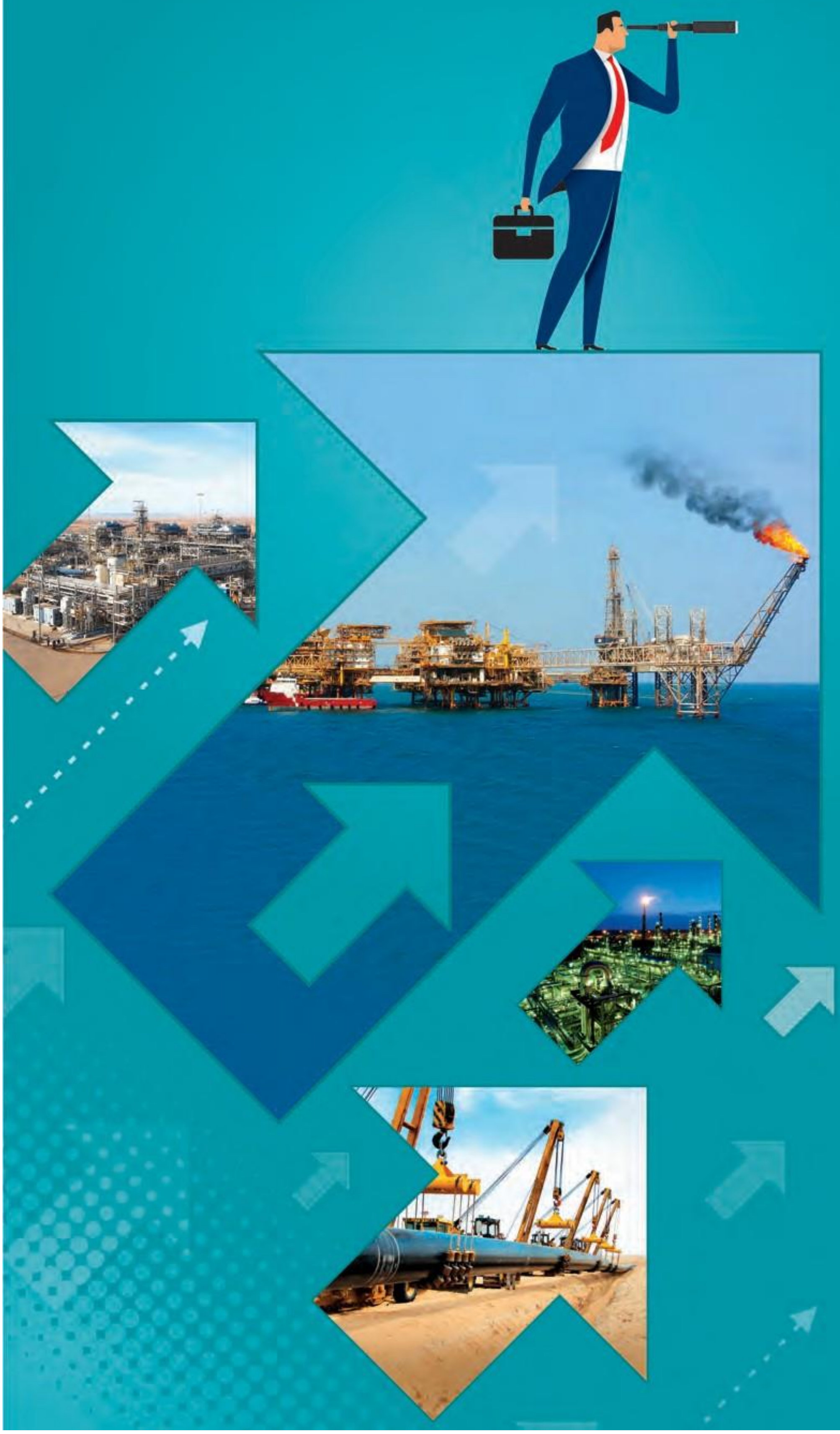
L&T Hydrocarbon Engineering

ANNUAL REPORT
2016 - 2017



MISSION

Execution Par Excellence

We are committed to evolving into a major Indian multinational, occupying leadership position in the hydrocarbon industry.

Our people are our prime movers. We practise collaborative team-working with zeal, responsiveness and a sense of urgency. We encourage our personnel to demonstrate an entrepreneurial spirit and assume ownership for their actions.

We believe in an ethical work culture, with emphasis on governance in all business dealings. Our endeavour is to practise the highest levels of Quality, Health, Safety, Environmental and Information Security in all our operations.

Our focus is on sustainable value creation for all our stakeholders. We are passionate about our performance culture and committed to delivering excellence at every phase of our operations.

Subramanian Sarma
CEO & Managing Director

Date: 20th April, 2016

L&T Hydrocarbon Engineering

About Us

L&T Hydrocarbon Engineering is an engineering, procurement, fabrication, construction and project management company providing integrated 'design to build' solutions to large and complex Offshore and Onshore hydrocarbon projects worldwide.

Earlier a business vertical of Larsen & Toubro, the Company is now a wholly owned subsidiary of the reputed technology, engineering and construction conglomerate.

As a dedicated subsidiary, L&T Hydrocarbon Engineering is positioned to sharpen its focus on service to its customer base and enhance responsiveness in all its engagements. The subsidiary continues to draw on the parent company's organisational strengths and experience.

The Company has over three decades of experience and expertise in the hydrocarbon segment, and conforms to global standards and norms across all aspects of project management, HSE and corporate governance.

The Company caters to the needs of its client base in multiple geographies – India, the Middle East, Asia-Pacific, Africa, the Americas and Europe.

It is conscious of its larger responsibilities as a corporate citizen, and is committed to the development of the communities around its facilities and project sites.

L&T Hydrocarbon Engineering

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Company Information

Board of Directors

Mr. K. Venkataramanan	*Non-Executive Chairman*
Mr. Subramanian Sarma	*Chief Executive Officer & Managing Director*
Mr. K. Ravindranath	*Whole Time Director*
Mr. R. Shankar Raman	*Non-Executive Director*
Mr. Vikram Singh Mehta	*Independent Director*
Mr. Sarthak Behuria	*Independent Director*
Dr. Ashok Kumar Balyan	*Independent Director*
Mrs. Bhagyam Ramani	*Independent Director*

Chief Financial Officer	Mr. R. Venkatesh
Company Secretary	Ms. Alpana S. Khale
Registered Office	L&T House, Ballard Estate, Mumbai 400 001
Auditors	M/s. Sharp & Tannan

Dear Shareholders,

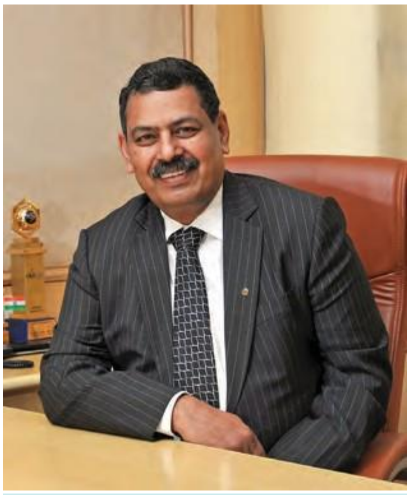
I am very pleased to present L&T Hydrocarbon Engineering's Annual Report for the year 2016-17.

Over the past year, multiple global events have fuelled business uncertainty and the macroeconomic environment remained quite challenging. However, at LTHE, business consolidation has progressed well, with the new leadership team in place, recently awarded projects taking off and several initiatives launched earlier beginning to bear fruit.

The Hydrocarbon business has seen a turnaround in the year 2016-17 with the closeout of several international legacy projects and profitable execution of ongoing projects. The year also witnessed robust growth in the Order Book with significant awards in the Middle East and India. The Company is also well positioned to capitalize on upcoming opportunities in our core markets of India and the Middle East.

The Company completed the first year of its Lakshya 2021 Strategic Plan in 2016-17 and is on course to achieving the various objectives set. The business launched a major initiative to take LTHE to the next level by Digital Transformation of all our business activities and processes across the EPC value chain. In our drive to enhance efficiency and productivity across businesses, we continue to be strongly engaged in Operational Excellence and Capability Building initiatives.

The Company witnessed a remarkable QHSE performance during the year, having worked 160.48 million man-hours without any significant incidents during the year. Additionally, we have received many accolades in 2016-17, notably, KOC GC30 project received the 'ASSE GCC HSE Excellence Gold Award 2016' by ASSE Kuwait Chapter and MFF Kattupalli received the 'International Safety Award' from the British Safety Council.



Subramanian Sarma
CEO & Managing Director,
L&T Hydrocarbon Engineering Limited

As a part of our responsibility towards the local communities in our areas of operation, we have developed various CSR programs through need-based assessments and by engaging with the community to identify key areas like education, skill building, healthcare, water and sanitation where our participation could make a tangible difference. Against the background of global climate change, we at LTHE are determined to continue operating in an environmentally responsible & sustainable manner, preserving resources, mitigating negative impacts and improving efficiency.

Following the prolonged downturn, the oil & gas industry is showing some signs of revival, with oil prices expected to be range bound in the mid-fifties per barrel in the near future. The domestic market is showing business potential with Offshore Gas development projects, Refinery upgrades & expansion, new Fertilizer plants, LNG terminals, and Cross Country Pipelines expected to attract capital investments. In the Middle East, Saudi Arabia will remain a key market for both Onshore and Offshore verticals.

Towards providing geographical risk diversification, the Company is exploring newer markets, which offer good long-term business potential, and has undertaken intense & successful pre-qualifications efforts in North Africa and CIS regions. The business is also exploring alternative product lines such as wind farms & process skids as well as strategic partnerships to enhance asset utilization.

In an externally challenging environment, we need to keep finding ways to differentiate ourselves - Creating value through "Smart Solutions" for all our stakeholders, while adhering to the highest standards of corporate governance, is what will keep us ahead!

I take this opportunity to acknowledge the contributions made by Team LTHE and thank our customers, suppliers and other stakeholders who made it possible for the Company to execute this remarkable turnaround and deliver such an improved financial performance.

On behalf of the management, I assure you that the business is moving in the right direction with respect to our vision to "Revolutionize the Hydrocarbon Industry" & mission of "Execution Par Excellence" and would like to express my sincere thanks for your trust and continued support.

Subramanian Sarma
CEO & Managing Director
L&T Hydrocarbon Engineering Limited

Directors Report

Directors' Report

The Directors have pleasure in presenting the Eighth Annual Report and Audited Accounts for the year ended March 31, 2017.

FINANCIAL RESULTS

₹ Crore

Particulars	2016-17	*2015-16*
Turnover (gross)	**8786.61**	*7198.59*
Profit before Depreciation, Interest, Taxes & Amortisation	**825.65**	*288.27*
Less: Depreciation & Amortisation	**94.28**	*101.41*
Profit before Interest & Taxes	**731.37**	*186.86*
Less: Interest	**28.01**	*78.08*
Profit before Tax	**703.36**	*108.78*
Less: Tax (including deferred tax provision)	**267.04**	*34.50*
Profit after Tax	**436.32**	*74.28*
Add: Balance brought forward from previous year	**(583.60)**	*(659.52)*
Less: Dividend (including Dividend Distribution Tax)	**-**	-
Less: Additional charge to retained earnings on revision of useful life	**-**	-
Add: Gain/(Loss) on re-measurement of the Net defined benefit plans	**(0.15)**	*1.64*
Add: Reserves transferred under Scheme of Arrangement	**68.48**	-
Balance carried to Balance Sheet	**(78.95)**	*(583.60)*

YEAR IN RETROSPECT

The gross sales for the financial year under review were ₹ 8786.61 crore as against ₹ 7198.59 crore for the previous financial year registering growth of 22%. The Profit before tax for FY 16-17 is ₹ 703.36 crore as against ₹ 108.78 crore for FY 15-16. The Profit after tax at ₹ 436.32 crore for the FY 16-17 represents more than fivefold increase as against previous year's Profit after tax of ₹ 74.28 crore.

The significant increase in profit is on account of major projects reaching threshold level of profit recognition, man power rationalisation and improved project execution.

CAPITAL & FINANCE

1. **Share Capital as on March 31, 2017:**
   Equity Share Capital:

Name Of Shareholder	No. of Shares	Percentage
Larsen & Toubro Limited (along with nominee shareholders)	100,00,50,000	100

Preference Share Capital:

10 % Preference Shares of ₹ 10/- each

Name Of Shareholder	No. of Shares	Percentage
Larsen & Toubro Limited	50,00,00,000	100
TOTAL	**50,00,00,000**	**100**

12% Preference Shares of ₹ 10/ - each

Name Of Shareholder	No. of Shares	Percentage
Larsen & Toubro Limited	26,00,00,000	100
TOTAL	**26,00,00,000**	**100**

2. **Inter Corporate Deposits from holding company outstanding as on March 31, 2017 stood at ₹ 2.23 crore.**

CAPITAL EXPENDITURE

As at March 31, 2017, the gross fixed and intangible assets, stood at ₹ 983.02 crore and the net fixed and intangible assets, at ₹ 782.9 crore. Capital expenditure during the year amounted to ₹ 95.35 crore, mainly for new jetty at Kattupalli Yard.

TRANSFER TO RESERVES

There were no appropriations for the financial year 2016-17.

DEPOSITS

The Company has not accepted any deposits from public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder during the financial year ended March 31, 2017. There are no deposits outstanding as of March 31, 2017.

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

The Company has disclosed the full particulars of the loans given & investments made in the Annual Accounts.

There are no guarantees given or securities provided by the company.

A statement containing salient features of the financial statement of subsidiaries/associates/joint ventures is provided as Annexure 'A' to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee has approved the Related Party Transactions for financial year 2016-17.

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

Material transactions which need to be disclosed in the Directors Report under Sec. 134 (3) (h) of the Companies Act, 2013 read with Companies (Audit and Accounts) Rules, 2014 are given as Annexure F.

DIVIDEND

In order to support the growth targets for the year 2017-18 and conserve cash, the Directors do not recommend any dividend on preference or equity shares.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3) (m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure 'B' forming part of this Report.

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 mitigation procedures.

A detailed note on risk management is given under financial review section of the Management Discussion and Analysis of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has a Corporate Social Responsibility committee comprising of Mr. Vikram Singh Mehta, Mrs. Bhagyam Ramani and Mr. K. Ravindranath as the Members.

The details of the various projects and programmes to be undertaken by the Company as a part of its CSR framework is available on its website www.lnthydrocarbon.com.

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

LIST OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

A. **Directors of the Company as on March 31, 2017 are -**

1. Mr. K. Venkataramanan
2. Mr. R. Shankar Raman
3. Mr. Subramanian Sarma
4. Mr. K. Ravindranath
5. Mr. Vikram Singh Mehta
6. Dr. Ashok Kumar Balyan
7. Mr. Sarthak Behuria
8. Mrs. Bhagyam Ramani

B. **Directors appointed during the year:**

During the year, following appointments were made on Board:-

Mr. K. Ravindranath, Whole-time director, was re-appointed with effect from April 07, 2017 to October 01, 2017.

Mr. K. Venkataramanan and Mr. R. Shankar Raman, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company

C. **Resignation of Director during the year:**

During the year there were no resignations.

D. **Key Managerial Personnel:**

The following are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

a) Mr. K. Ravindranath, Whole-time Director
b) Mr. R. Venkatesh, Chief Financial Officer
c) Ms. Alpana Khale, Company Secretary

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, 8 meetings were held - 9th April 2016, 27th April 2016, 17th May 2016, 20th July 2016, 21st October 2016, 19th November, 2016, 18th January 2017 and 30th March 2017.

The Agenda of 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.

AUDIT COMMITTEE

The Company has an Audit Committee in terms of the requirements of the Companies Act, 2013. It comprises of three members all of them being Independent Directors as under:

1. Dr. Ashok Kumar Balyan - Chairman
2. Mr. Sarthak Behuria
3. Mrs. Bhagyam Ramani

During the year under review, 5 meetings were held on - 27th April 2016, 20th July 2016, 21st October 2016, 18th January 2017 and 30th March 2017.

As per the provisions of Section 177(9) of the Companies Act, 2013 ('Act'), the Company is required to establish an effective Vigil Mechanism for directors and employees to report genuine concerns.

The Company has a Whistle-blower Policy in place to encourage and facilitate employees to report concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the chairperson of the

Audit Committee. The Audit Committee of the Company periodically reviews the implementation of the Whistle-Blower Policy. The Company has disclosed its Vigil Mechanism/Whistle Blower Policy on its website www.lnthydrocarbon.com

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination & Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee comprises of two Independent Directors, one Non-Executive Director and the Managing Director as follows:

1. Mr. Sarthak Behuria - Chairman
2. Dr. A. K. Balyan
3. Mr. K. Venkataramanan
4. Mr. Subramanian Sarma

During the year under review two meetings were held i.e. on 9th April 2016 and 30th March, 2017.

The Company 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.

DECLARATION OF INDEPENDENCE

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;

ii. 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 profit of the Company for that period;

iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the Directors have prepared annual accounts on a going concern basis; and

v. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5) (e) of the Companies Act, 2013. For the year ended March 31, 2017, 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.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination & Remuneration Committee and the Board has laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made. It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on March 30, 2017, as per schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

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. No cases of sexual harassment were received during 2016-17.

AUDITORS

The Auditors, Sharp & Tannan, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. As per provisions of The Companies Act, 2013, Sharp & Tannan are eligible to be appointed for two years. Certificate from the Auditors has been received that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of Sharp & Tannan, Chartered Accountants, as Statutory Auditors of the Company from the conclusion of 8th Annual General Meeting till the conclusion of 10th Annual General meeting, subject to ratification by the Members at every Annual General Meeting to be held during the said period.

AUDITOR'S REPORT

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment. COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and as per the Companies (Cost Records and Audit) Rules, 2014 and amendments thereof, the Board, on the recommendation of the Audit Committee, at its meeting held on April 27, 2016, has approved the appointment of R. Nanabhoy & Co. as Cost Auditors of the Company for audit of cost accounting records for the financial year 2017-18 at a Remuneration of ₹ 1,75,000 only. They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2017-18 will be placed before the shareholders.

SECRETARIAL AUDITORS

The Board had appointed Naina Desai, Practicing Company Secretary, as the Secretarial Auditor of the company under Section 204 of The Companies Act, 2013 for the Financial Year ended March 31, 2017.

The Secretarial Audit Report in Form MR-3 is attached as Annexure 'E' to this Report. The same does not contain any qualification.

EXTRACT OF ANNUAL RETURN

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

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

L&T Valdel a hundred percent subsidiary of the Company was merged with the Company. The Scheme of Amalgamation was approved by Hon'ble High Court of judicature at Bombay, vide order dated September 29, 2016 and by National Company Law Tribunal, Bangalore, vide order dated March 31, 2017. Appointed date was April 1, 2016 and effective date was April 4, 2017.

Except the above which has no impact on going concern status of the Company, during the year under review, there were no orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Customers, Supply Chain Partners, Business Associates, Employees, Management of the Holding Company, Banks, Central and State Government authorities, Regulatory authorities, and various other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

K. VENKATARAMANAN
Non-Executive Chairman
DIN: 00001647

Mumbai, April 27, 2017

Annexure 'A' to the Directors' Report

FORM AOC - 1

(Pursuant to First proviso to subsection 3 of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of Financial Statements of Subsidiaries

PART A SUBSIDIARIES

(All amounts in INR)

Sr. No	Particulars	Companies			
1	Name of the Subsidiary	L& T Sapura shipping Private Limited	L&T Sapura Offshore Private Limited	L&T Gulf Private Limited	Larsen Toubro Arabia LLC (1 SAR = R 18.113) Closing Rate as on December 2016
2	Reporting Period for concerned Subsidiary	01 April 2016 to 31 March 2017	01 April 2016 to 31 March 2017	01 April 2016 to 31 March 2017	01 January 2016 to 31 December 2016
3	Share Capital	1,58,85,30,830	1,00,000	8,00,00,000	18,11,30,000
4	Reserves & Surplus	3,03,88,14,990	63,87,977	15,55,25,043	(3,47,55,36,188)
5	Total Assets	8,57,33,25,615	10,59,31,726	31,83,90,447	3,56,68,43,440
6	Total Liabilities	8,57,33,25,615	10,59,31,726	31,83,90,447	3,56,68,43,440
7	Investments	-	-	69,80,529	
8	Turnover	1,38,77,18,116	-	20,60,69,310	6,27,72,91,435
9	Profit before Taxation	26,13,50,148	7,47,956	3,48,21,355	(2,74,53,40,733)
10	Provision for Taxation	58,11,800	29,87,898	1,39,74,587	
11	Profit after taxation	25,55,38,348	(22,39,941)	2,08,46,768	(2,74,53,40,733)
12	Proposed Dividend	-	-	-	-
13	% shareholding	60%	60%	50.0002%	75%

PART B : ASSOCIATES AND JOINT VENTURES

Statement containing salient features of Financial Statements of Associate Companies/Joint Ventures

Sr.No	Particulars	L&T Chiyoda Limited
1	Latest Audited Balance Sheet date	31 March 2017
2	Shares of associates held by the Company on year end	
	Number of shares	45,00,000
	Amount of investment (R Crore)	52.93
3	Description of how there is significant influence	By virtue of 50% shareholding & right to nominate 50% of Board strength
4	Reason why the associate is not consolidated	Control is joint, as all Board decisions need to be approved by at least 1 Director nominated by both the JV partners
5	Net worth attributable to shareholding as per latest audited balance sheet (R Crore)	43.85
6	Profits/(Loss) for the year (R Crore)	7.79
	Considered in consolidation	3.89
	Not considered in consolidation	3.90

Annexure 'B' to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

1. Improving Energy Effectiveness/Efficiency of Equipment and Systems
   - Optimize running of Air Compressors used for Blasting/Painting through optimum loading of Blasting operation & reduction in idle running
   - Conversion and retrofitting of equipment e.g. Installation of on-off timers in high mast towers
   - Maintaining the Power FACTOR about 0.95 to optimize the POWER DEMAND from state Electricity Supply
   - Switching over to Thyristor based Weld machines at MFF K.
   - Usage of invertor based Welding Machines at MFF H.
   - Increase use of FCAW Gas shielded welding process.

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

- Implementation of Energy Management System ISO 50001 at MFFH
- Replacement of LED lamps in place of Metal Halide Lamps in Shops
- Use of LED lights for temporary lighting in Yards in place of HPSV lights.
- Installation of Harmonic Filter in 11 KV side - to optimize the line currents and to reduce the power losses.
- Procurement of Energy Efficient Equipment - EOTs fitted with VVVF Drives.
- Conversion of DC Drive to Energy Efficient AC Drive in TOWER Crane
- Replacement of Existing window/split ACs by energy efficient invertor based AC
- Energy saver unit installation in Lightings and welding machines at yards.
- Installation of Occupancy sensors at offices and porta cabins at yards.
- Upgrade the Power Distribution network to reduce the diesel Consumption.
- Proposal given for the Replacement of Conventional Chiller Plant with Electrical Compressor Operated Chiller Plant at EPC Block

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

The measures taken have resulted in savings in cost of production, cost of power consumption, energy savings and reduction in maintenance cost, reduction in processing cycle time.

(d) Total Energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries specified in the Schedule:

The Company provides engineering, procurement & construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals and fertilizer sectors and pipelines. Hence, disclosures in Form A are not applicable to the Company.

B. RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:

The Company has well-established R&D facilities for carrying out applied research in the areas of Process Engineering, Material Science & Corrosion Engineering, Process Safety, Energy Systems & Environment, Mechanical Engineering and Offshore Engineering.

Research work is currently focused on the following:

- **Process Engineering**

  Design, analysis and simulation of Gas Processing plant and equipment (Gas/Liquid Separation, Condensate Fractionation, Gas Dehydration, Gas Sweetening Units and C2/C3/ C4 component recovery systems); Process Design of slug catchers, Process simulation for Ammonia and Urea Plants; Process engineering for Gas Compressor Modules; Flow simulation studies for Oil & Gas Projects; Steady State and Dynamic Simulation of Oil & Gas Processing plants; Refractory engineering for Fertilizer and Refinery Plant equipment; Technology evaluation, Coal characterization, Modelling and simulation for Gasification technologies; Technology evaluation for Hydrocracker and ultra-low sulphur fuel; Two-phase flow modelling; Pipeline flow assurance studies; Value Engineering for project cost optimization; Modelling of Pressure Swing and Temperature Swing Adsorption beds for product purification; Failure analysis and troubleshooting of various process units such as Steam Generators, Thermo-siphon System, Pressure Swing Adsorption unit, HP/LP Flash Drum and Gas Compressors; Pilot Plant data analysis for consistency and accuracy, scale-up analysis from pilot to commercial; Transient analysis of pipelines for pigging and slugging operation; Adequacy of Control & Trip logic strategies for normal, emergency, start-up scenario of compressor operation; Surge Analysis of compressors.

- **Material Science & Corrosion Engineering**
  Material selection, verification and corrosion control methodologies for Gas Processing Plants, LNG Pipelines / Terminals and Offshore facilities; Risk assessment and generation of Corrosion Management Manual / Plan for Gas Processing and Oil & Gas facilities involving equipment, piping and flow-lines; Troubleshooting and Failure Analysis studies for equipment and components (such as Process Piping, Waste Heat Recovery System, Heat Exchangers, Reformer tubes, Valves, Fasteners, Fittings, Coatings etc.); Preservation and Restoration techniques for critical systems; Surface engineering of various metals and non-metallic materials; Characterization of various materials with in-house laboratory facility comprising state-of-the-art instruments.

- **Process Safety, Energy Systems and Environment**
  Development of Simulators for cogeneration power plants including thermal, process, electrical and control systems; Design procedure for Bulk Flow Coolers for Urea Applications; Design of electrically heated thermosiphon reboilers; Design verification of HVAC systems, Cold and Freezer rooms for offshore platforms; Dynamic simulation of supercritical boilers; Design verification of Cryogenic Fluid Heaters; Radiation and Dispersion Analysis for Flares; CFD analysis for design optimization of Hypersonic Wind Tunnel piping; Safety studies for safe helideck operation at Offshore Platforms; Enhancement of boiler capacity using Oxy-fuel combustion; Determination of buffer volumes for fuel gas system based on worst-case operating condition; Design of insulation for cryogenic storage tanks; Analysis of heat transfer in Non-Newtonian fluid systems; Check-rating and design optimization of Waste Heat Recovery Coils and Heat Exchangers.

- **Mechanical Engineering**
  Noise Mapping for Offshore Well Head Platforms; Noise level verification and recommendations for suitable abatement measures for valve noise control; Indigenization of critical equipment in Oil and Gas Sector as part of "Make in India" initiative; Expert support for Acceptance Test and Commissioning for critical machinery; Lateral and Torsional Vibration analysis for Turbines and Compressors; Troubleshooting of high- speed turbo-machinery in Fertilizer, Petrochemical and Refinery plants and offshore platforms; Failure analysis for various equipment in offshore projects (such as Vorecon Gear Unit, Deck Crane Slew Bearing, Winch Drum Luff Wire Rope, Sea Water Pump Seals etc.).

  Analysis of Shell & Tube Heat Exchanger assembly for combined shock and thermal loads; In-place and Fatigue analysis of plated hull structures using FEA, Vortex Induced Vibration analysis of long submerged conduits using FEA; Water-proof strain gauging of static equipment during hydro-test; Design and analysis of piping system subjected to combined thermal and shock loads; Out-of-roundness assessment of pipelines having distortion; Combined creep and fatigue assessment of process equipment subjected to elevated thermal cycles; Design optimization of expansion bellow using FEA; Fitness For Service (FFS) assessment of piping and equipment.

  Tank Analysis (API 650); Mounded Bullet Analysis; Subsea pipeline buckling susceptibility check; Subsea Pipeline upheaval and lateral buckling analysis; Lifting and transportation analysis of equipment and piping; Local PWHT heating input and structural integrity assessment for equipment; Fluid Structure interaction simulation,

- **Offshore Engineering**
  Offshore Fixed Structures
  Design, analysis and optimization of complex offshore structures; Advanced engineering analysis for offshore Jackets (such as Pile Drivability, Deterministic & Spectral Fatigue, Seismic Analysis, Push Over, Boat Impact, Rare Intensity Earthquake, Blast); Studies on design/ analysis of Jack-up Rig, Subsea Systems, FPSO topsides, Critical structural joints; Brownfield Structural engineering.

  Offshore Floating Structures & Subsea Systems

  Naval Arch studies; Hydrostatic Stability; Hydrodynamics Studies; Mooring Analysis & Bollard Pull calculation for Offshore structure Transportation and Installation; Advanced engineering studies for Jacket Launch, Tow, Floatation & Upending; Studies on Design/ analysis of Integrated Deck Float-over; Development of advanced design and analysis capabilities for Subsea Pipeline Engineering; Advanced Finite Element Analysis (FEA) of Critical components.

  R&D Laboratories in the areas of Vibration & Acoustics, Experimental Stress Analysis, Materials Technology and Corrosion Studies have been upgraded by addition of new, state-of-the-art instruments and software tools to carry out the R&D studies effectively.

  R&D facilities are augmented with the latest IT infrastructure. A fully E-enabled Technical Library, having a large collection of technical publications, research journals and product/ technology databases further supplement the R&D resources. Emphasis is given on creating Intellectual Properties (IP) and managing the Intellectual Property Rights (IPR). The R&D Centre has been involved in active networking with

Professional Societies, R&D Laboratories and Academic Institutes.

2. Benefits derived as a result of above R&D:

- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Establishment of in-house capability in Process Simulation and FEED Verification for on-shore / off-shore Gas Processing Plants and design optimization of associated equipment.
- In-house expertise development for complete Refractory solutions (e.g., material selection, engineering, commissioning and troubleshooting) in high-temperature equipment for process plants.
- Capability development for dynamic simulation of equipment and processes; Enhancement of cogeneration power plant reliability and availability.
- Optimised equipment and pressure control valve design; Superior control strategy for minimum flaring, thus maximizing production and energy efficiency
- Optimal design of process and equipment, resulting into reduction in capital and operating cost as well as safer design
- Capability development for analyzing plant dynamics for UMPPs / other supercritical power plants.
- In-house software program developed for prediction of thermal radiation from flares for offshore and onshore projects.
- Capability development for performing boiler capacity de-bottlenecking studies.
- Capability development for design evaluation of bulk flow coolers in Urea Plants and other solids handling plants.
- Successful testing / commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- In-house capability building to support business units for all Materials related assignments (such as material verification / selection / evaluation / characterization; corrosion rate estimation, selection of alternative materials; recommendation for corrosion control methodologies; failure analysis; preservation and corrosion protection of critical equipment; development of new materials for strategic applications; identification of newer technologies and commercially available proven products and their implementation for preventing material degradation and extending useful life).
- Synthesis and Characterization of novel Nano-enabled bulk materials and coatings for high-temperature applications.
- Establishment of in-house capabilities in analysis of piping system for flow-induced and acoustic-induced vibrations; Conduct of Plant Noise studies utilizing in-house expertise; Development of in-house capabilities in special acoustic studies such as piping insulation design and valve noise / vent noise assessment.
- Development of in-house expertise in advanced FEA for offshore application such as In-place and Fatigue analysis of plated hull structures and Vortex Induced Vibration (VIV) analysis of long, submerged conduits.
- Development of in-house expertise in strain gauging for special applications like water- proof gauging required for measuring strains on the inner surface of pressure vessel during hydro test.
- Establishment of in-house capability in carrying out combined creep and fatigue damage assessment of process equipment subjected to elevated temperature cycles.
- Demonstration of in-house capability on design optimization of expansion bellows in thermal equipment, using advanced FEA techniques.
- National recognition of R&D Materials Laboratory through •Excellent Laboratory Award - 2015 • from NACE International Gateway India Section (NIGIS).
- Capability for complete detailed structural engineering for Process Modules and Topsides.
- Development of in-house capability for FEED verification and Pile Soil Interaction (PSI) Analysis of Offshore Platforms.
- Yard Engineering and Installation Engineering support for in-house EPC Projects.
- Structural Joint Design for Offshore Platforms.
- Establishment of In-house expertise in Specialized Analysis for Pile Drivability, critical to offshore Jacket stability.
- Complete in-house support to business units for Transportation & Installation Engineering of Offshore Projects.
- Establishment of in-house capability in Integrated Deck Float-over analysis.
- In-house FEA expertise for Critical components of Offshore Jacket & Topside structures.
- Capability for Code based design and FEED verification of subsea pipeline projects
- Development of in-house expertise in specialized applications such as Jacket Launch, Tow, Floatation, Upending & On-bottom analysis
- In-house expertise for Brownfield Structural Engineering

3. Future Plan of Action:

The R&D Centre is committed to providing appropriate technology support to all Hydrocarbon Projects, as required by various business units. Future development activities are identified based on the anticipated needs of upcoming Projects as well as requirements for in-house capability development. The following key areas have been identified under R&D Action Plan:

- Process technology for coal gasification, design optimization and system integration for EPC Projects
- Process simulation for various Refinery units such as Hydrocracker, DCU, Reforming, Alkylation units etc.
- Use of Petcoke for Gasification applications
- Modeling and Process Simulation of Fluidized Bed Gasification Reactors for high-ash Indian coals
- Process design capabilities in Petrochemical / Polymer Plants
- Modularization of Process Plants
- Carbon Capture and Sequestration (CCS) techniques for Oil & Gas Projects
- Application of Enhanced Oil Recovery (EOR) processes through chemical flooding techniques
- CO2 Capture from Reformer stack in Fertilizer plant and recycling as feed stock for Urea plant
- Cryogenic Air Separation Processes (technology evaluation, process simulation, heat integration and system engineering)
- Use of CFD techniques for design optimization of coal gasifiers
- Emerging (Non-traditional) energy solutions such as CBM, Shale Gas and Tar Sands
- Development of Nano-based materials for high temperature applications
- Thermal design and optimization of Cold Box for Air Separation plants
- Application of Low Temperature Thermal Desalination process for commercial use
- Design / engineering of molten salt based thermal energy storage system for electric arc furnace with intermittent operation
- Design of Combustion Air Pre-heaters for Reformers in Ammonia Plants
- Power generation solutions for offshore process platforms using wind power
- Solar energy based desalination plants for “Clean Energy” initiative
- Advanced Finite Element Analysis (FEA) techniques for analyzing coupled Fluid Structure Interaction (FSI) problems
- Capability development in Fracture Mechanics and Advanced Fatigue Analysis
- Study of advanced non-destructive techniques for residual stress measurement
- Stress analysis of non-ferrous materials like ceramic refractory and concrete structures
- Study of design philosophy of offshore wind turbines
- Techniques for Reliability, Availability & Maintainability (RAM) studies as part of specialized engineering support for Process Plants
- Fitness for Service (Level-3) assessment using FEA
- Theoretical and experimental study on degradation mechanisms in material of construction for Ammonia Convertor
- Study on degradation / failure mechanisms for High-Strength Steel; Characterization of different heat treated low-alloy steel (Normalized + Tempered and Normalized + Accelerated cooling + Tempered) for temper embrittlement; Evaluation of hydrogen charged DSS.
- Development of environmentally-friendly (non-toxic and bio-degradable) chemical formulations for chemical cleaning and pickling of steels; Characterization and optimization of selected chemicals based on surface cleaning efficiency and material weight loss.
- Capability development for structural analysis and design of Subsea Modules.
- Capability development for structural analysis and design of offshore structure compatible with Float-over Installation method.
- Capability development for structural analysis and design of FPSO Topsides
- Capability development for structural design of Jack-up Rigs
- Capability development to carry out Coupled Motion Analysis
- Design and analysis capability for Deepwater Floating Solutions
- Capability development in optimization of offshore structures
- Feasibility study on Jack-up Rig conversion to early production units

4. **Expenditure on R&D:**

v Crore

Particulars	2016-17	2015-16
Capital	0.06	0.19
Recurring	14.66	12.37
TOTAL	14.72	12.56
Total R&D expenditure as percentage to total turnover	0.17%	0.17%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts made in brief towards technology absorption, adaptation and innovation:**
   - Interaction with external agencies / technology partners for exposure to the latest products / designs, manufacturing technologies, processes, analytical techniques and engineering protocols
   - Active involvement with International / National Professional Societies (such as IChemE, AIChE / CCPS, IIChE, ICC, ASME, NACE, ASM, ASTM, AISC, ACS, HTRI, STLE, TSI, NAFEMS, etc.)
   - Active participation in National /

International Innovation forums and CII Technology Task Force

- Institutionalization of in-house schemes (such as ICONs and KnowNet) for identifying, nurturing and implementing innovative ideas and technology solutions
- Networking and knowledge sharing through national / international conferences, seminars and exhibitions
- Valuation, adaptation and/or modification of imported designs / technologies to suit indigenous requirements, alternative materials / components
- Parametric studies involving theoretical models duly validated by experimental studies at in-house laboratories and pilot plants, as well as feedback and operating data during commissioning of various plants and machinery
- Review of Patents in relevant technology areas
- Nomination of R&D engineers to external training programs, expert groups and technical committees
- Collaborative efforts with educational / research institutions for research projects
- Use of state-of-the-art equipment, instrument and software as well as the latest Codes and Standards
- Analyzing feedback from Customers / internal users to continually improve processes and services
- Active involvement with International / National Professional Societies (such as SPE, AISC, RINA etc.)

2. Benefits derived as a result of above efforts:

- Capability development and professional enrichment of R&D Engineers through networking with domain experts and researchers in India and abroad
- Enhancement of professional skills of R&D Engineers through additional academic qualifications, certification and acquisition of Chartered Engineer status
- Successful performance simulation / optimization of process design and engineering for various Hydrocarbon projects (Refinery, Oil & Gas, Fertilizer and Chemical plants)
- Complete in-house support to business units in providing Refractory solutions (selection, design, engineering, commissioning) for high-temperature applications
- Energy conservation through optimal design, analysis and engineering of heat exchange equipment and waste heat recovery systems for Process Plants
- Optimum material selection, verification and characterization of materials for critical applications; Implementation of suitable preservation / corrosion protection techniques to achieve successful longer life and adequate performance
- Establishment of in-house capability for specialized engineering analyses, such as Modeling & Process Simulation, Computational Fluid Dynamics, Transient Thermal Analysis, Radiation and Dispersion analysis, Risk Based Inspection (RBI) Studies, Fitness for Service (FFS) Studies, advanced Stress Analysis, Vibration & Acoustics, Rotor Dynamics, Tribology etc., in order to achieve self-sufficiency and minimize dependence on external agencies
- Multi-disciplinary technology support to Projects towards troubleshooting, failure analysis and plant commissioning, in order to achieve successful Project completion with respect to cost, time, quality and HSE targets
- Acquisition of in-house expertise in areas such as material characterization, advanced corrosion control methods, coating and wear protection techniques to assess and mitigate material-related failures and associated risks in Projects
- Contribution towards new materials development (composites / nano-materials) and indigenous solutions to control corrosion for effective support to Projects of strategic importance
- Establishment / upgradation of state-of-the art laboratory facilities for materials characterization, accelerated corrosion tests, chemical analysis, corrosion control, coating evaluation, vibration and acoustics studies, experimental stress analysis etc., in order to provide comprehensive technology support to business units. This has reduced the dependence on external agencies and enabled effective execution of projects.
- Competitive methodology developed for long vertically unsupported Pile drivability.
- Technical support for Greenfield and Brownfield structural engineering.
- Parametric studies leading tooptimization of offshore structural connections
- Establishment of in-house capability for advanced engineering analysis, such as Integrated Deck Float-over analysis, Jacket Launch, Tow, Floatation, Upending, On-bottom etc.

3. Information regarding technology imported during the last 5 years:

No technology was imported during the last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company has been prequalified for major international EPC projects from reputed customers in Middle East, South East Asia and CIS countries. During the year, the Company has appointed Mr. Subramanian Sarma, as the Chief Executive Officer and Managing Director, who has over 30 years of experience in the international oil & gas contracting industry. He is based out of the Company's Middle East office to enable close monitoring of key on-going projects and drive new growth. During the year, Company along-with a consortium partner has entered into six year Long Term Agreement with Saudi Aramco which will enable the consortium to execute Engineering, Procurement, Construction & Installation of offshore facilities such as platforms, pipelines, submarine cables and other offshore services over the tenure of the Agreement. The Company is also in talks with reputed international EPC companies for tie-ups relating to exports of pre-fabricated structures from yards and for provision of engineering services.

Total foreign exchange used and earned:

v Crore

Particulars	2016-17	2015-16
Foreign Exchange earned	**7,008.71**	*4,711.59*
Foreign Exchange used	**4,440.62**	*4,098.92*

Annexure 'C' to the Directors' Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U11200MH2009PLC191426
ii)	Registration Date	April 02, 2009
iii)	Name of the Company	L&T Hydrocarbon Engineering Limited
iv)	Category	Public Limited Company
v)	Sub-Category of the Company	Public Limited Company
vi)	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai 400 001 Tel: +91 22 6705 5656
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	General construction services of other industrial plants	99542699	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited, L&T House, Ballard Estate, Mumbai 400 001	L99999MH1946PLC004768	Holding Company	100%	2 (46)
2	L&T Sapura Shipping Pvt Ltd Manapakkam Campus, Chennai 600 089	U61100TN2010PTC077217	Subsidiary Company	60%	2(87)
3	L&T-Chiyoda Ltd L&T House, Ballard Estate, Mumbai 400 001	U28920MH1994PLC083035	Associate Company	50%	2(6)
4	*L&T-Valdel Engineering Ltd Primrose Road, Bengaluru 560 025	U74210KA2004PLC035094	Subsidiary Company	-	-
5	L&T-Gulf Pvt Ltd L&T House, Ballard Estate, Mumbai 400 001	U74140MH2008PTC177765	Subsidiary Company	50.002%	2(87)
6	L&T Sapura Offshore Pvt Ltd Manapakkam Campus, Chennai 600 089	U11200TN2010PTC077214	Subsidiary Company	60%	2(87)

*Note: LTV ceased to be Subsidiary as it is merged with the Company vide Bombay High Court order dated September 29, 2016 and Bangalore NCLT order dated March 31, 2017.

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

i) Category-wise Share Holding - Equity Shares

All figures in crores

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		100.005	100.005	100		100.005	100.005	100	-
e) Banks / FI									
f) Any Other….									
Sub-total (1):-		100.005	100.005	100		100.005	100.005	100	
2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		100.005	100.005	100		100.005	100.005	100	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto v 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of v 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		100.005	100.005	100		100.005	100.005	100	

Category-wise Share Holding - Preference Shares

All figures in crores

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		76	76	100		76	76	100	-
e) Banks / FI									
f) Any Other….									
Sub-total (1):-		76	76	100		76	76	100	
2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		76	76	100		76	76	100	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto v 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of v 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		76	76	100		76	76	100	

(ii) Shareholding of Promoters - Preference shares

All figures in crores

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	100.005	100	-	100.005	100	-	-
	Total	**100.005**	**100**	**-**	**100.005**	**100**	**-**	**-**

Shareholding of Promoters - Preference Shares

All figures in crores

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	76	100	-	76	100	-	-
	Total	**76**	**100**	**-**	**76**	**100**	**-**	**-**

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

All figures in crores

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	100.005	100	100.005	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	100.005	100	100.005	100

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

All figures in crores

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	76	100%	76	100%
	Further Allotment	N.A.			
	At the End of the year	76	100%	76	100%

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

All figures in R Crs.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	74.35	550.07		624.42
ii) Interest due but not paid	0	0		0
iii) Interest accrued but not due	0	0		0
Total (i+ii+iii)	**74.35**	**550.07**	**0**	**624.42**
Changes In Indebtness during the financial year				
Addition				
Reduction	(61.34)	(519.43)		(580.77)
Net Change	**(61.34)**	**(519.43)**		**(580.77)**
Indebtedness at the end of financial year				
i)Principal Amount	13.01	30.64		43.65
ii)Interest due but not paid	0	0		0
iii)Interest accrued but not due	0	0		0
Total(i+ii+iii)	**13.01**	**30.64**	**0**	**43.65**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

All figures in R Crs.

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		S. Sarma	K. Ravindranath	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.39	1.21	16.60
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	0.05	0.05
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	**15.39**	**1.26**	**16.65**

B. Remuneration to other directors:

v Crore

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Vikram Mehta	Sarthak Behuria	A K Balyan	Bhagyam Ramani	K Venkataramanan	
1.	Independent Directors • Fee for attending Board / Committee meetings • Commission • Others, please specify	0.03	0.05	0.05	0.06	0.04	0.23
	Total (1)	**0.03**	**0.05**	**0.05**	**0.06**	**0.04**	**0.23**
2.	Other Non-Executive Directors						
	• Fee for attending board / committee meetings						
	• Commission						
	• Others, please specify						
	Total (2)	**0**	**0**	**0**	**0**		**0**
	Total (B)=(1+2)	**0.03**	**0.05**	**0.05**	**0.06**	**0.04**	**0.23**

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

v Crore

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Alpana Khale - Company Secretary	R. Venkatesh - Chief Financial Officer	Total
1.	Gross salary				
	(a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961		0.37	1.63	2.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.02		0.02
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	-	-
2.	Stock Option		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission - as % of profit - others, specify		-	-	-
5.	Others, please specify		-	-	-
	Total		**0.39**	**1.63**	**2.02**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

Annexure 'D' to the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The Company is committed to discharging its Social Responsibility through:

   a. Partnership with communities in education and skill-building

   b. Innovation and Technology

   Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below.

   a. Water Conservation & Purification

   b. Education and Skill building

   c. Health

   d. Environment

   e. Innovation and Technology

   While the focus of CSR efforts will be in the areas mentioned above, the Company however may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.). CSR Policy of the Company is available on the Company's website- www.lnthydrocarbon.com

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

   1. Mr. Vikram Singh Mehta
   2. Mrs. Bhagyam Ramani
   3. Mr. K. Ravindranath

3. **Average net profit of the Company for last three financial years: R 488.42 crore**

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): R 9.77 crore**

5. **Details of CSR spent during the financial year:**

   i. Total amount spent for the financial year: R 4.01 crore

   ii. Amount unspent, if any: R 5.76 crore

   iii. Manner in which the amount spent during the financial year:

v Crore

SN	CSR Project /activities Identified	Sector in which the project is covered	Projects /Programs 1)Local area or other 2)Specify state & district where Projects undertaken	Amt Outlay of Budget / Project wise	Amt spent on the Project / Programme wise	Cumulative spend upto the reporting period	Amount spent (Direct / implementing agency)
1	Providing Drinking facility at Orphanage	Water & Sanitation	Lonavala	0.4	0.416	0.416	Implementing Agency
2	Construction of toilet facility for Girls High School	Water & Sanitation	Kattupalli	0.168	0.181	0.181	Direct
3	Nutritious food programme	Health & Education	Thane	0.074	0.074	0.074	Implementing Agency
4	Infrastructure Support in Schools and Old age Homes	Health Care & Education	Dahej	0.019	0.043	0.043	Direct
5	Support Educational Intervention in communities	Health Care & Education	Vadodara	0.29	0.284	0.284	Implementing Agency
6	Providing Infrastructure Support to Community Development Centre	Skill Building	Hazira	1.25	0.71	0.71	Direct

v Crore

SN	CSR Project /activities Identified	Sector in which the project is covered	Projects /Programs 1)Local area or other 2)Specify state & district where Projects undertaken	Amt Outlay of Budget / Project wise	Amt spent on the Project / Programme wise	Cumulative spend upto the reporting period	Amount spent (Direct / implementing agency)
7	LTHE -IIT Madras Scholarship for M-Tech -OSE	Education	Chennai	0.74	0.703	0.703	Direct
8	Providing Infrastructure Support to Primary Health Centre & Schools	Health Care & Education	Kattupalli	0.59	0.186	0.186	Direct
9	Providing Education to Slum Children	Health Care & Education	Vadodara	0.41	0.41	0.41	Implementing Agency
10	Providing Education to Slum Children	Health care & Education	Mumbai	0.38	0.38	0.38	Implementing Agency
11	Providing hand pumps for drinking water	Water & Sanitation	Vadodara	0.36	0.15	0.15	Implementing agency
12	Education support through Technology	Education	Vadodara	0.21	0.2	0.2	Implementing Agency
13	Biodegradable processing through vermicomposting	Health care and sanitation	Vadodara	0.12	0.06	0.06	Implementing Agency
14	Assisting Skill Development through vocational Courses	Education & Skill Building	Mumbai	0.05	0.05	0.05	Implementing Agency
15	Check dam in Shahpur	Water and Sanitation	Maharashtra	0.05	0.05	0.05	Implementing agency
16	Miscellaneous				0.061	0.061	Direct
	Total			**5.11**	**4.004**	**4.004**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Company has continued to be active in CSR activities and during the financial year under review has spent R 4 crore as against R 9.81 crore as required under section 135 of the Companies Act, 2013. This section requires the Company to spend towards CSR activities at least 2% of the average net profits, adjusted for profits / losses for international branch offices, of the preceding 3 years. The management remains strongly committed to serve the communities in the neighbourhood of its operational base and believes in making a long lasting positive impact. A comprehensive review has been undertaken recently to carefully select the project, its location and the mode of implementation including possible partnering with NGO's to make the programme more sustainable. A dedicated and experienced programme manager has also been assigned to closely monitor the implementation. As an outcome of these actions, the Company believes that its CSR activities will gain further momentum with accelerated spending in the coming years.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its Framework.

Mr. Vikram Singh Mehta
Independent Director & CSR Member

Mr. K. Ravindranath
Whole- Time Director & CSR Member

Annexure 'E' to the Directors' Report

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,
The Members,
L&T HYDROCARBON ENGINEERING LIMITED

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015;

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; presently (Share Based Employee Benefits) Regulations, 2014;The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) **No** other specific business/industry related laws applicable to the Company.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable.**

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

I further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company, the following events / actions have taken place which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. as under:-

(i) Public/Right/Preferential issue of shares/debentures/sweat equity, etc.- **NIL**

(ii) Redemption / buy-back of securities. -**NIL**

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.- **NIL**

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

- The Scheme of Amalgamation of L&T- Valdel Engineering Limited with the Company, was approved by the Hon'ble High Court of judicature at Bombay, vide Order dated September 29, 2016 and the National Company Law Tribunal, Banglore, vide Order dated March 31, 2017. Appointed date is April 01, 2016. However, the Effective date is April 4, 2017.

(v) Foreign technical collaborations.- **NONE**

(vi) Other Events, if any - **NONE**

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place : Mumbai
Date : April 27, 2017

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

'ANNEXURE A'

To,
The Members
L&T HYDROCARBON ENGINEERING LIMITED

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

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

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place : Mumbai
Date : April 27, 2017

Annexure 'F' to the Directors' Report

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)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of Material contracts or arrangements or transactions are at arm's length basis

Amt. in ₹ Crs

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any
L&T Valves Limited	Member of same group	Purchase of goods and services	Apr 16-Mar 17	152.71

Management Discussion & Analysis

Management Discussion & Analysis

Global Economic Conditions:

In 2016 the global economy witnessed slow pace of growth and uncertainties with developed countries adopting protectionist policies. The current year is showing signs of revival of investment climate as the capital markets gain buoyancy, signs of recovery in manufacturing and trade, likely upside in the economic activity in Japan driven by healthy net exports and European countries witnessing traction in domestic demand paving way for growth. Advanced economies are expected to make small step-ups while growth in emerging economies continue to drive the global growth projections. China is expected to showcase favourable growth with strong policy support. Oil prices have shown traction in the recent months and are expected to be range bound thus bringing down the level of budget deficits in Middle East, allowing the Governments to have additional fiscal space to increase investments. However protectionist policies by the US and geopolitical risks persist that may pose impediment in the global economic recovery. The advanced economies are facing persistent structural problems such as low productivity growth and high income inequality. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery.

Overview of Indian Economy:

Amidst the global backdrop, Indian economy stood steadfast on its growth trajectory. In the framework of robust macro-economic stability, the year 2016-17 was marked by a few but robust policy developments such as passage of bankruptcy code, constitutional amendments paving way for GST and demonetization of notes in the pursuit of enhancing formalization of various segments of the economy. The GDP growth for the year 2016- 17 at 7.1% was lower as compared to the previous year on account of weak investment sentiments even though Government enhanced spending and exports rose over the last few months of the year. Demonetization had a temporary adverse impact, as labour- intensive construction sector contracted. Growth in gross fixed capital formation slowed sharply in FY17 to 27.1% from 29.3% a year ago. In the fiscal year 2017-18 India is expected to grow to around 7.2% provided macroeconomic parameters are favourable. There is an uptick in India's exports based on global economic activity. Consumption is also expected to witness traction as the economy catches up after demonetization and cheaper borrowing cost. Emphasis of the budget proposals on growth simulation through infrastructure development, focus on affordable housing, digitalization of the economy, Make in India campaign are expected to start showing positive results in the later part of the current year. Introduction of GST will create a common market, improve tax compliance and governance, thereby boost investment and growth. Certain downside risks do persist, especially on the banking sector front. High levels of NPAs and strained balance sheets of the banks pose constraints to funding for new investments. Structural reforms for debottlenecking the economic growth, bringing fiscal prudence in the state budgets and faster implementation of various development programmes of the Government are very important for speedy revival of investment climate.

According to The World Bank, the Indian economy will likely grow at 7 per cent in 2016-17, followed by further acceleration to 7.6 per cent in 2017-18 and 7.8 per cent in 2018-19. Demonetisation is expected to have a positive impact on the Indian economy, which will help foster a clean and digitised economy in the long run, according to Ms Kristalina Georgieva, Chief Executive Officer, The World Bank.

India is expected to be the third largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers. Also, the Prime Minister, Mr Narendra Modi has stated that India has become the world's fastest growing large economy, and is expected to grow five-fold by 2040, owing to a series of policy measure.

Business Overview:

The performance in the current year 2017-18 lays reliance on significant pick-up in Government led expenditure on development of rural and urban infrastructure, fast tracking of some defence orders and revival of domestic manufacturing sector. Select international markets continue to hold importance for business prospects of Hydrocarbon and Infrastructure segment. The Company has identified certain key thrust areas and strategies to focus on the upcoming opportunities.

• Strengthening execution and operational efficiency: The Company is focused on bringing about cost & operational efficiencies for achieving profitable growth in the competitive business environment. The emphasis is on better contract and project management. The endeavour is to lower costs while maintaining quality and managing complexity.

Bassein Development Project for ONGC. The scope included BCPA3 process platform, BLQ3 Living Quarters platform, BH wellhead platform, 12 km pipelines, bridges and modifications at BPA complex.

- Emphasis on improving Working capital level: The Company will continue to focus on reducing the working capital levels by emphasis on speedy customer collections, accelerating invoicing of work completed and reducing inventory levels.

- Digitalization: The Company has identified digitalization as a key driver to enhance its global competitiveness. Various digitalization initiatives are under way to aid project monitoring and enhancing efficiencies. The Company is threading in various digital strategies into the business model and also simultaneously building relevant capabilities to harness the true power of digital assets.

About LTHE

The Hydrocarbon business provides integrated 'design to build' turnkey solutions for the global Oil & Gas Industry including oil & gas extraction and processing, petroleum refining, chemicals & petrochemicals, fertiliser sectors and cross country pipelines and terminals. The in-house capabilities enable it to deliver complete end-to-end solutions from front-end design through detailed engineering, procurement, fabrication, project management, construction and installation up to commissioning services. The Hydrocarbon business is primarily housed in a wholly owned subsidiary, L&T Hydrocarbon Engineering Limited (LTHE). The business has a fully integrated capability chain including in-house engineering and R&D centres, world-class modular fabrication facilities as well as onshore construction and offshore installation capabilities. The business has repeatedly delivered, large, critical and complex projects, globally, by virtue of its customer focus & responsiveness, experienced & highly skilled human resources, world-class Quality & HSE practices and culture of excellence. The principles of the Company's business philosophy are striving for excellence in corporate governance, HSE & quality standards, extensive IT enablement & state-of-the-art IT security practices, on-time delivery and cost competitiveness.

Major facilities in India include Engineering & Project Management Centres at Mumbai, Vadodara, Chennai and Bengaluru and Fabrication Yards at Hazira (near Surat) and Kattupalli (near Chennai),whereas, overseas presence is primarily in the Middle East in UAE (Sharjah), Saudi Arabia (Al-Khobar), Kuwait and Oman (Muscat). The business also has a major Modular Fabrication Facility at Sohar in Oman held through a subsidiary.

The business caters to clients across the hydrocarbon value chain through its following business verticals:

- Hydrocarbon Offshore
- Hydrocarbon Onshore
- Hydrocarbon Construction Services
- Hydrocarbon Modular Fabrication Services
- Hydrocarbon Engineering Services

Hydrocarbon Offshore:

The business offers lump sum turnkey EPCIC solutions to the Global Offshore Oil & Gas industry encompassing wellhead platforms, process platforms & modules, subsea

Gas processing facilities for Saudi Aramco near Tabuk in Saudi Arabia, with a capacity to treat 75 MMSCFD of gas and 4500 BPD of condensate, and the laying of over 90 km of gas and condensate product pipelines.

systems & pipelines, brownfield developments, offshore drilling rigs (upgrade and new-builds), floating production storage & offloading (FPSO) topsides and offshore wind farms. For more than 25 years, the business has been successfully executing large offshore platforms and pipeline projects on east and west coasts of India, the Middle East, South East Asia and Africa, for global companies such as ONGC, GSPC, British Gas, ADMA-OPCO, Saudi Aramco, Bunduq, Qatar Petroleum, Maersk Oil Qatar, PTTEP, Petronas Carigali and Songas.

Its Offshore Engineering Centre has comprehensive engineering capabilities covering the complete project life cycle from concept studies, FEED, 3-D model based detailed engineering, and special studies to commissioning for offshore projects. The installation capability resides in the joint ventures L&T Sapura Shipping Private Limited, (which owns and operates a Heavy Lift Cum Pipe Lay Vessel – LTS 3000) and L&T Sapura Offshore Private Limited (which provides offshore installation services).

The business secured major EPCI awards in consortium, under a Long Term Agreement (LTA) with Saudi Aramco. These include the development of Hasbah Offshore Gas Field involving 6 wellhead topsides, 2 tie-in platforms, about 520 km of offshore / onshore pipelines followed by two separate contracts, one for supply & installation of 4 wellhead decks in the Safaniya field and the other one for upgradation of 17 platforms in various offshore fields of Saudi Arabia.

On the domestic front, the business secured an EPCIC contract for Neelam Re-development & B173AC project of ONGC involving a new process platform, three new wellhead platforms, 32 km pipeline and clamp-on / modification of existing platforms in the Neelam Field in the western offshore basin in India. During the year, the Company successfully completed the Additional Development of Vasai East Project for ONGC. Contributing to India's exploration and production activities in the Oil and Gas sector, the business has signed an exclusive Memorandum of Understanding with GE Oil & Gas to partner in the manufacture of subsea manifolds for future deepwater projects in the Krishna-Godavari basin on the east coast of India.

Hydrocarbon Onshore:

The business provides EPC solutions for a wide range of hydrocarbon projects covering upstream oil & gas processing, refining, petrochemicals, fertilisers (ammonia & urea complexes), cryogenic storage tanks & regasification terminals including LNG and cross country pipelines. The business has a track record of successful simultaneous execution of multiple mega projects using diverse technologies from process licensors like UOP, Axens, Haldor Topsøe, CB&I Lummus, Black & Veatch, Ortloff, ExxonMobil, BOC Parsons, Invista and Davy Process Technologies.

Its Design Engineering Centres viz., L&T-Chiyoda for onshore engineering and L&T-GULF for Pipeline engineering enable the vertical to offer a complete spectrum of FEED, process and detailed engineering to clients. The Company's subsidiary

Solution Polyethylene and Specialty Elastomers package for Sadara Chemical Company (JV of Saudi Aramco and Dow Chemicals) at Al Jubail in Saudi Arabia.

Larsen Toubro Arabia is registered as In-Kingdom EPC ('IK-EPC') company in Saudi Arabia and addresses onshore IK-EPC opportunities.

The business has executed Lump-Sum Turnkey (LSTK) projects for various Indian oil majors such as IOCL, MRPL, ONGC, OMPL, BPCL, HPCL, Reliance Industries, etc., as well as fertilizer companies like NFL, GNFC, RCF, and others.

Internationally, the business group is prequalified by major international oil & gas producers and has a successful track record of project execution with international bellwethers like Saudi Aramco, Abu Dhabi Gas Industries (GASCO), Petroleum Development Oman (PDO), KOC, KNPC, Petronas, Dolphin Energy, Chemanol, etc.

During the year, the business received orders from Indian Oil Corporation for a Coke Drum System Package of Delayed Coker Unit (1.7 MMTPA) at Haldia Refinery in West Bengal as well as for setting up a 0.74 MMTPA INDMAX Fluid Cracking Unit (FCC) including a LPG Treatment Facility at Bongaigaon Refinery in Assam.

The business also received an EPC contract for Paraffin & Derivative complex in Saudi Arabia from Farabi Petrochemical Company

During the year, the business successfully commissioned the world's largest Ethane- cum-LNG Storage facility at Dahej in India. Further, four international projects viz., Aviation Fuel Depot at New Abu Dhabi International Airport for TAKREER(UAE), Yibal Third Stage Depletion Compression and Saih Rawl Depletion Compression Projects for PDO (Oman) and Export Gas Compression Facilities Upgrade Project for Dolphin Energy (Qatar) were completed. The Midyan Gas Processing Facilities for SAUDI ARAMCO achieved mechanical completion.

Hydrocarbon Construction Services:

The vertical renders turnkey construction services for refineries, petrochemicals, chemical plants, fertilizers, gas gathering stations, crude oil & gas terminals and underground cavern storage systems for LPG and cross country oil & gas pipelines.

The vertical's major capabilities include heavy lift competency, advanced welding technologies, high levels of automation, management of manpower & material in large volume at construction sites and Quality / HSE systems conforming to international practices. The business has also invested in strategic construction equipment, a range of pipeline spread equipment, automatic welding machines and other plant and machinery for electro-mechanical construction works.

The business has executed projects for major private sector customers like Cairn Energy, Reliance Industries (RIL), HPCL Mittal Energy (HMEL) as well as major oil PSUs like BPCL, HPCL, IOCL, ONGC and international customers like Abu Dhabi Company for Onshore Oil Operations (ADCO), Abu Dhabi Oil Refining Company (TAKREER), Abu Dhabi Gas Industries (GASCO), Saudi Aramco, Sadara, Dolphin Energy etc.

PAM and PAR modules for ExxonMobil / ZADCO's Upper Zakum Field development programme, ready for despatch at Sohar Yard in Oman. The scope includes engineering, fabrication and load-out of 33 modules weighing approx. 14,000 MT.

The Company's country specific entities render construction support to international onshore projects – Larsen & Toubro Electromech LLC in Oman, Larsen & Toubro ATCO Saudia LLC in Saudi Arabia and, Larsen & Toubro Kuwait Construction General Contracting WLL in Kuwait.

During the year, the business received three new orders for pipelines and associated works in the western region of India viz. Palanpur – Pali and Barmer – Pali pipelines for GIGL and Anjar Mundra pipeline for GSPL. The business also received an order for composite mechanical works for the Low-Cost Expansion Project of HMEL at Bathinda and an order for additional work from an existing client in India.

The business successfully completed an underground Pipe-in-Pipe System for transportation of cryogenic ethane, executed for the first time in India, for RIL at Dahej and installation of cross-country pipelines and construction of Gas Gathering Stations & Well-Site Facilities for Coal Bed Methane Development Project Phase I for RIL at Shadol

Hydrocarbon Modular Fabrication Services:

This business vertical offers comprehensive modular Engineering, Procurement and Fabrication (EPF) solutions for projects primarily in the offshore and onshore oil & gas segments. World-class modular fabrication facilities at Hazira (India's west coast), Kattupalli (India's east coast) and Sohar (Oman) have a combined annual capacity in excess of 150000 MT depending on the product mix. These facilities offer competitive and year-round delivery capability with robust QHSE and delivery performance.

These facilities are situated on the waterfront with easy access to clients across the globe and have load-out jetties for the dispatch of large & heavy modules via ocean-going vessels & barges. The facilities are also accredited with global certifications and pre-qualifications from major oil & gas customers and have state-of- the-art equipment to deliver complex modules & structures, duly tested at the facilities itself.

For the first time in India, high-end technology required for deepwater operations is being transferred and embedded, through our consortium partners, for ONGC's Vashishta & S1 deepwater field development project on the east coast of India. As part of this project, 13 subsea structures were fabricated at Kattupalli yard, in addition to high-tech spool base facilities for pipe reeling. Also during the year, the Kattupalli facilities achieved the load out of 8 legged jacket within record time for ONGC's Bassein Development project.

During the year, the business received a number of orders for the supply of modularized structures and process modules for ongoing refinery projects in the Middle East and Africa

Hydrocarbon Engineering Services:

The vertical offers comprehensive solutions covering the entire spectrum of engineering across the oil & gas value chain, covering services from Concept to Commissioning, Troubleshooting, EPCM, PMC, Engineering & Procurement, Field Engineering, Asset Integrity Management and Operations & Maintenance.

The Engineering Services vertical has a large resource pool of over 4 million engineering man hours. A large portfolio of industry-standard software tools, roboust IT infrastructure and in-house R&D Facility augment its capabilities. Benchmarked through leading certification and accreditation systems, the engineering work processes ensure consistent product quality and on-time delivery

During the year, the business has signed an Enterprise Framework Agreement with Shell Global Solutions BV for providing EPCM services for Shell projects in the Middle East, South East Asia, and India and has teamed up with Parsons to deliver engineering solutions in the Americas. The business secured EPCM contracts from HPCL, GCPTCL and Haldia Petrochemicals and also secured annual rate contracts with GSFC, IOCL, HPCL, ENGEN, ExxonMobil, and SIPCHEM

Business Environment:

The oil & gas industry outlook has shown some improvement with recovery and stabilization of crude oil prices from USD 50 to USD 55 per barrel range. However, with global crude inventory levels still remaining high, OPEC production cuts had only a limited impact on price levels. The fiscal policy shifts in the Middle East have also resulted in uncertainty. Payment terms and distribution of risk are becoming increasingly less favourable to EPC contractors, thereby, increasing pressure on costs, time and cash flow management.

With the advent of de-globalisation, the adoption of increasingly protectionist policies has become a global trend. The South East Asian region continues to protect the local players under the 'Bumiputra' concept and more stringent local content requirements have become the norm in the Middle East as well, particularly in Saudi Arabia with the In-Kingdom Total Value Added (IKTVA) policy now an imperative for doing business in the Kingdom Given the depleted business opportunities, the abundance of assets in the market has resulted in lower asset utilization across the board, in turn leading to fierce pricing competition. However, this has impacted the sustainability of some of our competitors. Oil & Gas companies as well as their contractors, are adjusting to the new paradigm through reduced capex, efficiency improvement programs and cost rationalization measures.

While investment in GCC countries have slowed down due to budget constraints, investment

in gas projects is continuing, albeit at a slower pace. Saudi Arabia continues to embark on major offshore/ onshore gas field development and downstream petrochemical projects In spite of the extremely challenging external environment, the Company did very well to achieve order inflow growth of more than 80%, over the previous financial year.

Significant Initiatives:

The fiscal year 2016-17 was a year of transformation and turnaround for the hydrocarbon business. The business has set a vision to "Revolutionize the Hydrocarbon Industry" and mission of "Execution Par Excellence". The Company is implementing a transformation plan with a view to offer integrated services, reduce costs, improve competitiveness and aid profitable execution.

As a part of company-wide LAKSHYA 2021 Strategic plan which was unveiled during the year, a number of initiatives have been taken up. The business embarked upon an Operation Excellence initiative, which is aimed towards achieving refined cost structures, alignment for timely project deliveries, and optimizing fund deployment. This initiative is progressing well and is expected to give sustainable results.

The capability building initiative is well underway. This initiative aims towards building globally-benchmarked project leadership teams for executing large international projects and developing & institutionalizing an international project capability development engine. The business has also launched a Digital transformation initiative towards further improving productivity across the business functions.

A dedicated International Business Development set-up across the business verticals was established during the year, which has started yielding results in terms of significant international order inflow and penetration into newer geographies like Algeria & Azerbaijan through pre-qualifications.

Financial Overview:

During the year, the Company secured new orders of around Rs 15,000 Cr, of which around Rs 9,000 Cr were international orders.

Net Revenue from Operations registered a 22% year-on-year growth, primarily due to major increase in sales vis-a-vis previous year contributed by key projects at peak of execution. Revenue from International projects contributed to 44% of the total revenue.

Manufacturing, Construction & Operating Expenses for the year amounted to 79.6% of Net Revenue as compared to 82.8% in previous year. Staff Costs declined from 9% of Net Revenue in previous year to 7.9% due to rationalisation of resources at International locations. Sales, Administration & Other Expenses decreased to 3.7% of Net Revenue compared to 4.3% in previous year. Finance Costs have declined by 64% over previous year mainly due to better collections in recently bagged projects and liquidation of old customer outstanding.

The Net Profit before tax & after tax in the current year amounts to Rs 703 Cr & Rs 436 Cr respectively, registering an increase from Profit of Rs 109 Cr & Rs 74 Cr respectively in the previous year. Company's

Basic Earnings per Share is Rs 4.36 per Equity Share of Rs 10 each. Considering the convertible preference shares outstanding, the Diluted Earnings per Share comes to Rs 2.48 per Equity Share of Rs 10 each.

The Company's Capital Employed as on 31 March 2017 was Rs 1,589 Cr. Net Working Capital (including Cash & Bank) (NWC)turned negative to Rs 1,027 Cr representing 12% of Revenue, compared to positive NWC of Rs 412 Cr in the previous year representing 6% of Revenue. The improvement in Working Capital was primarily due to built-up of unbilled work-in-progress in key projects under execution, advances received from customers, and increase in vendor balances.

The Company's Net worth improved from Rs 1,165 Cr as at March 2016 to Rs 1,546 Cr as at March 2017, primarily on account of profit during the year.. Net Debt as on 31 March 2017 reduced to Rs 44 Cr from Rs 624 Cr in previous year, due repayment of project specific borrowings on closure of international projects and inter-corporate borrowing. Consequently, net debt to equity ratio improved to 0.03:1 from 0.54:1 in the previous year.

Cash generated from operating activities during the year improved to Rs 2,178 Cr due to operating profits & better working capital management. There was no major capex outflow during the year.

Risk Management & Internal Controls:

Pro-active Risk Management was identified as a key strategic initiative to ensure sustainable growth. Risk Management is an integral part of the overall governance process to identify, segregate, mitigate, control and monitor various risks at Business, Prospect and Operational Levels.

The Company's risk management policy and guidelines incorporates global best practices and procedures which enables building the ability to anticipate challenges and opportunities for achieving Company's strategic objectives.

The major risks like –onerous contract terms by client, tight schedule, Counterparty risk, Localization requirements, Forex exposure, etc. are mitigated through specific actions like operational excellence initiatives, alliances, cost optimisation, improved customer intimacy, compliance with stringent HSE standards, proactive forex hedging, strong contract & claims management and identification of key personnel & talent at pre-bid stage.

All projects undergo a well-structured pre-bid risk review process by Apex Risk Management Committee (ARMC) at business and at corporate level as per well-defined authorisation limits. The process involves a detailed assessment of risks and deliberation on mitigation measures by the ARMC. Periodically risk reviews are conducted for ongoing projects. Project Managers/ Selected project team members undergo a certified Risk Induction Programme conducted by ECRI (Engineering & Construction Risk Institute) on a continuous basis to get acquainted with industry best practices.

Having a structured risk management framework will further strengthen our business governance, improve our operational performance and set the course towards realizing LAKSHYA 2021.

A strong Internal Control framework is an important part of operations and corporate governance. The management has established internal control systems commensurate with the size and complexity of the business. The internal control manual provides a structured approach for identification, rectification, monitoring and reporting of gaps in the internal control systems and processes. The Group follows well documented Standard Operating Procedures (SOPs). The operating effectiveness of various controls is periodically tested, and deficiencies, if any, are promptly rectified.

An in-depth exercise for evaluating the adequacy of Internal Financial Controls and their Operating Effectiveness was carried out in the earlier years. This activity included understanding and testing of Internal Financial Controls and evaluating their operating effectiveness based on the assessed risk factors. During the year, the effectiveness of the controls was validated.

Human Resource Development:

The business is on a growth trajectory and has started sailing through the transformation phase. To keep abreast with the growing needs of the business, the HR team has been holding the baton for achieving excellence by being the frontrunner in various initiatives. In order to effectively percolate the transformation plan and management expectations, regular town hall sessions are conducted at various locations with the Senior Management. This has helped in enhancing the employees' morale and collaborative spirit.

To realise the vision, HR function of the business is ably supporting the building of capability and capacity, towards which a multi-pronged strategy has been developed and deployed. In particular, the HR team has been at the forefront of the company-wide capability building initiative. Further, HR policies & practices have been aligned to achieve an efficient delivery model and meet dynamic business requirements

Health Safety Environment (HSE) & Sustainability:

Health, Safety & Environment is the cornerstone of the Group's business philosophy. The business strives for continuous improvement for the protection and development of health, safety, and environmental assets of its employees and stakeholders. As part of the Corporate HSE Plan, cross-functional HSE audits were initiated across all business units. To spread safety awareness, various theme based campaigns were observed on various important dates during the year. Lessons learnt during project execution were shared throughout the organisation by way of well-documented HSE Learnings and HSE alerts. Various HSE training programmes were held, and motivational schemes were instituted. This has resulted in a marked improvement in safety statistics over the previous year.

The Company has released its Sustainability Report - "Engineering the Transformation" in December 2016 which covers various initiatives taken across the Company and highlights the need to enhance performance across all sustainability parameters safety, energy, water conservation and productivity. As a responsible Corporate Citizen, the business is aware of its responsibility towards social upliftment, which is an integral part of the corporate culture. The CSR Framework of the business lays down the principles and programmes for the community at large, in accordance with section 135 of the Companies Act 2013. In-line with the Group's CSR theme "Building India's Social Infrastructure", L&T Hydrocarbon is committed to implementing projects that will contribute to improving the quality of life in the communities in which it operates, including education, healthcare, skill training institutes, water supply and sanitation facilities.

The consistent and ardent efforts of the business to achieve consistent safety performance have been well appreciated particularly in the international operations. The business has won several national and international accolades from eminent institutions like Frost and Sullivan (F&S) and The Economic Times (India Manufacturing Excellence Award (IMEA)) and clients like British Gas, Petronas Carigali Myanmar, Kuwait Oil Company, ADNOC/Takreer and Reliance Industries.

Corporate Social Responsibility:

As a responsible Corporate Citizen, the Company is aware of its responsibility towards social upliftment which is an integral part of the corporate culture. The Company's CSR Framework lays down the principles & programs for the community at large, in accordance with section 135 of the Companies Act 2013. In-line with Group's theme "Building India's Social Infrastructure" the Company is committed to implementing projects that will contribute to the quality of life, including schools, hospitals, skill training institutes, water supply & distribution and sanitation facilities. Some of the key projects undertaken during the year are:

Water & Sanitation

Company has installed in an Orphanage at Balgram in Lonavala as there was need for safe drinking water for children. Water filtrations plant so installed is expected to benefit 200 children. Company has undertaken construction of toilet facility at Girls High School which is expected to benefit around 400 girls. Company also has provided for Hand pumps for drinking water.

In Shahpur , a check dam has been constructed .The Check dam is an initiative to conserve rain water which has the capacity to conserve 47,000 cubic meter water in every season .It will cater to around 200 acres land for cultivation and benefit five villages .

In Municipal Schools of Vadodara, students and teachers were trained vermi-composting techniques. It is to manage bio degradable waste.

Health

For mother and child health care an initiative was undertaken on providing Nutritious food to the malnourished children. Awareness programme was conducted for mothers to maintain proper diet for the children and ensure healthy practices in the community. In Kattupalli, High Mast light was installed in fisherman community benefitting a good number of families.

Education

In Dahej solar lights were installed in Oldage home and in schools.

19 Students have been supported for higher Education in IIT –Madras .In Mumbai & Vadodara slums 12600 children benefitted through various child friendly initiatives. NGO Partner PRATHAM implemented the programmes. In 25 Municipal Schools, TV, DCD Player and educational DVDs were provided. The children are taught through audio visual aid which helps them grasp the information in much better and faster way. The children as well as the School teachers have benefited from the initiative.

Skill Building

For providing vocational training to rural youth in Mora village in Hazira state of Art training centre is being constructed .It will benefit the rural youth of the area.

Skill Development Training youth has been provided through NGO Partner Mumbai Management Academy in gaining Professional Excellence for better employability of the underprivileged students.

Outlook:

Following the prolonged downturn, the oil & gas industry is showing some signs of revival, with oil prices expected to be range bound in the mid-fifties per barrel in the near future. In the domestic offshore sector, the launch of Open Acreage Licensing Policy is expected to attract investment in the E&P sector and ONGC, in particular, is progressing on its USD 5 billion, 4 year investment plan for the development of deepwater field KG/98-2 off the east coast of India. This will provide significant opportunities to the Group's offshore and fabrication verticals over the medium term, given its strategically located Kattupalli yard on the east coast and the recent tie-up with McDermott & GE to develop cost effective subsea solutions. A number of brownfield and decommissioning projects are also expected to come up in the near future.

The Indian Public Sector refineries are embarking on upgrades to comply with BS-VI emission norms, though the mode of execution is expected to evolve over the period. These refineries also have investment plans for integrating petrochemical projects along with refinery upgrades, which will offer opportunities to Onshore as well as Construction Services verticals. The roll-out of comprehensive Urea Policy by the Government is expected to revive Public Sector urea plants at Gorakhpur, Sindri, and Barauni.

Energy efficiency improvement projects are being actively pursued in existing fertilizer units. The Government is focusing on setting up LNG infrastructure and investments in LNG receiving plants, both land-based terminals as well as Floating Storage Regasification Unit (FSRU) are on the anvil.

In the Middle East, Saudi Arabia is launching ambitious Oil to Chemical projects with an investment of over USD 30 billion till 2030 and the Kingdom will be a key market for both Onshore and Offshore verticals. In the light of oil price rebound, an uptick in onshore upstream investment is expected in the UAE. The downstream sector in the region is also expected to attract additional CAPEX and is witnessing integration between refinery & petrochemical projects.

Towards providing geographical risk diversification, the business is looking to explore newer markets which offer good long-term business potential and has undertaken intense & successful pre- qualifications efforts in North Africa and CIS regions.

Shale gas/oil will drive petrochemical and fertilizer investment in the US, which will offer an opportunity for high-value engineering and modular fabrication services.

Modular Fabrication business is also aggressively exploring alternative product lines such as wind farms & process skids as well as strategic partnerships to enhance asset utilization.

Engineering Services reimbursable business is being expanded to de-risk the cyclical EPC business. The Enterprise Framework Agreement with Shell Global Solutions for providing EPCM services and the collaboration agreement with Parsons to deliver engineering solutions in the Americas will provide significant growth opportunities to the business.

With a strong focus on building the Order Book while maintaining Cost-to-Complete at bid levels, the business is expected to show significant improvement in its performance.

Financial Statements

Independent Auditor's Report

To The members of L&T hydrocarbon engineering LimiTed

report on the standalone ind as financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Hydrocarbon Engineering Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

management's responsibility for the standalone ind as 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

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

auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Ind AS, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) 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. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; - refer note 28 and 36(xiii) to the Ind AS financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; - refer notes 20, 24, 36(v) (a) to the Ind AS financial statements.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; - refer note 36(xix) to the Ind AS financial statements and

   iv. To the best of our information and according to the information and explanations given to us and having regard to the nature of business and size of its operations and cash payments made by the Company in the ordinary course of business and based on the Company's practices for recording such transactions, the Company has provided the requisite disclosures in its financial statements as to holding as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of account maintained by the Company and as produced before us by the management - refer note 36(xx) to the Ind AS financial statements.

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

firdosh d. buchia
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

Annexure 'A' to the Independent Auditor's report

(Referred to in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

i. (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, immovable properties are in the name of the Company except for: (i) a freehold land having cost and net book value of R 1.03 crores is in the name of Larsen & Toubro Limited; (ii) two leasehold lands having cost of R 72.95 crores and net book value of R 71.46 crores are in the name of Larsen & Toubro Limited; and (iii) a building having cost of R 17.54 crores and net book value of R 15.90 crores is on leasehold land which is in the name of Larsen & Toubro Limited.

ii. As explained to us, inventories have been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.

iii. According to the information and explanations given to us, there are no companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security the provisions of section 185 and 186 of the Act have been complied with.

v. According to the information and explanations given to us, the Company has not accepted deposits from the public and accordingly, paragraph 3(i) (v) of the Order is not applicable.

vi. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the central government for the maintenance of cost records under section 148(1) of the Act in respect of all its manufacturing and construction activities and are of the opinion that prima facie the prescribed accounts and records have been made and 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 examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the 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, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 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 the records of the Company examined by us, the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

name of the statute	nature of the disputed dues.	amount* (R in crore)	Period to which the amount relates	forum where dispute is pending
Central sales Tax Act, Local Sales Tax Act, Works Contract Tax Act.	Disallowance of deemed inter state sales and non submission of forms	0.07	1999-00	Assistant Commissioner (Appeals)
	Disallowance of sales in transit, deemed inter state sales, non submission of forms and other matters	127.41	1989-90, 1997-98, 1998-99, 2001-02, 2003-04 to 2012-13	Deputy Commissioner (Appeals)
	Classification disputes, disallowance of forms and other matters	94.88	1996-97, 2000-01, 2001-02, 2003-04 to 2005-06 to 2011-12 & 2013-14	Joint Commissioner (Appeals)

name of the statute	nature of the disputed dues.	amount* (₹ in crore)	Period to which the amount relates	forum where dispute is pending
Central sales Tax Act, Local Sales Tax Act, Works Contract Tax Act.	Non submission of forms	0.14	2005-06,2011-12, 2012-13	Additional Commissioner (Appeals)
	Disallowance of deemed sales in course of imports, classification disputes, non submission of forms	3.37	1999-00, 2000-01, 2002-03, 2008-09, 2009-10, 2014-15	Sales Tax Tribunal
	Disallowance of deemed sales in course of imports, taxability of sub-contractor's turnover and other matters	78.39	1999-00, 2000-01	High Court
	Classification disputes, disallowance of input tax credit and other matters	105.35	2006-07 to 2011-12	Supreme Court
The Central Excise Act, 1944, Service Tax under Finance Act, 1994	Demand for excise duty on fabrication of tanks, platforms and ladders	0.32	1989-90 to 2011-12	Deputy Commissioner (Central Excise)
	Demand for excise duty on fabrication of tanks, platforms and ladders	0.06	1989-90	CESTAT
	Demand for service tax on manpower recruitment and supply agency service and dispute on adjustment of excess service tax paid	1.82	09-10 & 10-11	CESTAT
	Demand towards disallowed Input credit	5.15	09-10 & 10-11	CESTAT
	Demand for service tax on manpower recruitment	4.64	2005-06 to 2010-11	CESTAT
	Demand for service tax including penalty and interest on lumpsum turnkey jobs	72.12	2002-03 to 2006-07	CESTAT
	Demand towards disallowed Input credit	0.13	2016-17	CESTAT
Income-tax Act, 1961	Dispute regarding tax not deducted on bank guarantee charges and internet charges	0.01	2010-11	Income Tax Appellate Tribunal (ITAT Mumbai)
	Dispute regarding tax not deducted on bank guarantee charges and internet charges	1.11	2011-12	Chief Commissioner of Income Tax (CIT(A) -59)
	Difference in rate of tax deducted at source	2.91	2007-08, 2008-09	Director of Income Tax (International Taxation)
Customs Act, 1962	Dispute on software procurement	0.01	2006-07	Commissioner of Customs
	Dispute on classification	0.93	2013-14	CESTAT

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

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, and government or debenture holders as at the balance sheet date.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were taken.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company nor any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has paid/provided managerial remuneration in the limits mandated by the provisions of section 197 read with schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the records of the Company examined by us and the information and explanations given to us, the Company has not made private allotment of preference shares during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

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

For **sharP & Tannan**
Chartered Accountants
Firm's registration No. 109982W
by the hand of

firdosh d. buchia
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

Annexure 'B' to the Independent Auditor's report

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the companies act, 2013 ('the act')

We have audited the internal financial controls over financial reporting of L&T Hydrocarbon Engineering Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

management's responsibility for internal financial controls

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

auditor's responsibility

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

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

meaning of internal financial controls over financial reporting

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

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

opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **sharP & Tannan**
Chartered Accountants
Firm's registration No. 109982W
by the hand of

firdosh d. buchia
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

Balance Sheet
as at March 31, 2017

	Note	as at march 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
		₹ in crore	₹ in crore	*₹ in crore*	*₹ in crore*	*₹ in crore*	*₹ in crore*
ASSETS:							
Non- current assets							
Property, plant and equipment	3		777.10		792.46		873.87
Capital-work-in-progress	3		3.68		8.90		12.44
Intangible assets	3		2.12		2.22		3.15
Financial assets							
Investments	4	168.24		228.75		-	
Loans	5	2.49		0.39		15.59	
Other financial assets	6	41.06		11.22		45.50	
			211.79		240.36		61.09
Deferred tax assets (net)	36(xi)		259.18		362.60		392.12
Other non-current assets	7		57.34		52.54		48.10
			1,311.21		1,459.08		1,390.77
Current assets							
Inventories	8		77.74		109.30		41.49
Financial assets							
Investments	9	1,400.63		-		-	
Trade receivables	10	1,124.62		1,428.31		1,341.33	
Cash and cash equivalent	11	296.39		119.67		197.06	
Other bank balances	12	5.74		-		-	
Loans	13	6.05		6.81		8.87	
Other financial assets	14	514.87		406.02		356.60	
			3,348.30		1,960.81		1,903.86
Current tax assets (net)	15		-		32.28		51.40
Other current assets	16		1,739.67		1,935.13		1,981.16
			5,165.71		4,037.52		3,977.91
TOTAL ASSETS			6,476.92		5,496.60		5,368.68
EQUITY AND LIABILITIES:							
EQUITY:							
Equity share capital	17	1,000.05		1,000.05		1,000.05	
Other equity	18	545.62		165.14		(195.89)	
			1,545.67		1,165.19		804.16
LIABILITIES:							
Non- current liabilities							
Financial liabilities							
Borrowings	19	-		-		150.03	
Other financial liabilities	20	10.02		10.17		49.03	
			10.02		10.17		199.06
Provisions	21		13.72		11.34		12.01
			23.74		21.51		211.07
Current liabilities							
Financial liabilities							
Borrowings	22	43.65		624.42		859.76	
Trade payables	23	1,689.23		1,599.61		2,019.23	
Other financial liabilities	24	306.34		160.20		250.80	
			2,039.22		2,384.23		3,129.79
Other current liabilities	25		2,670.13		1,810.18		1,145.33
Provisions	26		151.34		115.49		78.33
Current tax liabilities (net)	27		46.82		-		-
			4,907.51		4,309.90		4,353.45
TOTAL EQUITY AND LIABILITIES			6,476.92		5,496.60		5,368.68
Significant accounting policies	2						
CONTINGENT LIABILITIES	28						
COMMITMENTS (capital and others)	29						

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332
Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

R. VENKATESH
Chief Financial Officer

ALPANA KHALE
Company Secretary
M. No. A40675

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

K. RAVINDRANATH
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

Statement of Profit and Loss for the year ended March 31, 2017

	note	2016-17 (₹ crore)	(₹ crore)	2015-16 (₹ Crore)	(₹ Crore)
income:					
Revenue from operations	30		8,786.61		7,198.59
Other income	31		58.32		11.10
ToTaL income			8,844.93		7,209.69
eXPenses:					
manufacturing, construction and operating expenses:	32				
Cost of raw materials and components consumed		3,368.12		2,375.19	
Excise duty		3.67		19.35	
Construction materials consumed		91.29		192.56	
Stores, spares and tools consumed		51.41		45.59	
Sub-contracting charges		2,623.95		2,478.56	
Changes in inventories of work-in-progress and stock-in-trade		16.65		(67.15)	
Other manufacturing, construction and operating expenses		841.48		917.52	
			6,996.57		5,961.62
Employee benefits expense	33		696.44		649.65
Sales, administration and other expenses	34		326.27		310.15
Finance costs	35		28.01		78.08
Depreciation, amortisation and obsolescence			94.28		101.41
ToTaL eXPenses			8,141.57		7,100.91
Profit before tax			703.36		108.78
Tax expenses:					
Current tax (MAT)		128.45		19.14	
Less: MAT credit entitlement		128.45		19.14	
Net current tax		-		-	
Deferred tax		267.04		34.50	
			267.04		34.50
Profit for the year			436.32		74.28
Other comprehensive income:					
Remeasurements of the net defined benefit plans			(0.14)		2.51
Income tax relating to remeasurements of the net defined benefit plans			(0.01)		(0.87)
Gains and losses on hedging instruments in cash flow hedges			(101.66)		38.39
Income tax relating to gains and losses on hedging instruments in cash flow hedges			35.18		(13.29)
Total comprehensive income			369.69		101.02
notes forming Part of The financial statements	1-36				
Basic earnings per equity share (₹)			4.36		0.74
Diluted earnings per equity share (₹)			2.48		0.48
Face value per equity share (₹)			10		10

As per our report attached
sharP & Tannan
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

firdosh d. buchia
Partner
Membership No. 38332
Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

r. VenkaTesh
Chief Financial Officer

aLPana khaLe
Company Secretary
M. No. A40675

subramanian sarma
CEO & Managing Director
DIN: 00554221

k. raVindranaTh
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

Cash Flow Statement for the year ended March 31, 2017

		2016-17 (₹ crore)	2015-16 (₹ Crore)
a.	**cash flow from operating activities:**		
	Profit before tax	703.36	108.78
	Adjustments for:		
	Depreciation, amortisation and obsolescence	94.28	101.41
	(Profit) / loss on fair value of Investments	(0.63)	-
	(Profit) / loss on sale of current investments	(1.57)	-
	Exchange difference on items grouped under financing / investing activities	(1.83)	(15.96)
	Interest expense	28.01	78.08
	Interest income	(45.09)	(6.35)
	Items grouped under other comprehensive income	(0.14)	2.51
	Profit on sale of fixed assets (net)	(1.87)	(0.73)
	Operating profit before working capital changes	774.52	267.74
	Adjustments for:		
	(Increase)/decrease in trade and other receivables	312.69	(4.87)
	(Increase)/decrease in inventories	31.56	(67.81)
	Increase/(decrease) in trade payables and customer advances	1,140.62	203.76
	cash (used in)/generated from operations	2,259.39	398.82
	Direct taxes refund/(paid) - net	(81.63)	(51.42)
	net cash (used in)/from operating activities	2,177.76	347.40
b.	**cash flow from investing activities:**		
	Purchase of fixed assets	(90.14)	(17.89)
	Sale of fixed assets (including advance received)	20.03	3.09
	Purchase of non-current investments	(0.00)	(228.75)
	Sale of current investments	1.92	
	(Purchase)/Sale of current investments (net)	(1,400.00)	
	Interest received	45.09	6.35
	net cash (used in)/ from investing activities	(1,423.10)	(237.20)
c.	**cash flow from financing activities:**		
	Proceeds from fresh issue of preference shares	-	260.00
	Inter-corporate deposit with Holding Company (net of repayments)	-	-
	Repayment of long term borrowings	-	(150.03)
	Inter-corporate borrowing from Holding Company (net of repayments)	(505.67)	507.90
	(Repayments)/proceeds from other borrowings (net)	(75.10)	(743.24)
	Interest paid	(27.99)	(62.22)
	net cash (used in)/ from financing activities	(608.76)	(187.59)
	net (decrease) / increase in cash and cash equivalents (a + b + c)	145.90	(77.39)
	add: cash and cash equivalents of transferred undertaking received as part of scheme [refer note 36(xii)]	36.56	-
	cash and cash equivalents at beginning of the period	119.67	197.06
	cash and cash equivalents at end of the period	302.13	119.67

notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7: "Statement of cash flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 10.84 crore (previous year loss: ₹ 1.30 crore) on account of translation of foreign currency bank balances.
4. Cash and cash equivalents are reflected in the Balance Sheet as follows:

	2016-17	2015-16
(a) Cash and cash equivalents disclosed under current financial assets [Note 9]	296.39	119.67
(b) Cash and cash equivalents disclosed under current financial assets [Note 10]	5.74	-
	302.13	119.67

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

As per our report attached

sharP & Tannan
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

firdosh d. buchia
Partner
Membership No. 38332
Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

r. VenkaTesh
Chief Financial Officer

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M. No. A40675

subramanian sarma
CEO & Managing Director
DIN: 00554221

k. raVindranaTh
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

Statement of Changes in Equity

EQUITY SHARE CAPITAL

(R crore)

	Balance as at 01-04-2015	Changes during the year 2015-16	Balance as at 31-03-2016	Changes during the year 2016-17	Balance as at 31-03-2017
Equity shares of R 10 each	1,000.05	–	1,000.05	–	1,000.05
	1,000.05	**–**	**1,000.05**	**–**	**1,000.05**

OTHER EQUITY

(R crore)

	Equity component of preference share capital	Reserves and surplus					Items of other comprehensive income	Total other equity
		Capital reserve	Capital reserve on business combination	Capital redemption reserve	General reserve	Profit and Loss account	Hedging reserve	
Balance as at 01-04-2015	500.00	0.02	-	-	-	(659.52)	(36.39)	(195.89)
Profit for the year	-	-	-	-	-	74.28	-	74.28
Other comprehensive income	-	-	-	-	-	1.64	25.11	26.75
Total comprehensive income for the year	-	-	-	-	-	75.92	25.11	101.03
Preference shares issued during the year	260.00	-	-	-	-	-	-	260.00
Balance as at 31-03-2016	760.00	0.02	-	-	-	(583.60)	(11.28)	165.14
Balance as at 01-04-2016	760.00	0.02	-	-	-	(583.60)	(11.28)	165.14
Profit for the year	-	-	-	-	-	436.32	-	436.32
Other comprehensive income	-	-	-	-	-	(0.15)	(66.48)	(66.63)
Total comprehensive income for the year	-	-	-	-	-	436.17	(66.48)	369.69
Capital Reserve on business combination	-	-	(59.33)	-	-	-	-	(59.33)
Reserves transferred under scheme of arrangement [Refer note 36(xii)]	-	0.30	-	0.13	1.21	68.48	-	70.12
Balance as at 31-03-2017	760.00	0.32	(59.33)	0.13	1.21	(78.95)	(77.76)	545.62

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332
Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

R. VENKATESH
Chief Financial Officer

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Company Secretary
M. No. A40675

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

K. RAVINDRANATH
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

Notes forming part of the accounts

NOTE 1 : GENERAL INFORMATION:

L&T Hydrocarbon Engineering Limited ("the Company") is a public limited company incorporated in India. It is a wholly owned subsidiary of Larsen & Toubro Limited ("L&T").

The Company was formed by transfer of Hydrocarbon division of Larsen & Toubro Limited as a going concern to 100% owned subsidiary of L&T, L&T Technologies Limited re-named as L&T Hydrocarbon Engineering Limited. This transfer was in pursuance to scheme of arrangement under the provisions of section 391 read with section 394 of the Companies Act, 1956. The scheme was approved by the Hon'ble High Court of Mumbai vide its order dated December 20, 2013 and filed with Registrar of Companies on January 16, 2014, with the appointed date as April 01, 2013.

The registered office of the Company is at L&T House, N. M. Marg, Ballard Estate, Mumbai - 400 001.

The Company is principally engaged in engineering, procurement, fabrication, construction and project management activity providing integrated 'design to build' solutions to large and complex offshore and onshore hydrocarbon projects worldwide.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. (Refer note 36(i) for the details of first-time adoption exemptions availed by the Company).

2.2 Basis of preparation:

The Company maintains its accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purpose in these financial statements is determined on such basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value under Ind AS 2 or value in use under Ind AS 36.

2.3 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, deferred tax assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known.

2.4 Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared and presented in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under Ind AS.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places in line with the requirements of schedule III. Per share data are presented in Indian Rupees to two decimals places.

Notes forming part of the accounts *(contd.)*

2.5 business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. However, business combinations involving entities or businesses under common control are accounted using the pooling of interest method.

The difference between, the amount of Investment in transferor company, as appearing in books of transferee company, and share capital of the transferor company is transferred to capital reserve and presented separately from other capital reserves.

2.6 interests in joint operations

Type of joint venture	accounting treatment
Jointly controlled operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

a. its assets, including its share of any assets held jointly;
b. its liabilities, including its share of any liabilities incurred jointly;
c. its revenue from the sale of its share of the output arising from the joint operation;
d. its share of the revenue from the sale of the output by the joint operation; and
e. its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets, liabilities, revenues, and expenses.

When the Company transacts with a joint operation in which the Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's financial statements only to the extent of other parties' interests in the joint operation.

When the Company transacts with a joint operation in which the Company is a joint operator (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

2.7 revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

a. revenue from operations

a. sales and service

i. Sales and service include excise duty and adjustments made towards liquidated damages and price variation, wherever applicable. Escalation and other claims, which are not ascertainable / acknowledged by customers, are not taken into account.

ii. Revenue from sale of manufactured goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

iii. Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

   a. Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.

   b. Fixed price contracts: Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables.

iv. Revenue from contracts for the rendering of services which are directly related to the construction of an asset is recognised on similar basis as stated in (iii) above.

v. Revenue from construction/project related activity and contracts executed in joint ventures under work-sharing arrangement [being jointly controlled operations, in terms of Ind AS 28 "Investments in associates and joint ventures"], are recognised on the same basis as similar contracts independently executed by the Company.

vi. Revenue from service related activities is recognised using the proportionate completion method.

vii. Revenue from engineering and service fees is recognised as per the terms of the contract.

b. other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

b. other income

i. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

ii. Dividend income is accounted in the period in which the right to receive the same is established.

iii. Other items of income are accounted as and when the right to receive arises.

2.8 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

a. finance leases:

i. Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii. Assets given under lease where the Company has transferred substantially all the risks and rewards of ownership to lessee, are classified as finance leases. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

iii. Initial direct costs relating to assets given on finance leases are charged to statement of profit and loss.

operating leases:

i) Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

ii) Assets leased out under operating lease are capitalised. Rental income is recognised on accrual basis over the lease term. (Also refer to policy on depreciation infra).

Notes forming part of the accounts *(contd.)*

2.9 **borrowing costs:**

Borrowing costs include interest, commitment charges, amortisation of ancillary costs, amortisation of discounts/ premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/ inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.10 **employee benefits**

a. **short term employee benefits:**

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

b. **Post-employment benefits:**

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

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

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

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

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

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

c. Long term employee benefits: The obligation for long term employee benefits such as long term compensated absences, long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

d. Termination benefits: Termination benefits such as compensation under voluntary retirement cum pension scheme are recognised as expense in the period in which they are incurred.

2.11 **employee stock ownership schemes**

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of Larsen & Toubro Limited (the holding company) to employees of the Company. The Scheme provides that employees are granted an option

Notes forming part of the accounts *(contd.)*

to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised within specified period. The holding company follows the fair value method to account for its stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

2.12 Taxes on income

current tax

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.13 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method as follows:

sr. no	category of assets	minimum useful life (in years)	maximum useful life (in years)
1.	Buildings	5	60
2.	Plant and equipment	8	30
3.	Computers	3	6
4.	Office equipment	4	30
5.	Furniture and fixtures	2	10
6.	Vehicles	5	10
7.	Leasehold land	97	97
8.	Specialised softwares	3	6

Notes forming part of the accounts *(contd.)*

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in schedule II to the Companies Act, 2013. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

2.14 intangible assets and amortization

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

a. Specialised software: over a period of six years.
b. Technical know-how: over a period of six years in case of foreign technology and three years in the case of indigenous technology.

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

Intangible assets not ready for the intended use on the date of the balance sheet are disclosed as “Intangible assets under development”.

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the asset’s revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.15 impairment of assets

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

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

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

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

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

2.16 inventories

Inventories are valued after providing for obsolescence, as under:

a. Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value.
b. Manufacturing work-in-progress at lower of cost including related overheads or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.
c. Finished goods and stock in trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

Notes forming part of the accounts *(contd.)*

2.17 Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a. the Company has a present obligation as a result of a past event;
b. a probable outflow of resources is expected to settle the obligation; and
c. the amount of the obligation can be reliably estimated.

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

Contingent liability is disclosed in case of

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
b. a present obligation arising from past events, when no reliable estimate is possible
c. a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

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

2.18 financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss

2.19 financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

i. **classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer point v.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and

Notes forming part of the accounts *(contd.)*

accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer point v.

All other financial assets are subsequently measured at fair value.

ii. **effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "other income" line item.

iii. **investments in equity instruments at fVToci**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Company has equity investments in S&A Companies which are not held for trading.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'other income' line item.

iv. **financial assets at fair value through profit or loss (fVTPL)**

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see point iii above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognised when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

v. **impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

vi. **derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in

Notes forming part of the accounts *(contd.)*

other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

vii. **foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.20 financial liabilities and equity instruments

i. **classification as debt or equity**

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. **equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

iii. **compound financial instruments**

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

iv. **financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the company, and commitments issued by the company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

a. **financial liabilities at fVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the company as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 36(xvii).

Notes forming part of the accounts *(contd.)*

b. **financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

c. **foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

d. **derecognition of financial liabilities**

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.21 derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 36(xvii).

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.22 hedge accounting

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

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

i. **fair value hedges**

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

ii. **cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

iii. **hedges of net investments in foreign operations**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other income' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Notes forming part of the accounts *(contd.)*

2.23 exceptional items

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

2.24 research and development

Revenue expenditure on research and development is expensed under respective heads of account in the period in which it is incurred.

2.25 cash and bank balances

Cash and bank balances include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.26 commitments

Commitments are future liabilities for contractual expenditure.

Commitments are classified and disclosed as follows:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for

b. Uncalled liability on shares and other investments partly paid

c. Funding related commitment to subsidiary, associate and joint venture companies and

d. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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

2.27 operating cycle for current and non-current classification

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

2.28 cash flow statement

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

I. transactions of a non-cash nature

II. any deferrals or accruals of past or future operating cash receipts or payments and

III. items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement. Those cash and cash equivalents which are not available for general use as on the date of balance sheet are also included under this category with a specific disclosure.

Notes forming part of the accounts *(contd.)*

NOTE 3 (i) : PROPERTY, PLANT AND EQUIPMENT

(v Crore)

	COST					DEPRECIATION/AMORTISATION					NET BOOK VALUE		
	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	**As at 31-03-2017**	As at 01-04-2016	As at 01-04-2015
Land													
Free Hold	1.03	–	–	–	**1.03**	–	–	–	–	**–**	**1.03**	1.03	1.03
Lease Hold	94.23	–	–	1.79	**92.44**	1.03	–	1.03	0.14	**1.92**	**90.52**	93.20	94.23
Sub total - land	**95.26**	**–**	**–**	**1.79**	**93.47**	**1.03**	**–**	**1.03**	**0.14**	**1.92**	**91.55**	**94.23**	**95.26**
Buildings	166.12	–	6.01	7.47	**164.66**	9.54	–	8.66	0.40	**17.80**	**146.86**	156.58	159.07
Plant and equipment	579.96	–	65.08	11.25	**633.79**	75.26	–	68.45	2.97	**140.74**	**493.05**	504.70	576.18
Computers	17.25	1.01	7.33	2.61	**22.98**	5.59	0.39	5.99	2.38	**9.59**	**13.39**	11.66	12.44
Office equipments	8.22	0.34	2.31	1.26	**9.61**	2.92	0.22	2.24	1.25	**4.13**	**5.48**	5.30	6.56
Furniture and fixtures	6.62	0.60	2.93	3.04	**7.11**	1.32	0.25	1.33	2.56	**0.34**	**6.78**	5.30	6.50
Vehicles	18.62	0.03	11.24	1.80	**28.03**	3.93	0.03	5.15	1.00	**8.10**	**19.98**	14.69	17.86
Total	**892.05**	**1.98**	**94.90**	**29.22**	**959.71**	**99.59**	**0.88**	**92.84**	**10.70**	**182.61**	**777.10**	**792.46**	**873.87**
Add: Capital work in progress											**3.68**	8.90	12.44
Total - tangible assets											**780.78**	801.36	886.31

NOTE 3 (ii) : INTANGIBLE ASSETS

(v Crore)

	COST					DEPRECIATION/AMORTISATION					NET BOOK VALUE		
	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	**As at 31-03-2017**	As at 01-04-2016	As at 01-04-2015
Specialised softwares	6.94	12.24	0.45	–	**19.63**	4.72	11.71	1.08	–	**17.51**	**2.12**	2.22	3.15
Total- specialised softwares	**6.94**	**12.24**	**0.45**	**–**	**19.63**	**4.72**	**11.71**	**1.08**	**–**	**17.51**	**2.12**	**2.22**	**3.15**
Total - intangible assets											**2.12**	2.22	3.15

Note: (i) Obsolescence during the year - R.0.42 crore (previous year R 0.30 crore).

(i) a. Cost / valuation of freehold land includes R 1.03 crore for which conveyance is yet to be completed.

b. Cost / valuation of leasehold land includes R 73.78 crore (previous year R 73.92 crore) for which agreement is yet to be executed.

(ii) Cost / valuation of buildings includes R 16.72 crore for jetty for which the lease agreement is yet to be executed.

(iii) Depreciation, amortisation and obsolescence for the year on property, plant and equipment includes R 0.36 crore (previous year: R 0.4 crore) on account of obsolescence.

Notes forming part of the accounts *(contd.)*

Note 3 (iii) : Property, Plant and Equipment

(₹ Crore)

	Cost				Depreciation/amortisation				Net book value	
	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 31-03-2016	As at 01-04-2015
Land										
Free Hold	1.03	–	–	1.03	–	–	–	–	1.03	1.03
Lease Hold	94.23	–	–	94.23	–	1.03	–	1.03	93.20	94.23
Sub total - land	**95.26**	**–**	**–**	**95.26**	**–**	**1.03**	**–**	**1.03**	**94.23**	**95.26**
Buildings	159.07	7.05	0.00	166.12	–	9.54	0.00	9.54	156.58	159.07
Plant and equipment	576.18	3.82	0.05	579.95	–	75.31	0.05	75.26	504.70	576.18
Computers	12.44	5.06	0.25	17.25	–	5.72	0.13	5.59	11.66	12.44
Office equipments	6.56	1.67	0.01	8.22	–	2.92	(0.00)	2.92	5.29	6.56
Furniture and fixtures	6.50	0.41	0.29	6.62	–	1.32	0.00	1.32	5.29	6.50
Vehicles	17.86	2.77	2.01	18.62	–	4.21	0.28	3.93	14.70	17.86
Total	**873.87**	**20.78**	**2.61**	**892.04**	**–**	**100.05**	**0.46**	**99.59**	**792.45**	**873.87**
Add: Capital work in progress									8.90	12.44
Total - tangible assets									**801.35**	**886.31**

Note 3 (iv) : Intangible Assets

(₹ Crore)

	Cost				Depreciation/amortisation				Net book value	
	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 31-03-2016	As at 01-04-2015
Specialised softwares	6.94	–	–	6.94	3.80	0.92	–	4.72	2.22	3.15
Total- specialised softwares	**6.94**	**–**	**–**	**6.94**	**3.80**	**0.92**	**–**	**4.72**	**2.22**	**3.15**
Total - intangible assets									**2.22**	**3.15**

Notes forming part of the accounts *(contd.)*

Particulars	as at 31-03-2017 R crore	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*

noTe 4 : non currenT inVesTmenTs

Particulars	as at 31-03-2017 R crore	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*
investments in equity instruments			
Investment in subsidiary companies			
Fully paid equity shares subsidiary Co.			
LT Arabia LLC (7,500 equity shares of SAR 1,000 each fully paid) (CY R 65)	**0.00**	-	-
L&T-Valdel Engineering Limited (11,79,000 equity shares of R 10 each fully paid)	**-**	*60.51*	-
Investment in associates			
Fully paid equity shares associate Co.			
L&T Chiyoda Limited (45,00,000 equity shares of R 10 each fully paid)	**52.93**	*52.93*	-
Investment in joint ventures			
Fully paid equity shares joint venture Co.			
L&T Sapura Shipping Private Limited (9,53,11,850 equity shares of R 10 each fully paid)	**104.51**	*104.51*	-
L&T Sapura Offshore Private Limited (6,000 equity shares of R 10 each fully paid)	**0.01**	*0.01*	-
L&T Gulf Private Limited (40,00,016 equity shares of R 10 each fully paid)	**10.79**	*10.79*	-
Total non-current investments	**168.24**	*228.75*	-

Note: (i) Aggregate value of unquoted investments - Book value - R 168.24 crore (PY R 228.75 crore)

noTe 5 : non currenT - Loans and adVances

Particulars	as at 31-03-2017 R crore	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*
Security deposits:			
Unsecured considered good			
Security deposits	**2.46**	*0.35*	*15.19*
Other loans and advances:			
Unsecured			
Housing loan	**0.03**	*0.04*	*0.40*
	2.49	*0.39*	*15.59*

noTe 6 : oTher non-currenT financiaL asseTs

Particulars	as at 31-03-2017 R crore	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*
Fixed deposits with banks (maturity more than 12 months)			
Balance with Scheduled banks fixed deposit with maturity more than 12 Months (R 25,000)	**0.00**	*0.00*	*0.00*
Forward contract receivable	**30.32**	*8.80*	*39.34*
Embedded derivative receivable	**10.74**	*2.42*	*6.16*
	41.06	*11.22*	*45.50*

Notes forming part of the accounts *(contd.)*

Note 7 : Other non-current assets

Particulars	As at March 31, 2017 ₹ crore	₹ crore	As at March 31, 2016 ₹ crore	₹ crore	As at April 01, 2015 ₹ crore	₹ crore
Unsecured capital advances						
Capital advances		-		-		-
Long term advances recoverable in cash or kind						
Prepaid Expenses	0.61		0.07		-	
Sales Tax Recoverable	0.21		0.16		0.16	
VAT Recoverable	22.54		23.06		20.88	
Sales Tax Advance Payment	23.18		18.45		16.26	
		46.54		41.74		37.30
Balance with Customs		10.80		10.80		10.80
		57.34		52.54		48.10

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
Note 8 : Inventories (at cost or net realisable value whichever is lower)			
Components	0.52	0.49	0.60
Construction material	0.18	4.61	14.81
Manufacturing work -in- progress [Note Q(22)(c)]	74.90	97.17	20.60
Stores and spares	2.14	7.03	5.48
	77.74	109.30	41.49
Note 9 : Current investments			
Investment in Mutual fund carried at fair value through profit and loss "(Plan: L&T Liquid Fund Direct Plan - Growth"Unit balance as on 31-03-2017: 62,80,728.040)"	1,400.63	-	-
	1,400.63	-	-

Note 10 : Trade receivables

Particulars	As at March 31, 2017 ₹ crore	₹ crore	As at March 31, 2016 ₹ crore	₹ crore	As at April 01, 2015 ₹ crore	₹ crore
Unsecured:						
Considered good	1,124.62		1,428.31		1,341.33	
Considered doubtful	210.20		214.82		121.84	
		1,334.82		1,643.13		1,463.17
Less:Allowance for doubtful debts		210.20		214.82		121.84
		1,124.62		1,428.31		1,341.33

Notes forming part of the accounts *(contd.)*

Particulars	as at 31-03-2017 R crore	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*
noTe 11 : cash and cash eQuiVaLenTs			
Balances with banks	**122.13**	*82.16*	*196.51*
Remittance in transit	**131.30**	*37.36*	-
Cash on hand	**0.25**	*0.15*	*0.55*
Fixed deposits with banks (maturity less than 3 months)	**42.71**	-	-
	296.39	*119.67*	*197.06*
noTe 12 : oTher bank baLances			
Fixed deposit with banks including interest accrued thereon			
Maturity more than 3 months and less than 12 months	**4.32**	-	-
Margin money as security against borrowings and guarantees	**1.42**	-	-
	5.74	-	-

Particulars	as at march 31, 2017 R crore	R crore	*As at March 31, 2016 R crore*	*R crore*	*As at April 01, 2015 R crore*	*R crore*
noTe 13 : currenT - Loans and adVances						
Security deposits						
Security deposits - unsecured		**5.78**		*6.70*		*8.64*
Earnest Money Deposit		**0.07**		-		-
Other loans - current						
Advances recoverable in cash or in kind		**0.20**		*0.11*		*0.23*
		6.05		*6.81*		*8.87*
noTe 14 : oTher currenT financiaL asseTs						
Advances to related parties						
Parent, subsidiary and fellow subsidiary companies						
Current account balances	**201.32**		*247.11*		*177.60*	
Inter corporate deposit with parent company	**5.52**		-		-	
		206.84		*247.11*		*177.60*
Associate companies						
Advances recoverable	-		-		*0.03*	
Current account balances	**3.92**		*1.95*		*20.98*	
		3.92		*1.95*		*21.01*
Joint ventures						
Amount receivable from Joint venture companies		**61.54**		*55.74*		*26.97*
Advances recoverable in cash or in kind						
Forward contract receivable		**115.43**		*85.89*		*64.09*
Other loans and advances		**11.50**		*4.49*		*17.59*
Embedded derivative receivable		**115.64**		*10.84*		*49.34*
Doubtful other loan and advances	**39.01**		*42.69*		*42.69*	
Less: Allowance for doubtful loan and advances	**(39.01)**		*(42.69)*		*(42.69)*	
		-		-		-
		514.87		*406.02*		*356.60*

Notes forming part of the accounts *(contd.)*

Particulars	as at 31-03-2017 R crore	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*
noTe 15 : currenT TaX asseTs			
Tax deducted at source	-	*51.42*	*51.40*
Less: Provision for current year tax	-	*(19.14)*	*-*
	-	*32.28*	*51.40*
noTe 16 : oTher currenT asseT			
Due from customers (construction and project related activity)	**582.85**	*1,093.92*	*1,261.29*
Retentions	**443.28**	*243.38*	*289.67*
Income tax receivable net of provision for tax	**216.41**	*140.94*	*13.13*
Balances with customs, port trust etc.	**0.17**	*0.18*	*-*
Advance recoverable other than in cash	**496.88**	*456.59*	*416.87*
Current assets - others	**0.08**	*0.12*	*0.20*
	1,739.67	*1,935.13*	*1,981.16*

noTe 17 : share caPiTaL

note 17(i) : authorised, issued, subscribed and paid up:

Particulars	as at march 31, 2017 number of shares	as at march 31, 2017 R crore	*As at March 31, 2016 Number of shares*	*As at March 31, 2016 R crore*	*As at April 01, 2015 Number of shares*	*As at April 01, 2015 R crore*
authorised:						
Equity shares of R 10 each	**2,00,20,00,000**	**2,002.00**	*2,000,000,000*	*2,000.00*	*2,000,000,000*	*2,000.00*
issued, subscribed and paid up:						
Equity shares of R 10 each	**1,00,00,50,000**	**1,000.05**	*1,000,050,000*	*1,000.05*	*1,000,050,000*	*1,000.05*
		1,000.05		*1,000.05*		*1,000.05*

The authorised share capital was increased to 2,00,20,00,000 shares of R 10 each pursuant to the merger of its subsidiary, L&T Valdel Engineering Limited vide the order dated March 31, 2017 of the National Company Law Tribunal, Bengaluru Bench. [Refer note 36(xii)]

note 17(ii) : reconciliation of the number of equity shares and share capital:

Particulars	as at march 31, 2017 number of shares	as at march 31, 2017 R crore	*As at March 31, 2016 Number of shares*	*As at March 31, 2016 R crore*	*As at April 01, 2015 Number of shares*	*As at April 01, 2015 R crore*
issued, subscribed and fully paid up equity shares outstanding at the beginning of the year:						
Equity shares of R 10 each	**1,000,050,000**	**1,000.05**	*1,000,050,000*	*1,000.05*	*1,000,050,000*	*1,000.05*
issued, subscribed and fully paid up equity shares outstanding at the end of the year:						
Equity shares of R 10 each	**1,000,050,000**	**1,000.05**	*1,000,050,000*	*1,000.05*	*1,000,050,000*	*1,000.05*

note 17(iii) : Terms/rights attached to equity shares

Equity shares of the Company are issued at a par value of R 10 per share. Each holder of equity shares is entitled to one vote per share.

Notes forming part of the accounts *(contd.)*

17(iv) : shareholders holding more than 5% of equity share as at the end of the year:

Particulars	as at march 31, 2017 number of shares	as at march 31, 2017 shareholding %	*As at March 31, 2016 Number of shares*	*As at March 31, 2016 Shareholding %*	*As at April 01, 2015 Number of shares*	*As at April 01, 2015 Shareholding %*
Larsen & Toubro Limited:						
Equity shares of R 10 each	1,000,050,000	100%	*1,000,050,000*	*100%*	*1,000,050,000*	*100%*

note 17(v) : in the period of five years immediately preceding march 31, 2017:

There are no shares allotted pursuant to contract without payment being received in cash.
There are no shares allotted by way of bonus shares.
There are no shares bought back.

noTe 18 :

note 18(i) : other equity

Particulars	as at march 31, 2017 R crore	as at march 31, 2017 R crore	*As at March 31, 2016 R crore*	*As at March 31, 2016 R crore*	*As at April 01, 2015 R crore*	*As at April 01, 2015 R crore*
Equity component of preference share capital		760.00		*760.00*		*500.00*
capital reserve						
As per last balance sheet	0.02		*0.02*		*0.02*	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	0.30		–		–	
		0.32		*0.02*		*0.02*
capital reserve on business combination						
As per last balance sheet	–		–		–	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	(59.33)		–		–	
		(59.33)		–		–
capital redemption reserve						
As per last balance sheet	–		–		–	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	0.13		–		–	
		0.13		–		–
general reserve						
As per last balance sheet	–		–		–	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	1.21		–		–	
		1.21		–		–
hedging reserve (net of tax)						
As per last balance sheet	(11.28)		*(36.39)*		*(116.66)*	
Addition/(deduction) during the year (net)	(66.48)		*25.11*		*80.27*	
		(77.76)		*(11.28)*		*(36.39)*
surplus statement of profit and loss						
As per last balance sheet	(583.60)		*(659.52)*		*(2.33)*	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	68.48		–		–	
Depreciation Charge against Retained Earnings					*(4.69)*	
Deferred Tax Charge against Retained Earnings					*1.62*	
Profit / (loss) for the period	436.32		*74.28*		*(654.12)*	
Other comprehensive income	(0.15)		*1.64*		–	
		(78.95)		*(583.60)*		*(659.52)*
		545.62		*165.14*		*(195.89)*

Notes forming part of the accounts *(contd.)*

note 18(ii) : reconciliation of the number of preference shares and preference share capital:

Particulars	as at march 31, 2017 number of shares	as at march 31, 2017 R crore	As at March 31, 2016 Number of shares	As at March 31, 2016 R crore	As at April 01, 2015 Number of shares	As at April 01, 2015 R crore
authorised Preference shares of R 10 each	1,000,000,000	1000.00	*1,000,000,000*	*1000.00*	*1,000,000,000*	*1000.00*
issued, subscribed and fully paid up preference shares outstanding at the beginning of the year:						
10% Preference shares of R 10 each	500,000,000	500.00	*500,000,000*	*500.00*	*500,000,000*	*500.00*
12% Preference shares of R 10 each	260,000,000	260.00	-	-	-	-
add:						
shares issued during the year:						
10% Preference shares of R 10 each	-	-	-	-	-	-
12% Preference shares of R 10 each	-	-	*260,000,000*	*260.00*	-	-
issued, subscribed and fully paid up preference shares outstanding at the end of the year:						
10% Preference shares of R 10 each	500,000,000	500.00	*500,000,000*	*500.00*	*500,000,000*	*500.00*
12% Preference shares of R 10 each	260,000,000	260.00	*260,000,000*	*260.00*	-	-

note 18(iii) : Terms/rights attached to preference shares

Existing 10% and 12% convertible preference shares are with rights and privileges as provided below:

1. Dividend payable is non-cumulative (Nil for C.Y. and P.Y.).
2. Preference shares are convertible at the option of issuer in the following ratio: 1 preference share of R 10 will be convertible into 1 equity share of R 10 at par.
3. Tenure of preference shares will be 15 years.
4. Company has the option to redeem preference shares at any time.

note 18(iv) : shareholders holding more than 5% of preference shares as at the end of the year:

Particulars	as at march 31, 2017 number of shares	as at march 31, 2017 shareholding %	As at March 31, 2016 Number of shares	As at March 31, 2016 Shareholding %	As at April 01, 2015 Number of shares	As at April 01, 2015 Shareholding %
Larsen & Toubro Limited:						
10% Preference shares of R 10 each	500,000,000	100%	*500,000,000*	*100%*	*500,000,000*	*100%*
12% Preference shares of R 10 each	260,000,000	100%	*260,000,000*	*100%*	-	-

Particulars	as at 31-03-2017 R crore	As at 31-03-2016 R crore	As at 01-04-2015 R crore
noTe 19 : Long-Term borrowings			
Loans and advances from related parties (unsecured) (Inter corporate borrowing from Holding Company)	-	-	*150.03*
	-	-	*150.03*

Notes forming part of the accounts *(contd.)*

Particulars	**As at 31-03-2017 R crore**	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*

Note 20 : other fiNANciAl liAbilities

Forward contract payable	-	5.32	14.28
Embedded derivatives payable	**10.02**	4.85	34.75
	10.02	10.17	49.03

Note 21 : loNg-term ProvisioNs

Provision for employee benefits			
Post-retirement medical benefits plan [Note Q(5)(iii)(a)]	**13.72**	11.34	9.97
Interest rate guarantee-provident fund [Note Q(5)(iii)(a)]	-	-	2.04
	13.72	11.34	12.01

Note 22 : short term borrowiNgs

	As at march 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	secured	**Unsecured**	**total**	*Secured*	*Unsecured*	*Total*	*Secured*	*Unsecured*	*Total*
Particulars	R **crore**	R **crore**	R **crore**	R *crore*	R *crore*	R *crore*	R *crore*	R *crore*	R *crore*
Loans repayable on demand from banks	-	0.39	0.39	-	0.20	0.20	112.38	-	112.38
Short term loans and advances from banks	13.01	28.02	41.03	74.35	41.97	116.32	48.77	301.57	350.34
Commercial paper	-	-	-	-	-	-	-	397.04	397.04
Loans from related parties (Inter corporate borrowing from Holding Company)	-	2.23	2.23	-	507.90	507.90	-	-	-
	13.01	30.64	43.65	74.35	550.07	624.42	161.15	698.61	859.76

Note:

Loans repayable on demand from banks include fund based working capital facilities viz. cash credits and demand loans. Working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit, are secured by hypothecation of inventories, book debts and receivables.

Notes forming part of the accounts *(contd.)*

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
NOTE 23 : TRADE PAYABLES			
Total outstanding dues of Micro and Small Enterprises [Note Q(19)]	8.47	9.57	15.62
Total outstanding dues of creditors other than Micro and Small Enterprises:			
Acceptances	1.13	53.61	212.93
Due to related parties:			
Holding Company	82.65	108.78	130.54
Subsidiary and fellow subsidiary companies	60.16	64.55	129.75
Associate companies	10.18	5.07	56.49
Joint venture companies	61.20	29.35	7.66
Due to others	1,465.44	1,328.68	1,466.24
	1,689.23	1,599.61	2,019.23
NOTE 24 : OTHER FINANCIAL LIABILITIES			
Forward contracts payable	112.91	35.62	84.81
Embedded derivative payable	73.47	31.52	57.65
Due to creditors for capital goods/ services	9.80	9.24	6.48
Other payable	110.16	83.82	101.86
	306.34	160.20	250.80
NOTE 25 : OTHER CURRENT LIABILITIES			
Due to customers (construction related activity)	1,680.41	625.94	401.39
Advances from customers	599.44	730.45	575.78
Other payable (including sales tax and service tax)	390.28	453.79	168.16
	2,670.13	1,810.18	1,145.33

NOTE 26 : SHORT TERM PROVISIONS

Particulars	As at March 31, 2017 ₹ crore	₹ crore	As at March 31, 2016 ₹ crore	₹ crore	As at April 01, 2015 ₹ crore	₹ crore
Provision for employee benefits:						
Gratuity	20.06		14.23		3.76	
Compensated absences	68.82		50.47		38.03	
Post-retirement medical benefits plan	0.02		0.04		0.03	
Bonus provision	0.90		0.90		0.09	
		89.80		65.64		41.91
Others:						
Other provisions [Refer note 36(xiii)]	61.54		49.85		36.42	
		61.54		49.85		36.42
		151.34		115.49		78.33

Notes forming part of the accounts *(contd.)*

Particulars	as at 31-03-2017 R crore	*As at 31-03-2016 R crore*	*As at 01-04-2015 R crore*
NOTE 27 : CURRENT TAX LIABILITIES (NET)			
Provision for current year tax	**128.45**	*-*	*-*
Less: Tax deducted at source	**81.63**	*-*	*-*
	46.82	*-*	*-*
NOTE 28 : CONTINGENT LIABILITIES			
(a) Sales-tax liability that may arise in respect of matters in appeal	**16.10**	*21.60*	*20.00*
(b) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company	**6.74**	*6.61*	*1.37*
(c) Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	**24.76**	*2.74*	*2.57*

Notes: 1. The Company does not expect any reimbursements in respect of the above contingent liabilities.

2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (c) above pending resolution of the appellate proceedings.

NOTE 29 : COMMITMENTS			
Pending capital orders	**15.81**	*55.06*	*13.41*
Less: Capital provisions	**2.64**	*(2.64)*	*-*
Less: Capital advance	**0.43**	*-*	*-*
Pending capital orders Intangible assets	**0.31**	*-*	*-*

	2016-17 (R crore)	(R crore)	*2015-16 (R Crore)*	*(R Crore)*
NOTE 30 : REVENUE FROM OPERATIONS				
Sales and service: [Note Q(22)(a)]				
Manufacturing and trading activity	**394.92**		*244.51*	
Construction and project related activity	**8,081.46**		*6,879.85*	
Commission	**(0.74)**		*4.31*	
Engineering and service fees	**55.36**		*3.37*	
		8,531.00		*7,132.04*
Other operational revenue:				
Income from hire of plant and equipment	**20.73**		*31.02*	
Technical fees	**4.57**		*3.50*	
Income from services to Group companies	**11.04**		*21.00*	
Premium earned (net) on related forward exchange contract	**(0.44)**		*-*	
Insurance claim recoveries	**212.49**		*2.16*	
Miscellaneous income	**7.22**		*8.87*	
		255.61		*66.55*
		8,786.61		*7,198.59*

Notes forming part of the accounts *(contd.)*

	2016-17		2015-16	
	(R crore)	(R crore)	(R Crore)	(R Crore)
noTe 31 : oTher income				
Interest income - Parent Company		40.13		6.31
Interest income - Others		4.96		0.04
Profit on sale of current investments (net)		1.57		-
Profit on fair value of investments (net)		0.63		-
Profit on sale of fixed assets (net)		1.87		0.73
Miscellaneous income		9.16		4.02
		58.32		11.10
noTe 32 : manufacTuring, consTrucTion and oPeraTing eXPenses				
Materials consumed				
Raw materials and components [Note Q(22)(b)]	3,392.51		2,397.58	
Less: scrap sales	24.39		22.39	
		3,368.12		2,375.19
Excise duty		3.67		19.35
Construction materials		91.29		192.56
Stores,spares and tools consumed		51.41		45.59
Sub-contracting charges		2,623.95		2,478.56
Changes in inventories of work- in- progress and stock- in- trade:				
Closing stock:				
Work-in-progress	106.28		122.93	
Less:opening stock:				
Work-in-progress	122.93		55.78	
		16.65		(67.15)
Other manufacturing ,construction and operating expenses:				
Power and fuel [Note 34(i)]	60.68		63.44	
Royalty and technical know-how fees	-		0.01	
Packing and forwarding [Note 34(i)]	5.48		5.97	
Hire charges - plant and equipment and others	185.09		195.69	
Engineering, technical and consultancy fees	285.58		379.29	
Insurance [Note 34(i)]	12.66		14.53	
Rent [Note 34(i)]	51.88		42.23	
Rates and taxes [Note 34(i)]	8.12		10.50	
Travelling and conveyance [Note 34(i)]	89.47		93.79	
Repairs to plant and equipment	5.37		5.14	
Repairs to buildings [Note 34(i)]	5.42		-	
General repairs and maintenance [Note 34(i)]	55.55		36.17	
Bank guarantee charges	25.33		10.38	
Miscellaneous expenses [Note 34(i)]	50.85		60.38	
		841.48		917.52
		6,996.57		5,961.62

Notes forming part of the accounts *(contd.)*

	2016-17		2015-16	
	(₹ crore)	(₹ crore)	*(₹ Crore)*	*(₹ Crore)*
NOTE 33 : EMPLOYEE BENEFITS EXPENSE				
Salaries, wages and bonus		610.03		*575.76*
Contribution to and provision for:				
Provident funds and pension fund	15.34		*15.06*	
Superannuation/ employee pension schemes (including provisions current year ₹ 0.27 crore, previous year ₹ 0.34 crore)	0.13		*0.84*	
Gratuity provision	5.99		*10.17*	
		21.46		*26.07*
Expenses on Employee Stock Option Schemes [Note Q(15)]		7.96		*4.40*
Insurance expenses-medical and others [Note 34(i)]		9.83		*8.23*
Staff welfare expenses		47.16		*35.19*
		696.44		*649.65*

	2016-17		2015-16	
NOTE 34 : SALES, ADMINISTRATION AND OTHER EXPENSES				
Power and fuel [Note 34(i)]		3.47		*3.20*
Packing and forwarding [Note 34(i)]		4.00		*0.47*
Professional fees		33.05		*28.89*
Payment to auditor [Note 36(xv)]		0.63		*0.44*
Insurance [Note 34(i)]		3.12		*1.86*
Rent [Note 34(i)]		5.20		*6.63*
Rates and taxes [Note 34(i)]		2.28		*1.93*
Travelling and conveyance [Note 34(i)]		13.49		*14.19*
Repairs to buildings [Note 34(i)]		1.16		*2.09*
General repairs and maintenance [Note 34(i)]		13.59		*16.15*
Directors' fees		0.24		*0.20*
Telephone, postage and telegrams		7.08		*8.26*
Advertising and publicity		1.12		*2.39*
Stationery and printing		5.37		*7.27*
Commission		0.01		*0.01*
Bank charges		5.72		*4.05*
Overheads charged by Holding Company		88.18		*93.34*
Corporate social responsibility [Note 36(xviii)]		4.01		*3.83*
Miscellaneous expenses [Note 34(i)]		16.04		*15.13*
Bad debts and advances written off	47.38		–	
Less: Allowance for doubtful debts and advances written back	(37.96)		–	
		9.42		–
Allowance for doubtful debts and advances (net)		30.16		*92.98*
Provision / (reversal)for foreseeable losses on construction contracts		18.17		*40.41*
Exchange (gain) /loss (net)		49.08		*(46.94)*
Other provisions [Note Q(12)]		11.68		*13.37*
		326.27		*310.15*

Notes forming part of the accounts *(contd.)*

NOTE 34(i) : AGGREGATION OF EXPENSES DISCLOSED VIDE NOTES 30, 31 AND 32 IN RESPECT OF SPECIFIC ITEMS ARE AS FOLLOWS:

Sr no.	Nature of expenses	2016-17 note 32	2016-17 note 33	2016-17 note 34	2016-17 Total	2015-16 note 32	2015-16 note 33	2015-16 note 34	2015-16 Total
1	Power and fuel	60.68	-	3.47	64.15	63.44	-	3.20	66.64
2	Packing and forwarding	5.48	-	4.00	9.48	5.97	-	0.47	6.44
3	Insurance	12.66	9.83	3.12	25.61	14.53	8.23	1.86	24.62
4	Rent	51.88	-	5.20	57.08	42.23	-	6.63	48.86
5	Rates and taxes	8.12	-	2.28	10.40	10.50	-	1.93	12.43
6	Travelling and conveyance	89.47	-	13.49	102.96	93.79	-	14.19	107.98
7	Repairs to buildings	5.42	-	1.16	6.58	-	-	2.09	2.09
8	General repairs and maintanance	55.55	-	13.59	69.14	36.17	-	16.15	52.32
9	Miscellaneous expenses	50.85	-	16.04	66.89	60.38	-	15.13	75.51

NOTE 35 : FINANCE COSTS

	2016-17 (₹ crore)	2016-17 (₹ crore)	2015-16 (₹ Crore)	2015-16 (₹ Crore)
Interest expenses		21.73		59.87
Interest cost - Ind AS 19		4.45		2.25
Exchange loss (attributable to finance costs)		1.83		15.96
		28.01		78.08

NOTE 36

i) DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 101 "FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS"

a. First-time adoption - mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as at April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory and optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Notes forming part of the accounts *(contd.)*

b. opening balance sheet as at april 01, 2015

(v Crore)

Particulars	as per igaaP as at 01.04.15	ind as adjustment	as per ind as as at 01.04.15	remarks
asseTs:				
non-current assets				
Property, plant and equipment	873.87	-	873.87	
Capital work-in-progress	12.44	-	12.44	
Other Intangible assets	3.15	-	3.15	
financial assets				
Long term loans	109.20	(93.61)	15.59	Decreased mainly due to reclassification of Advance recoverable in cash & kind to Other current assets and embedded derivative and forward contract to other financial assets.
Other financial assets	-	45.50	45.50	Increased due to reclassification of forward contract and embedded derivative from long term borrowing to other financial assets
Deferred tax assets (net)	348.94	43.18	392.12	MAT credit entitlement grouped here and impact of deferred tax on Ind AS adjustments
Other non-current assets	-	48.10	48.10	Long term loans and advances recoverable in cash or kind regrouped here from long term loans
current assets				
Inventories	41.49	-	41.49	
financial assets				
Trade and other receivables	1,732.35	(391.02)	1,341.33	Additional provision for expected credit loss R 103.01 Cr and retention regrouped to other current assets R 288 Cr
Cash and cash equivalents	197.06	-	197.06	
Short-term loans	797.61	(788.74)	8.87	Loans and advances to related parties and advances recoverable in cash regrouped below.
Other financial assets		356.60	356.60	Mainly includes loans and advances to related parties and Forward contract and embedded derivatives
Assets for current tax (net)	50.68	0.72	51.40	Current tax impact on Ind AS adjustments
Other current assets	1,243.29	737.87	1981.16	Includes retention money regrouped from trade receivables and other current assets like income tax receivable net of provision for tax, service tax, advance to suppliers etc.
Total	**5,410.08**	**(41.40)**	**5,368.68**	

Notes forming part of the accounts *(contd.)*

(₹ Crore)

Particulars	as per igaaP as at 01.04.15	ind as adjustment	as per ind as as at 01.04.15	remarks
eQuiTy and LiabiLiTies:				
Total equity				
Equity attributable to equity holders of the parent				
Equity share capital	1,500.05	(500.00)	1,000.05	Preference share capital grouped under other equity
Other equity	(612.23)	416.34	(195.89)	Preference share capital of ₹ 500 Cr grouped here. Other impact includes Ind AS adjustments in retained earnings and hedge reserve
non-current liabilities				
financial liabilities				
Borrowings	148.60	1.43	150.03	
Other financial liabilities		49.03	49.03	Regrouped forward contract payable and embedded derivative payable from other non-current liabilities.
Provisions	12.01	–	12.01	
Other non-current Liabilities	49.03	(49.03)	–	Regrouped forward contract payable and embedded derivative payable to other financial liabilities.
current liabilities				
financial liabilities				
Borrowings	858.85	0.91	859.76	Interest accrued included here
Trade payables	2,179.74	(160.51)	2,019.23	Decrease is mainly because of unbilled cost grouped under other current liabilities
Other financial liabilities		250.80	250.80	Due to other including employees, and forward contracts payable grouped here
Other current liabilities	1,195.57	(50.24)	1,145.33	Decrease is mainly because of change in due to customer which is partially offset by unbilled cost regrouped from trade payables.
Provisions	78.46	(0.13)	78.33	Discounting & unwinding of provisions
Total	**5,410.08**	**(41.40)**	**5,368.68**	

Notes forming part of the accounts *(contd.)*

c. balance sheet as at march 31, 2016

(v Crore)

Particulars	as per igaaP as at 31.03.16	ind as adjustment	as per ind as as at 31.03.16	remarks
asseTs:				
non-current assets				
Property, plant and equipment	792.46	-	792.46	
Capital work-in-progress	8.90	-	8.90	
Other intangible assets	2.22	-	2.22	
financial assets				
Long term investments	228.75	-	228.75	
Long term loans	132.47	(132.08)	0.39	Decreased mainly due to reclassification of advance recoverable in cash to other current assets and embedded derivative and forward contract to other financial assets.
Other financial assets		11.22	11.22	Increased due to reclassification of forward contract and embedded derivative from long term borrowing to other financial assets
Deferred tax assets (net)	286.38	76.22	362.60	MAT credit entitlement grouped here and impact of deferred tax on Ind AS adjustments
Other non-current assets		52.54	52.54	Long term loans and advances recoverable in cash or kind regrouped here from long term loans
current assets				
Inventories	109.30	-	109.30	
financial assets				
Trade and other receivables	1,787.35	(359.04)	1,428.31	Additional provision for expected credit loss R 115.66 Cr and retention regrouped to other current assets R 243.38 Cr
Cash and cash equivalents	119.67	-	119.67	
Short-term loans	1,033.05	(1026.24)	6.81	Loans and advances to related parties and advances recoverable in cash regrouped below.
Other financial assets		417.36	417.36	Mainly includes loans and advances to related parties and Forward contract and embedded derivatives
Assets for current tax (net)	29.57	2.71	32.28	Current tax impact on Ind AS adjustments
Other current assets	1,096.24	827.55	1,923.79	Includes retention money regrouped from trade receivables and other current assets like income tax receivable net of provision for tax, service tax, advance to suppliers etc.
Total	**5,626.34**	**(129.74)**	**5,496.60**	

Notes forming part of the accounts *(contd.)*

(v Crore)

Particulars	as per igaaP as at 31.03.16	ind as adjustment	as per ind as as at 31.03.16	remarks
eQuiTy and LiabiLiTies:				
Total equity				
Equity attributable to equity holders of the parent				
Equity share capital	1,760.05	(760.00)	1,000.05	Preference share capital grouped under other equity
Other equity	(484.17)	649.31	165.14	Preference share capital of R 760 Cr grouped here. Other impact includes Ind AS adjustments in retained earnings and hedge reserve
non-current liabilities				
financial Liabilities				
Other financial liabilities		10.17	10.17	Forward contract payable R 5.32 Cr, ED R 4.85 Cr
Provisions	11.34	-	11.34	
Other non-current Liabilities	10.17	(10.17)	-	Forward contract payable R 5.32 Cr, ED R 4.85 Cr
current liabilities				
financial Liabilities				
Borrowings	622.57	1.85	624.42	Interest accrued included here
Trade payables	2,047.42	(447.81)	1,599.61	Decrease is mainly because of unbilled cost grouped under other current liabilities
Other financial liabilities		160.20	160.20	Due to other including employees, and Forward contracts payable grouped here
Other current liabilities	1,559.16	251.02	1,810.18	Increase is mainly because of unbilled cost regrouped from trade payables and change in due to customer
Provisions	99.80	15.69	115.49	Regrouping of provisions and discounting and unwinding of provisions
Total	**5,626.34**	**(129.74)**	**5,496.60**	

Notes forming part of the accounts *(contd.)*

d. **Statement of profit and loss for the year ended March 31, 2016**

(v Crore)

Particulars	As per IGAAP for FY 15-16	Ind AS adjustment	As per Ind AS for FY 15-16	Remarks
REVENUE:				
Revenue from operations	7,111.24	87.35	7,198.59	Premia on forward contracts excluded from construction revenue - R 67.99 Cr Excise regrouped from revenue to expense - R 19.35 Cr
Other income	11.10	-	11.10	
Total revenue	**7,122.34**	**87.35**	**7,209.69**	
EXPENSES:				
Manufacturing, construction and operating expenses:				
Cost of raw materials, components consumed	2,311.18	64.01	2,375.19	Premia on forward contracts excluded from costs
Excise Duty		19.35	19.35	Excise regrouped from revenue to expense
Construction materials consumed	192.56	-	192.56	
Purchase of stock-in-trade	(67.15)	-	(67.15)	
Stores, spares and tools consumed	45.59	-	45.59	
Sub-contracting charges	2,478.56	-	2,478.56	
Other manufacturing, construction and operating expenses	917.52	-	917.52	
Employee benefits expense	640.94	8.71	649.65	Performance linked reward provided - R 4.92 Cr ESOP fair valuation - R 0.78 Cr & Regrouped to OCI - R 3.01 Cr
Sales, administration and other expenses	296.19	13.96	310.15	Expected credit loss - R 12.65 Cr Foreseeable losses - R 1.28 Cr Discounting of Ind AS 37 prov - R 0.03 Cr
Finance costs	78.52	(0.44)	78.08	Regrouped to OCI - R (0.5 Cr) Unwinding of provisions - R 0.06 Cr
Depreciation, amortisation, impairment and obsolescence	101.41	-	101.41	
Total expenses	**6,995.32**	**105.59**	**7,100.91**	
Profit before tax	**127.02**	**(18.24)**	**108.78**	
Tax expense:				
Current tax	-	-	-	
Deferred tax (net)	40.55	(6.05)	34.50	Deferred tax on Ind AS adj - R 5.17 Cr Deferred tax on OCI regrouping - R 0.87Cr
Profit after tax	**86.47**	**(12.19)**	**74.28**	

Notes forming part of the accounts *(contd.)*

e. **ind as opening retained earningreconciliation as on 01.04.2015**

(v Crore)

Particulars	amount	amount
Retained earnings as per IGAAP as at 01 April 2015		(559.96)
Add / (less): Ind AS adjustment entries		
Change in realisable sales value	209.79	
Reversal of forward contract premium	(214.92)	
Change in provision for foreseeable losses	1.84	
Fair valuation of ESOPs as per Ind AS	(2.05)	
PLR Provision	(42.92)	
Impact of discounting of AS 29 provisions to present value	0.11	
Expected Credit loss (ECL provision)	(103.01)	(151.16)
Deferred tax impact of the above adjustments		51.60
retained earning as per ind as as at 01 april 2015		**(659.52)**

f. **ind as profit reconciliation for fy 2015-16**

(v Crore)

Particulars	amount	amount
Profit as per IGAAP for FY 2015-16		86.47
Add / (less): Ind AS adjustment entries		
Change in realisable sales value	(15.15)	
Reversal of Forward Contract Premium	19.12	
Change in provision for foreseeable losses	(1.27)	
Fair valuation of ESOPs as per Ind AS	(0.78)	
PLR Provision	(4.91)	
Impact of discounting of AS 29 provisions to present value	(0.08)	
Expected Credit loss (ECL provision)	(12.65)	(15.72)
Deferred tax impact of the above adjustments		5.17
Add / (less): Separately considered under other comprehensive income		
Remeasurement of the net defined benefit plans		(2.51)
Deferred tax impact of the above		0.87
Profit as per ind as for fy 2015-16		**74.28**

ii) **discLosures PursuanT To indian accounTing sTandard (ind as) 1 “PresenTaTion of financiaL sTaTemenTs”**

current assets and current liabilities expected to be realized/settled after 12 months

(v Crore)

	Particulars	31.3.2017	*31.3.2016*	*1.4.2015*
	current assets			
1	Trade receivables	**47.28**	*89.39*	*317.66*
2	Short term loans	**4.10**	*5.27*	*5.36*
3	Other current assets	**597.95**	*506.16*	*336.84*
	Total	**649.33**	*600.82*	*659.86*
	current liabilities			
1	Trade payables	**165.13**	*17.38*	*96.26*
2	Other financial liabilities	**2.06**	*2.04*	*2.32*
3	Other current liabilities	**123.51**	*233.46*	*336.79*
4	Provisions	**9.03**	*10.80*	*5.28*
	Total	**299.73**	*263.68*	*440.64*

Notes forming part of the accounts *(contd.)*

iii) DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 8 “ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS“

Standards issued but not yet effective:

a) Ind AS 115 “Revenue from Contract with Customers”:

The Ministry of Corporate Affairs (MCA) had notified Ind AS 115 “Revenue from Contract with Customers” in February, 2015. The standard establishes a five-step model to account for revenue arising from contract with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customers. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 1, 2018.

The Company is in the process of making an assessment of the impact of Ind AS 115 upon initial application. As at the date of this report, the Company does not expect any material impact on the operational results and financial position upon adoption of Ind AS 115.

b) In March 2017, the MCA issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, ‘Statement of cash flows’ and Ind AS 102, ‘Share-based payment.’ These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, ‘Statement of cash flows’ and IFRS 2, ‘Share-based payment,’ respectively. The amendments are applicable to the Company from April 1, 2017.

i. Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

ii. Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Since the Company does not have employee stock option scheme, Ind AS 102 is not applicable.

iv) The expenditure on research and development activities recognised as expense in the statement of profit and loss is ₹ 14.72 crore (previous year: ₹ 12.56 crore).

a) on property, plant and equipment ₹ 0.06 crore (previous year: ₹ 0.19 crore)

b) on intangible assets being expenditure on new product development Nil (previous year: Nil)

c) on other intangible assets Nil (previous year: Nil)

v) (a) Disclosures pursuant to Indian Accounting Standard (Ind AS) 11 “Construction Contracts”:

(₹ Crore)

	Particulars	31.3.2017	31.3.2016	1.4.2015
i)	Contract revenue recognized for the financial year [Note 30]	**8,081.46**	*6,879.85*	*5,492.22*
ii)	Aggregate amount of contract costs incurred and recognized profits (less recognized losses*) as at the end of the financial year for all contracts in progress as at that date	**25,179.65**	*23,130.78*	*20,651.66*
iii)	Amount of customer advances outstanding for contracts in progress as at the end of the financial year	**544.14**	*590.02*	*553.60*
iv)	Retention amounts by customers for contracts in progress as at the end of the financial year	**443.07**	*241.23*	*288.01*

*includes provision for foreseeable losses ₹ 105.03 crore (previous year: ₹ 86.86 crore)

Notes forming part of the accounts *(contd.)*

(b) As part of the periodic review of estimates used in determining the cost of completion of projects, the Company revised certain estimates used in contracts under execution as on March 31, 2017. As a result, the revenue and profit before tax for the year increased by R 46.71 crore.

vi) Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 "Employee Benefits"

1. Defined contribution plans: [Note 2.10] Amount of R 6.81 crore (previous year R 6.65 crore) is recognised as an expense.
2. Defined benefit plans: [Note 2.10]

a) defined benefit plans:

(v Crore)

Particulars	gratuity plan			Post-retirement medical benefit plan			company pension plan			Trust-managed provident fund plan		
	as at 31.03.17	*As at 31.03.16*	*As at 01.04.15*	as at 31.03.17	*As at 31.03.16*	*As at 01.04.15*	as at 31.03.17	*As at 31.03.16*	*As at 01.04.15*	as at 31.03.17	*As at 31.03.16*	*As at 01.04.15*
A) Present value of defined benefit obligation												
- Wholly funded	**26.66**	*25.34*	*25.42*							**238.82**	*220.55*	*209.06*
- Wholly non-funded	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*			
Less: Fair value of plan assets	**26.66**	*25.34*	*25.42*	-	-	-	-	-	-	**240.29**	*221.12*	*209.29*
Amount to be recognised as liability or (asset)	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*	**(1.47)**	*(0.58)*	*(0.23)*
B) Amounts reflected in the balance sheet												
Liabilities	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*	**2.31**		*2.87*
Assets											*3.34*	
Net liability/(asset)	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*	**2.31**	*(3.34)*	*2.87*
Net liability/(asset) - current	**20.35**	*14.23*	*3.76*	**0.02**	*0.04*	*0.03*	**0.21**	*0.23*	*0.21*	**2.11**	*(3.34)*	*0.83*
Net liability/(asset) - Non current	**-**	-	-	**13.72**	*11.34*	*9.97*	**4.44**	*4.08*	*5.62*	**0.20**		*2.04*

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

(v Crore)

Particulars	gratuity plan		Post-retirement medical benefit plan		company pension plan		Trust-managed provident fund plan	
	as at 31.03.17	*As at 31.03.16*	as at 31.03.17	*As at 31.03.16*	as at 31.03.17	*As at 31.03.16*	as at 31.03.17	*As at 31.03.16*
1. Current service cost	**5.98**	*10.17*	**1.09**	*1.05*	**0.01**	*0.16*	**8.92**	*9.17*
2. Interest cost	**2.31**	*2.08*	**0.88**	*0.78*	**0.33**	*0.46*	**18.83**	*17.27*
3. Interest income on plan assets	**(1.90)**	*(1.86)*					**(18.83)**	*(17.27)*
4. Actuarial losses/(gains)	**(0.26)**	*0.08*	**0.39**	*(0.45)*	**0.01**	*(2.14)*	**(2.11)**	*(3.34)*
5. Past service cost								
6. Effect of any curtailment or settlement								
7. Actuarial gain/(loss) not recognised in books							**2.11**	*3.34*
8. Adjustment for earlier years								
9. Effect of the limit in para 64(b)								
10. Business Combination								
11. Translation adjustments								
12. Amount capitalized out of the above								
Total (1 to 12)	**6.13**	*10.47*	**2.36**	*1.38*	**0.35**	*(1.52)*	**8.92**	*9.17*

Notes forming part of the accounts *(contd.)*

(₹ Crore)

Particulars	gratuity plan		Post-retirement medical benefit plan		company pension plan		Trust-managed provident fund plan	
	as at 31.03.17	*As at 31.03.16*	**as at 31.03.17**	*As at 31.03.16*	**as at 31.03.17**	*As at 31.03.16*	**as at 31.03.17**	*As at 31.03.16*
i. Amount included in "employee benefits expense"	**5.98**	*10.17*	**1.09**	*1.05*	**0.01**	*0.16*	**8.92**	*9.17*
ii. Amount included as part of manufacturing, construction and operating expenses								
iii. Amount included as part of "finance cost"	**0.41**	*0.22*	**0.88**	*0.78*	**0.33**	*0.46*		
iv. Amount included as part of "Other comprehensive income"	**(0.26)**	*0.08*	**0.39**	*(0.45)*	**0.01**	*(2.14)*		
v. Amount capitalised on new product development								
Total (I+II+III+IV+V)	**6.13**	*10.47*	**2.36**	*1.38*	**0.35**	*(1.52)*	**8.92**	*9.17*
Actual return on plan assets	**3.26**	*0.00*	**-**	*-*			**20.94**	*20.60*

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

(₹ Crore)

Particulars	gratuity plan		Post-retirement medical benefit plan		company pension plan		Trust-managed provident fund plan	
	as at 31.03.17	*As at 31.03.16*	**as at 31.03.17**	*As at 31.03.16*	**as at 31.03.17**	*As at 31.03.16*	**as at 31.03.17**	*As at 31.03.16*
Opening balance of the present value of defined benefit obligation	**39.57**	*29.18*	**11.38**	*10.00*	**4.31**	*5.83*	**220.55**	*209.06*
Add: Current service cost	**5.98**	*10.17*	**1.09**	*1.05*	**0.01**	*0.16*	**8.92**	*9.17*
Add: Interest cost	**2.31**	*2.08*	**0.88**	*0.78*	**0.33**	*0.46*	**18.83**	*17.27*
Add: Contribution by plan participants								
i) Employer								
ii) Employee							**20.73**	*20.95*
iii) Transfer-in/(out)							**(2.71)**	*(11.99)*
Add/(less): Actuarial losses/(gains)								
i) Actuarial (gains)/losses arising from changes in demographic assumptions								
ii) Actuarial (gains)/losses arising from changes in financial assumptions	**2.17**	*0.10*	**1.62**	*0.10*	**0.63**	*0.02*		
iii) Actuarial (gains)/losses arising from changes in experience adjustments	**(1.04)**	*(0.02)*	**(1.23)**	*(0.55)*	**(0.62)**	*(2.16)*		
Less: Benefits paid	**(4.91)**	*(1.94)*					**(28.86)**	*(25.20)*
Add: Past service cost								
Add: Liabilities assumed on transfer of employees							**1.37**	*1.29*
Add: Business combination	**2.94**							
Add: Adjustment for earlier years								
Add/(less): Translation adjustments								
Closing balance of the present value of defined benefit obligation	**47.02**	*39.57*	**13.74**	*11.38*	**4.65**	*4.31*	**238.82**	*220.55*

Notes forming part of the accounts *(contd.)*

d) changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(v Crore)

Particulars	gratuity plan		Trust-managed provident fund plan	
	as at 31.03.17	*As at 31.03.16*	**as at 31.03.17**	*As at 31.03.16*
Opening balance of the fair value of the plan assets	**25.34**	*25.42*	**221.12**	*209.29*
Add: Interest income on plan assets*	**1.90**	*1.86*	**18.83**	*17.27*
Add/(Less): Actuarial gains/(losses)				
(a) Difference between actual return on plan assets and interest income	**1.36**	*0.00*	**2.11**	*3.34*
(b) Others				
Add: Contribution by the employer	**0.60**		**10.32**	*9.13*
Add/(less) : Transfer in/(out)			**(2.71)**	*(11.99)*
Add: Contribution by plan participants			**19.47**	*19.28*
Add: Liabilities assumed on transfer of employees				
Add: Business combination	**2.39**			
Less: Benefits paid	**(4.91)**	*(1.94)*	**(28.86)**	*(25.20)*
Add: Adjustment for earlier years				
Less: Settlements				
Closing balance of the plan assets	**26.67**	*25.34*	**240.29**	*221.12*

* Basis used to determine interest income on plan assets:

The trust formed by the holding company manages the investments of provident funds and gratuity fund. Interest income on plan assets is determined by multiplying the fair value of the plan assets by the discount rate stated in (g) (i) below both determined at the start of the annual reporting period.

e) changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(v Crore)

Particulars	gratuity plan			*Gratuity plan*			*Gratuity plan*		
	Quoted	**unquoted**	**Total**	*Quoted*	*Unquoted*	*Total*	*Quoted*	*Unquoted*	*Total*
	as at 31-mar-17			*As at 31-Mar-16*			*As at 01-Apr-15*		
Cash and cash equivalents		**0.43%**	**0.43%**		*0.07%*	*0.07%*		*0.10%*	*0.10%*
Equity instruments		**2.45%**	**2.45%**		*1.20%*	*1.20%*		*1.47%*	*1.47%*
Debt instruments - Corporate Bonds		**34.25%**	**34.25%**		*34.33%*	*34.33%*		*30.87%*	*30.87%*
Debt instruments - Central government Bonds		**21.84%**	**21.84%**		*23.73%*	*23.73%*		*31.74%*	*31.74%*
Debt instruments - State government Bonds		**20.58%**	**20.58%**		*18.45%*	*18.45%*		*12.75%*	*12.75%*
Debt instruments - PSU Bonds		**9.95%**	**9.95%**		*12.32%*	*12.32%*		*14.63%*	*14.63%*
Mutual funds - Equity		**10.09%**	**10.09%**		*9.42%*	*9.42%*		*7.51%*	*7.51%*

Notes forming part of the accounts *(contd.)*

(₹ Crore)

Particulars	gratuity plan			*Gratuity plan*			*Gratuity plan*		
	Quoted	unquoted	Total	*Quoted*	*Unquoted*	*Total*	*Quoted*	*Unquoted*	*Total*
	as at 31-mar-17			*As at 31-Mar-16*			*As at 01-Apr-15*		
Mutual funds - Debt		**0.06%**	**0.06%**		*0.06%*	*0.06%*		*0.07%*	*0.07%*
Mutual funds - Others		**0.00%**	**0.00%**		*0.00%*	*0.00%*		*0.00%*	*0.00%*
Fixed Deposits		**0.21%**	**0.21%**		*0.25%*	*0.25%*		*0.67%*	*0.67%*
Special Deposit Scheme		**0.14%**	**0.14%**		*0.16%*	*0.16%*		*0.19%*	*0.19%*
Others									

Particulars	Trust-managed provident fund plan			*Trust-managed provident fund plan*			*Trust-managed provident fund plan*		
	Quoted	unquoted	Total	*Quoted*	*Unquoted*	*Total*	*Quoted*	*Unquoted*	*Total*
	as at 31-mar-17			*As at 31-Mar-16*			*As at 31-Mar-15*		
Cash and cash equivalents			**0**			*0*			*0*
Equity instruments			**0**			*0*			*0*
Debt instruments - Corporate Bonds		**14.50%**	**14.50%**		*8.94%*	*8.94%*		*7.56%*	*7.56%*
Debt instruments - Central government Bonds		**20.45%**	**20.45%**		*25.32%*	*25.32%*		*24.67%*	*24.67%*
Debt instruments - State government Bonds		**21.19%**	**21.19%**		*15.84%*	*15.84%*		*15.12%*	*15.12%*
Debt instruments - PSU Bonds		**32.84%**	**32.84%**		*39.25%*	*39.25%*		*42.27%*	*42.27%*
Mutual funds - Equity			**0**			*0*			*0*
Mutual funds - Debt			**0**			*0*			*0*
Mutual funds - Others		**2.64%**	**2.64%**		*1.33%*	*1.33%*		*0.07%*	*0.07%*
Fixed Deposits			**0**			*0*			*0*
Special Deposit Scheme		**8.38%**	**8.38%**		*9.32%*	*9.32%*		*10.31%*	*10.31%*

f) **Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):**

Particulars	31.3.2017	*31.3.2016*	*1.4.2015*
1. Discount rate:			
a) Gratuity plan	**7.19%**	*7.79%*	*7.83%*
b) Company pension plan	**7.19%**	*7.79%*	*7.83%*
c) Post-retirement medical benefit plan	**7.19%**	*7.79%*	*7.83%*
2. Annual increase in healthcare costs (see note below)			
3. Salary Growth rate:			
a) Gratuity plan	**5%**	*5%*	*5%*
b) Company pension plan	**5%**	*5%*	*5%*

4. Attrition rate:

a) For post-retirement medical benefit plan and the Company pension plan, the attrition rate varies from 2% to 8% (previous year: 2% to 8%) for various age groups.

b) For gratuity plan the attrition rate varies from 1% to 6% (previous year: 1% to 6%) for various age groups.

Notes forming part of the accounts *(contd.)*

5. The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
6. The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of profit and loss.
7. The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.
8. (a) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

Particulars	effect of 1% increase	effect of 1% decrease
Impact of change in salary growth rate	9.51%	-8.22%
Impact of change in discount rate	-8.00%	9.39%

(b) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of company pension plan:

Particulars	effect of 1% increase	effect of 1% decrease
Impact of change in discount rate	-9.75%	11.59%
Impact of change in life expectancy	1.09%	-1.17%

(c) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of post-retirement medical benefit plan:

Particulars	effect of 1% increase	effect of 1% decrease
Impact of change in health care cost	17.36%	-13.85%
Impact of change in discount rate	-18.68%	24.53%
Impact of change in life expectancy	0.76%	-0.79%

h) characteristics of defined benefit plans and associated risks:

1. Gratuity plan:

   Presently, the Company's gratuity plan is unfunded and the Company is in the process of forming a trust wherein every employee is entitled to the benefit equivalent to fifteen 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. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972.

2. Post-retirement medical care plan:

   The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

3. Company's pension plan:

   In addition to contribution to state-managed pension plan (EPS scheme), the holding company operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

Notes forming part of the accounts *(contd.)*

4. Trust managed provident fund plan:

   The Company's provident fund plan is managed by the provident fund trust established by the holding company under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan mandates contribution by employer at a fixed percentage of employee's salary. Employees also contribute to the plan at a fixed percentage of their salary as a minimum contribution and additional sums at their discretion. The plan guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

   The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognized immediately in the statement of profit and loss as actuarial loss. Any loss/gain arising out of the investment risk and actuarial risk associated with the plan is also recognized as expense or income in the period in which such loss/gain occurs.

   All the above defined benefit plans expose the company to general actuarial risks such as interest rate risk and market (investment) risk.

vii) Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 ''Operating Segments''

a) The Company is engaged mainly in the business of engineering, procurement, fabrication, construction and project management activity providing integrated 'design to build' solutions for large and complex offshore and onshore hydrocarbon projects. In the context of Ind AS 108 on Segment Reporting though the Company has operating model defined based on business verticals, the reportable segment is one considering common customers, investments by clients linked to oil price movement, similar risk profile and common infrastructure facilities and resources. Also, the Company's chief operating decision maker (i.e. CEO & Managing Director) reviews the results project-wise rather than reviewing results of the verticals.

b) **geographical information**

(v Crore)

Particulars	revenue		non-current assets		
	as at 31-3-2017	*As at 31-3-2016*	**as at 31-3-2017**	*As at 31-3-2016*	*As at 01-04-2015*
india (a)	**4,940.10**	*4,657.74*	**860.59**	*905.49*	*722.01*
foreign countries:					
United States of America	**36.25**	*0*	**–**	*–*	*–*
Kingdom of Saudi Arabia	**391.18**	*49.45*	**47.13**	*0.01*	*2.57*
Sultanate of Oman	**670.25**	*671.10*	**12.97**	*0.08*	*0.33*
United Arab Emirates	**108.46**	*650.97*	**38.32**	*177.71*	*211.48*
Kuwait	**2,595.93**	*1,046.79*	**41.21**	*1.44*	*0.38*
Other countries	**44.44**	*122.54*	**8.24**	*0.14*	*0.80*
Total other countries (b)	**3,846.51**	*2,540.85*	**147.88**	*179.38*	*215.55*
Total (a+b)	**8,786.61**	*7,198.59*	**1,008.48**	*1,084.87*	*937.56*

c) **major customers:**

Top three customers contribute to 70.40% (PY 68.03%) of the total revenue (individually more than 10% of the Company's total revenue).

(v Crore)

customer	revenue	
	2016-17	*2015-16*
Customer 1	**2,364.21**	*2,374.06*
Customer 2	**2,234.48**	*901.68*
Customer 3	**1,630.45**	*1,621.12*

Notes forming part of the accounts *(contd.)*

d) **Product wise revenue information**

(v Crore)

Product category	revenue from major product and services	
	2016-17	*2015-16*
(i) **construction and project related activity :**		
Items for oil and gas, chemical etc. industries	8,081.46	*6,879.85*
(ii) **manufacturing and trading activity :**		
Items for oil and gas, chemical etc. industries	394.92	*244.51*
(iii)Engineering service fees	55.36	*3.37*
(ix)Commission	(0.74)	*4.31*
(xii)Others	255.61	*66.55*
Total revenue	8,786.61	*7,198.59*

e) **movement in non-current assets**

Particulars	2016-17						
	Property, plant and equipment	capital work in progress	other intangible assets	investment in subsidiaries, associates and Joint Ventures	other non-current assets	inter/intra company	Total (external)
Opening balance	892.05	8.90	6.94	228.75	52.54	-	1189.18
Additions during the year*	96.68	1.44	12.69	0.00	5.68	-	116.69
Deductions during the year	(29.22)	(6.66)	-	(60.51)	(0.88)	60.51	(36.76)
Closing balance	959.71	3.68	19.63	168.24	57.34	(60.51)	1269.11

*includes assets transferred on business combination.

Particulars	2015-16						
	Property, plant and equipment	capital work in progress	other intangible assets	investment in subsidiaries, associates and Joint Ventures	other non-current assets	inter/intra company	Total (external)
Opening balance	*873.87*	*12.44*	*6.94*	-	*48.10*	-	*941.35*
Additions during the year	*20.78*		-	*228.75*	*4.44*	-	*253.97*
Deductions during the year	*(2.60)*	*(3.54)*	-	-	-	-	*(6.14)*
Closing balance	*892.05*	*8.90*	*6.94*	*228.75*	*52.54*	-	*1189.18*

viii) Disclosure of related parties/related party transactions pursuant to Indian Accounting Standard (Ind AS) 24 ''Related Party Disclosures'':

a) **names of the related parties with whom transactions were carried out during the year and description of relationship:**

holding company:	
1	Larsen & Toubro Limited

subsidiary company:	
1	Larsen Toubro Arabia LLC

Notes forming part of the accounts *(contd.)*

fellow subsidiary companies:			
1	Larsen & Toubro ATCO Saudi LLC	2	L&T Modular Fabrication Yard LLC
3	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	4	L&T Valves Limited
5	L&T Electrical and Automation FZE	6	L&T Technology Services Limited
7	L&T Infrastructure Finance Company Limited	8	EWAC Alloys Limited
9	L&T Geostructure LLP	10	L&T Shipbuilding Limited
11	L&T Infrastructure Engineering Limited	12	Larsen & Toubro Infotech Limited
13	L&T Readymix and Asphalt Concrete Industries LLC	14	Tamco Switchgear (Malaysia) SDN BHD
15	L&T Hydrocarbon International LLC	16	Kana Controls General Trading and Contracting Co
17	L&T Heavy Engineering LLC	18	Larsen and Toubro (East Asia) SDN.BHD
19	L&T International FZE	20	PT TAMCO Indonesia

associate company:	
1	L&T Chiyoda Limited

Joint ventures:			
1	Larsen & Toubro Electromech LLC*	2	L&T Gulf Private Limited
3	L&T Sapura Shipping Private Limited	4	L&T Sapura Offshore Private Limited
5	L&T Infrastructure Development Projects Limited*	6	L&T MHPS Boilers Private Limited*
7	L&T Special Steels and Heavy Forgings Private Limited*	8	L&T Sargent and Lundy Limited*

*Joint ventures of holding company and other group entities

key management personnel			
1	Mr. Subramanian S. Sarma (CEO & Managing Director) **	2	Mr. K. Ravindranath (Whole-time Director)
3	Mr. U. Dasgupta (Whole-time Director)*	4	Mr. K. Venkataramanan (Non-Executive Director)
5	Mr. R. Shankar Raman (Non-Executive Director)	6.	Mr. R. Venkatesh (Chief Financial Officer)
7	Ms. Alpana Khale (Company Secretary)		

* Retired w.e.f. July 01, 2015.

** Appointed w.e.f August 19, 2015

Notes forming part of the accounts *(contd.)*

b) **disclosure of related party transactions:**

(₹ Crore)

sr. no	nature of transaction/relationship/major parties	2016-17		*2015-16*	
		amount	amounts for major parties	*Amount*	*Amounts for major parties*
1	**Purchase of goods and services (including commission paid)**				
	Holding company	38.30		*15.94*	
	Subsidiaries, including:	-0.29		*27.29*	
	Larsen Toubro Arabia LLC		-0.29		
	L&T Valdel Engineering Limited				*27.29*
	Fellow subsidiaries, including:	280.92		*159.58*	
	L&T ATCO Saudi LLC		3.01		
	L&T Valves Limited		152.71		*50.60*
	L&T Electrical and Automation FZE		1.32		*1.04*
	EWAC Alloys Limited		8.51		*7.27*
	Larsen & Toubro Infotech Limited		0.75		*0.20*
	L&T Shipbuilding Limited		0.02		*0.05*
	L&T Modular Fabrication Yard LLC		72.33		*63.34*
	L&T Readymix and Asphalt Concrete Industries LLC		1.40		*6.08*
	Tamco Switchgear (Malaysia) SDN BHD		18.22		
	L&T Technology Services Limited		0.19		*2.40*
	Kana Controls General Trading and Contracting Co		22.15		
	L&T Infrastructure Engineering Limited		0.31		*0.57*
	L&T Heavy Engineering LLC				*17.43*
	Larsen Toubro Arabia LLC				*-0.39*
	L&T Geostructure LLP				*10.99*
	Associates and joint ventures, including:	65.29		*24.02*	
	L&T Chiyoda Limited		51.14		*10.40*
	L&T Gulf Private Limited		14.15		*7.29*
	L&T Sapura Offshore Private Limited				*6.33*
	Joint ventures of holding company and other group entities, including:	26.15		*286.18*	
	Larsen & Toubro Electromech LLC		26.10		*285.91*
	L&T Infrastructure Development Projects Limited		0.05		
	L&T Sargent and Lundy Limited				*0.27*
	Total	410.37		*513.01*	
2	**sale of goods/contract revenue & services**				
	Holding company	2.55		*14.67*	
	Subsidiaries, including:	2.45			
	Larsen Toubro Arabia LLC		2.45		
	Fellow subsidiaries, including:	12.71		*22.48*	
	L&T Heavy Engineering LLC		0.16		*0.04*
	L&T Technology Services Limited		12.55		
	Larsen Toubro Arabia LLC				*22.39*
	L&T Modular Fabrication Yard LLC				*0.05*
	Associates and joint ventures, including:	0.36		*0.71*	
	L&T Chiyoda Limited		0.28		
	L&T Gulf Private Limited		0.06		*0.23*
	L&T Sapura Shipping Private Limited		0.02		*0.48*
	Joint ventures of holding company and other group entities, including:	1.72		*0.02*	
	L&T MHPS Boilers Private Limited		0.01		
	L&T Special Steels and Heavy Forgings Private Limited		1.41		
	Larsen & Toubro Electromech LLC		0.30		*0.02*
	Total	19.79		*37.88*	

Notes forming part of the accounts *(contd.)*

(₹ Crore)

Sr. No	Nature of transaction/relationship/major parties	2016-17		*2015-16*	
		Amount	Amounts for major parties	*Amount*	*Amounts for major parties*
3	**Purchase/lease of fixed assets**				
	Holding company	2.44		*0.11*	
	Subsidiaries, including:	0.02		*0.45*	
	Larsen Toubro Arabia LLC		0.02		
	Fellow subsidiaries, including:				
	L&T Shipbuilding Limited		0.01		
	L&T Modular Fabrication Yard LLC		0.02		
	Larsen Toubro Arabia LLC				*0.05*
	EWAC Alloys Limited				*0.39*
	L&T Kuwait Construction General Contracting Company, WLL				*0.01*
	Joint ventures of holding company and other group entities, including:	0.14			
	Larsen & Toubro Electromech LLC		0.14		
	Total	2.60		*0.56*	
4	**Sale of fixed assets**				
	Holding company	13.59		*0.49*	
	Subsidiaries, including:	0.01		*0.41*	
	Larsen Toubro Arabia LLC		0.01		
	Fellow subsidiaries, including:	0.80			
	L&T Geostructure LLP		0.80		
	Larsen Toubro Arabia LLC				*0.29*
	L&T Shipbuilding Limited				*0.01*
	L&T Modular Fabrication Yard LLC				*0.08*
	L&T ATCO Saudi LLC				*0.03*
	Total	14.43		*0.90*	
5	**Purchase of investment in subsidiary and associate companies**				
	Holding company	0.00		*228.75*	
	Total	0.00		*228.75*	
6	**Receiving of services/overheads charged by related parties**				
	Holding company	88.17		*93.97*	
	Fellow subsidiaries, including:	6.02		*7.53*	
	Larsen and Toubro Infotech Limited		6.02		*7.30*
	L&T Kuwait Construction General Contracting Company, WLL				*0.23*
	Associates and joint ventures, including:	7.24		*8.51*	
	L&T Chiyoda Limited		4.81		*5.84*
	L&T Gulf Private Limited		2.43		*2.67*
	Joint ventures of holding company and other group entities, including:	0.34		*0.25*	
	Larsen & Toubro Electromech LLC		0.34		*0.25*
	Total	101.77		*110.26*	
7	**Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance**				
	Holding company	3.46		*1.89*	
	Total	3.46		*1.89*	

Notes forming part of the accounts *(contd.)*

(₹ Crore)

sr. no	nature of transaction/relationship/major parties	2016-17 amount	2016-17 amounts for major parties	*2015-16 Amount*	*2015-16 Amounts for major parties*
8	**charges for deputation of employees to related parties**				
	Fellow subsidiaries, including:			*0.10*	
	L&T Technology Services Limited				*0.10*
	Associates and joint ventures, including:	5.60		*6.71*	
	L&T Sapura Shipping Private Limited		5.60		*6.70*
	Total	5.60		*6.81*	
9	**commission received, including those under agency arrangement**				
	Fellow subsidiaries, including:	(0.74)		*4.31*	
	L&T Modular Fabrication Yard LLC		(0.74)		*4.31*
	Total	(0.74)		*4.31*	
10	**rent received, overhead recovered and miscellaneous income**				
	Holding company	7.05		*5.32*	
	Subsidiaries, including:	14.90		*0.57*	
	Larsen Toubro Arabia LLC		14.90		
	L&T Valdel Engineering Limited				*0.57*
	Fellow subsidiaries, including	1.50		*29.10*	
	L&T ATCO Saudi LLC		0.79		*9.56*
	L&T Valves Limited		0.11		*0.01*
	L&T Shipbuilding Limited		0.03		*1.17*
	L&T Modular Fabrication Yard LLC		0.58		*1.45*
	Larsen Toubro Arabia LLC				*16.64*
	L&T Kuwait Construction General Contracting Company, WLL				*0.02*
	Larsen and Toubro (East Asia) SDN.BHD				*0.01*
	L&T Hydrocarbon International LLC				*0.09*
	Nabha Power Limited				*0.06*
	L&T Technology Services Limited				*0.09*
	Associates and joint ventures, including:	3.67		*4.98*	
	L&T Chiyoda Limited		2.46		*2.79*
	L&T Gulf Private Limited		0.71		*0.95*
	L&T Sapura Shipping Private Limited		0.50		*1.24*
	Joint ventures of holding company and other group entities, including:	3.62		*9.72*	
	Larsen & Toubro Electromech LLC		3.62		*9.54*
	L&T MHPS Boilers Private Limited				*0.08*
	L&T Thales Technology Services Private Limited				*0.01*
	L&T Special Steels and Heavy Forgings Private Limited				*0.02*
	L&T MHPS Turbine Generators Private Limited				*0.01*
	L&T Sargent and Lundy Limited				*0.03*
	L&T Howden Private Limited				*0.03*
	Total	30.74		*49.69*	
11	**interest received**				
	Holding company	40.04		*6.31*	
	Total	40.34		*6.31*	
12	**interest paid**				
	Holding company	4.08		*11.35*	
	Total	4.08		*11.35*	

Notes forming part of the accounts *(contd.)*

c) **amount due to/from related parties :**

(v Crore)

sr. no	category of balance/relationship/major parties	31.3.2017 amount	31.3.2017 amounts for major parties	*31.3.2016 Amount*	*31.3.2016 Amounts for major parties*	*01.4.2015 Amount*	*01.4.2015 Amounts for major parties*
1	**accounts receivable**						
	Holding company	7.53					
	Subsidiaries, including:	5.94					
	Larsen Toubro Arabia LLC		5.94				
	Fellow subsidiaries, including:	1.30		*4.78*			
	L&T Technology Services Limited		1.15				
	L&T Heavy Engineering LLC		0.15				
	Larsen Toubro Arabia LLC				*4.78*		
	Associates and joint ventures, including:	0.18					
	L&T Gulf Private Limited		0.18				
	Total	14.95		*4.78*			
2	**accounts payable (including acceptance & interest accrued)**						
	Holding company	79.69		*108.78*		*130.54*	
	Subsidiaries, including:	0.65		*5.90*			
	Larsen Toubro Arabia LLC		0.65				
	L&T Valdel Engineering Limited				*5.90*		
	Fellow subsidiaries, including:	62.43		*58.65*		*129.74*	
	L&T Valves Limited		28.76		*14.76*		*17.53*
	L&T Modular Fabrication Yard LLC		16.47		*22.66*		*25.15*
	L&T ATCO Saudi LLC		0.44		*0.58*		*0.52*
	Larsen and Toubro (East Asia) SDN.BHD		0.08		*0.53*		*1.33*
	L&T Electrical and Automation FZE		2.25		*4.40*		*14.59*
	EWAC Alloys Limited		0.35		*1.73*		*0.25*
	L&T Geostructure LLP		0.02		*0.87*		*39.69*
	Larsen & Toubro Infotech Limited		1.19		*2.02*		*3.31*
	L&T International FZE		0.13				*0.30*
	L&T Kuwait Construction General Contracting Company, WLL		0.97		*1.12*		*1.32*
	L&T Heavy Engineering LLC		0.09		*6.33*		*9.07*
	L&T Shipbuilding Limited		2.63		*1.07*		*1.67*
	L&T Readymix and Asphalt Concrete Industries LLC		0.45		*1.29*		*2.69*
	L&T Saudi Arabia LLC		0.01		*0.01*		
	TAMCO Switchgear (Malaysia) SDN BHD		2.39		*0.34*		*1.16*
	Kana Controls General Trading and Contracting Co		6.12				
	L&T Infrastructure Engineering Limited		0.08		*0.43*		*0.10*
	Larsen Toubro Arabia LLC				*0.35*		
	L&T Technology Services Limited				*0.16*		*0.72*
	PT TAMCO Indonesia						*0.16*
	L&T Valdel Engineering Limited						*10.18*
	Associates and joint ventures, including:	15.68		*8.26*			
	L&T Chiyoda Limited		10.18		*5.07*		
	L&T Gulf Private Limited		5.50		*3.19*		
	Joint ventures of holding company and other group entities, including:	55.70		*26.16*		*56.68*	
	L&T Infrastructure Development Projects Limited		0.04				
	L&T MHPS Boilers Private Limited				*0.01*		
	Larsen & Toubro Electromech LLC		55.66		*26.15*		*42.69*
	L&T Sargent and Lundy Limited						*0.12*
	L&T Gulf Private Limited						*7.99*
	L&T Sapura Offshore Private Limited						*5.88*
	Total	214.15		*207.75*		*316.96*	

Notes forming part of the accounts *(contd.)*

(₹ Crore)

sr. no	category of balance/relationship/major parties	31.3.2017		31.3.2016		01.4.2015	
		amount	amounts for major parties	*Amount*	*Amounts for major parties*	*Amount*	*Amounts for major parties*
3	**Loans and advances recoverable (including interest accrued)**						
	Holding company	57.47		*64.35*		*66.30*	
	Subsidiaries, including:	68.33		*0.29*			
	Larsen Toubro Arabia LLC		68.33				
	L&T Valdel Engineering Limited				*0.29*		
	Fellow subsidiaries, including:	75.51		*190.12*		*149.47*	
	Larsen & Toubro ATCO Saudi LLC		50.49		*52.76*		*42.38*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		17.87		*16.79*		*9.12*
	L&T Modular Fabrication Yard LLC				*24.83*		*20.10*
	L&T Valves Limited		0.07		*7.76*		*6.28*
	L&T Hydrocarbon International LLC		4.48		*4.56*		*4.16*
	L&T Infrastructure Finance Company Limited		0.02		*0.02*		
	L&T Heavy Engineering LLC		0.08		*0.08*		*10.74*
	L&T Shipbuilding Limited		2.15		*2.12*		*2.58*
	L&T Technology Services Limited		0.35		*0.18*		*1.10*
	L&T Saudi Arabia LLC				*1.00*		
	Larsen and Toubro (East Asia) SDN.BHD				*0.01*		
	Nabha Power Limited				*0.06*		
	Larsen Toubro Arabia LLC				*79.95*		*51.06*
	L&T Electrical and Automation FZE						*0.59*
	L&T Valdel Engineering Limited						*1.36*
	Associates and joint ventures, including:	45.27		*39.43*			
	L&T Chiyoda Limited		3.92		*1.95*		
	L&T Sapura Shipping Private Limited		32.49		*26.11*		
	L&T Sapura Offshore Private Limited		7.87		*11.37*		
	L&T Gulf Private Limited		0.99				
	Joint ventures of holding company and other group entities, including:	21.87		*23.52*		*51.06*	
	L&T Special Steels and Heavy Forgings Private Limited		0.57		*1.34*		*0.62*
	Larsen & Toubro Electromech LLC		21.30		*22.14*		*19.09*
	L&T Sargent and Lundy Limited				*0.03*		*0.23*
	L&T Thales Technology Services Private Limited				*0.01*		
	L&T MHPS Boilers Private Limited						*0.06*
	L&T Gulf Private Limited						*2.01*
	L&T Howden Private Limited						*0.02*
	L&T Sapura Shipping Private Limited						*16.74*
	L&T Sapura Offshore Private Limited						*12.29*
	Total	268.45		*317.71*		*266.83*	
4	**inter corporate deposits**						
	Holding company	5.52					
	Total	5.52					
5	**inter corporate borrowings**						
	Holding company	2.23		*507.90*		*150.04*	
	Total	2.23		*507.90*		*150.04*	
6	**advances received in the capacity of supplier of goods/services classified as "advances from customers" in the balance sheet**						
	Fellow subsidiaries, including:			*2.30*			
	Larsen Toubro Arabia LLC				*2.28*		
	L&T Infrastructure Finance Company Limited				*0.02*		
	Total			*2.30*			

Notes forming part of the accounts *(contd.)*

d) **related Party-commitment:**

(v Crore)

sr. no	nature of transaction/relationship/major parties	2016-17 amount	2016-17 amounts for major parties	*2015-16 Amount*	*2015-16 Amounts for major parties*
1	**capital commitment**				
	Holding company	0.49		*0.23*	
	Fellow subsidiaries, including:			*0.45*	
	L&T Shipbuilding Limited				*0.23*
	L&T Infrastructure Engineering Limited (Ramboll)				*0.22*
	Joint ventures of holding company and other group entities, including:			*0.12*	
	Larsen & Toubro Electromech LLC				*0.12*
	Total	0.49		*0.80*	
2	**revenue commitment**				
	Holding company	72.23		*13.69*	
	Subsidiaries, including:			*11.51*	
	L&T Valdel Engineering Limited				*11.51*
	Fellow subsidiaries, including:	2,104.30		*185.58*	
	L&T Valves Limited		19.71		*122.54*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		48.50		*50.41*
	L&T Modular Fabrication Yard LLC		2,029.19		*2.81*
	L&T Electrical and Automation FZE		0.25		*0.41*
	EWAC Alloys Limited				*5.58*
	Larsen & Toubro Infotech Limited		1.95		*0.07*
	L&T Shipbuilding Limited				*0.60*
	L&T Readymix and Asphalt Concrete Industries LLC				*2.41*
	L&T Technology Services Limited		4.54		*0.67*
	L&T Infrastructure Engineering Limited		0.09		*0.08*
	TAMCO Switchgear (Malaysia) SDN BHD		0.07		
	Associates and joint ventures, including:	33.61		*9.75*	
	L&T Chiyoda Limited		20.84		*5.15*
	L&T Gulf Private Limited		12.77		*2.72*
	L&T Sapura Offshore Private Limited				*1.88*
	Joint ventures of holding company and other group entities, including:	4.20		*12.38*	
	L&T Special Steels and Heavy Forgings Private Limited		4.17		
	Larsen & Toubro Electromech LLC				*12.30*
	L&T Infrastructure Development Projects Limited		0.01		*0.03*
	L&T Sargent and Lundy Limited		0.02		*0.05*
	Total	2,214.34		*232.91*	

Notes forming part of the accounts *(contd.)*

e) **remuneration of directors and key managerial Personnel:**

(v Crore)

sr. no.	Particulars	fy 2016-17	*FY 2015-16*
1	**key management personnel**		
A	Payment of salaries/ perquisites		
	Mr. Subramanian S. Sarma**	**15.39**	*4.86*
	Mr. K. Ravindranath	**1.26**	*1.08*
	Mr. U. Dasgupta***	**-**	*0.50*
	Mr. R. Venkatesh	**1.63**	*1.28*
	Ms. Alpana S. Khale	**0.39**	*0.36*
B	Fee for attending Board /Committee meetings		
	Mr. K. Venkataramanan*	**0.04**	*0.01*
	Mr. Vikram Singh Mehta	**0.03**	*0.04*
	Mr. Sarthak Behuria	**0.05**	*0.06*
	Dr. A. K. Balyan	**0.06**	*0.05*
	Mrs. Bhagyam Ramani	**0.06**	*0.04*
2	**employer' contribution towards trust managed employees provident fund**	**10.32**	*9.13*

* Mr. K. Venkataramanan retired as Managing Director of the Company with effect from the closing of working hours of September 30, 2015. During FY 2015-16 year the Company had reimbursed R 0.75 crore to Larsen & Toubro Limited towards share of remuneration paid to Mr. K. Venkataramanan, being Key management personnel which have been included in point b(6) (receiving of services) supra.

**Appointed w.e.f August 19, 2015

*** Retired w.e.f. July 01, 2015.

During the previous year, the KMPs of the Company were granted employee stock option of holding company amounting to R 10.35 crore.

L&T Valdel Engineering Limited was a subsidiary of the Company for the year 2015-16 and merged with the Company as per the scheme of arrangement in the year 2016-17. [Refer note 36(xii)]

ix) Disclosure in respect of leases pursuant to Ind AS 17 ''Leases'':

Where the Company is a lessee:

Operating leases:

i) The Company has taken various commercial premises and plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

ii) [a] The Company has taken certain assets on non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

(v Crore)

Particulars	31-03-2017	*31-03-2016*	*01-04-2015*
1. Payable not later than 1 year	**4.38**	–	*0.54*
2. Payable later than 1 year and not later than 5 years	**11.87**	–	*0.13*
3. Payable later than 5 years	**–**	–	–
Total	**16.25**	–	*0.67*

[b] The lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

iii) Lease rental expense in respect of operating leases: R 33.41 crore (previous year: R 16.23 crore)

iv) Contingent rent recognised in the statement of profit and loss: Nil (previous year: Nil)

Notes forming part of the accounts *(contd.)*

x) Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 “Earnings per Share’’:

(v Crore)

Particulars		2016-17	*2015-16*
basic			
Profit after tax as per accounts (R crore)	A	436.32	*74.28*
Weighted average number of shares outstanding	B	1,00,00,50,000	*1,00,00,50,000*
basic ePs (R)	A/B	4.36	*0.74*
diluted			
Profit after tax as per accounts (R crore)	A	436.32	*74.28*
Weighted average number of shares outstanding	B	1,00,00,50,000	*1,00,00,50,000*
Add: Weighted average number of potential equity shares on account of convertible preference shares	C	76,00,00,000	*55,86,06,557*
Weighted average number of shares outstanding for diluted EPS	D=B+C	1,76,00,50,000	*1,55,86,56,557*
diluted ePs (R)	A/D	2.48	*0.48*
face value per share (R)		10	*10*

xi) Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 ‘’Income Taxes’’:

a) Major components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(v Crore)

Particulars	deferred tax liabilities/ (assets) as at 31-3-2016	charge/(credit) to statement of profit and loss	charge/ (credit) to other comprehensive income	deferred tax liabilities/ (assets) as at 31-3-2017
deferred tax liabilities:				
Difference between book and tax depreciation	59.04	0.55		59.60
Depreciation charged against retained earnings	(1.62)			(1.62)
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to the statement of profit and loss	1.63			1.63
Total	**59.05**	**0.55**	**-**	**59.60**
deferred tax (assets):				
Provision for doubtful debts and advances	(88.86)	2.70		(86.16)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to the statement of profit and loss	(5.97)		(35.18)	(41.15)
Unpaid statutory liabilities/provision for compensated absences	(15.11)	(2.94)		(18.05)
Accumulated losses	(221.17)	209.53		(11.65)
Unabsorbed depreciation	(36.22)	(0.56)		(36.78)
ICDS adjustments	(35.18)	57.77		22.59
Total	**(402.51)**	**266.50**	**(35.18)**	**(171.19)**
net deferred tax liability/(assets)	**(343.46)**	**267.05**	**(35.18)**	**(111.60)**
maT credit entitlement	**(19.14)**	**(128.45)**	**-**	**(147.59)**
Total deferred tax liability/(assets)	**(362.60)**	**138.60**	**(35.18)**	**(259.18)**

Notes forming part of the accounts *(contd.)*

(v Crore)

Particulars	deferred tax liabilities/ (assets) as at 1-4-2015	charge/(credit) to statement of profit and loss	charge/ (credit) to other comprehensive income	deferred tax liabilities/ (assets) as at 31-3-2016
deferred tax liabilities:				
Difference between book and tax depreciation	63.00	(3.96)		59.04
Depreciation charged against retained earnings	(1.62)	–		(1.62)
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to the Statement of Profit and Loss	1.63	–		1.63
Total	**63.01**	**(3.96)**	**–**	**59.05**
deferred tax (assets):				
Provision for doubtful debts and advances debited to the Statement of Profit and Loss	(56.68)	(32.18)		(88.86)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to the Statement of Profit and Loss	(19.26)		13.29	(5.97)
Unpaid statutory liabilities/provision for compensated absences debited to the Statement of Profit and Loss	(13.95)	(1.16)		(15.11)
Accumulated losses	(329.02)	107.85		(221.19)
Unabsorbed depreciation	(36.22)	–		(36.22)
ICDS adjustments	–	(35.18)		(35.18)
Total	**(455.13)**	**39.33**	**13.29**	**(402.51)**
net deferred tax liability/(assets)	**(392.12)**	**35.37**	**13.29**	**(343.46)**
maT credit entitlement	**–**	**(19.14)**	**–**	**(19.14)**
Total deferred tax liability/(assets)	**(392.12)**	**16.23**	**13.29**	**(362.60)**

b) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016:

(v Crore)

sr. no.	Particulars	31-3-2017	*31-3-2016*
	statement of Profit and Loss:		
(a)	(i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge		
	Effect of prior period adjustments		
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**57.52**	*(73.33)*
	Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense	**209.53**	*107.83*
	Income tax expense reported in the statement of profit or loss	**267.05**	*34.50*
(b)	Other comprehensive income (OCI:		
	Current tax/ deferred tax:		
	Net loss/ (gain) on remeasurement of defined benefit plans	**0.01**	*0.87*
	Net gain / (loss) on cash flow hedges		
	Unrealised gain / (loss) on debt securities (FVTOCI)		
	Income tax expense reported in OCI	**0.01**	*0.87*

Notes forming part of the accounts *(contd.)*

c) Reconciliation of Income tax expense and rate

(₹ Crore)

Sr. no.	Particulars	31-03-2017	*31-03-2016*
A	Accounting profit before tax	**703.36**	*108.78*
B	Applicable tax rate	**34.61%**	*34.61%*
C	Computed expected tax expenses	**243.43**	*37.65*
D	Items leading to difference in effective rate compared to statutory tax rate:		
i	**Items leading to lower tax:**		
1	Weighted deduction on R&D expenditure	**(5.09)**	*(4.41)*
2	Effect of tax paid on foreign source income which is exempt from tax in India u/s 10AA	**(5.96)**	*-*
3	Other items	**-**	*(0.01)*
ii	**Items leading to higher tax:**		
1	Corporate social responsibility expenses	**1.39**	*1.19*
2	Tax paid on perquisites	**0.09**	*(0.29)*
3	Opening Ind AS adjustments	**18.12**	*-*
4	Other items	**15.08**	*0.37*
	Gross tax liability	**267.04**	*34.50*
iii	**Minimum Alternate Tax (MAT) liability**	**128.45**	*19.14*
	MAT credit entitlement	**(128.45)**	*(19.14)*
	Tax expense recognised during the year	**267.04**	*34.50*

xii) Disclosures pursuant to Indian Accounting Standard (Ind AS) 103 "Business Combinations":

a) During the year L&T-Valdel Engineering Limited (LTV), a wholly owned subsidiary, merged with the Company under a scheme of arrangement. LTV provides engineering services for oil and gas projects spanning diverse lines of business like well-head and process platforms, FPSO topsides, pipeline systems and drilling rigs.

b) Merger is effective from appointed date, i.e April 01, 2016

c) LTV being wholly owned subsidiary of Company no equity shares were issued to effect the business combination. Further, as per Appendix C of Ind AS 103 - Business combinations of entities under common control, the merger is accounted using pooling of interest method, i.e.,

1 The assets and liabilities of LTV are reflected at their carrying amounts

2 The balance of the retained earnings appearing in the financial statements of the LTV is aggregated with the corresponding balance appearing in the financial statements of the Company

3 The identity of all other reserves is preserved and is appearing in the financial statement of the Company; and

4 The difference between the amount of investment by the Company and share capital of LTV is transferred to capital reserve and presented separately from other capital reserves.

d) During the year the Company acquired 75% stake in Larsen Toubro Arabia from its parent Larsen & Toubro Limited for USD 1 (₹ 65).

Notes forming part of the accounts *(contd.)*

xiii) Disclosures pursuant to Indian Accounting Standard (Ind AS) 37 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

(v Crore)

sr. no.	Particulars	expected tax liability in respect of indirect taxes	Litigation related obligations	contractual rectification cost - construction contracts	others	Total
1	**balance as at 1st april 2016**	19.93	0.44	19.49	10.00	49.85
2	Additional provision during the year	4.34	-	14.88	-	19.21
3	Provision used/ reversed during the year	0.08	-	7.44	-	7.52
4	Unwinding of interest and change in discount rate	-	-	-	-	-
5	**balance as at 31st march 2017**	**24.18**	**0.44**	**26.92**	**10.00**	**61.54**

b) Nature of provisions:

1 Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to five years.

2 Provision for litigation related obligations represents liabilities that are expected to materialize in respect of matters in appeal.

3 Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Indian Accounting Standard (Ind AS) 11 "Construction Contracts".

c) Disclosures in respect of contingent liabilities are given as part of notes to the balance sheet.

xiv) Disclosures in respect of Employees Stock Options Scheme

Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is R 36.84 crore (P.Y. R 27.15 crore). The same is being recovered over the period of vesting by the holding company. Accordingly, cost of R 28.91 crore (P.Y. R 21.05 crore) has been recovered by the holding company up to current year, out of which, R 7.86 crore (P.Y. R 5.02 crore) was recovered during the year. Balance R 7.93 crore will be recovered in future periods.

computation of total cost-

(v Crore)

Particulars	31-3-2017	*31-3-2016*
Cost recovered in past	**21.05**	*16.03*
Cost recovered during the year (Total of debit notes for ESOP Staff Cost)	**7.86**	*5.02*
Cost to be recovered in future	**7.93**	*6.10*
Total cost incurred by the holding company, in respect of ESOP-Sub's employees	**36.84**	*27.15*
Cost recovered up to the current year	**28.91**	*21.05*

xv) Disclosure pursuant to Auditor's remuneration

Auditor's remuneration (Excluding tax) and expenses charges to the accounts:

(₹ Crore)

Particulars	2016-17	*2015-16*
Audit fees	0.19	*0.18*
Certification work	0.27	*0.11*
Tax audit	0.10	*0.09*
Limited review	0.07	*0.06*
Expenses reimbursed	0.00	*0.00*

xvi) Disclosure pursuant to amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act]

The disclosure pursuant to the said Act is as under:

(₹ Crore)

Particulars	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Principal amount due	8.47	*9.57*	*15.62*
Interest accrued and due on above amount	0.00	-	*0.00*
Payment made to suppliers (other than interest) beyond appointed day during the year	0.03	*0.03*	*0.04*
Interest paid (other than section 16)	-	-	-
Interest paid (section 16)	0.00	*0.00*	*0.00*
Interest due and payable towards supplier for payments already made beyond appointed day	-	-	-
Interest accrued and remaining unpaid at the end of the year	0.00	-	*0.00*
Amount of further interest remaining due and payable even in the succeeding year	-	-	-

xvii) Disclosure pursuant to Indian Accounting Standard (Ind AS) 107 "Financial Instruments"

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

a) **Financial assets:**

(₹ Crore)

Sr.No.	Particulars	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
1	**Measured at fair value through Profit & Loss (FVTPL)**			
	Investments			
(a)	Mutual funds	1,400.63	-	-
	Derivative financial assets			
(b)	Derivative Instruments not designated as cash flow hedges	26.51	*41.71*	*26.47*
(c)	Embedded derivatives not designated as cash flow hedges	126.39	*9.07*	*53.16*
2	**Measured at amortised cost**			
(a)	Loans given	79.44	*64.89*	*72.44*
(b)	Trade receivables	1,124.62	*1,428.31*	*1,341.33*
(c)	Cash and cash equivalents	302.14	*119.67*	*197.07*
(d)	Other financial assets	212.89	*251.60*	*195.19*
3	**Measured at fair value through OCI (FVTOCI)**			
	Derivative financial assets			
(a)	Derivative financial instruments designated as cash flow hedges	119.24	*52.97*	*76.96*
(b)	Embedded derivative financial instruments designated as cash flow hedges	-	*4.20*	*2.33*
	Total financial assets	3,391.86	*1,972.42*	*1,964.94*

Notes forming part of the accounts *(contd.)*

b) **financial liabilities:**

(₹ Crore)

sr.no.	Particulars	as at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1	**measured at fair value through Profit & Loss (fVTPL)**			
	derivative financial liabilities			
(a)	Derivative instruments not designated as cash flow hedges	**54.22**	*8.39*	*33.49*
(b)	Embedded derivatives not designated as cash flow hedges	**49.95**	*8.92*	*37.09*
2	**measured at amortised cost**			
(a)	Borrowings	**43.65**	*624.43*	*1,009.79*
(b)	Trade payables	**1,689.23**	*1,599.60*	*2,019.23*
(c)	Other financial liabilities	**120.86**	*93.96*	*108.43*
3	**financial liabilities at fair value through oci**			
	derivative financial liabilities			
(a)	Derivative Instruments designated as cash flow hedges	**58.69**	*32.55*	*65.60*
(b)	Embedded derivatives designated as cash flow hedges	**33.54**	*27.45*	*55.31*
	Total financial liabilities	**2,050.14**	*2,395.30*	*3,328.93*

c) **items of income, expense, gains or losses**

(₹ Crore)

Particulars	as at 31-03-2017	As at 31-03-2016
net gain/(losses) on financial assets and financial liabilities:		
financial assets measured at amortised cost		
Exchange differences gain/loss on revaluation or settlement of items denominated in foreign currency (debtors, loan given etc)	**69.61**	*(37.23)*
Allowance/(reversal) for expected credit loss during the year	**(33.72)**	*12.65*
Provision for doubtful debts (other than expected credit loss)(net)	**29.10**	*80.33*
Bad debts written off (net)	**9.42**	*-*
financial assets measured at fair value through oci		
Gain (loss) on fair valuation or settlement of forward contracts designated as cash flow hedge	**(64.74)**	*(3.21)*
Gain (loss) on fair valuation or settlement of embedded derivative designated as cash flow hedge	**(66.03)**	*4.68*
On forward contracts upon underlying hedged item affecting the P&L or related assets or liability	**(104.28)**	*51.43*
On embedded derivative upon underlying hedged item affecting the P&L or related assets or liability	**33.56**	*38.53*
Designated as fair value through P&L		
Gain (loss) on fair valuation or settlement of forward contracts not designated as cash flow hedge	**(43.89)**	*9.58*
Gain (loss) on fair valuation or settlement of embedded derivative not designated as cash flow hedge	**52.07**	*3.26*
financial liabilities measured at amortised cost		
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (creditors, borrowing availed etc)	**(0.10)**	*34.26*
Unclaimed credit balances written back	**2.17**	*3.56*

Notes forming part of the accounts *(contd.)*

(₹ Crore)

Particulars	as at 31-03-2017	*As at 31-03-2016*
mandatorily measured at fair value through P&L		
Gain/(loss) on fair valuation or sale of investment in mutual fund units/equity	**2.19**	
interest revenue		
financial assets measured at amortised cost		
From Banks	**1.43**	
From ICD	**40.04**	*6.31*
Others	**3.52**	*0.04*
interest expenses		
Financial liabilities not measured at fair value through P&L	**21.72**	*59.81*

d) **fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

(₹ Crore)

financial assets and liabilities measured at fair value - recurring fair value measurements	notes	Level 1	Level 2	Level 3	Total
as at 31 march 2017					
financial assets					
Financial Investments at FVPL					
- Mutual fund units	9	1,400.63	-	-	1,400.63
- Derivative instruments not designated as cash flow hedges	6 , 14	-	26.51	-	26.51
- Embedded derivative Instruments not designated as cash flow hedges	6 , 14	-	126.39	-	126.39
Financial Investments at FVOCI					
- Derivative financial instruments designated as cash flow hedges	6 , 14	-	119.24	-	119.24
- Embedded derivative financial instruments designated as cash flow hedges	6 , 14	-	-	-	-
Total financial assets		**1,400.63**	**272.14**		**1,672.77**
financial Liabilities					
Financial liabilities at FVPL					
- Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	20 , 24	-	54.22	-	54.22
b) Embedded derivative Instruments not designated as cash flow hedges	20 , 24	-	49.95	-	49.95
- Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	20 , 24	-	58.69	-	58.69
b) Embedded derivative financial instruments designated as cash flow hedges	20 , 24	-	33.54	-	33.54
Total financial liabilities		**-**	**196.40**	**-**	**196.40**

Notes forming part of the accounts *(contd.)*

(v Crore)

financial assets and liabilities measured at fair value - recurring fair value measurements	notes	Level 1	Level 2	Level 3	Total
at 31 march 2016					
financial assets					
Financial Investments at FVPL					
- Derivative instruments not designated as cash flow hedges	6 , 14	-	37.98	-	37.98
- Embedded derivative Instruments not designated as cash flow hedges	6 , 14	-	9.07	-	9.07
Financial Investments at FVOCI					
- Derivative financial instruments designated as cash flow hedges	6 , 14	-	56.71	-	56.71
- Embedded derivative financial instruments designated as cash flow hedges	6 , 14	-	4.20	-	4.20
Total financial assets		**-**	**107.95**	**-**	**107.95**
financial liabilities					
financial liabilities at fVPL					
- Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	20 , 24	-	2.18	-	2.18
b) Embedded derivative Instruments not designated as cash flow hedges	20 , 24	-	8.92	-	8.92
- Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	20 , 24	-	38.76	-	38.76
b) Embedded derivative financial instruments designated as cash flow hedges	20 , 24	-	27.45	-	27.45
Total financial liabilities			**77.31**		**77.31**

(v Crore)

financial assets and liabilities measured at fair value - recurring fair value measurements	notes	Level 1	Level 2	Level 3	Total
at 01 april 2015					
financial assets					
Financial Investments at FVPL					
- Derivative instruments not designated as cash flow hedges	6 , 14	-	26.32	-	26.32
- Embedded derivative Instruments not designated as cash flow hedges	6 , 14	-	53.16	-	53.16
Financial Investments at FVOCI					
- Derivative financial instruments designated as cash flow hedges	6 , 14	-	77.11	-	77.11
- Embedded derivative financial instruments designated as cash flow hedges	6 , 14	-	2.33	-	2.33
Total financial assets		**-**	**158.92**	**-**	**158.92**
financial liabilities					
Financial liabilities at FVPL					
- Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	20 , 24	-	33.29	-	33.29
b) Embedded derivative Instruments not designated as cash flow hedges	20 , 24	-	37.09	-	37.09
- Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	20 , 24	-	65.80	-	65.80
b) Embedded derivative financial instruments designated as cash flow hedges	20 , 24	-	55.31	-	55.31
Total financial liabilities		**-**	**191.49**	**-**	**191.49**

Notes forming part of the accounts *(contd.)*

e) impact of ind-as 107 on profit & loss account

(v Crore)

sr.	Particulars	2016-17	*2015-16*
1	**net gain / (losses) on financial assets and financial liabilities**		
(a)	Mandatorily measured at fair value through P&L	**2.19**	–
(b)	Designated as at fair value through P&L	**8.18**	*12.84*
(c)	Financial assets measured at amortised cost	**74.41**	*55.75*
(d)	Financial liabilities measured at amortised cost	**2.07**	*37.82*
(e)	Financial assets measured at FVTOCI:		
i)	Gains recognized in OCI	**(130.77)**	*1.47*
ii)	Gains reclassified to P&L from OCI upon de-recognition	**(70.72)**	*89.96*
2	**interest revenue**		
(a)	Financial assets measured at amortised cost	**(44.99)**	*(6.35)*
3	**interest expense**		
(a)	Financial liabilities that are not measured at FVTPL	**21.72**	*59.81*
	Total	**(137.91)**	*251.30*

f) financial risk management

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

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

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

e-i) credit/counter-party risk

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

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

The Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivables ranging from 6% to 24% for dues outstanding from private customers towards default and from 3% to 60% towards delay for all customer outstanding. No provision has been made on trade receivable in not due category. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customer e.g. public sector, etc.

Allowances for non-collection of receivables and ECL on delay / default in collection, on a combined basis, were R 210.20 crores and R 214.82 crores for the financial years 2016-17 and 2015-16 respectively. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(v Crore)

Particulars	2016-17	*2015-16*
Opening balance of allowances for doubtful accounts	**214.82**	*121.84*
Allowances recognized (reversed)	**(38.44)**	*12.65*
Additional provision	**46.54**	*80.33*
Amounts written off during the year	**(12.73)**	–
Closing balance of allowances for doubtful accounts	**210.20**	*214.82*

The percentage of revenue from its top five customers is 82.71% for 2016-17 (84.09% for 2015-16).

Notes forming part of the accounts *(contd.)*

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

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

e-ii) Liquidity risk

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

The Company has project related borrowings as at March 31, 2017 and has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business, if required. In addition, the Company has borrowings in the form of preference shares from the holding company aggregating to R 760 crores (R 500 crores as at March 31, 2016). The preference shares carry a coupon rate of 10% for R 500 crores and 12% for R 260 crores. The preference shares are convertible at the option of the Company and are wholly accounted for as equity component of preference shares (refer note 18 - other equity).

The contractual maturities of financial assets and financial liabilities is as follows:

(v Crore)

contractual maturities of financial liabilities as at 31.3.2017	upto 12 month	more than 12 month	Total
	1	2	3=1+2
1. non derivative liabilities			
Borrowings	43.65	–	43.65
Contingent considerations	–	–	–
Trade payables	1524.10	165.13	1689.23
Other financial liabilities	117.89	2.06	119.95
Other items	0.90	–	0.90
Total non-derivative liabilities	**1686.54**	**167.19**	**1853.74**
2. derivative liabilities			
Forward contract payable	112.91	–	112.91
Embedded derivative payable	73.47	10.02	83.50
Total derivative liabilities	**186.39**	**10.02**	**196.41**

(v Crore)

contractual maturities of financial assets as at 31.3.2017	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Loans	2.34	6.20	8.54
Cash and cash equivalent	302.13	–	302.13
Current Investments	1,400.63	–	1,400.63
Others	283.80	–	283.80
Total	**1,988.90**	**6.20**	**1,995.10**

Notes forming part of the accounts *(contd.)*

(v Crore)

contractual maturities of financial liabilities as at 31.3.2016	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Borrowings	624.43	–	624.43
Contingent considerations	–	–	–
Trade payables	1582.23	17.38	1599.60
Other financial liabilities	91.02	2.04	93.06
Other items	0.90	–	0.90
Total	**2298.57**	**19.42**	**2317.99**

(v Crore)

contractual maturities of financial assets as at 31.3.2016	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Loans	6.81	0.39	7.20
Cash and cash equivalent	119.66	–	119.66
Others	309.29	–	309.29
Total	**435.76**	**0.39**	**436.15**

(v Crore)

contractual maturities of financial liabilities as at 31.03.2015	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Borrowings	43.65	–	43.65
Contingent considerations	–	–	–
Trade payables	1524.10	165.13	1689.23
Other financial liabilities	242.39	2.06	244.46
Other items	0.90	–	0.90
Total	**1811.05**	**167.19**	**1978.24**

(v Crore)

contractual maturities of financial assets as at 31.03.2015	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Loans	0.97	0.76	1.73
Cash and cash equivalent	197.06	–	197.06
Others	45.58	–	45.58
Total	**243.61**	**0.76**	**244.37**

e-iii) currency risk

Foreign exchange risk is a significant financial risk for the Company.

The Company uses derivative financial instruments to mitigate foreign exchange related exposures. Specialist teams that have the appropriate skills and experience take decisions for risk management purposes.

In addition, the Company has embedded derivatives, mainly for projects in India that are won under international competitive bidding and sourcing in currencies other than INR and functional currency of the vendor. These are quoted in foreign currency and may match the exposure that the Company may have for the liabilities for the project. Since embedded derivatives are considered ineffective, they are charged to the statement of profit and loss along with the corresponding hedge instrument taken (if any) to mitigate the foreign exchange risk.

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

Notes forming part of the accounts *(contd.)*

The Company has operations abroad and also has other transactions in foreign currencies and the maximum exposure is in US dollars.

currency wise exposure of company is as below:

(v Crore)

Particulars	31.3.2017		31.3.2016		01.4.2015	
	usd	**eur**	**usd**	**eur**	**usd**	**eur**
financial assets						
Investments	-	-	-	-	-	-
Trade receivable	801.72	12.38	834.67	17.35	632.56	23.26
Loan and advances	63.28	69.94	80.57	0.93	6.41	-
Cash and cash equivalents	170.14	2.84	32.67	-	111.50	-
Other financial assets	0.50	-	-	-	151.54	-
Derivatives taken to hedge - on balance sheet assets	(193.82)	(11.08)	(375.39)	(10.56)	(357.15)	(22.84)
net exposure to foreign currency risk (assets)	**841.14**	**74.08**	**572.52**	**7.73**	**544.86**	**0.42**
derivatives taken to hedge - off balance sheet assets	**(576.79)**		**(2109.44)**	**(4.15)**	**(1539.60)**	**-**
financial liabilities						
Borrowings	0.85	-	108.50	-	420.78	-
Trade payable	844.49	503.04	667.41	85.73	722.51	138.33
Other financial liabilities			53.76	3.59	168.84	4.45
Derivatives taken to hedge - on balance sheet liabilities	(2.27)	(0.94)	(24.18)	(35.25)	(8.63)	(81.87)
net exposure to foreign currency risk (liabilities)	**843.07**	**502.10**	**805.49**	**54.07**	**1303.50**	**60.90**
derivatives taken to hedge - off balance sheet liabilities	**(799.46)**	**(239.77)**	**(1327.03)**	**(391.65)**	**(1204.72)**	**(385.40)**

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

The outstanding hedge instruments at the year-end, their maturity profile and the sensitivity analysis are as under:

currency forward contracts outstanding as on 31.3.2017:

(v Crore)

Particulars	nominal amount	average rate	Timing	
			upto 12 months	more than 12 months
cash flow hedge	-	-	-	-
foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	1,371.93	67.43	1,371.93	-
EUR	1,762.68	74.71	1,762.68	-
JPY	17.75	0.60	17.75	-
KWD	781.92	220.22	781.92	-
GBP	20.22	84.87	20.22	-

(₹ Crore)

Particulars	nominal amount	average rate	Timing	
			upto 12 months	more than 12 months
receivable hedges				
USD including USD pegged currency	2,681.69	66.62	2,236.74	444.95
EUR	22.59	70.58	22.59	–
KWD	1,237.09	225.22	1,237.09	–

currency forward contracts outstanding as on 31.3.2016:

Particulars	nominal amount	average rate	Timing	
			upto 12 months	more than 12 months
cash flow hedge				
foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	1,406.37	69.18	1,226.18	180.19
EUR	431.48	79.67	385.79	45.69
JPY	142.25	0.60	142.25	–
KWD	352.56	225.37	352.56	–
GBP	92.80	103.11	91.25	1.55
CHF	1.21	68.54	1.21	–
receivable hedges				
USD including USD pegged currency	779.29	69.95	779.29	–
KWD	1895.67	231.17	1240.79	654.88

foreign currency exposure of contracts not designated as cash flow hedge:

Particulars	2016-17		*2015-16*	
	usd	eur	*USD*	*EUR*
forward contracts not designated as cash flow hedges:				
Sold	**1372.24**	**11.09**	*2228.68*	*14.70*
Purchase	**397.29**	**114.77**	*299.26*	*114.44*
embedded derivatives not designated as cash flow hedges:				
Sold	**2.69**	**499.98**	*1.73*	*3.38*
Purchase	**1624.76**	**646.16**	*2134.36*	*22.26*

carrying value of hedge instruments:

Particulars	currency exposure		
	31.03.17	*31.03.16*	*01.04.15*
Forward Contracts			
Current			
Asset - Other financial assets	**89.90**	*50.50*	*42.23*
Liability - Other financial liabilities	**127.25**	*53.99*	*96.18*
Non-current			
Asset - Other financial assets	**29.93**	*6.68*	*37.07*
Liability - Other financial liabilities	**5.00**	*6.01*	*24.73*

Notes forming part of the accounts *(contd.)*

maturity profile of the forward contracts:

(₹ Crore)

contractual maturities of financial liabilities as at 31.03.2017	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Forward contract payable	112.91	–	112.91
Embedded derivative payable	73.47	10.02	83.50
Total	**186.39**	**10.02**	**196.41**

contractual maturities of financial assets as at 31.03.2017	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Forward contract receivable	115.43	30.32	145.75
Embedded derivative receivable	115.64	10.74	126.39
Total	**231.07**	**41.06**	**272.13**

contractual maturities of financial liabilities as at 31.03.2016	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Forward contract payable	35.62	5.32	40.94
Embedded derivative payable	31.52	4.85	36.37
Total	**67.14**	**10.18**	**77.31**

(₹ Crore)

contractual maturities of financial assets as at 31.03.2016	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Forward contract receivable	85.89	8.80	94.69
Embedded derivative receivable	10.84	2.42	13.26
Total	**96.73**	**11.22**	**107.95**

contractual maturities of financial liabilities as at 01.04.2015	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Forward contract payable	5.74	–	5.74
Embedded derivative payable	56.14	34.75	90.89
Total	**61.88**	**34.75**	**96.63**

contractual maturities of financial assets as at 01.04.2015	upto 12 month	more than 12 month	Total
	1	2	3=1+2
Forward contract receivable	85.89	8.80	94.69
Embedded derivative receivable	10.84	2.42	13.26
Total	**96.73**	**11.22**	**107.95**

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

breakup of hedge reserve balance:

(₹ Crore)

Particulars	31.3.2017	31.3.2016	31.3.2015
Balance towards continuing hedges	(77.76)	(11.28)	(36.39)
Portion for which no hedge accounting followed	–	–	–

The following table provides the reconciliation of cash flow hedge reserve for year ended March 31, 2017:

(₹ Crore)

hedging reserve	31.3.2017	31.3.2016
Opening balance	(11.28)	(36.39)
Add: Forward-to-forward movement in forward contracts	(130.78)	1.47
Less: Amount reclassified to profit or loss	29.12	36.92
Less: Deferred tax related to above	35.18	(13.29)
Closing balance	(77.76)	(11.28)

reclassification of hedge reserve to profit and loss

(₹ Crore)

hedging reserve	31.3.2017	31.3.2016
future cash flows are no longer expected		
Sales, admin & other gen expenses	1.21	(2.35)
hedged item becoming on balance sheet		
Progress Billing	95.12	(44.65)
Revenue line item	2.40	(0.86)
MCO line item	(127.85)	10.94

sensitivity analysis:

Value at risk:

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off-Balance Sheet exposures and unhedged portion of on-Balance Sheet financial assets and liabilities, the Company uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian Rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. Because the Company uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increase in the fair value of the underlying exposures for on Balance Sheet exposures. The overnight VAR for the Company at 95% confidence level is ₹ 23.22 crore as at March 31, 2017 and ₹ 9.49 crore as at March 31, 2016.

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analysis performed as at March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange rates and the Company's actual exposures and position.

interest rate risk:

The Company's exposure to the risk for changes in market rates relate primarily to the Company's investment in liquid mutual funds and project specific borrowing for international projects carrying floating interest rate.

Notes forming part of the accounts *(contd.)*

The Company's exposure to interest rate risk is shown (by way of a sensitivity analysis) below.

(₹ Crore)

Particulars	Mar-17	*Mar-16*
Borrowings and assets carrying floating rate of interest:		
USD interest rate - increase by 0.25%	-	*(0.27)*
USD interest rate - decrease by 0.25%	-	*0.27*

Carrying amount of collateral given

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Trade receivables	**1,124.62**	*1,428.31*	*1,341.33*
Cash and cash equivalents	**302.14**	*119.67*	*197.06*
Current investments	**1,400.63**	*-*	*-*
Other current assets	**520.91**	*412.83*	*365.47*
Total current financial assets	**3,348.30**	*1,960.81*	*1,903.86*

The above assets have been given as collateral against various funded and non-funded facilities availed by the Company.

xviii) Expenditure incurred on corporate social responsibility activities:

As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.

a. Gross amount required to be spent by the Company during the year is ₹ 9.77 crore

b. Amount spent during the year on:

1. Construction / acquisition of any asset - Nil
2. On purposes other than (1) above - ₹ 4.01 crore

xix) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

xx) Details of specified bank notes held and transacted during the period from November 8, 2016 to December 30, 2016:

Particulars	₹ "500" notes	₹ "1000" notes	Other notes	Total
Closing cash in hand as on 08.11.20106	39,23,000	5,00,000	77,62,976	1,21,85,976
Permitted Receipts / Withdrawal from Banks	-	-	97,76,671	97,76,671
Permitted Payments	46,500	27,000	1,44,83,850	1,45,57,350
Amount deposited in Banks	38,76,500	4,73,000	-	43,49,500
Closing cash in hand as on 30.12.2016	-	-	30,55,797	30,55,797

xxi) Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report attached

Sharp & Tannan
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No. 38332
Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

R. Venkatesh
Chief Financial Officer

Alpana Khale
Company Secretary
M. No. A40675

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

K. Ravindranath
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

Employee Engagement

Performance Planning Workshop & Productivity Conclave

Team Building Workshop at LDA, Lonavala

Independence Day Celebration at Engineering centre

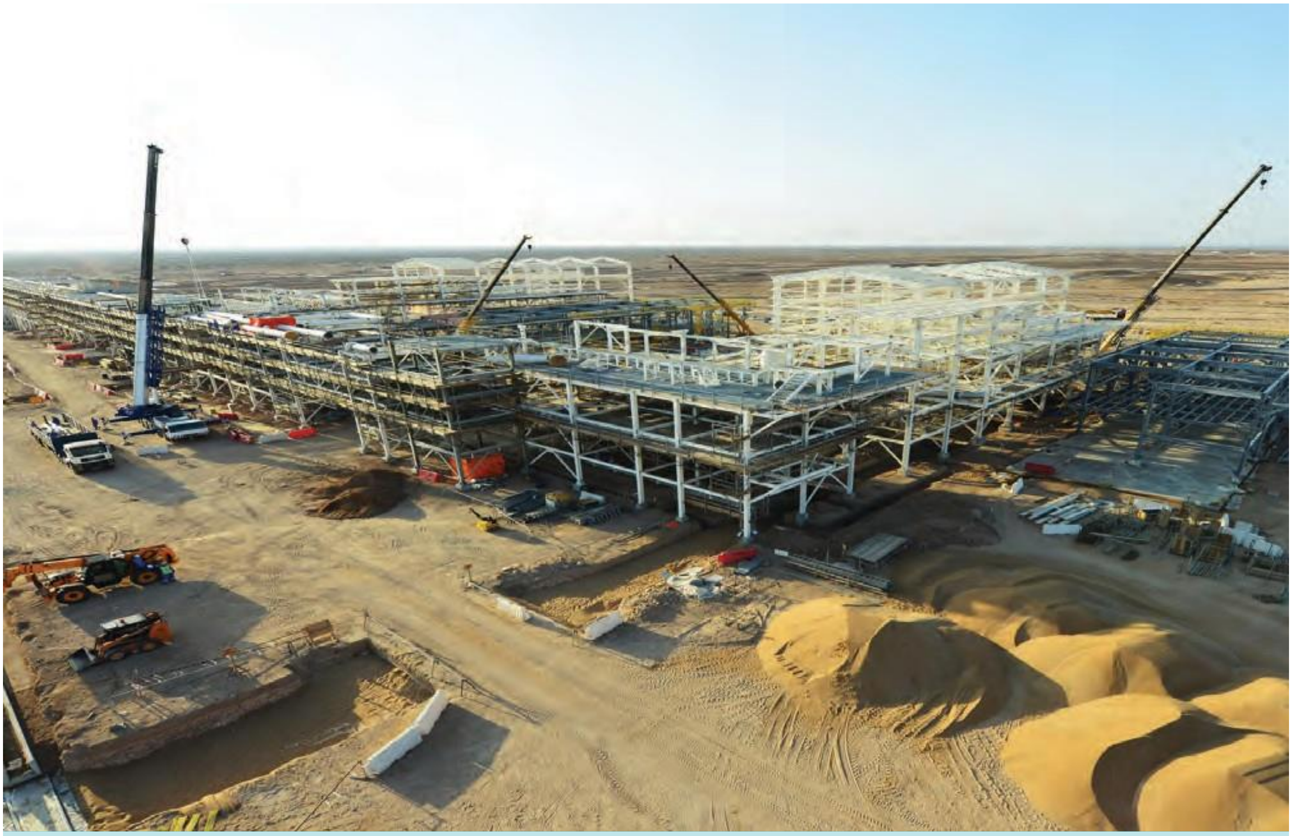
Christmas celebration at Powai

Landmark Projects

Bassein Development Project, ONGC, India

Export Gas Compression Facilities Upgrade Project for Dolphin Energy Limited, Qatar

40000 MTPA MELAMINE PLANT for GSFC in Baroda, India



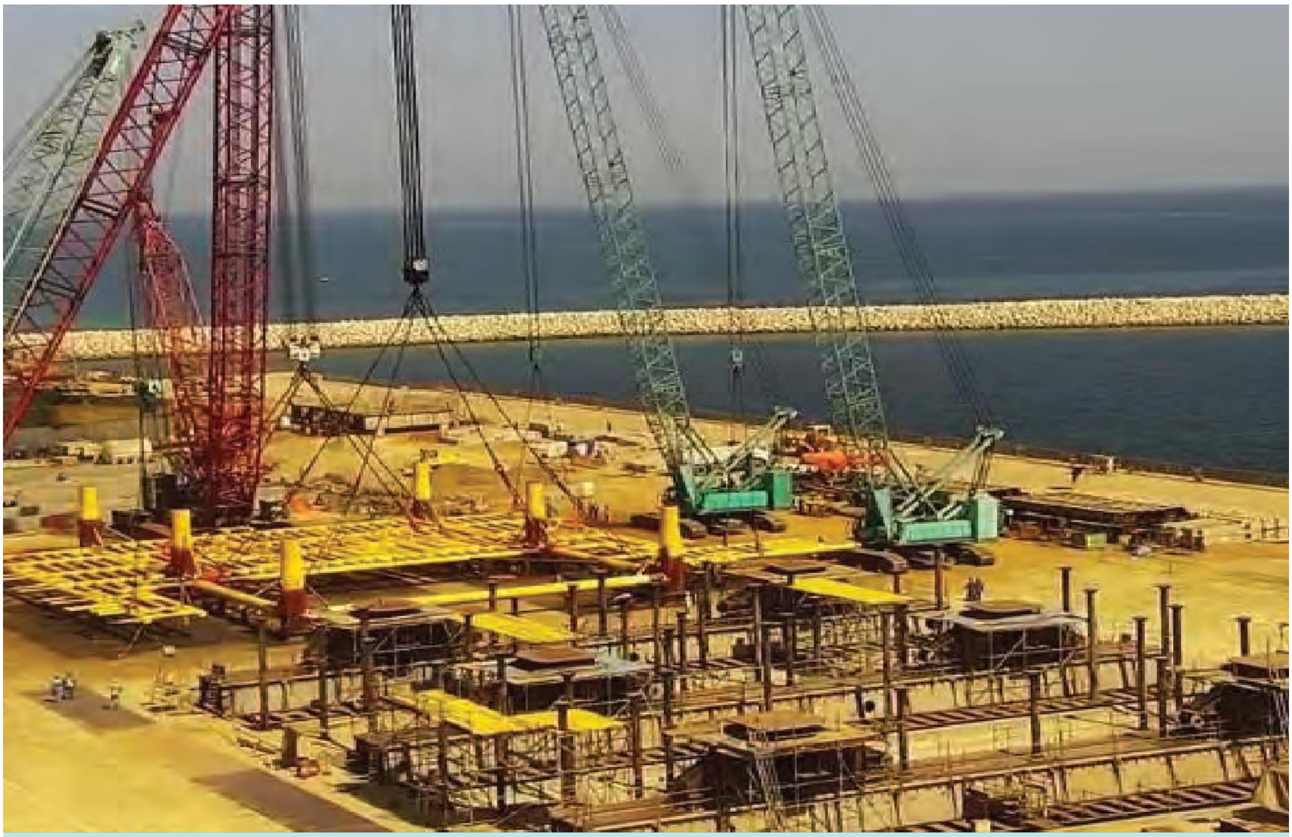
PDO KDC-2, Oman

Onshore processing modules (8 Nos.) for ADGAS-OAG project of Technip, Abu Dhabi

Load-out of India's heaviest module (5300 MT), 150-man living quarters for ONGC, India

ROGC Plant at RIL Jamnagar Phase-III

GC 30 Project, being executed on an EPC basis for Kuwait Oil Company



Hasbah-II: Fabrication of Topsides, MFY Sohar

RIL Coal Bed Methane Field Development Project Phase-1

CBMC/DP/102017

L&T Hydrocarbon Engineering

A wholly owned subsidiary of Larsen & Toubro Limited

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L&T House, N. M. Marg, Ballard Estate, Mumbai 400 001, INDIA.
www.Lnthydrocarbon.com CIN : U11200MH2009PLC191426

VSTS Corporation