only one business segment (design, engineering, manufacturing, supply and aftermarket services for axial fans and rotary air pre-heaters for super critical thermal power plants) carried out primarily in India Hence, requirements of Ind AS 108 on "Operating segments" are not applicable to it. However, geographic wise disclosure of revenue is stated below:

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

Particulars	Rs.	
	2020-21	2019-20
Revenue from India	2,52,78,35,746	1,44,14,83,770
Revenue from Outside India	2,01,84,690	4,93,45,000
<b>Total revenue</b>	<b>2,54,80,20,437</b>	<b>1,49,08,28,770</b>

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

Particulars	Rs.	
	2020-21	2019-20
Raw materials, components and stores & spares	7,42,997	25,57,021
Work in Progress	29,663	78,889
Finished goods	(2,71,828)	2,73,913
<b>Total</b>	<b>5,00,832</b>	<b>28,09,823</b>

1.9 Inventory pledged as Security

Particulars	AS AT 2020-21 Rs.		AS AT 2019-20 Rs.	
Raw materials, components and stores & spares	9,38,86,706		11,13,96,691	
Work in Progress	18,43,685		13,51,389	
Finished goods	9,55,85,114		11,95,01,046	
Less: Provision on Slow moving Goods	(81,01,294.00)		(1,01,40,563.52)	
<b>Total</b>	<b>18,32,14,240</b>		<b>22,21,08,623</b>	

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

Details of Current Assets						
In Rs						
Particulars	31.03.2021			31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Inventory	18,32,14,240		18,32,14,240	22,21,08,623		22,21,08,623
Financial Assets						
Trade receivables	1,24,88,07,289		1,24,88,07,289	66,43,98,016		66,43,98,016
Cash and bank balances	5,96,79,253		5,96,79,253	5,78,20,429		5,78,20,429
Other Bank Balances	43,36,11,383		43,36,11,383	34,12,28,249		34,12,28,249
Short term Loans & Advances	36,23,974		36,23,974	34,82,414		34,82,414
Other financial assets				0		0
<b>Other current assets</b>						
- Advances to Suppliers	17,52,68,194	10,54,080	17,63,22,274	21,07,41,457	10,17,400	21,17,58,857
- Advances recoverable in cash or in kind or for value to be received	6,82,10,584	4,06,68,862	10,88,79,446	4,18,97,980		4,18,97,980
- Input Credit Receivable for GST	11,03,99,243		11,03,99,243	3,94,68,721		3,94,68,721
- Retention: Customer	16,52,60,000	36,41,62,195	52,93,62,195	13,40,07,659	26,61,11,289	40,01,18,948
<b>Total</b>	<b>2,44,80,14,141</b>	<b>40,58,85,138</b>	<b>2,85,38,99,278</b>	<b>1,71,53,26,584</b>	<b>26,71,28,689</b>	<b>1,98,24,57,275</b>

Details of Current Liabilities						
In Rs						
Particulars	31.03.2021			31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Liabilities						
Trade payables	91,88,96,697		91,88,96,697	64,18,28,145		64,18,28,145
Other Financial Liabilities	58,92,299		58,92,299	54,18,828		54,18,828
<b>Other current liabilities</b>						
Advance from Customers	29,74,72,281	13,52,74,379	43,27,46,660	30,00,62,766	1,38,54,597	31,39,17,363
Duties & Taxes	10,11,11,952		10,11,11,952	4,66,15,525		4,66,15,525
<b>Provisions</b>						
Provision for Product warranty	4,33,75,711	6,26,72,336	10,60,48,047	8,67,36,648	2,15,21,420	12,49,90,140
Provision for Retirement Benefits	1,95,09,697		1,95,09,697	1,86,94,637		1,86,94,637
Provision for Contractual Obligation Cost	11,16,16,841	13,10,24,664	24,26,43,504	5,25,52,765	1,26,84,031	4,81,34,905
<b>Total</b>	<b>1,49,78,77,477</b>	<b>32,89,71,379</b>	<b>1,82,68,48,855</b>	<b>1,15,19,09,314</b>	<b>4,80,60,048</b>	<b>1,19,95,99,543</b>

1.12 Micro ,Small and Medium Enterprises

The Company has amount due to suppliers under the Micro, Small and medium Enterprises Development Act, 2006 (MSMED Act) as at March 31,2021. Disclosure Pursuant to the said act is as under:

Particulars	In Rs	
	31-03-2021	31-03-2020
Principal Amount due to Suppliers under MEMED Act	14,62,41,689	3,33,66,248
Interest Accrued due to Suppliers under MEMED Act on the above and unpaid	2,38,437	16,18,212
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest Paid to Suppliers under MEMED Act (other than Section 16)	-	-
Interest Paid to Suppliers under MEMED Act (Section 16)	-	-
Interest Due and Payable towards Suppliers under MEMED Act for payment already made	-	-
Interest Accrue and remaining unpaid at the end of the year to Suppliers under MEMED Act	-	-

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

1.13 Financial Instruments by category

The carrying value and fair value of financial instruments by category			
In Rs			
Categories of financial assets	As at		
	Mar-21	Mar-20	
<b>Measured at amortised cost</b>			
a. Non-current investment -others			
b. Short term Loans & Advances	36,23,974	34,82,414	
c. Cash and bank balances (including other bank balances)	49,32,90,616	39,90,48,678	
d. Other financial assets	-	-	
e. Trade receivable	1,24,88,07,289	66,43,98,016	
<b>Measured at FVTOCI</b>			
a. Govt Securities,bonds and debentures			
b. Derivative instruments designated as cash flow hedges			
<b>Total financial assets</b>	<b>1,74,67,21,880</b>	<b>1,06,69,29,107</b>	

In Rs			
Categories of financial liabilities	As at		
	Mar-21	Mar-20	
<b>Measured at amortised cost</b>			
a. Borrowings	-	-	
b. Other financial liabilities	58,92,299	54,18,828	
c. Trade Payables	91,88,96,697	64,18,28,145	
<b>Measured at FVTOCI</b>			
a. Derivative instruments designated as cash flow hedges	-	-	
<b>Total financial liabilities</b>	<b>92,47,88,995</b>	<b>64,72,46,973</b>	

1.14 Fair Value Hierarchy

The Following table presents fair value hierarchy of Financial assets and liabilities measured at fair value on a recurring basis as of March 31,2021

Particulars	In Rs		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
A) Derivative instruments designated as cash flow hedges			
B)Trade Receivable		1,24,88,07,289	
C) Cash and bank balances (including other bank balances)		49,32,90,616	
D)Other Receivable		36,23,974	
E)Other financial assets		-	
<b>Financial Liabilities</b>			
A) Derivative instruments designated as cash flow hedges		-	
B) Trade Payable		91,88,96,697	
C) Other financial liabilities		58,92,299	

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

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

Particulars	Period ended		In Rs
	Mar-21	Mar-20	
<b>Net gain/(losses) on financial assets and financial liabilities:</b>			
<b>Financial assets that are measured at FVTOCI</b>			
Gain recognised in OCI during the year	2,89,231	(1,25,844)	
<b>Financial assets measured at amortised cost</b>			
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (debtors, loans given etc)	1,21,34,281	96,29,636	
Allowance for expected Credit Loss during the year	28,55,224	(1,43,520)	
<b>Financial Liabilities measured at amortised cost</b>			
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (Creditors, borrowings availed)	(2,25,86,048)	(1,54,87,297)	
<b>Interest Revenue:</b>			
Financial assets that are measured at amortised cost	1,70,84,985	76,19,411	
<b>Interest Expenses:</b>			
Financial liabilities that are not measured at FVTPL	-	-	
	97,77,672	14,92,426	

1.16 Corporate Social Responsibility

a) Amount required to be spent by the company on corporate social responsibility (CSR) related activities during the year is Rs 49,41,599/- . (previous year Rs 55,99,126/-)

b) The Company has spent Rs 49,41,642/- (previous year Rs 55,99,126/-) towards corporate social responsibility activities during the financial year.

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

Particulars	31.03.2021				31.03.2020			
	Nominal Amount	Avg Rate	Upto 12 months	more than 12 months	Nominal Amount	Avg Rate	Upto 12 months	more than 12 months
<b>Cash flow hedge</b>								
<b>a. Currency exposure</b>								
<b>Foreign currency Swap</b>								
Payable hedges								
USD	-	-	-	-				-
EURO	-	-	-	-				-
<b>Forward Cover</b>								
Receivable hedges								
EURO			-	-	5,55,889	75	5,55,889	-
GBP			-	-	1,69,977	90	1,69,977	-
Payable hedges								
EURO			-	-				-
GBP			-	-				-
<b>b. Interest rate exposure</b>								
Interest rate swaps								
USD	-	-	-	-				-

Carrying amounts of hedge instruments

Particulars	31.03.2021		31.03.2020		In Rs
	Currency Exposure	Interest rate Exposure	Currency Exposure	Interest rate Exposure	
Swap Contracts					
Current					
Other Financial Assets	-	-	-	-	
Other Financial Liability	-	-	7,41,736	-	
Forward Contracts					
Other Financial Assets	-	-	-	-	
Other Financial Liability	-	-	-	-	

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

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

Particulars	2020-21			2019-20		
	Revenue as per Ind AS 115 Rs.	Other Revenue Rs.	Total as per P&L reporting Rs.	Revenue as per Ind AS 115 Rs.	Other Revenue Rs.	Total as per P&L reporting Rs.
<b>Manufacturing</b>						
RAPH	22,79,92,146			70,59,31,478		
FAN	2,27,53,48,033			73,48,61,477		
<b>Service</b>			2,57,50,34,623			1,50,01,77,480
RAPH	23,89,139			73,02,857		
FAN	3,87,01,246	3,06,04,059		2,92,86,372	2,27,95,297	
<b>Total</b>	<b>2,54,44,36,564</b>	<b>3,06,04,059</b>	<b>2,57,50,34,623</b>	<b>1,47,73,82,184</b>	<b>2,27,95,297</b>	<b>1,50,01,77,480</b>

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

Particulars	In Rs	
	2020-21	2019-20
Opening Balance as on April 1	31,39,17,363	20,91,66,319
(Less): Revenue recognised during the year	(30,69,63,250)	(32,98,52,581)
Add: Advance received during the year (net of adjustments)	42,57,92,547	43,46,03,606
Closing Balance as on March 31	43,27,46,660	31,39,17,363

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

Particulars	In Rs	
	2020-21	2019-20
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	5,75,77,94,948	3,61,45,20,757
Changes during the year on account of:		
Add: Fresh orders received	2,81,23,60,856	2,72,81,50,643
Less: Orders completed	2,19,06,05,444	58,48,76,452
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	6,37,95,50,360	5,75,77,94,948
Revenue recognised during the year		
Out of orders completed during the year	80,74,16,909	50,42,57,158
Out of continuing orders at the end of the year (I)	1,73,70,13,659	87,11,25,026
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)	15,22,45,407	62,14,01,602
Balance revenue to be recognised in future (III)	4,49,02,91,294	4,26,52,68,320
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III)	6,37,95,50,360	5,75,77,94,948

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

Particulars	Total Rs.	Likely conversion in revenue	
		Upto 1 Year Rs.	From 1 to 2 years Rs.
Transaction price allocated to the remaining performance obligation	4,49,02,91,294	3,00,00,00,000	1,49,02,91,294
<b>Total</b>	<b>4,49,02,91,294</b>	<b>3,00,00,00,000</b>	<b>1,49,02,91,294</b>

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

1.19 The following table provides the reconciliation of cash flow hedge reserve for period ended March 31,2021

Movement of Cost of Hedging Reserve		
Cost of Hedging Reserve	2020-21	2019-20
Opening	1,27,543	2,36,319
Add: Changes in fair value for time period related hedge	(49,110)	1,77,205
Less: deferred tax related to above	12,361	(49,662)
Closing Balance	(36,749)	1,27,543

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

In Rs						
Particulars	31.03.2021			31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial Assets</b>						
Trade receivables	1,24,88,07,289		1,24,88,07,289	66,43,98,016		66,43,98,016
Cash and bank balances	5,96,79,253		5,96,79,253	5,78,20,429		5,78,20,429
Other Bank Balances	43,36,11,363		43,36,11,363	34,12,28,249		34,12,28,249
Short term Loans & Advances	36,23,974		36,23,974	34,82,414		34,82,414
Other financial assets	-	-	-	0	-	0
<b>Total</b>	<b>1,74,57,21,880</b>	<b>-</b>	<b>1,74,57,21,880</b>	<b>1,06,69,29,107</b>	<b>-</b>	<b>1,06,69,29,107</b>

In Rs						
Particulars	31.03.2021			31.03.2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial Liabilities</b>						
Borrowing including Current maturities of long term borrowings	-		-	0		0
Trade payables	91,88,96,697		91,88,96,697	64,18,28,145		64,18,28,145
Other financial liabilities	58,92,299		58,92,299	54,18,928		54,18,928
<b>Total</b>	<b>92,47,88,995</b>	<b>-</b>	<b>92,47,88,995</b>	<b>64,72,46,973</b>	<b>-</b>	<b>64,72,46,973</b>

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

In Rs		
Particulars	31.03.2021	31.03.2020
	Total	Total
<b>Financial Assets</b>		
<b>Current</b>		
Trade receivables	1,24,88,07,289	66,43,98,016
Cash and bank balances	5,96,79,253	5,78,20,429
Other Bank Balances	43,36,11,363	34,12,28,249
Short term Loans & Advances	36,23,974	34,82,414
Other financial assets	-	0
<b>Total</b>	<b>1,74,57,21,880</b>	<b>1,06,69,29,107</b>

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

In Rs		
Movement in Expected Credit Loss		
Particulars	2020-21	2019-20
Opening	1,13,77,893	1,12,34,373
Loss Allowance based on Expected Credit Loss	(28,55,224)	1,43,520
Closing	85,22,669	1,13,77,893

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

In Rs		
Particulars	2020-21	2019-20
Amount of financial assets written off during the period but still enforceable	7,17,38,596	3,11,69,270

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

In Rs						
Particulars	31.03.2021			31.03.2020		
	USD	Euro	GBP	USD	Euro	GBP
Financial Instrument						
Trade Payable	2,88,017	12,04,10,496	6,97,431	7,22,371	14,16,06,428	22,76,684
Trade Receivable	(2,43,025)	12,72,19,317	1,67,47,535	(10,83,297)	19,04,79,783	5,13,47,077
Net Exposure	5,31,043	(68,08,821)	(1,60,50,104)	18,05,668	(4,88,73,357)	(4,90,70,393)

1.25 Sensitivity

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

In Rs		
Particulars	Impact on profit after tax	
	Mar'21	Mar'20
<b>USD Sensitivity</b>		
INR/USD -increase by 5%	(19,869)	(67,559)
INR/USD -decrease by 5%	19,869	67,559
<b>Euro Sensitivity</b>		
INR/Euro -increase by 5%	2,54,752	18,28,597
INR/Euro -decrease by 5%	(2,54,752)	(18,28,597)
<b>GBP Sensitivity</b>		
INR/GBP -increase by 5%	6,00,515	18,35,969
INR/GBP -decrease by 5%	(6,00,515)	(18,35,969)

1.26 Income Taxes

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

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

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

The major components of tax expense for the year ended March 31,2021 and March 31, 2020

In Rs		
Particulars	2020-21	2019-20
<b>Consolidated statement of Profit and Loss:</b>		
<b>(i) Profit and Loss section</b>		
<b>Current Income tax :</b>		
Current income tax charge	9,88,28,973	5,41,67,113
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	5,16,731	(20,66,374)
Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense	-	-
Effect on deferred tax balances due to the change in income tax rate	-	-
Income tax expense reported in the statement of profit or loss	9,93,45,704	5,21,00,738
<b>Other Comprehensive Income (OCI) Section:</b>		
Current Income tax :		
Net loss/ (gain) on remeasurement of defined benefit plans	(1,09,647)	85,230
Deferred Tax:		
Net gain / (loss) on cash flow hedges	12,361	(49,662)
Unrealised gain / (loss) on debt securities (FVTOCI)	-	-
<b>Income tax expense reported in the OCI section</b>	<b>-97,286</b>	<b>35,568</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31,2021 and March 31, 2020

Particulars	In Rs	
	2020-21	2019-20
Profit before tax	38,21,92,806	20,66,20,679
Applicable tax rate	25.17%	25.17%
PBT * applicable tax rate (1*2)	9,61,90,295	5,20,02,292
Items of expense not deductible for tax purposes:		
CSR Expenses	12,43,713	14,09,188
Difference in Books & Income Tax	(6,78,955)	(6,30,865)
Other	7,16,019	13,93,237
Tax expense recognised during the year	9,74,71,061	5,41,73,853
Effective tax Rate	25.50%	26.22%

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

Particulars	Balance Sheet		Statement of Profit & Loss	
	31.3.2021	31.3.2020	2020-21	2019-20
Difference in Book and Income tax depreciation	2,37,07,336	2,37,04,114	3,221	(24,54,513)
Provision for compensated absences disallowed u/s 43B	(31,41,272)	(31,34,255)	(7,017)	62,262
Provision for Gratuity	(17,69,318)	(15,71,185)	(1,98,134)	(81,776)
Provision towards Expected credit loss and doubtful debts	(21,45,158)	(28,63,817)	7,18,660	4,07,633
Changes in Fair value of cash flow hedges	0	12,361		
Deferred tax expense / (income)			5,16,730	(20,66,375)
Net deferred tax (assets) / liabilities	1,66,51,588	1,61,47,219		

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

Particulars	In Rs	
	2020-21	2019-20
Opening Balance as on April 1	1,61,47,219	1,81,63,930
Tax income / (expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	5,16,730	(20,66,374)
Tax income / (expense) during the period recognised in statement of Profit and Loss in OCI Section	(12,361)	49,662
Closing Balance as on March 31	1,66,51,588	1,61,47,219

1.29 Ind AS 116 - Leases

The company has changed classification of its leasehold land from "Property, plant and equipment" to "Right-of-use assets". Depreciation/amortisation amounting to Rs. 3,54,064/- has been charged to the Statement of Profit & Loss Account. Further, there is no impact of implementation of IND AS 116 on the results for the year ended March 31, 2021.

1.30 Detail of Sales, raw material and components:

A) Sales:

Class of Goods	In Rs	
	2020-21 Rs.	2019-20 Rs.
Rotary Air Preheater & Axial Fans	2,50,33,40,175	1,44,07,92,955

B) Raw Material & Components Consumed:

Class of Goods	In Rs	
	2020-21 Rs.	2019-20 Rs.
Steel and structure and other materials	1,84,46,40,854	1,04,20,44,437

C) Inventories

Class of Goods	In Rs	
	2020-21 Rs.	2019-20 Rs..
Steel and structure and other materials	18,32,14,240	22,21,08,623

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

Particulars	Class of Provisions	
	Product Warranties	Contractual Obligation Cost
Opening Balance as on 01-04-2020	12,49,90,140	4,81,34,905
Provision made during the year	3,05,16,248	23,53,61,924
Provision used during the year	(4,94,58,341)	(4,08,53,325)
Balance as on 31-03-2021	10,60,48,047	24,26,43,504

B. Nature of provision

i). Product Warranties: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31,2021 represents the amount of the expected cost of meeting such obligations of rectifications/replacement. The timing of the outflows is expected to be within a period of 2 to 5 years from the date of Balance Sheet.

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

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

1.33 Related Party Disclosure

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

Name	Relationship
Larsen & Toubro Limited	JV partner
Howden Holding B.V.	JV partner
Howden Hua Engineering Co Ltd	Member of same group
Howden Solvent (India) Private Ltd	Member of same group
Howden Taiwan Co. Ltd	Member of same group
Howden Vietnam Company Limited	Member of same group
Howden Australia Pvt Ltd	Member of same group
Howden Thomassen Middle East FZCO	Member of same group
Howden Axial Fans ApS	Member of same group
Howden Spain Ltd	Member of same group
Howden Group Limited	Member of same group
Howden UK Limited	Member of same group
L&T - MHPS Boilers Pvt. Limited	Member of same group
Nabha Power Limited	Member of same group

B) Balances of Related Parties

Name of Related Party	Particulars	In Rs	
		2020-21	2019-20
Larsen & Toubro Limited	Trade Payables	2,45,59,441	1,07,76,848
	Advances to Vendor	15,92,645	24,49,978.06
	Trade Receivables	79,67,15,656	86,40,000.00
	Advances From Customer	12,84,52,665	15,98,95,999
Howden Axial Fans ApS	Trade Payables	3,12,68,153	3,59,41,738
Howden UK Limited	Trade Payables	14,05,552	7,14,911
Howden Group Limited	Trade Payables	7,13,567	-
Howden Solvent (India) Private Ltd	Trade Payables	13,88,24,693	7,69,80,403
L & T MHPS Boiler Pvt Ltd	Trade Payables	1,57,525	2,16,000
Howden Australia Pvt Ltd	Trade Receivables	22,16,277	6,52,584
Howden UK Limited	Trade Receivables	7,680	26,67,643
Howden Solvent (India) Private Ltd	Trade Receivables	-	9,20,310
Howden Thomassen Middle East FZCO	Trade Receivables	4,42,500	6,86,431
L & T MHPS Boiler Pvt Ltd	Trade Receivables	43,58,45,098	58,52,65,136
	Advance From Customer	19,31,07,324	2,18,97,630
Howden Vietnam Company Limited	Advance From Customer	24,59,302	12,31,414
Howden Axial Fans ApS	Advances to Vendor	91,82,406	38,62,656
Howden UK Limited	Advances to Vendor	18,55,693	-
Howden Solvent (India) Private Ltd	Advances to Vendor	12,09,58,864	15,57,87,476

C) Transactions with Related Parties

		In Rs	
Name of Related Party	Particulars	2020-21	2019-20
Larsen & Toubro Limited	Purchase (Sale) of Fixed Assets	-	(26,171)
	Sale of Goods & Services	1,16,77,54,527	80,00,000
	Training Fees	4,25,651	98,097
	ESOPs Cost	-	54,369
	Infrastructure Charges	3,62,81,602	2,59,56,210
	Administration & Sales Overheads	2,08,36,135	2,18,71,893
L & T MHPS Boiler Pvt Ltd	Sale of Goods & Services	22,93,91,287	76,69,10,486
Nabha Power Limited	Sale of Goods & Services	6,63,490	5,77,000
Howden Vietnam Company Limited	Sale of Goods & Services	65,42,972	-
Howden Australia Pvt Limited	Sale of Goods & Services	1,36,41,718	-
Howden Taiwan Co. Ltd	Sale of Goods & Services	-	5,07,36,378
Howden Axial Fans ApS	Purchase of Project Goods & Services	4,30,33,723	11,42,29,451
Howden UK Limited	Purchase of Project Goods & Services	29,47,083	66,14,309
Howden Hua Engineering Co Ltd	Purchase of Project Goods & Services	20,32,741	-
Howden Solyvent (India) Private Ltd	Purchase of Project Goods & Services	69,18,06,144	18,65,50,190
Howden Spain, S.L.	Purchase of Project Goods & Services	76,48,840	-
Howden Group Limited	Trade Mark Fees	2,53,23,104	1,48,00,149
Howden Axial Fans ApS	Royalty Fees	3,41,00,096	1,10,87,551
Howden UK Limited	Royalty Fees	34,19,883	1,05,50,065

1.34 Contingent Liabilities

			In Rs	
Nature Of Liability	Name of Statute	Status	31.03.2021	31.03.2020
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act Gujarat	Appeal filed with Dy.Commissioner (Appeal), Surat	-	34,01,783
Tax liability due to ITC Mis-match	Local Sales Tax Act Gujarat	Order received on 19th March, 2020 and yet to be replied.	-	9,48,410
Disallowance of Cenvat Credit of Service Tax	Central Goods and Services Tax Act, 2017	Appeal filed with Commissioner Appeal (CGST) on 26-02-2021	10,25,013	5,43,462
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act Gujarat	Appeal filed with Commissioner Appeal (SGST) on 19-02-2021	6,81,214	-
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act Gujarat	Appeal filed with Commissioner Appeal (SGST) on 19-02-2021	66,254	-
Total			17,72,481	48,93,655

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

Particulars	In Rs	
	2020-21	2019-20
Net profit(loss) after tax available for Equity Shareholders	28,90,44,095	14,93,16,912
Weighted Average Number of Equity Shares (in numbers)	3,00,00,000	3,00,00,000
Face Value Per Share	10	10
Basic and Diluted Earnings Per Share	9.63	4.98

M.P. Chitale & Co.  
Chartered Accountants  
Firm Registration No.:101851W  
By the hand of

Anagha Thatte  
Partner  
Membership No.: 105525

Pawan K Mehndiratta  
Chief Executive  
Place: Faridabad

Derek MichaelShah  
Director  
DIN : 06526950  
Place: Vadodara

Frederick Hearle  
Director  
DIN : 06399370  
Place : UK

Place: Mumbai  
Date: 28.04.2021

Atul Tandon  
Chief Financial Officer

Reena Raje  
Company Secretary  
M. No. ACS21440