L&T Hydrocarbon Engineering

ANNUAL REPORT
2020-21

POWERING THROUGH CHALLENGES

CONTENTS

VISION

TO REVOLUTIONIZE HYDROCARBON INDUSTRY

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: 1st February, 2019

L&T Hydrocarbon Engineering

Message from CEO & MD

While the financial year gone by was an unsparing one for businesses world over, it was especially tough on the hydrocarbon industry which had to contend with the double whammy of a supply glut and diminished demand exacerbated further by Covid pandemic. The upheaval saw CAPEX cuts, deferral of tendering and project awards, and an overall sluggish environment for business.

Yet L&T Hydrocarbon Engineering (LTHE) showed remarkable resilience and outperformed most of its global peers even amid such gloom. During the year we secured a mega win - the biggest EPCC contract awarded till date in the country in the refining and petrochemical sector - and bagged two large value contracts, one each in onshore and offshore segments. These wins helped us maintain a healthy order book and navigate a challenging year.

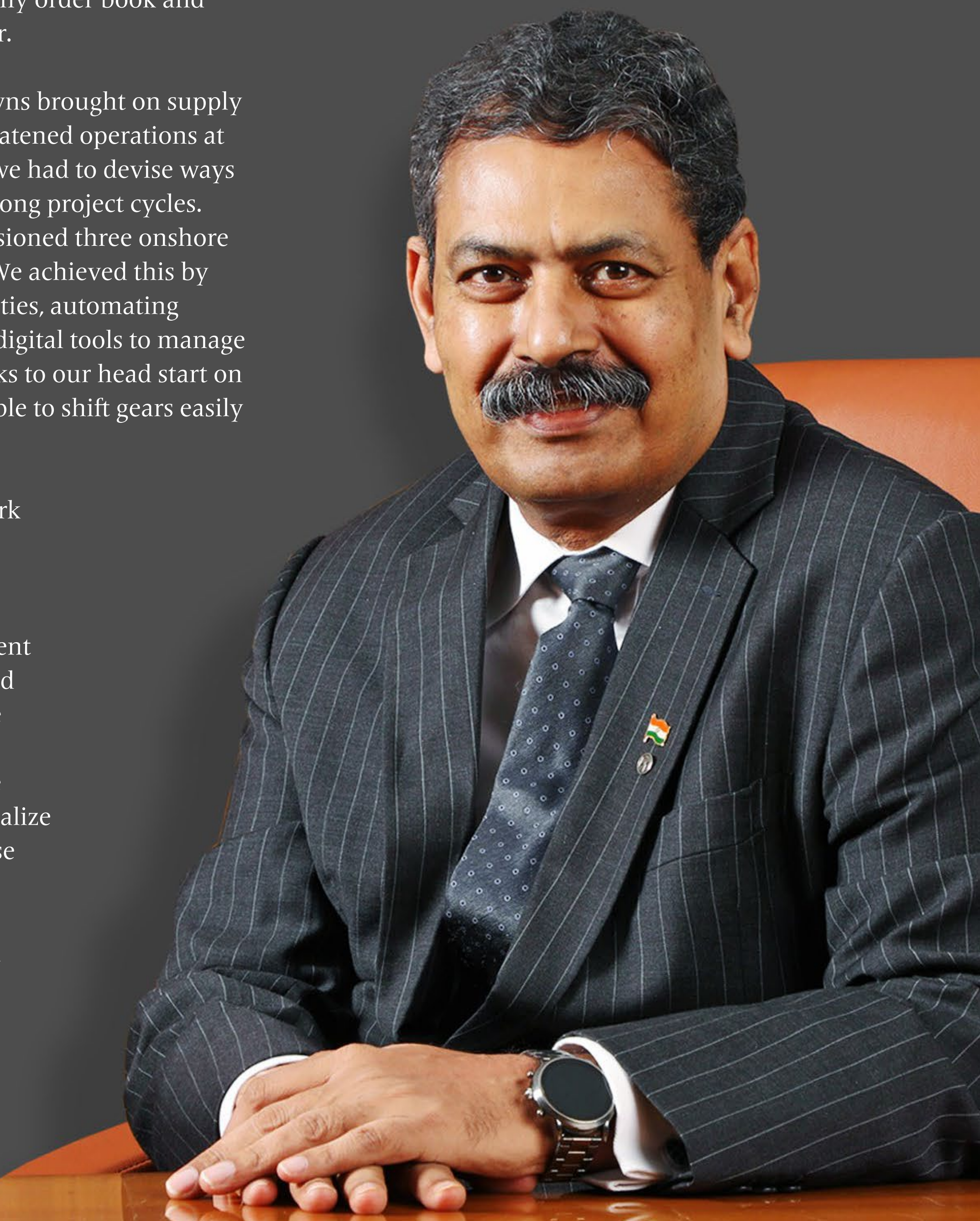
The pandemic-led lockdowns brought on supply chain disruptions and threatened operations at numerous junctures, and we had to devise ways to ensure they did not prolong project cycles. LTHE successfully commissioned three onshore projects during FY 20-21. We achieved this by reprioritizing critical activities, automating processes, and employing digital tools to manage operations remotely. Thanks to our head start on the digital front we were able to shift gears easily and adapt better.

The year also saw us embark on a new strategic path of transitioning to Clean and Green Energy solutions in Hydrocarbon and its adjacent fields. Plus, New Energy and Operations & Maintenance were identified as future growth engines and we are gearing up quickly to capitalize on emerging trends in those areas.

Even as we waded through the difficult waters, we did not let slip our environmental and social performance and continued to remain vigilant about our sustainability practices and CSR commitments. Multiple recognitions including FIPI's EPC Company of the Year award, 2nd Spot on Oil & Gas Middle East magazine's Top 30 EPC Contractors' list, and a fresh haul of Safety, HR, and CSR awards bear testimony to our efforts.

Our experiences from FY 20-21 are sure to help us tide over the challenges and perform better in the current fiscal and beyond. For they have us better prepared and more determined to grow and deliver value to L&T and all our stakeholders.

SUBRAMANIAN SARMA
Non-Executive Director , L&T
CEO & MD, L&T Hydrocarbon Engineering



Group Structure

Larsen & Toubro Limited
(Parent Company)

L&T Hydrocarbon Engineering Limited
(Wholly Owned Subsidiary)

Verticals

1 Onshore
2 Offshore
3 Construction Services
4 Modular Fabrication
5 AdVENT

Subsidiaries

1 L&T Hydrocarbon Saudi Company LLC (formerly known as Larsen & Toubro ATCO Saudi LLC)
2 Larsen Toubro Arabia LLC
3 L&T Modular Fabrication Yard LLC
4 Larsen & Toubro Electromech LLC
5 Larsen & Toubro Kuwait Construction General Contracting Company WLL
6 Larsen & Toubro Heavy Engineering LLC
7 L&T Hydrocarbon International FZE

Joint Ventures and Associates

1 L&T Chiyoda Limited
2 L&T Sapura Shipping Private Limited
3 L&T Sapura Offshore Private Limited
4 L&T Hydrocarbon Caspian LLC

Organisation Structure

Subramanian Sarma
CEO & MD, LTHE, Wholetime Director & Sr. Executive VP (Energy) L&T

E Sathyanarayan
COO/ Senior VP

N R Kulkarni
VP & Head Onshore

Ajay Jain
VP & Head Construction Services

Parthasarathi Chatterjee
VP & Head Offshore

Anil Bontadka
VP & Head Modular Fabrication

M Suresh
VP & Head Domestic Biz Dev

Shouab Zahid
Head Intl. Biz Dev

S D Navare
EVP JVs & Strategic Partnership

R Srivatsan
EVP Strategies

S N Palekar
EVP New Energy Solutions

C S Kole
EVP Corporate Services

Chokkalingam.C
Sr. Advisor Construction Services

K S Balasubramanyam
Head Group F&A

M V N Rao
Head Group HR

Directors' Report

Directors' Report

The Directors are pleased to present the twelfth Annual Report and Audited Accounts for the year ended March 31, 2021.

FINANCIAL RESULTS

₹ crore

Particulars	2020-21	2019-20
Turnover	**14,350.26**	14,417.38
Profit before depreciation, interest, taxes & amortisation	**1,396.24**	1,511.26
Less: Depreciation & amortisation	**125.91**	108.36
Profit before interest & taxes	**1,270.33**	1,402.90
Less: Interest	**23.77**	64.01
Profit before tax	**1,246.56**	1,338.89
Less: Tax (including deferred tax provision)	**420.15**	388.53
Profit after tax	**826.41**	950.36
Add: Balance brought forward from previous year	**922.82**	350.83
Add: Business combination impact	**-**	16.43
Impact of IND AS 116	**-**	(0.94)
Add: Gain/(Loss) on re-measure-ment of net defined benefit plans	**7.33**	(3.67)
Add/(Less): Transfer to Capital Redemption Reserve	**(260.00)**	-
Less: Dividend	**(364.23)**	(390.20)
Balance carried to Balance Sheet	**1,132.33**	922.82

YEAR IN RETROSPECT

The gross sales for the financial year under review was ₹ 14,350.26 crores as against ₹ 14,417.38 crores for the previous financial year 2019-20, registering only a marginal decline despite COVID-19 impact. The profit before tax for FY 2020-21 at ₹1,246.56 crores as against ₹1,338.89 crores for FY2019-20, was due to wages paid during COVID-19 lockdown period, prolongation costs owing to delay in projects completion and fall of jacket in the sea caused by the failure of the boom of vessel - LTS3000. Correspondingly, the profit after tax for FY 2020-21 is ₹ 826.41 crores as against ₹ 950.36 crores for FY2019-20.

COVID-19 UPDATE

A major part of the period under review was impacted on account of the COVID-19 pandemic. This was mainly on account of a disruption in the supply chain, capacity under-utilization, logistics-related issues, substantial ramp up costs including additional costs required to ensure the health and safety of all employees in each of the Company's factories, establishments and project sites in India and abroad.

The Company focused on supporting the public health system in dealing with the COVID-19 pandemic and the most vulnerable members of the society.

A cross-functional taskforce was set up to constantly review the rapidly changing situation to ensure that measures are continuously implemented to keep employees safe while also ensuring business continuity. The Company implemented safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and employee awareness programs at all its plants and establishments. The protocols are regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

CAPITAL & FINANCE

1. Share Capital as on March 31, 2021:

   The total paid up equity and preference share capital of the Company as on March 31, 2021stood at ₹1,500.05 crores. During the year under review, the Company has not issued any shares. During the year, the Company redeemed 26 crores 12% non-cumulative optionally convertible redeemable preference shares of ₹10 each on June 15, 2020, as approved by the Board in its meeting held on May 12, 2020.

2. Inter Corporate Deposits with holding company outstanding as on March 31, 2021 stood at ₹ 231.26 crores and that with the Company's subsidiary and joint venture companies stood at ₹ 851.77 crores.

3. The Company enjoys a good reputation for its sound financial management and ability to meet its financial obligations. The Company enjoys rating of "AAA Stable" for its long-term bank facilities and "A1+" for its commercial paper programme from CRISIL. In the year under review, the Company has been rated "IND A1+" for its commercial paper programme from India Ratings and Research.

CAPITAL EXPENDITURE

As at March 31, 2021, the gross fixed and intangible assets, stood at ₹ 1,243.21 crores and ₹ 44.55 crores respectively and the net fixed and intangible assets, at ₹ 723.09 crores and ₹ 15.44 crores respectively. Capital expenditure during the year amounted to ₹ 68.15 crores.

TRANSFER TO RESERVES

During the year 2020-21, the Company has transferred ₹ 260 crores to Capital Redemption Reserve equivalent to the redeemed non-cumulative optionally convertible redeemable preference shares as per requirements under Section 55(c) of The Companies Act 2013.

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, 2021 and hence there are no deposits outstanding as of March 31, 2021.

DEPOSITORY SYSTEM

As on March 31, 2021 out of total number of equity shares of 1,00,00,50,000 (100%), 99.99% of the Company's total paid up equity capital represented by 1,00,00,49,994 equity shares, are held in dematerialized form.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

A) Performance and financial position of each subsidiary associate and joint venture company
A statement containing the salient features of the financial statement of subsidiaries / associates / joint venture companies and their contribution to the overall performance of the Company is provided in **Annexure "A".**

B) Companies merged / demerged during the year
L&T–Gulf Private Limited was merged with the Company. The scheme was approved by National Company Law Tribunal, Mumbai, Maharashtra. The 'Appointed Date' was April 1, 2020 and 'Effective Date' was May 1, 2021.

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

The Company has disclosed full particulars of the loans given and investments made in the Annual Accounts. Following are the details of guarantees given or securities provided by the Company:

Guarantees to S&A Companies

SN	On behalf of	Type	Potential Liability (₹)
1	L&T Hydrocarbon Saudi Co LLC	Performance Guarantee	2,74,55,43,809

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The related party transactions for FY 2020-21 were placed before the Board for their consideration and were approved by the Board. All the related party transactions were in the ordinary course of business and at arm's length. A statement containing details of all material transactions/ contracts/ arrangements, if any, is provided in **Annexure "B".**
There are no materially significant related party transactions that may have conflict with the interest of the Company.

DIVIDEND

Considering the good financial performance during the financial year, the Company declared **interim dividends** as given below:

Dividends on equity shares
The Directors of the Company declared and paid **interim dividend** on equity shares, as follows:

i. On January 13, 2021, an interim dividend at the rate of ₹ 1.25 per equity share on 100,00,50,000 equity shares of ₹ 10 each of the Company amounting to about ₹ 125 crores
ii. On March 15, 2021, an interim dividend at the rate of ₹ 0.75 per equity share on 100,00,50,000 equity shares of ₹ 10 each of the Company amounting to ₹ 75 crores

Dividends on preference shares
The Directors of the Company declared and paid **interim dividend** on preference shares, as follows:

i. ₹ 6.41 crores paid for the period from April 1, 2020 upto June 15, 2020 i.e. till date of redemption on 26,00,00,000 12% non-cumulative, optionally convertible, redeemable preference shares of ₹ 10 each. The dividend was approved by the Board on May 12, 2020 and paid on June 15, 2020
ii. ₹ 37.50 crores paid for the nine-month period from April 1, 2020 up to December 31, 2020 at the rate of ₹ 0.75 per share on 50,00,00,000 10% non-cumulative, optionally convertible, redeemable preference shares of ₹ 10 each. The dividend was approved by the Board on March 15, 2021 and paid on March 18, 2021

Further, the Directors of the Company in its meeting held on May 3, 2021 have recommended for shareholders' approval, **final dividend** of ₹ 12.5 crores for the three-month period from January 1, 2021 up to March 31, 2021 at the rate of ₹ 0.25 per share on 50,00,00,000 10% non-cumulative, optionally convertible, redeemable preference shares of ₹ 10 each.

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

The Company had filed a petition for merger of L&T-Gulf Private Limited with the Company. The amalgamation was approved by National Company Law Tribunal at Mumbai. L&T-Gulf Private Limited has thus merged with the Company. The 'Appointed Date' was April 1, 2020 and 'Effective Date' was May 1, 2021.

There are no other material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this 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 "C"**.

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 (CSR)

The Company's Corporate Social Responsibility Committee comprises of Mr. Vikram Singh Mehta, Mr. Subramanian Sarma and Dr. (Mrs.) Rajani Rajiv Gupte as the Members.

During the year, Dr. (Mrs.) Rajani Rajiv Gupte was inducted as member of the Committee on July 11, 2020 and elected as Chairperson on October 12, 2020.

The details of the various projects and programmes 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 provided in **Annexure "D"**. The CSR policy of the Company is available on the Company's website: *https://www.lnthydrocarbon.com/company/corporate-governance/corporate-policies/*

The Chief Financial Officer of the Company has certified that CSR funds disbursed for the projects of FY 2020-21, have been utilized for the purposes and in the manner as approved by the Board.

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

A. Directors of the Company as on March 31, 2021

1. Mr. Vikram Singh Mehta
2. Mr. Subramanian Sarma
3. Mr. R. Shankar Raman
4. Dr. (Mrs.) Rajani Rajiv Gupte

B. Directors appointed during the year

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

The Board appointed Dr. (Mrs.) Rajani Rajiv Gupte as Additional Director (Independent Director) on the Board of the Company for a period of 5 years from June 26, 2020 up to & including June 25, 2025.
Mr. R. Shankar Raman, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM) of the Company.

The Board opines that all the Independent Directors on the Board possess integrity, necessary expertise and experience for performing their functions diligently.

C. Key Managerial Personnel

Following are the Key Managerial Personnel as per the provisions of Section 203 of the Companies Act, 2013:

a) Mr. Subramanian Sarma, Chief Executive Officer and Managing Director
b) Mr. K. S. Balasubramanyam, Chief Financial Officer
c) Mr. Sivaram Nair, Company Secretary

REMUNERATION RECEIVED BY MANAGING/ WHOLE TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY

Mr. Subramanian Sarma Chief Executive Officer & Managing Director of the Company was appointed as Whole-time Director of its holding company, Larsen & Toubro Limited with effect from August 19, 2020. Towards his remuneration expenses, the Company has since been receiving proportionate debit from Larsen & Toubro Limited. Prior to this date, it was being paid by the Company. Kindly refer to note 39(e) of notes to accounts of this Annual Report for details.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The meetings of the Board of Directors are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional meetings of the Board are held when necessary. During the year under review, five meetings were held on May 12, 2020; July 11, 2020; October 13, 2020; January 13, 2021 and March 15, 2021.
The agenda of meeting is circulated to the Directors well in advance as per the provisions of Companies Act, 2013. Minutes of the meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal and comments.

VIGIL MECHANISM

The Company has established an effective Vigil Mechanism for directors and employees to report genuine concerns. The Whistle-blower Policy provides a dedicated hot line number and an email ID 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 retaliation and victimisation of persons who communicate their grievances under the Policy. The Company has disclosed its Vigil Mechanism/Whistle Blower Policy on its website *www.lnthydrocarbon.com*

DECLARATION OF INDEPENDENCE

The Company has received Declaration of Independence from its Independent Directors, as stipulated under Section 149(7) of the Companies Act, 2013, confirming that he/she is not disqualified from continuing as an Independent Director. The Independent Directors have complied with the Code of Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

The Independent Directors of the Company have registered themselves on the Independent Director's Databank maintained by Indian Institute of Corporate Affairs (IICA). In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company are exempted from undertaking online proficiency self assessment test.

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 the 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, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

REPORTING OF FRAUDS

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees as specified under section 143(12) of the Companies Act, 2013.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Board has laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Individual Directors and Chairperson 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 Chairperson of the Board analyses the reports on the questionnaires to arrive at an unbiased conclusion.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held in accordance with Schedule IV of the Companies Act, 2013 on April 19, 2021.

The inputs given by the Directors was discussed by the Chairman in the meeting of Board held on May 3, 2021.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

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

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 case of sexual harassment was received during FY 2020-21.

Further, the Company has duly constituted and complied with the provisions relating to the Internal Complaints Committee as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). Details of the constituted committees are placed on the Company's website: https://www.lnthydrocarbon.com/company/corporate-governance/corporate-policies/

SUSTAINABILITY REPORT

The Company released its Sustainability Report, *'Driven by Operational Excellence',* in line with the Company's focus on various digitalization initiatives undertaken and the report highlights the performance across all sustainability parameters. The detailed initiatives are mentioned under Management Discussion & Analysis Report which forms a part of Annual Report of the Company.

AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells LLP ("DH&S"), were appointed as Statutory Auditors for a period of five continuous years from the conclusion of the 10th AGM up to the conclusion of the 15th AGM.
Certificate of eligibility under Section 141 of the Companies Act, 2013 has been received from the Statutory Auditors.

AUDITORS' REPORT

The Auditors' report to the shareholders does not contain any qualification, observation or adverse comment or remark which has an adverse effect on the functioning of the Company.

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 at its meeting held on May 3, 2021, has approved the appointment of R. Nanabhoy & Co. as Cost Auditors of the Company for audit of cost accounting records for FY 2021-22 at a remuneration of rupees two lakhs only (₹ 2,00,000/-) plus taxes and out of pocket expenses.

M/s R. Nanabhoy & Co. have confirmed their independent status and their non-disqualifications under section 141 of the Companies Act, 2013.

The report of the Cost Auditors for FY 2020-21 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 FY 2021-22 will be placed before the shareholders for consideration.

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

SECRETARIAL AUDITORS' REPORT

The Board had appointed Mrs. Naina Desai, Practicing Company Secretary, as the Secretarial Auditor of the Company under Section 204 of the Companies Act, 2013 for FY 2020-21. The Secretarial Audit Report in Form MR-3 is provided as **Annexure "E".**
The Secretarial Auditor's Report to the shareholders does not contain any qualification or reservation which has any material adverse effect on the functioning/going concern status of the Company.

ANNUAL RETURN

As per the provisions of section 92(3) of the Companies Act, 2013, the Annual Return of the Company for FY 2020-21 is available on the Company's website: https://www.lnthydrocarbon.com/company/annual-reports/

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

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 & 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

R. Shankar Raman
Director
(DIN: 00019798)
Place: Mumbai
Date: May 3, 2021

Subramanian Sarma
Chief Executive Officer & Managing Director
(DIN: 00554221)
Place: Mumbai
Date: May 3, 2021

ANNEXURE “A” TO 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

SN	Particulars	Companies (All amounts in ₹)			
1	**Name of the Subsidiary/ Joint Venture**	**LTEM * (1 OMR = ₹ 189.79) closing rate as on December 2020**	**LTHS LLC* (1 SAR = ₹ 19.48) closing rate as on December 2020**	**LTMFY* (1 OMR= ₹ 189.79) closing rate as on December 2020**	**LTA* (1 SAR = ₹ 19.48) closing rate as on December 2020**
2	Reporting period for concerned subsidiary	01 January 2020 to 31 December 2020	01 January 2020 to 31 December 2020	01 January 2020 to 31 December 2020	01 January 2020 to 31 December 2020
3	Share capital	5,69,37,750	1,94,82,500	54,74,78,292	19,48,25,000
4	Reserves & surplus	43,75,27,891	(5,42,45,64,941)	1,42,03,50,512	(3,15,09,68,744)
5	Total assets	2,15,85,79,946	3,54,67,76,617	5,14,15,11,849	4,06,08,35,940
6	Total liabilities	1,66,41,14,305	8,95,18,59,059	3,17,36,83,045	7,01,69,79,684
7	Investments	-	-	-	-
8	Turnover	3,29,24,15,145	6,93,71,73,987	7,85,98,40,362	4,15,44,90,324
9	Profit before taxation	1,06,27,53,163	(1,12,01,28,180)	70,04,46,682	75,31,95,359
10	Provision for taxation	3,52,04,041	43,71,094	11,31,35,309	7,04,11,723
11	Profit after taxation	1,02,75,49,121	(1,12,44,99,274)	58,73,11,373	68,27,83,637
12	Proposed dividend	-	-	-	-
13	Shareholding (%)	70%	100%	70%	75%

Note:

LTEM : Larsen & Toubro Electromech LLC, Oman

LTHS LLC : L&T Hydrocarbon Saudi LLC, Saudi Arabia

LTMFY : L&T Modular Fabrication Yard LLC, Oman

LTA : Larsen Toubro Arabia LLC

SN	Particulars	Companies (All amounts in ₹)		
1	**Name of the Subsidiary/ Joint Venture**	**L&T HE* (1 OMR = ₹ 189.79) closing rate as on December 2020**	**LTHI FZE* (1 AED = ₹ 19.91) closing rate as on March 21**	**LTKC* (1 KWD= ₹ 238.60) closing rate as on December 2020**
2	Reporting period for concerned subsidiary	01 January 2020 to 31 December 2020	01 April 2020 to 31 March 2021	01 January 2020 to 31 December 2020
3	Share capital	1,07,51,74,513	29,85,750	47,71,90,000
4	Reserves & surplus	(2,18,23,36,843)	(77,51,982)	(40,84,64,619)
5	Total assets	71,41,15,348	31,27,792	53,78,94,056
6	Total liabilities	1,82,12,77,678	78,94,024	46,91,68,675
7	Investments	-	-	-
8	Turnover	51,52,17,173	-	44,40,09,309
9	Profit before taxation	(20,47,18,352)	(29,24,662)	2,68,72,000
10	Provision for taxation	20,58,33,572	-	-

11	Profit after taxation	(41,05,51,924)	(29,24,662)	2,68,72,000
12	Proposed dividend	0	0	0
13	Shareholding (%)	70%	100%	49%

Note:

L&T HE : L&T Heavy Engineering LLC, Oman

LTHI IFZE : L&T Hydrocarbon International FZE (Hamriyah Free zone)

LTKC : Larsen & Toubro Kuwait General Contracting Co WLL

PART B: Associates and Joint Ventures

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

SN	Particulars	L&T Sapura Shipping Private Limited (LTSSPL)	L&T Sapura Offshore Private Limited (LTSOPL)
1	Latest audited Balance Sheet date	31 March 2021	31 March 2021
2	Shares of associates held by the Company at year end	LTHE holds 9,53,11,850 equity shares @ ₹ 10 each in LTSSPL	LTHE holds 6,000 equity shares @ ₹ 10 each in LTSOPL
3	Number of shares	9,53,11,850 shares	6,000 shares
4	Amount of investment	₹ 104.51 crores	₹ 0.01 crores
5	Description of how there is significant influence	By virtue of 60% shareholding and equal voting power in the Board	By virtue of 60% shareholding and equal voting power in the Board
6	Reason why the associate/JV 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	Control is joint, as all Board decisions need to be approved by at least 1 Director nominated by both the JV partners
7	Net worth attributable to shareholding as per latest audited balance sheet	Total net worth of LTSSPL = ₹ 414.66 crores Attributable to LTHE: 60% = ₹ 248.80 crores	Total net worth of LTSOPL = ₹ 0.50 crores Attributable to LTHE: 60% = ₹ 0.30 crores
8	Profits/(Loss) for the year	PAT (Total comprehensive income for the year): Rs (113.13) crores	PAT (Total Comprehensive Income for the year): Rs 0.01 crores
9	Considered in consolidation	60%	60%
10	Not considered in consolidation	40%	40%

SN	Particulars	L&T-Chiyoda Limited (LTC)	L&T Hydrocarbon Caspian LLC (LTHC LLC) *(1 AZN= Rs 43.26)* *Closing rate as on December 2020*
1	Latest audited Balance Sheet date	31 March 2021	No activity
2	Shares of associates held by the Company at year end	LTHE holds 45,00,000 equity shares @ ₹ 10 each in LTC	LTHE holds 9,250 equity shares @ AZN. ₹ 10 each in LTHC LLC
3	Number of shares	45,00,000 (Out of these, 3 shares are held jointly with Directors nominated by LTHE)	9,250 shares
4	Amount of investment	₹ 52.93 crores	₹ 0.36 crores
5	Description of how there is significant influence	By virtue of 50% shareholding and right to nominate 50% of Board strength (Both LTHE and Chiyoda hold exactly 50% shares)	By virtue of 50% shareholding and right to nominate 50% of Board strength
6	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	Control is joint, as all Board decisions need to be approved by at least 1 Director nominated by both the JV partners
7	Net worth attributable to shareholding as per latest audited balance sheet	Total Net Worth of LTC = ₹ 137.84 crores Attributable to LTHE: 50% = ₹ 68.92 crores	Total Net Worth of LTHC LLC = ₹ 0.04 crores Attributable to LTHE: 50% = ₹ 0.04 crores (Partner has not infused its stake)
8	Profits/(Loss) for the year	PAT (Total Comprehensive Income for the year): ₹ 15.16 crores	0
9	Considered in consolidation	50%	0
10	Not considered in consolidation	50%	0

ANNEXURE "B" TO 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 which are at arm's length basis: **NIL**

Amount in Rs crores

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
		NIL		

ANNEXURE "C" TO DIRECTORS' REPORT

[A] CONSERVATION OF ENERGY

[I] Energy Conservation measures taken Improving Energy Effectiveness/Efficiency of Equipment and Systems

- Replaced fluorescent lights to energy efficient LED lights in all offices, shops, tower lights to reduce the energy consumption
- Procurement of vacuum-packed welding electrodes to avoid initial baking and energy saving
- Switching over rectifier-based SMAW machines and SAW Machines to energy efficient inverter-based welding machines
- Maintaining the power factor up to 0.99 in all sub-station to optimize the power demand and energy conservation
- Implemented FCAW Gas shielded welding process
- Installation of Occupancy sensors to all offices
- Energy conservation Committee formed to identify and switching off lights/AC/ machines in non-productive areas /offices wherever not required
- Conventional Chiller Plant was replaced with Electrical Compressor Operated Chiller at EPC Block Hazira
- Use of Electrical Air Compressor for In-situ Abrasive Blasting

[II] Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- Conducting Internal energy wastage hunts and actions to fill the gaps and for implementation of recommendations
- Implementation of Online Monitoring System of Energy Consumption
- Power Purchase Agreement (PPA) of Wind Power through Midterms open agreement
- Usage of solar power for office lighting
- Rainwater harvesting in office, shops and labour camps

[III] 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.

[IV] 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 and construction solutions on turnkey basis in oil and gas, petroleum refining, chemicals and petrochemicals and fertilizer sectors and pipelines. Hence, disclosures in Form A are not applicable to the Company.

RESEARCH AND DEVELOPMENT (R&D)

[I] Specific areas in which R&D is carried out by the Company

The Company has in-house R&D facilities for carrying out applied research in the areas of process engineering, material science & corrosion engineering, refractory engineering related to plant and equipment.

During the year (FY 2020-21) research work was carried out in the following areas:

1) Technology Evaluation

a) Biofuels

LTHE has identified biofuels as a major thrust area for business. Multiple technology pathways like fermentation, anaerobic digestion, pyrolysis, gasification and catalytic thermos-liquefaction are evaluated for converting 1G & 2G feed stocks (sugar residue, surplus grains, agro residue, bagasse, municipal solid waste) into valuable fuels which can be either blended with transportation fuels or co-processed in a refinery.

b) Hydrogen and Decarbonization

Existing low carbon technologies such as solar, wind, Li-ion batteries, and energy efficiency are transforming and decarbonizing various sectors such as power generation, buildings, light transportation segments. However, certain end use sectors such as iron ore and steel, fertilizers, refining, methanol, heavy-duty trucking, maritime shipping and aviation have a major contribution toward $C0_2$ emissions and will require emerging technologies such as hydrogen to enable deep decarbonization. Green hydrogen, as an energy carrier and a sustainable chemical feedstock, is becoming crucial for achieving decarbonization of hard to de-carbonize sectors. But hydrogen is only as green as its sources of production. Hence the new focus and movement towards green hydrogen - hydrogen generation from electrolysis of water with renewable electricity.

LTHE has studied in detail, various carbon capture technologies and technologies for generating green hydrogen through electrolysis of water.

2) Process Engineering

Process simulation for High Severity Fluidized Catalytic Cracking (HS-FCC) Unit, process engineering for catalyst and adsorbent unit, 2G ethanol project; flow simulation studies for oil and gas projects; steady state and dynamic simulation of oil and gas processing plants.

3) Material Science & Corrosion Engineering

Material selection, verification and corrosion control methodologies for oil and gas processing plants, pipelines, terminals and offshore E&P facilities; Risk assessment and development of Corrosion Management Plan (CMP) for oil and gas facilities; Design and engineering for Cathodic Protection (CP) systems; Installation and monitoring of CP systems; Failure analysis for equipment and components: Characterization of various materials with in-house laboratory facility.

4) Refractory Engineering

Refractory design and engineering for fertilizer and refinery plants; Expert inspections and supervisions during critical modification/installation activities; On-line health assessment as a tool for proactive long-term maintenance and shutdown planning; Troubleshooting and failure analysis of refractory linings in high-temperature process equipment; Testing and characterization of properties and its effect on life and performance on refractory linings during operation.

5) Specialized Studies

Advanced stress analysis by Finite Element Method (FEM) for critical process equipment and piping having complex geometry and loading conditions; Design of rotary absorber system; Computational Fluid Dynamics (CFD) study for equipment involving thermal-fluid systems; Radiation and dispersion analysis for flares.

All design / analysis work in R&D Centre have been performed using specialized, industry-standard software tools. R&D Laboratories in the areas of materials and corrosion, vibration & acoustics and experimental stress analysis have been effectively utilized during the year. R&D work has been supported by fully E-enabled technical library and the latest IT infrastructure. The R&D Centre has been involved in active networking with professional societies, other R&D laboratories and academic institutes.

[II] Benefits derived as a result of above R&D

- Establishment of in-house capability in process simulation and FEED verification for onshore/ offshore gas processing plants and design optimization of associated equipment
- Complete process simulation, design solutions and optimization for hydrocarbon projects in fertilizer sector, involving reformers, ammonia and urea plants
- Energy optimization for crude distillation units and vacuum distillation units in refineries
- In-house expertise development for complete refractory solutions (e.g., material selection, design, engineering, commissioning and troubleshooting) for high-temperature equipment for process plants
- Capability development for implementing innovative, on-line health assessment technique for assessing the performance and life of refractory lining in Fertilizer and refinery plants
- HAZOP study for various petrochemical / chemical / oil and gas plants
- Management of complete materials & corrosion scope in pre-FEED, FEED and detailed engineering phases of onshore / offshore projects, using in-house expertise and resources.
- Development of in-house capability for stress analysis of in-service process equipment having corrosion and erosion damage
- Implementation of complete CP system solution (design, engineering, installation and commissioning) for mounded bullets in chemical plants

[III] Future Plan

The R&D Centre is committed to providing appropriate technology support to all hydrocarbon projects, as required by various LTHE 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:

- Energy transition: Integrated solution of carbon capture, water electrolysis to produce hydrogen and conversion to methanol
- Process simulation for various refinery units such as hydrocracker, DCU, reforming, alkylation units etc.
- Process design capabilities in petrochemical / polymer plants
- Transient analysis for refractory lined equipment
- Advanced Finite Element Analysis (FEA) techniques for analyzing coupled field problems with multi-physics domain
- Material selection and corrosion management capability for petrochemical / polymer plants

[IV] Expenditure on R&D

₹ crores

Particulars	2020-21	2019-20
Capital	**0.00**	0.00
Recurring	**7.15**	5.04
Total	**7.15**	5.04
Total R&D expenditure as percentage of turnover	**0.05%**	0.03%

[B] TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made in brief towards technology absorption, adaptation and innovation

- Interaction with external agencies and technology partners for exposure to the latest products, designs, processes, analytical and monitoring techniques
- Application of specialized tools and techniques in Plant Health Assessment through collaborative projects with OEMs / technology owners
- Active involvement with international / national professional societies (such as ICHEME, AICHE / CCPS, IICHE, ICC, ASME, NACE, ASM, ASTM, AISC, ACS, HTRI, SPE, RINA, NAFEMS, etc.)
- Institutionalization of in-house schemes (such as ICONs) for identifying, nurturing and implementing innovative ideas and solutions
- Networking and knowledge sharing through national/ international conferences, seminars and technical exhibitions
- 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 in R&D work

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
- Energy conservation through optimal design, analysis and engineering of heat exchange equipment and waste heat recovery systems for process plants
- Optimum selection, verification and characterization of materials for critical applications; Troubleshooting and failure analysis; 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 and process simulation; Computational Fluid Dynamics (CFD); transient thermal analysis; Radiation and dispersion analysis; advanced stress analysis by Finite Element Method (FEM); for achieving self-sufficiency and minimizing dependence on external agencies
- Establishment of in-house expertise in areas such as Cathodic Protection (CP) system design and implementation
- Troubleshooting of critical Process Plant equipment through analysis of degradation mechanisms such as, Methanol Stress Corrosion Cracking, Hydrogen Embrittlement, Chloride Stress Corrosion Cracking, Sulphuric Acid Corrosion and Microbial Corrosion attack

3. Information regarding technology imported during the last 5 years

No technology was imported during the last five 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 advanced its reach both across the value chain and geographies and has been prequalified for major international EPC projects from reputed customers in the Middle East, South East Asia, CIS countries and now in Algeria too. The Company's CEO & MD, Mr. Subramanian Sarma, who has over 30 years of experience in the international oil and gas contracting industry, closely monitors key on-going projects and drives growth in new geographies. LTHE Group has recently appointed Mr. E.S. Sathyanarayanan, who has vast experience in execution of EPC projects in international markets such as Middle East, Far East and Africa, as the Chief Operating Officer.

The Company has expanded into new geographies and is keenly pursuing opportunities in Algeria, Africa, SEA and CIS Countries across its various businesses while continuously developing its client base and integrated offerings for hydrocarbon value chain and hydrogen segment under "New Energy" business.

Total foreign exchange used and earned

₹ crores

Particulars	2020-21	2019-20
Foreign Exchange earned	**8,626.91**	8,470.53
Foreign Exchange used	**5,549.13**	5,812.07

ANNEXURE "D" TO DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company

The Company is committed to discharging its social responsibility:

a) Directly or through partnership with communities, NGOs and institutions

b) Channelling innovation and technology

c) Providing solutions and implementing sustainable CSR programs in the areas of Education, Water and Sanitation, Health and Skill Development

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.) Achieving measurable results would be the key drivers across all the CSR initiatives. Keeping in view to contribute for a better quality of life, mitigate social inequalities and help individuals achieve their true potential.

2. Composition of CSR Committee

SN	Name of Director	Designation/ Nature of Directorship	No. of CSR Committee meetings held during the year	No. of CSR Committee meetings attended during the year
1.	Mr. Vikram Singh Mehta	Independent Director	1	1
2.	Mr. Subramanian Sarma	Chief Executive Officer & Managing Director	1	1
3.	Dr. (Mrs.) Rajani Rajiv Gupte	Independent Director	1	1

Dr. (Mrs.) Rajani Rajiv Gupte is the Chairperson of the Committee and Mr. Sivaram Nair is the Secretary of the Committee.

3. Web-link where composition of CSR Committee, CSR policy and CSR projects approved by the Board are disclosed on the website of the Company

   https://www.lnthydrocarbon.com/sustainability/corporate-social-initiatives/

4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)

   Third Party Impact Assessment Report: Water interventions & management since 2017 at villages of Vasai taluka. (Integrated village development program – in collaboration with Aga Khan Agency for Habitat India) The summary of the report is attached.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

(amount in ₹)

FY	Amount available for set-off from preceding FYs	Amount required to be set- off for the FY, if any
2020-21	57,17,769/-	Not Applicable

6. Average net profit of the Company as per section 135(5) **: ₹ 465.22 crores**

7. a) 2% of average net profit of the Company as per section 135(5) **: ₹ 9.30 crores**

   b) Surplus arising out of CSR projects/programs/ activities of previous FYs **: Not applicable**

   c) Amount required to be set off for the financial year, if any **: Not applicable**

   d) Total CSR Obligation for the financial year (7a+7b+7c) **: ₹ 9.30 crores**

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

Amount spent for the financial year (in ₹)	Amount unspent (in ₹)				
	Amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
9,87,62,535/-	**NIL**				

b) Details of CSR amount spent against **ongoing projects** for the financial year: **Not applicable**

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
SN	Name of the Project	Item from list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation	
				State	District		Direct (Yes/ No)	Name of Organisation
1	Improving learning levels of children	(ii) Promoting Education	Yes	Maharashtra	Mumbai Suburban	55,00,000	No	Pratham Mumbai Education Initiatives
2	Education Development Program	(ii) Promoting Education	Yes	Gujarat	Vadodara	45,00,000	No	Pratham Education Foundation
3	STEM Education Program in Phase2	(ii) Promoting Education	Yes	Gujarat	Vadodara	10,99,000	No	American India Foundation
4	School Infrastructure - construction of 6 classrooms	(ii) Promoting Education	Yes	Gujarat	Surat	69,45,243	Yes	N/A
5	School on Wheels	(ii) Promoting Education	Yes	Gujarat	Vadodara	11,00,000	No	VYOM
6	School Improvement - Compound Wall &Play Equipment	(ii) Promoting Education	Yes	Tamil Nadu	Tiruvallur	7,69,959	Yes	N/A
7	Child Care Centre	(i) Eradicating Hunger, poverty and malnutrition	Yes	Maharashtra	Thane	35,00,000	No	Children of the World India Trust
8	Swasth India Medical Centre	(i) Promoting Health Care including preventive health care	Yes	Maharashtra	Mumbai Suburban	20,00,000	No	Swasth Foundation
9	Infrastructure Development - Road Construction	(x) Rural Development Project	Yes	Tamil Nadu	Tiruvallur	76,56,998	Yes	N/A
10	EDCG - Emotional Development & Career Guidance (Mental Health)	(i) Promoting Health Care including preventive health care	Yes	Maharashtra	Mumbai Suburban	25,00,000	No	Prafulta Psychological Services
11	SAFETY Devices / Lighting for safer pathways - CCTV Cameras	(x) Rural Development Project	Yes	Tamil Nadu	Tiruvallur	12,85,712	Yes	N/A

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
SN	Name of the Project	Item from list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation	
				State	District		Direct (Yes/ No)	Name of Organisation
12	Infrastructure Development - Paver Block Pathway at PHC	(x) Rural Development Project	Yes	Tamil Nadu	Tiruvallur	10,65,408	Yes	N/A
13	Disaster Management	(xii) Disaster Management – Relief	Yes	Odisha	Jagatsinghpur	67,900	Yes	N/A
14	Modernise Emergency Services	(i) Promoting Health Care including preventive health care	Yes	Jharkhand	Begusarai	29,64,299	Yes	N/A
15	Health and Nutrition-Kitchen Upgrade	(i) Eradicating Hunger, poverty and malnutrition	Yes	Andhra Pradesh	Visakhapatnam	11,20,000	No	Akshaya Patra Foundation
16	Hospital Facility Improvement	(i) Promoting Health Care including preventive health care	Yes	Rajasthan	Barmer	4,05,560	Yes	N/A
17	Laser Ablation Machine	(i) Promoting Health Care including preventive health care	Yes	Gujarat	Surat	16,87,000	Yes	N/A
18	EHIP - Integrated Environment Health Improvement Program	(x) Rural Development Project	Yes	Maharashtra	Palghar	60,00,000	No	Aga Khan Agency For Habitat India
19	Village development program (VYOM)	(x) Rural Development Project	Yes	Gujarat	Vadodara	45,00,000	No	VYOM
20	Wastewater Treatment - Network Development	(iv) Ensuring Environmental Sustainability	Yes	Gujarat	Vadodara	35,00,000	No	Clearford India Private Limited
21	Sanitary Complex	(i) Promotion of Sanitation	Yes	Tamil Nadu	Tiruvallur	8,67,772	Yes	N/A
22	RO Plant Maintenance	(i) Making available safe drinking water	Yes	Tamil Nadu	Tiruvallur	2,98,482	Yes	N/A
23	Aqua Tower Deployment - Planet Water Foundation	(i) Making available safe drinking water	Yes	Maharashtra	Palghar	19,47,000	No	Planet Water India Foundation
24	Renewable Energy Assets	(iv) Ensuring Environmental Sustainability	Yes	Andhra Pradesh	Visakhapatnam	9,98,700	Yes	N/A
25	Potable Water - Borewell Works	(i) Making available safe drinking water	Yes	Odisha	Bhadrak	3,92,690	Yes	N/A
26	Life Skill Development through Football (640 Kids)	(ii) Promoting education&enhancing vocation/ life skills among children	Yes	Maharashtra	Mumbai	45,00,000	No	Pragatee Foundation
27	Life Skill Development through Football (130 Kids)	(ii) Promoting Education and enhancing Vocation/ Life skills among Children	Yes	Tamil Nadu	Chennai	9,99,999	No	Pragatee Foundation
28	SARAL Samudaaya; NGO: Awag/score	(ii) Employment enhancing vacation skills	Yes	Gujarat	Vadodara	45,00,000	No	AWAG - SCORE
29	Social Awareness Program	(i) Promoting Health Care including preventive health care	Yes	Gujarat	Vadodara	2,00,000	No	Maanav Health Foundation Trust

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
SN	Name of the Project	Item from list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation	
				State	District		Direct (Yes/ No)	Name of Organisation
30	Infrastructure Aid for Civic Body	(x) Rural Development Project	Yes	Odisha	Ganjam	9,73,206	Yes	N/A
31	CDU/VDU Project- HPCL Vishakhpatnam: District Collector, Ministers,	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Andhra Pradesh	Visakhapatnam	99,060	Yes	N/A
32	HCU Project - HPCL Vishakhpatnam: Commissioner of Police and Direct to needy community members	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Andhra Pradesh	Visakhapatnam	17,80,500	Yes	N/A
33	HPCL Vizag RUF: District Collector Visakhapatnam	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Andhra Pradesh	Visakhapatnam	3,21,550	Yes	N/A
34	IOCL Vizag Pipeline: Local MRO office; various police stations across Anakapalle, Yalamanchili & Nakkapalli Mandals in Vizag district	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Andhra Pradesh	Visakhapatnam	5,70,539	Yes	N/A
35	Mangala Upgradation Project: District Collector & SP Office Barmer	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Rajasthan	Barmer	2,29,304	Yes	N/A
36	HURL Barauni: Municipal Council Bihat	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Bihar	Begusarai	5,98,074	Yes	N/A
37	IOCL-Paradip-LSTK-1: Drictrict Collector	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Odisha	Jagatsinghpur	5,02,141	Yes	N/A
38	IOCL-Paradip-LSTK-2: Hospital & Police Station – Paradip	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Odisha	Jagatsinghpur	4,03,518	Yes	N/A
39	HURL Sindri: Sri Ratan Kumar Singh Executive Magistrate/ Incident Commander, Dhanbad	COVID-19 (i)Promotion of health care including preventive health care; (xii) Disaster Management – Relief	Yes	Jharkhand	Dhanbad	4,39,865	Yes	N/A
40	SADAR COVID HOSPITAL, Dhanbad	COVID-19 (i)Promotion of health care including preventive health care	Yes	Jharkhand	Dhanbad	18,29,059	Yes	N/A

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
SN	Name of the Project	Item from list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation	
				State	District		Direct (Yes/ No)	Name of Organisation
41	HMEL - Cracker Furnace Package: Civil Hospital, Bhatinda	COVID-19 (i)Promotion of health care including preventive health care	Yes	Punjab	Bathinda	3,49,619	Yes	N/A
42	RIL CBM Phase II: District Immunisation Office, Shahdol	COVID-19 (i)Promotion of health care including preventive health care	Yes	Madhya Pradesh	Shahdol	81,420	Yes	N/A
43	SMIMER Surat - Industrial Washing Machine	COVID-19 (i)Promotion of health care including preventive health care	Yes	Gujarat	Surat	10,00,000	Yes	N/A
44	SMIMER Surat -Robotic Nurse	COVID-19 (i)Promotion of health care including preventive health care	Yes	Gujarat	Surat	10,00,000	No	Club First Robotics Pvt. Ltd.
45	Mr. Rajesh, local district medical officer, Minjur	COVID-19 (i)Promotion of health care including preventive health care	Yes	Tamil Nadu	Tiruvallur	1,28,065	Yes	N/A
46	Mr. Sethuraman, Panchayat President, Kattupalli	COVID-19 (i)Promotion of health care including preventive health care	Yes	Tamil Nadu	Tiruvallur	1,12,500	Yes	N/A
47	DC office at Tiruvallur - COVID rehabilitation for renovation in PHC	COVID-19 (i)Promotion of health care including preventive health care	Yes	Tamil Nadu	Tiruvallur	9,27,972	Yes	N/A
48	SSG Hospital, Vadodara	COVID-19 (i)Promotion of health care including preventive health care	Yes	Gujarat	Vadodara	10,00,000	No	Club First Robotics Pvt. Ltd.
49	Gotri Medical College, Vadodara	COVID-19 (i)Promotion of health care including preventive health care	Yes	Gujarat	Vadodara	10,00,000	No	Club First Robotics Pvt. Ltd.
50	Thane Rural Covid Hospital	COVID-19 (i)Promotion of health care including preventive health care	Yes	Maharashtra	Thane	5,00,000	No	Club First Robotics Pvt. Ltd.
51	Scavenging Robot	COVID-19 (i)Promotion of Sanitation	Yes	Gujarat	Vadodara	44,74,664	No	Genrobotic Innovations Pvt Ltd
52	New Civil Hospital SURAT	COVID-19 (i)Promotion of health care including preventive health care	Yes	Gujarat	Surat	10,00,000	No	Club First Robotics Pvt. Ltd.
53	Rural Skilling Initiative	(ii) employment enhancing vocation skills especially among women, elderly &differently abled & livelihood enhancement projects.	Yes	Gujarat	Vadodara	8,50,000	No	Society for Training and Vocational Rehabilitation of Disabled
	Project Total					**9,30,42,778**		
54	PM CARES Fund	(viii) Contribution to PM Cares Fund	-	-	-	35,00,000	Yes	N/A
	Total	-	-	-	-	**9,65,42,778**	-	-

d) Amount spent on administrative overheads : ₹ **22,19,757/-**
e) Amount spent on impact assessment, if applicable **: The Amount is part of the project cost**
f) Total amount spent for the financial year (8b+8c+8d+8e) **: ₹ 9,87,62,535/-**
g) Excess amount for set off if any:

SN	Particulars	Amount (in ₹)
i)	2% of average net profit of the Company as per section 135(5)	**9,30,44,766/-**
ii)	Total amount spent for the financial year	**9,87,62,535/-**
iii)	Excess amount spent for the financial year [(ii)-(i)]	**57,17,769/-**
iv)	Surplus arising out of CSR projects or programmes or activities of previous financial years, if any	**Not Applicable**
v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**Not Applicable**

9. a) Details of unspent CSR amount for the preceding three financial years: **Not Applicable**
   b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **Not Applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)** : **NIL**
    a) Date of creation or acquisition of the capital asset(s) : **NIL**
    b) Amount of CSR spent for creation or acquisition of capital asset : **NIL**
    c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc : **NIL**
    d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : **NIL**

11. Specify the reason(s), if the Company has failed to spend 2% of the average net profit as per section 135(5):

Company has spent more than the mandated amount, hence not applicable.

Mr. K. S. Balasubramanyam
Chief Financial Officer
L&T Hydrocarbon Engineering Limited

Dr. (Mrs.) Rajani R. Gupte
Chairperson CSR-Committee
L&T Hydrocarbon Engineering Limited

Mr. Subramanian Sarma
Chief Executive Officer &
Managing Director
L&T Hydrocarbon Engineering Limited

ANNEXURE "E" TO DIRECTORS' REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the financial year ended March 31, 2021

Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial 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, 2021, 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, 2021 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, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**
  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **presently, the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2018;**
  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**
  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  f) 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;
  g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, presently, **the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;**
(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 as amended from time to time 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, based on review of the compliance mechanism established by the Company and the Compliance Certificates taken on record by the Board of Directors at their meetings, 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 **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. like:

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

(ii) Redemption / buy-back of securities:
Redemption of 26,00,00,000 12% non-cumulative, optionally convertible, redeemable preference shares of Rs 10 each aggregating to Rs 2,60,00,00,000

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

(iv) Merger / amalgamation / reconstruction, etc.:
A merger application was filed with NCLT, Mumbai for the merger of L&T-Gulf Private Limited with the Company and final order for the same was awaited as on March 31, 2021.

(v) Foreign technical collaborations: **NIL**

NAINA R DESAI
Practising Company Secretary
Membership No. F1351
Certificate of Practice No.13365
Peer Review Certificate No.590/2019
UDIN F001351B000208415

Place: Mumbai
Date: April 14, 2021

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) Wherever 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
Membership No. F1351
Certificate of Practice No.13365
Peer Review Certificate No.590/2019
UDIN F001351B000208415

Place: Mumbai
Date: April 14, 2021

Management Discussion & Analysis

Overview:

L&T Hydrocarbon Engineering Limited (LTHE), a wholly owned subsidiary of L&T, provides integrated 'design and build' turnkey solutions for the hydrocarbon industry globally. The business executes projects for oil and gas extraction and processing, petroleum refining, chemicals and petrochemicals, fertilisers, cross-country pipelines and terminals. In-house capabilities range from front-end design through detailed engineering, procurement, fabrication, project management, construction, and installation including commissioning services.

LTHE has a fully integrated capability chain across the value chain, accentuated with in-house engineering and an R&D centre, world-class modular fabrication facilities, as well as onshore and offshore construction and installation capabilities. Major facilities in India include Engineering & Project Management Centres at Mumbai, Vadodara, and Chennai, and Fabrication Yards at Hazira (near Surat) and Kattupalli (near Chennai). The business has an overseas presence in the Middle East, i.e., in the UAE (Sharjah), Saudi Arabia (Al-Khobar), Kuwait and Oman (Muscat) as well as Algeria. International business is served through a state-of-the-art Modular Fabrication Facility at Sohar in Oman and an integrated manufacturing facility at Jubail in Saudi Arabia.

LTHE caters to clients across the hydrocarbon value-chain through following business verticals:

Offshore

Lumpsum turnkey EPCIC solutions are offered to the global offshore oil & gas industry, and encompass wellhead platforms, process platforms and modules, subsea pipelines & systems, brownfield developments, offshore drilling rigs (upgrade and new builds), FPSO modules, deep-water subsea manifold & structures, living-quarters platforms, transportation & installation services, offshore windfarm projects, and decommissioning projects.

The offshore vertical has comprehensive in-house engineering capabilities offering customised 'Fit for Purpose' engineering solutions covering the complete project life cycle, from concept to commissioning, for offshore projects. As a vertically integrated EPCIC player, it also has in-house fabrication and offshore installation capability. Marine assets comprise a self-propelled heavy-lift-cum-pipe-lay vessel – LTS 3000 – held in a joint venture, and a wholly-owned pipe-lay barge – LTB 300.

Projects in the Middle East are being pursued by the vertical with significant thrust to localisation for In-Country Value benefits in the UAE, in addition to the already commenced In-Kingdom Total Value Add (IKTVA) programme in Saudi Arabia. This trend can multiply opportunities in the region, going forward.

Onshore

This business vertical provides EPCC solutions for a wide range of onshore hydrocarbon projects covering upstream oil & gas processing, petroleum refining, petrochemicals, fertilisers (ammonia & urea complexes), thermal systems such as cracking furnaces, cryogenic storage tanks and LNG regasification terminals, cross-country pipelines & terminals as well as coal / pet-coke gasification, coal-to-chemicals and crude-to-chemicals projects. The business has a track record of concurrent execution of multiple mega projects successfully, with diverse technology process licensors. Design Engineering Centres for the Onshore vertical offer the complete spectrum of FEED, process, and detailed engineering.

Construction Services

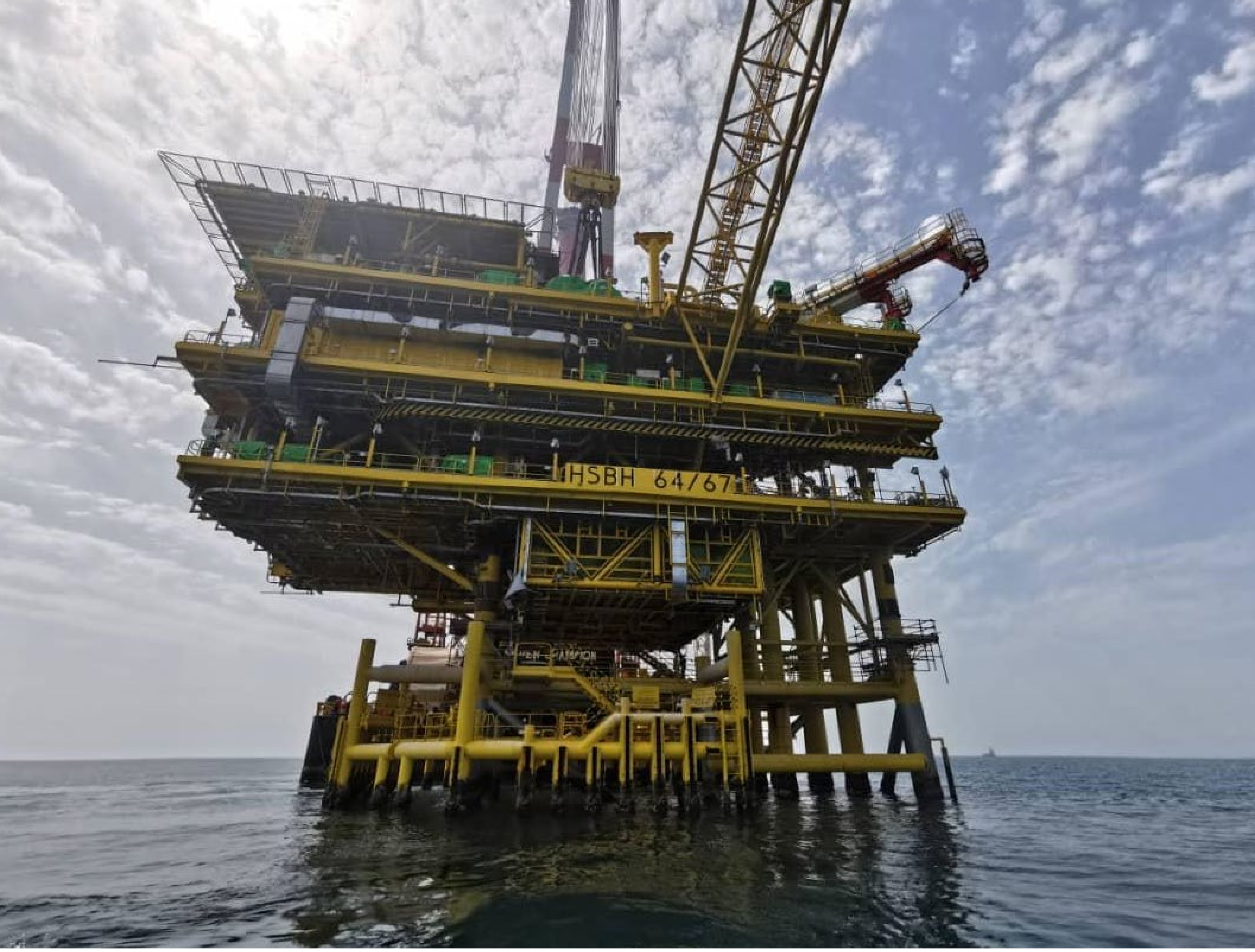
This business vertical renders turnkey construction services for refineries, petrochemicals, chemical plants, fertilisers, gas-gathering stations, crude oil & gas terminals, and underground cavern storage systems for LPG (leveraged for gas & new development such as hydrogen storage) and cross-country oil & gas pipelines.

Its major capabilities include heavy-lift equipment erection competency, application of advanced welding technologies, high levels of automation, management of manpower and material in large volumes 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.

Modular Fabrication Services

This vertical specialises in modular fabrication and supply of offshore structures and process modules, including free-standing static equipment for oil & gas fields, refineries, petrochemical plants and fertiliser complexes. Leveraging its modular capability, much of the on-site work for mega jobs – such as Residue upgradation facility (RUF) for HPCL Vizag Refinery and for Sonatrach South West Gas project in Algeria – are being executed at the fabrication yard.

World-class modular fabrication facilities are strategically located in India at Hazira (India's west coast) and Kattupalli (India's east coast). International projects are served through a state-of-the-art fabrication facility at Sohar (Oman). The combined annual capacity is more than 200,000 MT (depending on the product mix).



Gas PDMs installed in Hasbah and Arabia Offshore for Saudi Aramco.

An integrated manufacturing facility at Jubail in Saudi Arabia caters to the local market and works towards developing local skills and supporting the In- Kingdom Value Added programme of Saudi Arabia. The business is also equipped to supply foundations and other modules for offshore wind-farm projects and e-houses. The all-weather waterfront facilities provide easy access to clients across the globe, and have load-out jetties suitable for the dispatch of large and heavy modules via ocean-going vessels and barges.

Advanced Value Engineering & Technology Services (AdVENT)

AdVENT vertical fosters new business lines and technologies to make LTHE future-ready. It provides all the in-house support required for new areas of green energy, modular solutions, cutting-edge hydrocarbon technologies and smart differentiated solutions in the hydrocarbon industry. Leveraging its domain knowledge and expertise in high-end engineering based on experience gained from the execution of large-scale, technologically complex EPC projects for the business coupled with collaborations with well-organised R&D centres, renowned institutions, hi-tech and core-tech start-ups, AdVENT delivers comprehensive customer-centric solutions. AdVENT will also focus on new energy areas, such as grey to blue hydrogen in existing refineries to reduce the carbon footprint.

Business Environment

The global oil & gas industry has faced periodic downturns in the past. However, the industry witnessed a double whammy – supply glut and diminished demand caused by the Covid-19 pandemic and the resultant lowering of oil prices to unprecedented levels. Even before the outbreak of the Covid-19 pandemic, the industry was reeling under very low crude oil price caused by over-supplies. During 2020-21, the oil & gas industry witnessed CAPEX cuts and deferral of tendering and awards. Further, excess capacity pursuing limited prospects, the competition intensified.

Further, with the pandemic-led lockdowns, the eventual new norms resulted in operational challenges due to supply chain disruptions and workforce migration that prolonged the project cycles.

LTHE quickly adapted to the new norms by reprioritising critical activities and leveraged digital tools effectively to manage remote operations. The business implemented safety protocols across all facilities and sites by formation of several small camps to minimise the spread of Covid-19, Work from Home for office employees, incentives for labour to stay back at sites, quality checks through video and new production/ construction process / methods.

Relaxation of lockdown restrictions, curtailment of production by OPEC and its allies from the second quarter of the financial year resulted in the gradual recovery of oil demand leading to a more favorable crude oil price between USD 55 and USD 65 per barrel, which stabilised the capital investment climate for ongoing projects – albeit at a slower pace. With the rebound in oil price and increased focus by governments to develop gas assets, E&P activity is expected to slowly gain momentum.

Despite the above challenges, LTHE maintained a healthy order backlog and remained focussed on executing ongoing projects resulting in better financial performance as compared with its global peers.

Major Achievements

Major orders won during the year

- EPCIC contract for new Living Quarters (LQ) and revamp at 'NQ Complex' (NLRNC-RT2) involving a new living quarters platform
- EPCC contract from HPCL Rajasthan Refinery Limited (HRRL) for setting up a Petrochemical Fluidised Catalytic Cracking (PFCC)
- Biggest EPCC contract awarded in the country in the refinery & petrochemical sector from HRRL for setting up a Dual Feed Cracker Unit (DFCU), EPCC-07 Package (capacity: 890 KTPA) for Rajasthan Refinery Project at Barmer, Rajasthan
- Contracts for CMIE (Civil, Mechanical, Instrumentation, Electrical) works for Raba and Hanya Phase 2 Field Development Project as well as Mabrouk North East Field Development Project for Petroleum Development Oman
- Fabrication Contract for supply of offshore jackets from an international customer to be executed from LTHE's modular fabrication facility
- CMIE works at ethane facility upgrade at Juaymah NGLF plant for Saudi Aramco

Projects Completed

- Linear Alkyl Benzene, Normal Paraffin and Speciality Oils Unit are commissioned and under normal operation at Yanbu, Saudi Arabia for Farabi Petrochemicals Company. Performance guarantee test runs are completed.
- Achieved full production (40K BOPD) at Haliba field for Al Dhafra Petroleum. 72 hours plant performance guarantee test run demonstrated.
- INDMAX Fluid Catalytic Cracking Unit (FCCU) Project for IOCL's Bongaigaon Refinery in Assam successfully commissioned and handed over to the customer and accolades were received from IOCL Chairman on the implementation.
- Adani LNG – Dhamra – Critical milestone of 'roof air raising' of 2 tanks was successfully achieved.
- Completed offshore installation of all the 3 gas Production Deck Modules (PDM) completed in Arbiya and Hasbah fields off KSA and 2 oil PDMs in Zuluf field.
- Construction is completed for Cairn–Vedanta Mangala field upgradation at Barmer and final stages of commissioning are in progress.
- IOCL's Paradip Hyderabad Pipeline Project substantially completed.

Awards and Accolades

- The Company was ranked second among the top 30 EPC Contractors by the Oil & Gas Middle East magazine for securing many huge contracts from Saudi Aramco as part of its 'long-term agreement'.
- The Company was presented the 'EPC-Company of the Year' award by Federation of Indian Petroleum Industry (FIPI).

Platform for ONGC's Cluster 8 Marginal Field Development Project.

IOCL's INDMAX FCC Unit fully commissioned at Bongaigaon, Assam.

Significant Initiatives

LTHE has taken a three-pronged approach to better handle the situation brought about by the onslaught of the Covid-19 pandemic together with many business challenges, such as oil price volatility, reduced investment cycle, energy transition, etc. Christened the **PIO** (**P**rotect-**I**nnovate-**O**pportunise) programmes – there are three pillars to sustain long-term growth initiatives and identified as 'SHIELD', 'DREAMS' and 'DHOW'.

Programme 'SHIELD' is aimed at protecting the existing business, prioritising its products and services currently on offer and identifying products and services that can be quickly developed and scaled to satisfy the transforming market. It aims to attract new customers and geographies with innovative ideas and deep focus on stepping-up the business development activities, and develop localisation plans in the countries which are core to LTHE's growth agenda by offering smart solutions.

Programme 'DREAMS' focuses on efficiency and speed in operations. The most significant action under DREAMS is the initiative called SESA (Simplify, Eliminate, Standardise and Automate) which drives digital solutions, productivity enhancement measures at fabrication yards and construction sites and knowledge management and capability development.

As part of its Digital Transformation, LTHE continues to focus on the areas of Smart Collaboration & Augmented Reality, Industrial Internet of Things, Enterprise-wide Project Lifecycle Management programme (EPSILON) and Predictive Analytics to enhance efficiency in operations.

LTHE has embraced the culture of productivity and quality enhancement at yards as well as construction sites. These include automated welding, extensive use of jigs & fixtures as well as assembly line concept, full kitting, and serial production technique for fabricating multiple jackets concurrently, which helped in the fabrication of a jacket in a record time of just 98 days at the Sohar Fabrication Facility. As part of improving safety and productivity, LTHE is maximising work on the ground rather than at a height for the fabrication of modules. To address construction challenges for onshore projects that are at remote locations or at congested plants, LTHE is maximising the modularisation at yards.

Program 'DHOW' focuses on transforming the organisation to attract clients to support their efforts in the upcoming energy transition in areas such as green hydrogen, decarbonisation, biofuels and the circular economy. Digitally-enabled O&M is also identified as an adjacency to its existing business capability to be one of the future growth engines.
LTHE is also actively engaging with various R&D Centres

and start-up companies to develop emerging technologies and create differentiated solutions.

Environment, Health and Safety

LTHE had taken preventive control measures to overcome the effect of Covid-19 and safely delivered more than 32 million man-hours at a stretch across various projects in domestic and international markets, including the modular fabrication yards.

For effective implementation of the HSE management system uniformly across the business verticals and strengthening the safety culture, LTHE consolidated all its operations under a single ISO Certification for ISO 14001 and 45001.

The digital platform is used to facilitate online incident reporting and investigation, pilot electronic permit to work at four locations and remote HSE assurance audit.

To strengthen compliance to the HSE system and raise awareness, LTHE conducted management walkthroughs, both virtual and physical, to emphasise monitoring performance at fabrication yards and project sites, HSE audit reporting, mock drills, safety meetings, continuous training in HSE practices and webinars.

LTHE bagged eight domestic and three international awards in recognition of best performance under the category of Health, Safety and Environment including:

- NSCI (National Safety Council of India) 'Shreshtha Suraksha Award – Silver' for HPCL FCHCU Project
- CII-SR EHS Excellence Awards-2020 with 4-Star Rating under Infrastructure Construction Category
- ICC (Indian Chambers of Commerce) Platinum Award in Oil & Gas sector under Large Enterprises
- Frost & Sullivan's Safety Excellence Award 2020 – MFF Hazira
- ASSP (American Society of Safety Professional) HSE Excellence Award for the KOC TL- 05 and Aramco Hasbah Projects

In recognition of achieving critical project HSE milestones and best HSE performance metrics, LTHE also received 17 recognitions from various customers such as Farabi for achieving 31 million safe man-hours in the Paraffin project at Saudi, HURL for achieving 19 million safe man hours at Sindri and 17 million safe man hours at Barauni.

Human Resources

L&T Hydrocarbon Engineering focuses on acquiring and grooming a unique and diverse set of talent, with the right attitude.

To inculcate a culture of driving continuous career opportunities of internal talent, LTHE has initiated a career planning architecture for the sustainable growth of its employees, with more emphasis on the top talent. Specific programmes for Resident Construction Managers (RCM) and Young Fabrication Professionals (YFP) are designed to develop construction and yard professionals. As a commitment to create a highly engaged workforce, LTHE actively communicates through multiple forums such as Town Hall sessions and Fireside chats. LTHE always tries to inculcate a culture of appreciation through various reward and recognition interventions. The 'I-TOO' recognition framework, annual ICONS, Long Service Awards, Talent Champions, Counselling & Well-being support, and a bouquet of custom-designed calendared interventions are cascaded across the organisation to the most remote sites with the aim of enhancing employee motivation. LTHE is committed to improve the gender balance across all functions and levels.

Haliba Field Development Project for Al Dhafra Petroleum Operations Company, UAE.

LNG Tanks for Adani's Dhamra LNG Terminal Pvt. Ltd.

As the Covid-19 pandemic brought uncertainties and extra stress in both personal and professional lives of employees, LTHE engaged with employees at various levels by frequent interventions from senior leadership and CEO and across leadership strata to ensure engagement. LTHE ensured medical assistance on 24x7 basis by arranging doctors and ambulances for about 25000 staff and workmen. Also, LTHE made arrangements in co-ordination with Government departments and embassies to evacuate employees stranded in foreign countries.

Risks and Concerns

Cost-competition is becoming challenging and is further accentuated by increasing the in-country value for localisation in some of the regions where the business has a presence. LTHE is focussing on meeting the localisation requirements in an optimal way.

Typical risks in the EPC business are stiff contract conditions, tight schedules, counter-party risks, currency and commodity exposures, vendor defaults, delay in material delivery, QHSE, productivity, etc. The risks are mitigated through specific actions, such as strong contracts and claims management process, assigning strong project management teams at the pre-bid stage, operational excellence initiatives, strategic partnerships, non-negotiable QHSE compliance, taking derivative covers to hedge foreign currency and commodity fluctuations.

Covid-19 had an unprecedented impact on business operations. LTHE mitigated the risk with well-prepared plans deployed across locations, work and safety protocols, knowledge sharing and monitored continuously in a structured manner by the crisis-management team.

The risk management policy and guidelines have facilitated the creation of a consistent set of standard tools and templates incorporating global best practices and procedures.

Outlook

In India, the Central Government, is planning to spend around ₹7,50,000 crore to build oil and gas infrastructure over the next five years. For the FY2021-22, the Union Budget has proposed a capital outlay of ₹104,870 crore for oil and gas companies. ONGC's capex guidance for FY2021-22 would once again normalise to the historical average of ₹32,000 crore for the offshore segment.

The present share of natural gas in the energy mix of the country is 6%. The Government's aim is to increase it to 15% by 2030 which will bring in significant investment in developing gas infrastructure, pipelines (~14,700 km), city gas distribution, and LNG regasification terminals.

Refining capacity is likely to increase from 250 MMTPA to 400 MMTPA by 2030. IOCL Panipat (from 15 to 25 MMTPA), IOCL, Gujarat (from 13.7 to 18 MMTPA) and NRL (from 3 to 9 MMTPA) are planning to expand their capacity. A 9 MMTPA grassroot refinery is also planned by CPCL and IOCL at Nagapattinam.

Petrochemical demand is growing at a CAGR of about 7.5% (~1.2 MMTPA) and this will drive investments in refinery-petrochemical integration and Oil to Chemical (O2C) / Crude-to-Chemicals (C2C) projects. India is also planning to convert 100 MT coal into gas by 2030 which will lead to projects for coal to fertilisers / coal to methanol.

In the Middle East, investments in Saudi Arabia are reviving and capital projects with investments in the range of USD 17 billion for offshore and onshore projects in Zuluf and Safaniya fields are expected to be tendered in the upcoming period.

While in the UAE, ADNOC remains committed to its 2030 Smart Growth Strategy of increasing its oil production from 4 mbpd to 5 mbpd, though simultaneously focussing on hydrogen and renewables. Business opportunities are expected from Qatar, which is investing in increasing its leadership as the largest gas producer in the world, and is also restoring its diplomatic ties with Saudi Arabia and UAE.

Other markets in South East Asia, such as Vietnam, are expected to continue developing gas-based projects. LTHE is looking for new geographies in the Far East, such as Mongolia. In Algeria, Sonatrach plans to invest USD 40 billion over next five years. LTHE is currently executing a mega project for Sonatrach and will focus on upcoming opportunities.

The US market has opportunities for the Modular Fabrication Yard for modules for LNG, carbon capture & storage, petrochemicals and offshore windfarm segments.

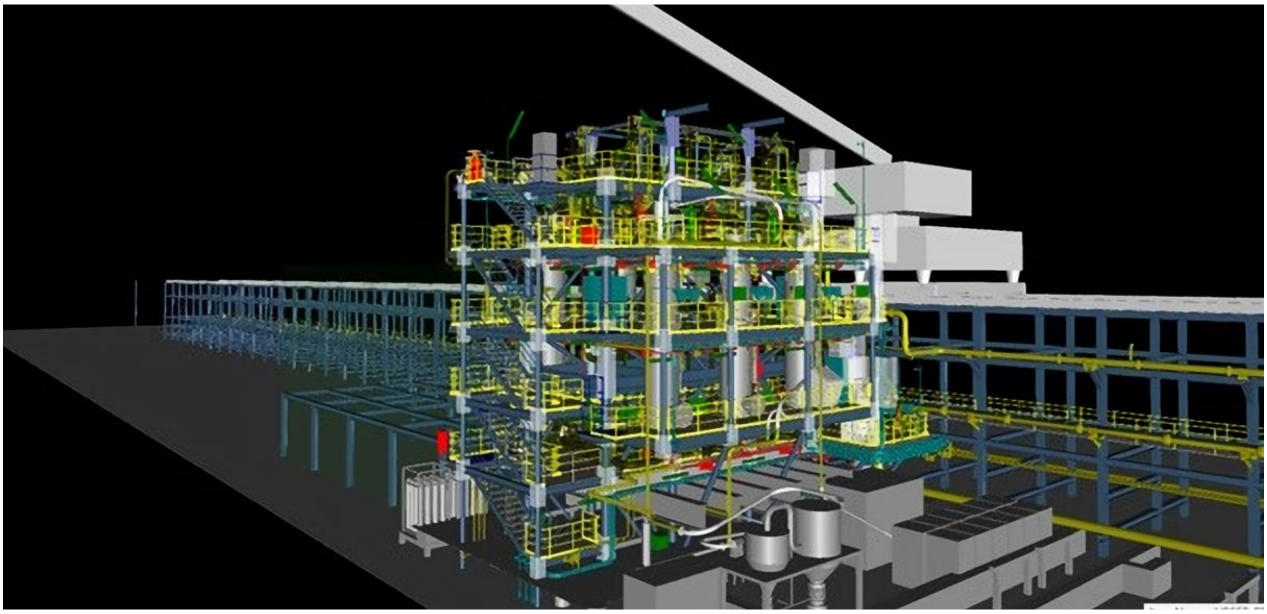
The Covid-19 pandemic has fast forwarded the clean energy transition across the world. Hence the capital allocation is likely to be diverted from fossil fuels to push new developments in renewable energy. However, it is also likely to increase spend on de-bottlenecking facilities, brownfield upgrades, enhanced oil recovery and similar

118 km crude transit line from North Kuwait to CMM for Kuwait Oil Company.

Onshore Process and Pipe Rack Modules for a leading industrial gases company.

projects to enable oil & gas companies to maintain production levels in otherwise depleting extraction wells.

E&P operators are diversifying into renewables. Rapid electrification of automobiles as well as the use of hydrogen as a fuel is gathering pace and traction. While coal may be the least preferred followed by oil, natural gas will continue as the transition fuel during this shift to renewables.
LTHE will continue to expand its bid pipeline and explore new clients and new markets for its existing business and is building capabilities to addresses opportunities arising out of new businesses. Operations & Maintenance (O&M) and New Energy Transition have been identified as the future growth engines. LTHE is positioning itself to offer integrated Power-to-X solutions across the hydrogen value chain from technology, production, storage, and distribution of derivatives such as ammonia and methanol.



3D Model of ExxonMobil Serpentina H2S Management project.


QMS GLADIATOR

Financial Statements

ANNEXURE "E" TO DIRECTORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of L&T Hydrocarbon Engineering Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **L&T Hydrocarbon Engineering Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (Hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ("SA"s). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition – accounting for construction contracts with customers.** There are significant accounting judgements including estimation of costs to complete, determining the stage of completion and the timing of revenue recognition. The Company recognises revenue on the basis of stage of completion in proportion of the contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue is therefore dependent on estimates in relation to total estimated costs of each such contract. Cost contingencies are included in these estimates to take into account specific uncertain risks, or disputed claims against the Company, arising within each contract. These contingencies are reviewed by the Management on a regular basis throughout the life of the contract and adjusted where appropriate. The revenue on contracts may also include variable consideration (variations and claims). Variable consideration is recognised when the recovery of such consideration is highly probable. Refer to Note Number 2.6 of the standalone financial statements.	Our audit procedures related to the (1) identification of distinct performance obligations, (2) evaluation of the process for estimation of costs to complete (3) evaluation of implications of change orders on costs estimates of costs to complete and revenue and (4) evaluation of any variable consideration included the following, amongst others: 1. We tested the effectiveness of controls relating to the (a) evaluation of performance obligations and identification of those that are distinct; (b) estimation of costs to complete each of the performance obligations including the contingencies in respect thereof, as work progresses and the impact thereon as a consequence of change orders; (c) the impact of change orders on the transaction price of the related contracts; and (d) evaluation of the impact of variable consideration on the transaction price. 2. We selected a sample of contracts with customers and performed the following procedures: a) Obtained and read contract documents for each selection, change orders, and other documents that were part of the agreement. b) Identified significant terms and deliverables in the contract to assess management's conclusions regarding the (i) identification of distinct performance obligations; (ii) changes to costs to complete as work progresses and as a consequence of change orders; (iii) the impact of change orders on the transaction price; and (iv) the evaluation of the adjustment to the transaction price on account of variable consideration. c) Compared costs incurred with Company's estimates of costs incurred to date to identify significant variations and evaluated whether those variations have been considered appropriately in estimating the remaining costs to complete the contract. d) Tested the estimate for consistency with the status of delivery of milestones and customer acceptance to identify possible delays in achieving milestones, which require changes in estimated costs or efforts to complete the remaining performance obligation.

Sr. No.	Key Audit Matter	Auditor's Response
2	**Measurement of contract assets in respect of overdue milestones and receivables in respect of overdue invoices.** The Company, in its contract with customers, promises to transfer distinct services to its customers which may be rendered in the form of engineering, procurement and construction ("EPC") services through design-build contracts, and other forms of construction contracts. The recognition of revenue is based on contractual terms, which could range from cost plus fee to agreed unit price to lump-sum arrangements. At each reporting date, revenue is accrued for costs incurred against work performed that may not have been invoiced. Identifying whether the Company's performance have resulted in a service that would be billable and collectable where the works carried out have not been acknowledged by customers as of the reporting date, involves a significant amount of judgment. Assessing the recoverability of contract assets related to overdue milestones and of amounts overdue against invoices raised which have remained unsettled for a significantly long period after the end of the contractual credit period also involves a significant amount of judgment. Refer to Note 10 and 14 of the standalone financial statements.	Our audit procedures related to the (1) evaluation of evidence supporting the execution of work; (2) evaluation of recoverability of the overdue amounts including the impact on the expected credit loss allowance; and (3) assessment of adjusting events after the reporting date i.e. March 31, 2021 and the date when the financial statements are approved by the Board of Directors included the following amongst others: 1. We tested the effectiveness of controls relating to the (a) gathering and evaluation of evidence supporting the execution of work; (b) evaluation of recoverability of the overdue amounts including the impact on the expected credit loss allowance; and (c) assessment of adjusting events after the reporting date i.e. March 31, 2021 and the date when the financial statements are approved by the Board of Directors and the impact thereof on the carrying amount of the related contract assets. 2. We selected a of contracts assets with corresponding trade receivables that were overdue and evaluated the basis for management's conclusions regarding the (1) evidence supporting the execution of work for which the contract assets were recognised; (2) reasons for the delays in recovery of invoices and the basis on which recoverability of the contract assets was assessed; (3) impact on the allowance for expected credit losses; and (4) adjusting events after the reporting date i.e. March 31, 2021 and the date when the financial statements are approved by the Board of Directors and the impact thereof on the carrying amount of the related contract assets. 3. We compared previous estimates relating to recoverability of contract assets and compared it with actual collections during the year.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report including annexure to the Directors Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

  If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income , cash flows and changes in equity of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

As described in note 50 of the standalone financial statements, the figures for the previous financial year has been recast to include the financial information of the erstwhile L&T Gulf Limited which has been amalgamated with the Company with effect from April 1, 2020. The financial information of erstwhile L&T Gulf Limited has been extracted from the audited books of accounts of erstwhile L&T Gulf Limited for the year ended March 31, 2020 which have been audited by the by another firm of Chartered Accountants whose report has been furnished to us, and our opinion in so far as it relates to the comparative financial information included in respect of the erstwhile L&T Gulf Limited, is based solely on the reports of such other auditor. The report of such other auditor on comparative financial information included in respect of the erstwhile L&T Gulf Limited dated May 11, 2020 expressed an unmodified opinion.

Our opinion on the financial statements and our report on Other Legal Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
   According to the explanations given to us, during the year ended March 31, 2021, the remuneration has been paid by the Company to its director otherwise than by way of fees for attending meetings of Board or Committee thereof is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone 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;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 21039826AAAADI6140)

Place: Mumbai
Date: May 3, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing ("SA"s) prescribed under Section 143(10) of the Companies Act, 2013 (the "Act"), to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 21039826AAAADI6140)

Place: Mumbai
Date: May 3, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of the Company's property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a program of verification of property, plant and equipment to cover all the items of property, plant and equipment in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the balance sheet date, except the following:

Type of Assets	Total No. of cases	Leasehold/ Freehold	Gross Block (as at March 31, 2021) (₹crore)	Net Block (as at March 31, 2021) (₹crore)	Remarks
Land	1	Freehold	1.03	1.03	Title deed is in the name of the holding company viz., Larsen & Toubro Limited
Building	1	Leasehold	17.43	12.63	Title deed is in the name of the holding company viz., Larsen & Toubro Limited
Land	2	Leasehold	72.95	68.25	Title deed is in the name of the holding company viz., Larsen & Toubro Limited

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification between the physical stock and books of accounts.

(iii) According to the information and explanation given to us, during the year ended March 31, 2021, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, reporting under clause 3(iii) of the order is not applicable.

(iv) According to the information explanations given to us, during the year ended March 31, 2021, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year ended March 31, 2021 and does not have any unclaimed deposits as of that date and therefore, reporting under clauses 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, corresponding cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, corresponding cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of the Statute	Nature of the disputed dues	Forum where dispute is pending	Period to which amount relates	Amount involved (₹crore)	Amount Unpaid (₹crore)
The Central Sales Tax Act, Sales Tax Act, Works Contract Tax Act and Goods & Service Tax Act	Dispute of questions of law, Classification dispute, Disallowance of sales-in-transit, Disallowance of Labour charges & input tax credit on export sales	Hon. Supreme Court of India	2006-07 to 2015-16	242.23	223.25
	Disallowance of sales-in-transit, Taxability of sub-contractor turnover and Disallowance of labour charges	Hon. Kerala High Court	2000-01 & 2001-02	29.43	27.64
	Non submission of forms, Disallowance of input tax credit, Works contract tax TDS claims, Disallowance of exemptions claimed for imports for deemed export sales & sales in transit	Sales Tax/VAT Tribunal	1999-00 to 2002-03, 2007-08 to 2010-11, 2014-15 & 2015-16	61.51	* 7.19
	Non submission of forms	Additional Commissioner (Appeal)	2005-06, 2011-12 & 2012-13	2.20	0.73
	Non submission of forms, Disallowance of input tax credit & work contract tax TDS, Disallowance of deemed sales in import, sales-in-transit, high sea sales, Classification disputes.	Joint Commissioner (Appeals)/Joint Commissioner	2001-02, 2003-04 to 2006-07, 2010-11 to 2017-18	382.13	336.40
	Non submission of forms, Disallowance of sales-in-transit, Disallowance of input tax credit	Assistant/Deputy Commissioner (Appeals)	1989-90, 1997-98 to 1999-00, 2001-02, 2004-05, 2008-09 to 2014-15, 2016-17	27.25	22.61

Name of the Statute	Nature of the disputed dues	Forum where dispute is pending	Period to which amount relates	Amount involved (₹crore)	Amount Unpaid (₹crore)
The Central Excise Act, 1944, Service Tax under Finance Act, 1994	Disallowed input tax credit	Customs Excise and Service Tax Appellate Tribunal	2009-10, 2010-11	5.57	5.15
	Classification disputes	Customs Excise and Service Tax Appellate Tribunal	2016-17 & 2017-18	46.17	9.59
Income Tax Act, 1961	Dispute regarding tax not deducted on bank guarantee charges and internet charges	Income Tax Authority	A.Y. 2012-13	0.02	0.02
	Difference in rate of tax deducted at source	Director of Income Tax (International Taxation)	A.Y. 2007-08 & A.Y. 2008-09	3.58	3.58
	Disallowance of foreseeable losses	Commissioner (Appeals)	A.Y. 2014-15	24.84	1.86
Customs Act, 1962	Classification disputes	Customs Excise and Service Tax Appellate Tribunal	2015-16	0.32	0.30
	Dispute related to payment of duty on transfer of goods from bonded warehouse without payment of duty	Customs Excise and Service Tax Appellate Tribunal	2014-15 to 2017-18	701.90	701.90
	Dispute of question of law	Customs Excise and Service Tax Appellate Tribunal	2017-18	3.32	0.86
	Classification disputes	Commissioner of Customs	2006-07, 2013-14 & 2015-16	15.81	14.62

* net of ₹52.55 crore withheld by the VAT authorities on account of WCT, TDS and ITC Refund.

(viii) According to the information and explanations given to us, during the year ended March 31, 21, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures and has not borrowed any funds from government.

(ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer/further public offer (including debt instruments) nor borrowed by way of term loans during the year ended March 31, 2021. Therefore, reporting under Clause (3ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has paid / provided managerial remuneration during the year ended March 31, 2021 in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, during the year ended March 31, 2021 the Company is not a Nidhi Company. Therefore, reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with

Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, during the year ended March 31, 2021 the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. and hence reporting under clause (xiv) of the Order is not applicable to the Company. Therefore, reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year ended on March 31, 2021, the Company has not entered into any non-cash transactions with its directors or directors of its parent, subsidiary or associate company or persons connected with any of them.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 21039826AAAADI6140)

Place: Mumbai
Date: May 3, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note	As at 31-03-2021 ₹ crore		As at 31-03-2020 ₹ crore	
ASSETS					
Non- current assets	3		723.09		756.15
Property, plant and equipment	3		2.58		9.97
Capital work-in-progress	50		27.79		27.79
Goodwill	3		15.44		16.69
Other Intangible assets	3		23.14		50.55
Right-of-use-asset					
Financial assets					
Investments	4	158.10		158.10	
Loans	5	410.13		1,135.40	
Other financial assets	6	6.49		64.72	
			574.72		1,358.22
Deferred tax assets (net)	36		260.27		231.92
Other non-current assets	7		254.47		382.38
			1,881.50		2,833.67
Current Asset					
Inventories	8		19.01		15.82
Financial assets					
Investments	9	3,778.56		1,518.23	
Trade receivables	10	3,432.32		3,940.33	
Cash and cash equivalents	11	412.26		180.13	
Loans	12	410.55		1,540.44	
Other financial assets	13	675.18		880.75	
			8,708.87		8,059.88
Other current assets	14		3,246.09		3,657.88
			11,973.97		11,733.58
TOTAL ASSETS			13,855.47		14,567.25
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	15	1,000.05		1,000.05	
Instruments entirely equity in nature	16	500.00		760.00	
Other equity	17	1,350.67		985.34	
TOTAL EQUITY			2,850.72		2,745.39
LIABILITIES					
Non- current liabilities					
Financial liabilities					
Borrowings	18	778.52		804.30	
Lease liability		16.34		33.34	
Other financial liabilities	19	16.06		33.36	
			810.92		871.00
Provisions	20		16.89		18.92
			827.81		889.92

Particulars	Note	As at 31-03-2021 ₹ crore		As at 31-03-2020 ₹ crore	
Current liabilities					
Financial liabilities					
Borrowings	**21**	**118.22**		0.77	
Lease Liabilities		**10.23**		19.69	
Trade payables	**22**				
Due to micro enterprises and small enterprises		**96.82**		77.89	
Due to others		**3,383.18**		3,296.64	
Other financial liabilities	**23**	**233.95**		474.81	
			3,842.40		3,869.80
Other current liabilities	**24**		**5,987.13**		6,635.00
Provisions	**25**		**326.46**		342.25
Income tax liabilities (net)			**20.95**		84.89
			10,176.94		10,931.94
TOTAL EQUITY AND LIABILITIES			**13,855.47**		14,567.25
CONTINGENT LIABILITIES AND COMMITMENTS	**26**				

Notes forming part of financial statements (Refor Note 1 to Note 55)

As per our report of even date attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No.117366W / W-100018

For and on behalf of the Board

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

R. Shankar Raman
Director
DIN: 00019798

K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date: 03.05.2021

Place : Mumbai
Date: 03.05.2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note	2020-21 ₹ crore		2019-20 ₹ crore	
INCOME					
Revenue from operations	**27**		**14,350.26**		14,417.38
Other income	**28**		**420.72**		314.38
Total income			**14,770.98**		14,731.76
EXPENSES					
Manufacturing, construction and operating expense	**29**				
Cost of raw materials and components consumed		**6,845.89**		6,842.35	
Construction materials		**443.47**		955.89	
Sub-contracting charges		**2,529.96**		2,167.24	
Changes in inventories		**19.58**		(161.40)	
Other manufacturing, construction and operating expenses		**1,917.99**		1,910.27	
			11,756.89		11,714.35
Employee benefits expense	**30**		**879.87**		877.97
Finance costs	**31**		**23.77**		64.01
Depreciation, amortisation, obsolescence and impairment	**3**		**125.91**		108.36
Other expenses	**32**		**737.98**		628.18
Total expenses			**13,524.42**		13,392.87
Profit before tax			**1,246.56**		1,338.89
Current tax	**36**	**413.46**		447.28	
Deferred tax	**36**	**6.69**		(58.75)	
			420.15		388.53
Profit after tax			**826.41**		950.36
Other comprehensive income					
A. Items that will not be reclassified to profit or loss					
Remeasurements of the net defined benefit plans		**9.82**		(4.91)	
Income tax (expenses)/income on remeasurements of the defined benefits plan		**(2.49)**		1.24	
			7.33		(3.67)
B. Items that will be reclassified to profit or loss					
Effective portion of gains and losses on hedging instruments in cash flow hedges		**(137.48)**		262.18	
Income tax (expenses)/income on effective portion of gains/(losses) on hedging instruments in a cash flow hedge		**34.60**		(75.74)	
Cost of hedging reserve		**(1.74)**		(3.55)	
Income tax (expenses)/income on cost of hedging reserve		**0.44**	**(104.18)**	1.06	183.95

Particulars	Note	2020-21 ₹ crore	2019-20 ₹ crore
Total other comprehensive income		**(96.85)**	180.28
Total comprehensive income		**729.56**	1,130.64
Basic earnings per equity share (₹)	**41**	**7.62**	8.52
Diluted earnings per equity share (₹)		**5.32**	5.40
Face value per equity share (₹)		**10**	10

Notes forming part of financial statements (Refor Note 1 to Note 55)

As per our report of even date attached
For DELOITTE HASKINS & SELLS LLP
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For and on behalf of the Board

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Director
DIN: 00019798

K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date: 03.05.2021

Place : Mumbai
Date: 03.05.2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

EQUITY SHARE CAPITAL						₹ crore
	Balance as at 01-04-2019	Changes during 2019-20	Balance as at 31-03-2020	Balance as at 01-04-2020	Changes during 2020-21	Balance as at 31-03-2021
Equity shares of ₹ 10 each	1,000.05	-	1,000.05	1,000.05	-	1,000.05
	1,000.05	**-**	**1,000.05**	**1,000.05**	**-**	**1,000.05**

INSTRUMENTS ENTIRELY EQUITY IN NATURE						₹ crore
	Balance as at 01-04-2019	Changes during 2019-20	Balance as at 31-03-2020	Balance as at 01-04-2020	Changes during 2020-21	Balance as at 31-03-2021
Preference shares of ₹ 10 each [Refer Note 16(v)]	760.00	-	760.00	760.00	(260.00)	500.00
	760.00	**-**	**760.00**	**760.00**	**(260.00)**	**500.00**

OTHER EQUITY							₹ crore
	Reserves and surplus					Items of other comprehensive income	Total other equity
	Capital reserve	Capital reserve on business combination	Capital redemption reserve	General reserve	Retained earnings	Hedging reserve	
Balance as at 01-04-2019	**0.32**	**(59.33)**	**0.13**	**1.21**	**350.84**	**(63.76)**	**229.41**
Change in accounting policy (Net off deferred tax) [Refer Note 51]	-	-	-	-	**(0.94)**	**-**	**(0.94)**
Restated opening as at 01-04-2019	**0.32**	**(59.33)**	**0.13**	**1.21**	**349.90**	**(63.76)**	**228.47**
Profit for the year	-	-	-	-	950.36	-	950.36
Other comprehensive income	-	-	-	-	(3.67)	183.95	180.28
Total comprehensive income for the year	-	-	-	-	**946.69**	**183.95**	**1,130.64**
Dividend (including tax on dividend ₹ 63.98 crore)	-	-	-	-	(390.20)	-	(390.20)
Adjustment on account of common control business combination - [Refer Note 50]		-	-	-	16.43	-	16.43
Balance as at 31-03-2020	**0.32**	**(59.33)**	**0.13**	**1.21**	**922.82**	**120.19**	**985.34**
Balance as at 01-04-2020	**0.32**	**(59.33)**	**0.13**	**1.21**	**922.82**	**120.19**	**985.34**
Profit for the year	-	-	-	-	826.41	-	826.41
Other comprehensive income	-	-	-	-	7.33	(104.18)	(96.85)

OTHER EQUITY							₹ crore
	Reserves and surplus					Items of other comprehensive income	Total other equity
	Capital reserve	Capital reserve on business combination	Capital redemption reserve	General reserve	Retained earnings	Hedging reserve	
Total comprehensive income for the year	-	-	-	-	**833.74**	**(104.18)**	**729.56**
Add/(Less) : Transfer to Capital Redemption Reserve	-	-	260.00	-	(260.00)	-	-
Dividend (subject to Tax Deducted at Source) [Refer Note 15(iii) & 16(ii)]	-	-	-	-	(364.23)	-	(364.23)
Balance as at 31-03-2021	**0.32**	**(59.33)**	**260.13**	**1.21**	**1,132.33**	**16.01**	**1,350.67**

Notes forming part of financial statements (Refor Note 1 to Note 55)

As per our report of even date attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No.117366W / W-100018

For and on behalf of the Board

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

R. Shankar Raman
Director
DIN: 00019798

K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date: 03.05.2021

Place : Mumbai
Date: 03.05.2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	Particulars	2020-21 ₹ crore	2019-20 ₹crore
A.	**Cash flow from operating activities**		
	Profit before tax	**1,246.56**	1,338.89
	Depreciation, amortisation, obsolescence and impairment	**125.91**	108.36
	Provision on loans to Subsidiaries	**277.70**	-
	Net (gain) / loss on sale or fair valuation of investments	**(119.98)**	(1.39)
	Dividend received	**(137.21)**	(15.17)
	Exchange difference on items grouped under investing and financing activities	**18.35**	(50.55)
	Interest expense -Lease Liability	**3.09**	2.23
	Interest expense	**16.86**	28.54
	Interest income	**(97.92)**	(268.66)
	(Profit)/Loss on sale of property plant and equipment (including intangible assets)	**(2.50)**	(0.95)
	Operating profit before working capital changes	**1,330.86**	1,141.30
	Adjustments for:		
	(Increase)/decrease in trade receivables and other assets	**1,046.26**	(2,475.23)
	(Increase)/decrease in inventories	**(3.19)**	(6.51)
	Increase/(decrease) in trade payables and other liabilities	**(817.63)**	1,900.46
	Cash (used in)/generated from operations	**1,556.30**	560.02
	Direct taxes refund/(paid) - net	**(352.94)**	(412.69)
	Net cash (used in)/from operating activities	**1,203.36**	147.33
B.	**Cash flow from investing activities**		
	Purchase of property plant and equipment (including intangible assets)	**(60.43)**	(100.11)
	Sale of property plant and equipment (including advance received)	**6.46**	2.91
	Purchase of non-current investment	**-**	(25.00)
	(Purchase)/sale of current investments (net)	**(2,140.35)**	1,086.05
	Interest received	**77.08**	161.26
	Cash & cash equivalents acquired pursuant to acquisition of subsidiary	**-**	19.76
	Dividend received	**137.21**	15.17
	Deposits/Loans (given) - subsidiaries, associates, joint venture companies	**(110.78)**	-
	Deposits/Loans repaid - subsidiaries, associates, joint venture companies	**646.06**	-
	Inter-corporate deposit with Parent Company (net of repayments)	**1,018.24**	(1,249.50)
	Net cash (used in)/ from investing activities	**(426.51)**	(89.46)
C.	**Cash flow from financing activities**		
	Dividend paid	**(355.79)**	(326.22)
	Redemption of Preference Shares	**(260.00)**	-
	Additional tax on dividend	**-**	(63.98)
	(Repayments)/proceeds from borrowings from Holding/Subsidiaries Companies	**-**	(54.03)
	(Repayments)/proceeds of short term loans from banks (Refer Note 35)	**117.23**	(79.14)
	Repayment of lease liabilities (Refer Note 35)	**(29.53)**	(11.45)
	Interest paid	**(16.63)**	(25.83)
	Net cash (used in)/ from financing activities	**(544.72)**	(560.65)
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	**232.13**	(502.78)
	Cash and cash equivalents at beginning of the year	**180.13**	682.91
	Cash and cash equivalents at end of the year	**412.26**	180.13

Notes:

1. "Statement of cash flow 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 loss of ₹ 0.19 crore *(previous year gain: ₹ 5.44 crore)* on account of translation of foreign currency bank balances.
4. Cash and cash equivalents are reflected in the balance sheet as follows:

	2020-21	2019-20
(a) Cash and cash equivalents disclosed under current financial assets [Note 11]	**412.26**	180.13
	412.26	180.13

Notes forming part of financial statements (Refor Note 1 to Note 55)

As per our report of even date attached
For DELOITTE HASKINS & SELLS LLP
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For and on behalf of the Board

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Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date: 03.05.2021

Place : Mumbai
Date: 03.05.2021

NOTES FORMING PART OF THE ACCOUNTS

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 1, 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.

2. Significant accounting policies

2.1. Statement of compliance:

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financials statements have been approved for issue by the Board of Directors at their meeting held on 03rd May 2021.

2.2. Basis of accounting:

The Company maintains its accounts on an accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS.
Fair value measurements under Ind AS are categorised based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as under:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities

2.3. Key sources of estimation:

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 schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows 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 schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

2.5. Operating cycle for current and non-current classification

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

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

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

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

2.6. Revenue recognition

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Significant judgments are used in:

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

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

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

i) Revenue from operations:

Revenue is exclusive of goods and service tax (GST). Revenue also includes adjustments made towards liquidated damages and variation wherever applicable. Escalation and other claims, which are not ascertainable/ acknowledged by customers are not taken into account.

A. Revenue from sale of goods including contracts for supply/commissioning of complex plant and equipment is recognised as follows:

Revenue from sale of manufactured is recognised when the control of the same is transferred to the customer and it is probable that the Company will collect the consideration to which it is entitled for the exchanged goods. Performance obligations in respect of contracts for sale of manufactured is considered as satisfied at a point in time when the control of the same is transferred to the customer and where there is an alternative use of the asset or the Company does not have either explicit or implicit right of payment for performance completed till date. In case where there is no alternative use of the asset and the Company has either explicit or implicit right of payment considering legal precedents, performance obligation is considered as satisfied over a period of time and revenue is recognized over time.

B. Revenue from construction/project related activity is recognised as follows:

1. Cost plus contracts: Revenue from cost plus contracts is recognized over time and is determined with reference to the extent performance obligations have been satisfied. The amount of transaction price allocated to the performance obligations satisfied represents the recoverable costs incurred during the period plus the margin as agreed with the customer.

2. Fixed price contracts: Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the 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.

Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognized in profit or loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfil such remaining performance obligations). In addition, the Company recognises impairment loss (termed as provision for expected credit loss on contract assets in the financial statements) on account of credit risk in respect of a contract asset using expected credit loss model on similar basis as applicable to trade receivables.

For contracts where the aggregate of contract cost incurred to date plus recognised profits (or minus recognised losses as the case may be) exceeds the progress billing, the surplus is shown as contract asset and termed as "Due from customers". For contracts where progress billing exceeds the aggregate of contract costs incurred to-date plus recognised profits (or minus recognised losses, as the case may be), the surplus is shown as contract liability and termed as "Due to customers". Amounts received before the related work is performed are disclosed in the Balance Sheet as contract liability and termed as "Advances from customer". The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables. The amount of retention money held by the customers pending completion of performance milestone is disclosed as part of contract asset and is reclassified as trade receivables when it becomes due for payment.

C. Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

D. Revenue from contracts for rendering of engineering design services and other services which are directly related to the construction of an asset is recognised on the same basis as stated in (B) supra.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

E. Commission income is recognised as and when the terms of the contract are fulfilled.

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

ii) Other income:

A. Interest income on investments and loans is accrued on a time basis by reference to the principal outstanding and the effective interest rate including interest on investments classified as fair value through profit or loss or fair value through Other Comprehensive Income. Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty towards its realisation.

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

C. Government grants, which are revenue in nature and are towards compensation for the qualifying costs, incurred by the Company, are recognised as other income in the Statement of Profit and Loss in the period in which such costs are incurred. Government grant receivable in the form duty credit scrips is recognised as other income in the Statement of Profit and Loss in the period in which the application is made to the government authorities and to the extent there is no uncertainty towards its receipt.

D. Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.7. Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the financial statements.

2.8. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Property, plant and equipment acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Own manufactured PPE is capitalised at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

PPE not ready for the intended use on the date of the balance sheet are disclosed as "capital work-in-progress". (Also refer to policies on leases, borrowing costs, impairment of assets and foreign currency transactions).

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

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

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

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of fixed assets 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.

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

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use. Extra shift depreciation is provided on location basis.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under schedule II to Companies Act, 2013 or based on the useful life adopted by the Company for similar 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

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 PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

2.9. Intangible assets and amortization

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 stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. 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.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

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.

Research and development expenditure on new products:

(i) Expenditure on research is expensed under respective heads of account in the period in which it is incurred.
(ii) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:
    a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
    b. the Company has intention to complete the intangible asset and use or sell it;
    c. the Company has ability to use or sell the intangible asset;
    d. the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
    e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
    f. the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

    Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred.

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

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

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.

2.10.Impairment of assets

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

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

i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
ii) 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.

The amount of 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. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset.

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

2.11.Employee benefits

a. Short term employee benefits:
   Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed 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 and employee provident fund schemes managed by board of trustees established by the Company/Parent, the post-retirement medical care plan and the company pension plan represent 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 using a discount rate 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.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (wherever applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit employee costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the statement of profit and loss as employee benefits expense. Interest cost implicit in defined benefit employee cost is recognised in the statement of profit and loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised in profit or loss when such 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.

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.

In case of employees deputed overseas, the provision for end of service benefits is made as per the local laws of the respective countries.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

c. Long term employee benefits:
The obligation for long term employee benefits such as long term compensated absences, post retirement medical benefit etc. is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (b)(ii) above.

Long term employee benefit costs comprising current service cost and gains or losses on curtailments and settlements, remeasurements including actuarial gains and losses are recognised in the Statement of profit and loss as employee benefit expenses. Interest cost implicit in long term employee benefit cost is recognised in the statement of profit and loss under finance cost.

d. Termination benefits:
Termination benefits such as compensation under employee separation schemes are recognised as expense in the period in which they are incurred.

2.12.Leases

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract conveys the right to use an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the identified asset.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for leases with a term of twelve months or less (short-term leases) and low value leases. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company has considered all leases where the value of an underlying asset does not individually exceed Rs.0.10 crores or equivalent as a lease of low value assets.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities.

Lease liability is measured by discounting the lease payments using the incremental borrowing rates of the Company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and restoration costs. These are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated on a straight-line basis over the asset's useful life or the lease term whichever is shorter.

Impairment of ROU assets is in accordance with the Company's accounting policy for impairment of tangible and intangible assets.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

2.13.Financial instruments

2.13.1. Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

2.13.2. Subsequent measurement

a) Non derivative financial instruments:

(i) Financial assets carried at amortised cost:

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income:

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which areclassified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequentchanges in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss:

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities:

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries:

Investment in subsidiaries is carried at cost in the separate financial statements.

b) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts and commodity contracts to mitigate the risk of changes in exchange rates on foreign currency exposures and commodity prices. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit or loss:

This category has derivative financial assets or liabilities which are not designated as hedges.
Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.
Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

months after the balance sheet date.

(ii) Cash flow hedge:

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

c) **Share capital**

Ordinary shares:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and buy back of ordinary shares are recognized as a deduction from equity, net of any tax effects.

2.13.3. Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.13.4. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.13.5. Impairment

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109. Impairment loss on investments is recognised when the carrying amount exceeds its recoverable amount.

2.14. 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. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
b. Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In some cases, manufacturing work-in-progress are valued at lower of specifically identifiable cost 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.

2.15. 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.

2.16. Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, 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 net of any investment income from the temporary investment of related borrowings, 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.

2.17. Employee stock option schemes of parent company

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

2.18. Foreign currencies

i. The functional currency and presentation currency of the Company is Indian Rupee.
ii. Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date.
iii. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.
iv. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing spot rate are recognised in profit or loss in the period in which they arise except for:
    a) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
    b) exchange differences on transactions entered into in order to hedge certain foreign currency risks.
v. Financial statements of foreign operations whose functional currency is different than Indian Rupee are translated into Indian Rupees as follows:
    a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
    b) income and expenses for each income statement are translated at average exchange rates; and
    c) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

2.19. Taxes on income

<u>Current tax</u>

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.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

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 and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that 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 assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax income/ expense are recognized in other comprehensive income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

2.20. Interests in joint operations

The Company as a joint operator recognises in relation to its interest in a joint operation, its share in the assets/ liabilities held/ incurred jointly with the other parties of the joint arrangement. Revenue is recognised for its share of revenue from the sale of output by the joint operations. Expenses are recognised for its share of expenses incurred jointly with other parties as part of the joint arrangement.

2.21. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

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

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. 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.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
ii. a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

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

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

2.22. Commitments

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

i. Estimated amount of contracts remaining to be executed on capital account and not provided for;
ii. Uncalled liability on shares and other investments partly paid;
iii. Funding related commitment to subsidiary, associate and joint venture companies; and
iv. 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 (except for related parties) to avoid excessive details.

2.23. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value.

Common control business combination where the Company is transferee is accounted using the pooling of interest method. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new asset or liability is recognised. Identity of reserves of the transferor company is preserved by reflecting them in the same form in the Company's financial statements in which they appeared in the financial statement of the transferor company. The excess between the amount of consideration paid over the share capital of the transferor company is recognised as a negative amount and the same is disclosed as capital reserve on business combination.

The financial information in the financial statements in respect of prior periods is restated from the beginning of the preceding period in the financial statements if the business combination date is prior to that date. However, if business combination date is after that date, the financial information in the financial statements is restated from the date of business combination.

2.24. Statement of cash flow

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, adjusting the net profits 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) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

2.25. Earnings per equity share

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

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Diluted earnings per equity share computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.26. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date only of material size or nature are disclosed.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 3 (i): Property, plant and equipment — ₹ crore

	Cost					Depreciation/amortisation					Net book value	
	As at 01-04-2020	Addition on Account of Business Combination	Additions	Disposal of assets	As at 31-03-2021	As at 01-04-2020	Addition on Account of Business Combination	For the year	Disposal of assets	As at 31-03-2021	As at 31-03-2021	As at 01-04-2020
Land												
Free Hold	1.03	-	-	-	1.03	-	-	-	-	-	1.03	1.03
Lease Hold	92.44	-	-	-	92.44	4.95	-	1.01	-	5.96	86.48	87.49
Sub total - land	93.47	-	-	-	93.47	4.95	-	1.01	-	5.96	87.51	88.52
Buildings	181.85	-	5.87	1.09	186.63	36.87	-	6.77	1.09	42.55	144.08	144.98
Plant and equipment	696.37	-	37.97	7.59	726.75	320.24	-	54.31	4.30	370.25	356.50	376.13
Furniture and fixtures	8.96	-	4.36	0.69	12.63	2.78	-	2.30	0.46	4.62	8.01	6.18
Vehicles	30.12	-	0.20	2.11	28.21	18.40	-	3.55	1.61	20.34	7.87	11.72
Office equipments	23.09	-	5.47	0.86	27.70	13.41	-	4.52	0.85	17.08	10.62	9.68
Computers	58.33	-	10.67	2.65	66.35	33.02	-	13.70	2.62	44.10	22.25	25.31
Ships	101.45	-	-	-	101.45	7.82	-	7.38	-	15.20	86.25	93.63
Total	**1,193.64**	**-**	**64.54**	**14.99**	**1,243.19**	**437.49**	**-**	**93.54**	**10.93**	**520.10**	**723.09**	**756.15**
Previous year	*1,106.06*	*0.80*	*94.40*	*7.62*	*1,193.64*	*350.41*	*0.62*	*91.42*	*4.96*	*437.49*	-	-
Add: Capital work in progress											2.58	9.97
Total - Tangible assets											**725.67**	**766.12**

Note 3 (ii): Intangible assets — ₹ crore

	Cost					Depreciation/amortisation					Net book value	
	As at 01-04-2020	Addition on Account of Business Combination	Additions	Disposal of assets	As at 31-03-2021	As at 01-04-2020	Addition on Account of Business Combination	For the year	Disposal of assets	As at 31-03-2021	As at 31-03-2021	As at 01-04-2020
Computer software	41.10	-	3.61	0.17	44.54	24.41	-	4.86	0.17	29.10	15.44	16.69
Total- Computer software	**41.10**	**-**	**3.61**	**0.17**	**44.54**	**24.41**	**-**	**4.86**	**0.17**	**29.10**	**15.44**	**16.69**
Previous year	*24.31*	*1.80*	*14.99*	-	*41.10*	*19.53*	*1.59*	*3.29*	-	*24.41*	-	-
Total - Intangible assets											**15.44**	**16.69**

Note 3 (iii): Right -of-use-asset (Refer Note 51) — ₹ crore

	Cost					Depreciation/amortisation					Net book value	
	As at 01-04-2020	Regrouping	Additions	Disposal of assets	As at 31-03-2021	As at 01-04-2020	Regrouping	For the year	Disposal of asset	As at 31-03-2021	As at 31-03-2021	As at 01-04-2020
Plant & Equipment	30.15	-	-	-	30.15	6.30	-	20.75	-	27.05	3.10	23.85
Land	-	1.47	-	-	1.47	-	1.02	0.16	-	1.16	0.31	-
Building	35.20	(1.47)	-	4.38	29.35	8.50	(1.02)	6.51	4.37	9.62	19.73	26.70
Total - Right -of-use-assets	**65.35**	**-**	**-**	**4.38**	**60.97**	**14.80**	**-**	**27.42**	**4.37**	**37.84**	**23.14**	**50.55**
Previous year	-	*17.04*	*59.20*	*10.89*	*65.35*	-	*8.77*	*12.93*	*6.90*	*14.79*	-	-

Notes:-

(i) a. Net book value of freehold land includes ₹ 1.03 crore *(previous year : ₹ 1.03 crore)* for which conveyance is yet to be completed.

b. Net book value of leasehold land includes ₹ 68.25 crore *(previous year : ₹ 69.50 crore)* for which agreement is yet to be executed.

(ii) Net book value of buildings includes ₹12.63 crore *(previous year : ₹12.72 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 ₹ 0.09 crore *(previous year: ₹ 0.70 crore)* on account of obsolescence.

Note 4 : Non-current financial assets : Investments		₹ crore
Particulars	**As at 31-03-2021**	**As at 31-03-2020**
Investments in equity instruments (unquoted, at cost)		
Investment in subsidiary companies		
Fully paid equity shares in subsidiary companies		
L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC) (1000 equity shares of SAR 1,000 each fully paid) (₹130.39)	**0.00**	0.00
Larsen Toubro Arabia LLC (7500 equity shares of SAR 1,000 each fully paid) (₹65)	**0.00**	0.00
L&T Modular Fabrication Yard LLC (20,19,230 shares of OMR 1 each) (₹171.70)	**0.00**	0.00
Larsen & Toubro Electromech LLC (2,10,000 shares of OMR 1 each) (₹171.70)	**0.00**	0.00
L&T Kuwait Construction General Contracting Company WLL (980 shares of KWD 1000 each) (₹66.04)	**0.00**	0.00
Larsen & Toubro Heavy Engineering LLC (39,65,500 shares of OMR 1 each) (₹183.89)	**0.00**	0.00
L&T Hydrocarbon International FZE (150 shares of AED 1000 each)	**0.29**	0.29
Investment in associate		
Fully paid equity shares in associate		
L&T Chiyoda Limited (45,00,000 equity shares of ₹10 each fully paid)	**52.93**	52.93
Investment in joint ventures		
Fully paid equity shares in joint venture companies		
L&T Hydrocarbon Caspian LLC(9,250 shares of AZM 10 each)	**0.36**	0.36
L&T Sapura Shipping Private Limited (9,53,11,850 equity shares of ₹ 10 each fully paid)	**104.51**	104.51
L&T Sapura Offshore Private Limited (6,000 equity shares of ₹10 each fully paid)	**0.01**	0.01
Total Non-current Investments (Refer Note 40)	**158.10**	158.10

Notes:

(i) Aggregate value of unquoted investments - book value - ₹ 158.10 crore *(previous year :₹ 158.10 crore).*

Note 5 : Non-current financial assets : Loans				₹ crore
Particulars	**As at 31-03-2021**		**As at 31-03-2020**	
Security deposits - Unsecured considered good				
Security deposits		**6.00**		5.65
Loans to related parties - Unsecured considered good				
Subsidiaries	**681.83**		1,129.75	
Less : Allowance for expected credit loss	**(277.70)**	**404.13**	-	1,129.75
		410.13		1,135.40

Note 6 : Non-current financial assets : other financial assets		₹ crore
Particulars	**As at 31-03-2021**	**As at 31-03-2020**
Balance with scheduled banks fixed deposit with maturity more than 12 months (Current Year ₹ 25,000 (*previous year: ₹ 25,000*))	**-**	-
Forward contract receivable	**4.74**	10.52
Embedded derivative receivable	**1.75**	54.20
	6.49	64.72

Note 7 : Non-current assets : Other				₹ crore
Particulars	**As at 31-03-2021**		**As at 31-03-2020**	
Capital advances		-		0.25
Other than capital advances				
Long term advance recoverable:				
Others (including prepaid expenses)	**26.15**		5.99	
Sales tax recoverable	**-**		0.23	
VAT recoverable	**21.62**		25.28	
Sales tax advance payment	**102.62**		132.57	
Advance custom duty	**12.96**		-	
Income tax receivable net of provision for tax	**91.12**	**254.47**	218.06	382.13
		254.47		382.38

Note 8 : Current assets : Inventories (at cost or net realisable value whichever is lower)		₹ crore
Particulars	**As at 31-03-2021**	**As at 31-03-2020**
Components	**6.73**	3.26
Construction materials	**-**	0.02
Stores and spares	**12.28**	12.54
	19.01	15.82

Note:

(i) During the year Nil (*Previous Year : ₹ 0.64*) was recognised as expense towards write-down of inventories.

Note 9 : Current financial assets : Investments		₹ crore
Particulars	**As at 31-03-2021**	**As at 31-03-2020**
Investment in Mutual fund (unquoted) carried at fair value through profit and loss		
HSBC Cash Fund- Growth Direct Plan: 2,529,413.794 units	**-**	500.19
SBI Premier Liquid Fund - Direct Plan Growth: 3,217,589.869 units	**-**	1,000.35
L&T FMP series XIV scheme C : 250,000 units	**-**	0.32
L&T Liquid Fund Direct Plan Growth : 63,804 units	**-**	17.37
ICICI prudential floating interest rate fund direct growth : 6,171,742.361 units	**212.47**	-
Aditya Birla Sun Life Short Term Fund - Growth-Direct Plan : 8,154,6470.424 units	**313.58**	-
HDFC Banking and PSU Debt Fund - Direct Growth : 169,927,551.023 units	**310.11**	-
Aditya Birla Sun Life Savings Fund - Growth-Direct Plan : 4,760,451.630 units	**203.19**	-
SBI Arbitrage Opportunities Fund-Direct-Growth : 73,966,543.445 units	**201.75**	-
Aditya Birla Sun Life Arbitrage Fund – Direct – Growth : 92,801,061.929 units	**202.13**	-
HDFC Arbitrage Fund – Wholesale Plan - Direct – Growth : 130,806,462.489 units	**201.86**	-
ICICI Pru Equity Arbitrage Fund - Direct – Growth : 35,894,021.283 units	**100.69**	-
L&T Arbitrage Opportunities Fund Direct Growth : 64,663,088.625 units	**100.77**	-

Kotak Equity Arbitrage Fund - Direct – Growth : 66,253,760.669 units	**200.62**	-
UTI Ultra Short Term Fund - Direct – Growth : 293,213.917 units	**100.10**	-
Nippon India Low Duration Fund - Direct – Growth : 497,712.83 units	**150.32**	-
Aditya Birla Sun Life Floating Rate Fund - Growth-Direct Plan : 7,400,302.78 units	**200.31**	-
Axis Money Market Fund Direct Growth : 904,240.733 units	**100.09**	-
SBI Savings Fund - Growth-Direct Plan : 29,271,684.157 units	**100.10**	-
Nippon India Floating Rate Fund - Growth-Direct Plan : 55,687,200.632 units	**200.41**	-
UTI Liquid Cash Plan - Direct Growth : 741,782.18 units	**250.02**	-
HSBC Cash Fund - Direct Growth : 976,239.107 units	**200.01**	-
Baroda Liquid Fund – Direct – Growth : 844,122.713 units	**200.00**	-
IDBI Liquid Fund – Direct – Growth : 903,716.487 units	**200.02**	-
ICICI Equity Direct Growth Arbitrag : 9,974,600.329 units	**27.98**	-
Aaditya Birla Savings Fund – Growth : 48,067.54 units	**2.03**	-
	3,778.56	1,518.23

Note 10 : Current financial assets : Trade receivables

₹ crore

Particulars	As at 31-03-2021		As at 31-03-2020	
Considered good -unsecured	**3,902.85**		4,377.87	
Allowance for expected credit loss (Refer Note 43)	**(470.53)**	**3,432.32**	(437.54)	3,940.33
Credit impaired	**57.69**		57.69	
Allowance for expected credit loss (Refer Note 43)	**(57.69)**	**-**	(57.69)	-
		3,432.32		3,940.33

Note 11 : Current financial assets : Cash and cash equivalents

₹ crore

Particulars	As at 31-03-2021	As at 31-03-2020
Balances with banks	**97.41**	177.47
Remittance in transit	**160.24**	-
Cash on hand	**0.49**	0.42
Fixed deposits with banks (maturity less than 3 months)	**154.12**	2.24
	412.26	180.13

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior period.

Note 12 : Current financial assets : Loans

₹ crore

Particulars	As at 31-03-2021	As at 31-03-2020
Security deposits - Unsecured considered good		
Security deposits	**9.05**	7.51
Earnest Money Deposit	**0.03**	0.04
Loans to related parties- Unsecured considered good		
Parent, subsidiary and fellow subsidiary companies	**238.68**	1,369.03
Joint ventures	**162.53**	163.73
Other loans - current - Unsecured considered good		
Advances recoverable in cash or in kind	**0.26**	0.13
	410.55	1,540.44

Note 13 : Current financial assets : Others				₹ crore
Particulars	**As at 31-03-2021**		**As at 31-03-2020**	
Advances to related parties				
Parent, subsidiary and fellow subsidiary companies				
Current account balances		**394.48**		417.20
Joint ventures/Associates				
Current account balances	**17.93**		16.45	
Less: Allowance for expected credit loss	**(5.08)**	**12.85**	(5.08)	11.37
Advances recoverable in cash or in kind				
Forward contract receivable		**105.15**		258.73
Other recoverables		**122.09**		15.69
Embedded derivative receivable		**40.61**		177.76
Doubtful other loan and advances	**49.01**		48.42	
Less: Allowance for expected credit loss	**(49.01)**	**-**	(48.42)	-
		675.18		880.75

Note 14 : Current assets : Others				₹ crore
Particulars	**As at 31-03-2021**		**As at 31-03-2020**	
Contract Assets: (Refer Note 45)				
Due from customers (construction and project related activity)	**1,669.17**		2,320.11	
Retentions (incl. unbilled revenue)	**921.57**	**2,590.74**	802.93	3,123.04
Advance recoverable other than in cash		**653.84**		533.25
Others		**1.51**		1.59
		3,246.09		3,657.88

Note 15 : Equity share capital

15(i) Authorised, issued, subscribed and paid up:

Particulars	**As at 31-03-2021**		**As at 31-03-2020**	
	Number of shares	**₹ crore**	**Number of shares**	**₹ crore**
Authorised:				
Equity shares of ₹ 10 each*	**2,01,20,00,000**	**2,012.00**	2,002,000,000	2,002.00
Issued, subscribed and fully paid up:				
Equity shares of ₹10 each	**1,00,00,50,000**	**1,000.05**	1,000,050,000	1,000.05
		1,000.05		1,000.05

*Increase in authorised equity share capital by ₹10 crore is in pursuant of the scheme of amalgamation approved by National Company Law Board for merger of wholly owned subsidiary L&T-Gulf Private Limited (Refer Note.50)

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

Particulars	**As at 31-03-2021**		**As at 31-03-2020**	
	Number of shares	**₹ crore**	**Number of shares**	**₹ crore**
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year:				
Equity shares of ₹ 10 each	**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 ₹ 10 each	**1,000,050,000**	**1,000.05**	1,000,050,000	1,000.05

15(iii) Equity dividend during the year

During the year ended March 31, 2021, the Company paid the final dividend of ₹1.00 per equity share for the year ended March 31, 2020 amounting to ₹100.01 crore (subject to tax deducted at source) .
The Company paid first interim equity dividend for FY 2020-21 of ₹1.25 per equity share amounting to ₹125.00 crore (subject to tax deducted at source) during the year.
The Company paid second interim equity dividend for FY 2020-21 of ₹0.75 per equity share amounting to ₹75.00 crore (subject to tax deducted at source) during the year.

15(iv) Terms/rights attached to equity shares

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

15(v) Shareholders holding more than 5% of equity share as at the end of the year:

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number of shares	Shareholding %	Number of shares	Share holding %
Larsen & Toubro Limited (Parent):				
Equity shares of ₹ 10 each	**1,000,050,000**	**100%**	1,000,050,000	100%

15(vi) In the period of five years immediately preceding March 31, 2021:

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 16 : Instruments entirely equity in nature ₹ crore

	As at 31-03-2021	As at 31-03-2020
Preference share capital	**500.00**	760.00
	500.00	760.00

16(i) Reconciliation of the number of preference shares and preference share capital:

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up preference shares outstanding at the beginning of the year:				
10% Preference shares of ₹ 10 each	**500,000,000**	**500.00**	500,000,000	500.00
12% Preference shares of ₹ 10 each	**260,000,000**	**260.00**	260,000,000	260.00
Less:				
Shares redeemed during the year:				
12% Preference shares of ₹ 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 ₹ 10 each	**500,000,000**	**500.00**	500,000,000	500.00
12% Preference shares of ₹ 10 each	**-**	**-**	260,000,000	260.00

16(ii) Preference dividend during the year

During the year ended March 31, 2021, the Company paid the final prefernce dividend for the year ended March 31, 2020 amounting to ₹ 20.30 crore (subject to tax deducted at source) .
During the year ended March 31, 2021 the Company has declared and paid pro rata dividend of ₹ 6.41 crore (subject to tax deducted at source) upto June 15, 2020 on redemption of preference shares of ₹ 260 crore.
During the year ended March 31, 2021, the Company paid the interim prefernce dividend amounting to ₹ 37.50 crore (subject to tax deducted at source).
On May 03, 2021, the Board of Directors has recommended the final prefernce dividend of ₹12.50 crore for the year ended March 31, 2021.

16(iii) Terms/rights attached to preference shares

Existing 10% convertible preference shares are with rights and privileges as provided below:
1. Dividend payable is non-cumulative
2. Preference shares are convertible at the option of issuer in the following ratio: 1 preference share of ₹ 10 will be convertible into 1 equity share of ₹10 at par.
3. Tenure of preference shares will be 15 years.
4. Company has the option to redeem preference shares at any time.
5. There is no restriction on distribution of dividend and repayment of capital.

16(iv) Shareholders holding more than 5% of preference shares as at the end of the year:				
Particulars	As at 31-03-2021		As at 31-03-2020	
	Number of shares	Shareholding %	Number of shares	Shareholding %
Larsen & Toubro Limited (Parent) :				
10% Preference shares of ₹ 10 each	**500,000,000**	**100%**	500,000,000	100%
12% Preference shares of ₹ 10 each	**-**	**0%**	260,000,000	100%

16(v) Redemption of 12% Preference shares:

During the period the Company has redeemed 26,00,00,000 12% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each issued to parent Larsen & Toubro Limited, with consent of shareholders out of its available reserves by creating Capital Redemption Reserve, as mandated by law.

Note 17 : Other equity		₹ crore
Particulars	As at 31-03-2021	As at 31-03-2020
Capital reserve *	**0.32**	0.32
Capital reserve on business combination **	**(59.33)**	(59.33)
Capital redemption reserve ##	**260.13**	0.13
General reserve #	**1.21**	1.21
Hedging reserve (net of tax):	**16.01**	120.19
Retained earnings	**1,132.33**	922.82
	1,350.67	985.34

* Capital reserve: It represents the gains of capital nature which mainly include the excess of value of net assets acquired over consideration paid by the Company for business amalgamation transactions in earlier years

**Capital reserve on business combination: It arises on transfer of business between entities under common control. It represents the difference, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor

Capital redemption reserve of ₹ 260.00 crore was created during the year as per the requirement of Companies Act pursuant to redemption of preference shares.

General reserve: The Company created a General reserve in earlier years pursuant to the provisions of the Companies Act, 1956 wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to General Reserve is not mandatory. General reserve is a free reserve available to the Company.

Note 18 : Long-term borrowings		₹ crore
Particulars	As at 31-03-2021	As at 31-03-2020
External commercial borrowing (unsecured)	**778.52**	804.30
	778.52	804.30

Terms of repayment of term loan outstanding as at 31-03-2021	Rate of Interest	As at 31-03-2021 ₹ crore	As at 31-03-2020 ₹ crore
Facility Type A: USD 71.690 Mn loan repayable on 8 October 2023 Facility Type B: USD 17.655 Mn USD loan re-payable on 8 April 2023, USD 17.655 Mn loan repayable on 8 April 2024	USD LIBOR + Spread	**778.52**	804.30

The above loan has been raised together with 3 banks viz. MUFG Bank Ltd., Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited (HSBC), Singapore Branch (referred as Facility A) and Mizuho Bank Ltd., Singapore Branch (referred as Facility B). This is an unsecured loan and supported by corporate guarantee from Larsen & Toubro Limited.

During the year, HSBC Singapore Branch has assigned its share of outstanding loan of USD 35,310,000 dated March 31, 2021 to Axis Bank Limited, DIFC branch. There is no change in the terms and conditions for the Company due to such assignment.

Note 19 : Non current financial liabilities : Others

₹ crore

Particulars	As at 31-03-2021	As at 31-03-2020
Forward contract payable	**-**	29.31
Embedded derivatives payable	**13.84**	0.21
Premium payable on financial guarantee contracts	**2.22**	3.84
	16.06	33.36

Note 20 : Non current provisions

₹ crore

Particulars	As at 31-03-2021	As at 31-03-2020
Provision for employee benefits:		
Post-retirement medical benefits plan	**16.89**	18.92
(Refer Note 37)		
	16.89	18.92

Note 21 : Current financial liabilities : Borrowings

₹ crore

Particulars	As on 31-03-2021			As on 31-03-2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Secured loans from banks - cash credits	**-**	**-**	**-**	0.77	-	0.77
Short term loans from banks	**118.22**	**-**	**118.22**	-	-	-
	118.22	**-**	**118.22**	**0.77**	**-**	**0.77**

Notes:

(i) Loans guaranteed by directors ₹ Nil *(previous year ₹ Nil).*

(ii) Loans from banks include fund based working capital facilities viz. cash credits and demand loans.

(iii) 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.

Note 22 : Current financial liabilities : Trade payable		₹ crore
Particulars	**As on 31-03-2021**	**As on 31-03-2020**
Total outstanding dues of micro and small enterprises (Refer note 48)	**96.82**	77.89
Total outstanding dues of creditors other than micro and small enterprises		
Due to related parties:		
Parent Company	**79.92**	103.76
Subsidiary and fellow subsidiary companies	**500.71**	539.19
Joint Venture companies	**57.74**	149.74
Due to others	**2,744.81**	2,503.95
	3,480.00	3,374.53

Note 23 : Current financial liabilities : Others		₹ crore
Particulars	**As on 31-03-2021**	**As on 31-03-2020**
Forward contracts payable	**54.52**	304.01
Embedded derivative payable	**7.87**	23.10
Due to creditors for capital goods/ services	**11.68**	12.25
Liabilities towards employees/workmen	**153.79**	129.68
Other payable	**6.09**	5.77
	233.95	474.81

Note 24 : Current liabilities : Others				₹ crore
Particulars	**As on 31-03-2021**		**As on 31-03-2020**	
Contract Liabilities (Refer Note 45)				
Due to customers (construction related activity)	**4,451.03**		4,643.00	
Advances from customers	**330.52**	**4,781.55**	1,013.73	5,656.73
Other payable (including sales tax, service tax and GST)		**1,205.58**		978.27
		5,987.13		6,635.00

Note 25 : Current Liabilities : Provisions				₹ crore
	As on 31-03-2021		**As on 31-03-2020**	
Provision for employee benefits (Refer Note 37)				
Gratuity	**3.04**		9.50	
Compensated absences	**54.16**		73.13	
Post-retirement medical benefits plan	**0.08**	**57.28**	0.07	82.70
Other provisions (Refer Note 42)		**269.18**		259.55
		326.46		342.25

Note 26 : Contingent liabilities and commitments

₹ crore

A. Contingent liabilities

Particulars	As at 31-03-2021	As at 31-03-2020
Claims against the Company not acknowledged as debt		
(a) Corporate Guarantees for performance given on behalf of Subsidiaries	**11,243.93**	11,347.72
(b) Sales-tax liability that may arise in respect of matters in appeal	**3.16**	5.24
(c) Excise duty/service tax/customs liability that may arise in respect of matters in appeal/challenged by the Company	**6.54**	6.24
(d) Income-tax liability that may arise in respect of which the Company is in appeal	**1.40**	3.41

Notes:

1. In respect of matters at (a), the cash outflows, if any, could generally occur up to four years, being the period over which the validity of the guarantees extends.
2. The Company does not expect any reimbursements in respect of the above contingent liabilities.
3. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (b) to (d) above pending resolution of the appellate proceedings.
4. Further the liability mentioned in (b) to (d) above includes interest except incase where the Company has determined that the possibility of such levy is remote.

B. Commitments

₹ crore

Particulars	As at 31-03-2021	As at 31-03-2020
Estimated amount of contracts remaining to be executed on capital account		
Pending capital orders	**35.01**	50.94
(Less): Capital provisions	**(6.17)**	(6.13)
(Less): Capital advance	**-**	(0.25)
Pending capital orders - Related Parties	**1.13**	0.52
	29.97	45.08

Note 27 : Revenue from operations

₹ crore

Particulars	2020-21		2019-20	
Sale of products				
Manufacturing activity		**7.95**		7.62
Sale of services				
Construction and project related activity	**14,143.26**		14,160.19	
Servicing fees	**43.37**		41.41	
Engineering and service fees	**108.96**		110.44	
		14,295.59		14,312.04
Other operating revenue				
Income from hire of plant and equipment	**4.10**		2.25	
Technical fees	**8.06**		0.41	
Income from services to Related Parties	**14.26**		12.52	
Premium earned (net) on related forward exchange contract	**-**		0.04	
Insurance claim recoveries	**0.48**		65.56	
Miscellaneous income	**19.82**		16.94	
		46.72		97.72
		14,350.26		14,417.38

Note 28 : Other income

₹ crore

Particulars	2020-21		2019-20	
Interest Income				
Related Parties	**84.19**		242.35	
Others	**13.73**	**97.92**	26.37	268.72
Dividend Income from Subsidiaries		**95.60**		14.99
Dividend Income from Associate		**40.50**		-
Overheads charged to Related Parties		**24.22**		14.09
Net gain /(loss) on sale or fair valuation of investments		**119.98**		1.39
Dividend Income from Mutual Funds		**1.11**		0.18
Net gain /(loss) on sale of property, plant and equipment		**2.50**		0.97
Miscellaneous income		**38.89**		14.04
		420.72		314.38

Note 29 : Manufacturing, construction and operating expenses

₹ crore

Particulars	2020-21		2019-20	
Materials consumed				
Raw materials and components	**6,870.96**		6,871.38	
Less: scrap sales	**25.07**		29.03	
		6,845.89		6,842.35
Construction materials		**443.47**		955.89
Sub-contracting charges		**2,529.96**		2,167.24
Changes in inventories		**19.58**		(161.40)
Other manufacturing, construction and operating expenses:				
Lease rentals	**523.43**		538.89	
Stores,spares and tools consumed	**273.42**		320.92	
Power and fuel	**30.79**		72.71	
Packing and forwarding	**20.27**		21.66	
Engineering, technical and consultancy fees	**652.84**		710.86	
Insurance	**74.93**		45.71	
Rates and taxes	**32.35**		16.32	
Travelling and conveyance	**99.39**		125.24	
Repairs to plant and equipment	**7.07**		9.05	
General repairs and maintenance	**75.79**		49.73	
Bank guarantee charges	**55.28**		30.91	
Miscellaneous expenses	**67.46**		33.21	
Provision/(reversal) for foreseeable losses on construction contracts	**4.97**	**1,917.99**	(64.94)	1,910.27
		11,756.89		11,714.35

Note 30 : Employee benefits expense

₹ crore

Particulars	2020-21	2020-21	2019-20	2019-20
Salaries, wages and bonus		**756.82**		778.32
Contribution to and provision for:				
Provident funds and pension fund	**20.62**		19.15	
Superannuation/ employee pension schemes	**0.08**		0.11	
Gratuity provision	**5.80**		6.63	
		26.50		25.89
Expenses on Employee Stock Option Schemes of Parent Company (Refer Note 46)		**3.58**		3.04
Insurance expenses-medical and others		**9.42**		8.72
Staff welfare expenses		**83.55**		62.00
		879.87		877.97

Note 31 : Finance costs

₹ crore

Particulars	2020-21	2020-21	2019-20	2019-20
Interest expenses				
Term loan from banks	**11.44**		25.93	
Other borrowings	**3.82**		2.61	
Lease liability-Right-of-Use	**3.09**		2.23	
Employee benefits (As per Ind AS 19)	**5.42**	**23.77**	5.82	36.59
Exchange loss (attributable to finance costs)		**-**		27.42
		23.77		64.01

Note 32 : Other expenses

₹ crore

Particulars	2020-21	2019-20
Power and fuel	**7.45**	5.91
Packing and forwarding	**0.08**	2.40
Professional fees	**75.80**	60.40
Payment to auditor (Refer Note 47)	**0.80**	0.68
Insurance	**3.89**	4.01
Rent & Hire charges	**0.40**	2.49
Rates and taxes	**(79.10)**	151.23
Travelling and conveyance	**21.39**	30.19
Repairs to buildings	**3.58**	5.28
General repairs and maintenance	**22.96**	17.54
Directors' fees	**0.05**	0.28
Telephone, postage and telegrams	**13.62**	11.60
Stationery and printing	**4.62**	5.01
Bank charges	**8.43**	10.49
Overheads charged by Parent Company	**184.24**	162.35
Corporate social responsibility (Refer Note 49)	**9.71**	11.27
Miscellaneous expenses	**42.02**	34.82
Bad Debts and Advances Written off	**2.13**	0.70
Allowance for doubtful debts and advances (net)	**49.04**	87.93
Exchange (gain) /loss (net)	**11.66**	(165.05)
Provision on loans	**277.70**	-
Other provisions (Refer Note 42)	**77.51**	188.65
	737.98	628.18

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 33
Particulars of loans, guarantees or investments under section 186:

The operation of the Company is classified as "infrastructure facilities" as defined under schedule VI to the Act. Accordingly, the disclosure requirements specified in sub section 4 of section 186 of the Act in respect of loan given, guarantee given or security provided and the related disclosures on purpose/utilization by recipient companies and requirement of charging minimum rate of interest as prescribed under sub section 7 of section 186, are not applicable to the Company. Loans are disclosed under note 5 and 12.

Note 34
Disclosures pursuant to Indian Accounting Standard (Ind AS) 1 "Presentation of Financial Statements"

(a) Current assets expected to be recovered/settled within twelve months and after twelve months from the reporting date

₹ crore

	Particulars	Note	As at 31.03.2021			As at 31.3.2020		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
	Current assets							
1.	Inventories	8	**19.01**	**-**	**19.01**	15.82	-	15.82
2.	Investments	9	**3778.56**	**-**	**3778.56**	1518.23	-	1518.23
3.	Trade receivables	10	**3432.32**	**-**	**3432.32**	3940.33	-	3940.33
4.	Loans	12	**410.55**	**-**	**410.55**	1540.44	-	1540.44
5.	Other financial assets	13	**675.18**	**-**	**675.18**	877.83	2.92	880.75
6.	Other current assets	14	**3230.40**	**15.69**	**3246.09**	3155.09	502.79	3657.88

(b) Current liabilities expected to be recovered/settled within twelve months and after twelve months from the reporting date

₹ crore

	Particulars	Note	As at 31.03.2021			As at 31.3.2020		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
	Current liabilities							
1.	Borrowings	21	**118.22**	**-**	**118.22**	0.77	-	0.77
2.	Lease Liability		**10.23**	**-**	**10.23**	19.69	-	19.69
3.	Trade payables	22	**2594.93**	**885.07**	**3480.00**	3371.61	2.92	3374.53
4.	Other financial liabilities	23	**233.95**	**-**	**233.95**	472.93	1.88	474.81
5.	Other current liabilities	24	**5987.13**	**-**	**5987.13**	6513.66	121.34	6635.00
6.	Provisions	25	**91.74**	**234.72**	**326.46**	308.63	33.62	342.25

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 35
Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

₹ crore

Sr. No.	Particulars	Non-current borrowing (Refer Note 18)	Current borrowings (Refer Note 21)	Lease Liability (Refer Note 50)	Total
1	Balance as on 01-04-2019	734.55	133.95	-	868.50
2	Changes in Financial Activities	-	(133.18)	(11.45)	(144.63)
3	Addition to lease liability	-	-	69.34	69.34
4	Fair valuation of lease liability	-	-	(4.86)	(4.86)
5	The effect of changes in foreign exchange rates	69.75	-	-	69.75
6	Balance as on 31-03-2020	804.30	0.77	53.03	858.10
7	**Balance as on 01-04-2020**	**804.30**	**0.77**	**53.03**	**858.10**
8	**Changes in Financial Activities**	**-**	**117.23**	**(29.53)**	**87.70**
9	**Addition to lease liability**	**-**	**-**	**3.09**	**3.09**
10	**Interest Accrued**	**0.02**	**0.22**	**-**	**0.24**
11	**Lease payment outstanding**	**-**	**-**	**(0.02)**	**(0.02)**
12	**The effect of changes in foreign exchange rates**	**(25.80)**	**-**	**-**	**(25.80)**
13	**Balance as on 31-03-2021**	**778.52**	**118.22**	**26.57**	**923.31**

Amounts reported in statement of cash flows under financing activities:

₹ crore

Particulars	2020-21	2019-20
Proceeds /(Repayments) from short term borrowings (net)	**117.23**	(133.18)
Repayment of lease Liability	**(29.53)**	(11.45)
Total changes from financing cash flows (refer Sr. No. 2 & 8 supra)	**87.70**	(144.63)

Note 36
Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 "Income Taxes":

(a) Major components of tax expense/(income):

₹ crore

Sr. No.	Particulars	2020-21	2019-20
1	**Profit or Loss section:**		
	(i) Current income tax		
	Current income tax expense	**338.78**	477.34
	Tax expense in respect of earlier years	**74.68**	(30.06)
	(ii) Deferred tax:		
	Tax expense on origination and reversal of temporary differences	**6.69**	(118.28)
	Effect on deferred tax balances due to the change in income tax rate	**-**	59.53
	Income tax expense reported in Profit or Loss [(i)+(ii)]	**420.15**	388.53

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No.	Particulars	2020-21	2019-20
2	**Other Comprehensive Income (OCI) Section:**		
	(i) Items not to be reclassified to Profit or Loss in subsequent periods:		
	Current tax expense/(income):		
	On remeasurement of defined benefit plans	**2.49**	1.24
	(ii) Items to be reclassified to Profit or Loss in subsequent periods:		
	(a) Current tax expense/(income):	**-**	-
	(b) Deferred tax:		
	On mark to market gain/(loss) on cash flow hedges	**(34.60)**	75.74
	Net gain/(loss) on cost of hedging reserve	**(0.44)**	(1.06)
	Income tax expense reported in the OCI section [(i)+(ii)]	**(32.55)**	73.44

(b) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate applicable in India:

₹ crore

Sr. No.	Particulars	2020-21	2019-20
1	Profit before tax	**1246.56**	1338.89
2	Corporate tax rate as per Income tax Act, 1961	**25.168%**	25.168%
3	Tax on Accounting profit (3) = (1) * (2)	**313.73**	336.97
4	(i) Tax on Income exempt from tax :		
	Mutual fund dividend exempted	**(0.05)**	(0.05)
	(ii) Tax on expenses not tax deductible:		
	(a) CSR Expenses	**2.45**	2.81
	(b) Provision for loans to subsidiaries	**69.89**	
	(iii) Effect on deferred tax balances due to the change in income tax rate	**-**	59.39
	(iv) Effect of current tax related to earlier years	**74.68**	(30.06)
	(v) Tax effect on various other items	**(6.3)**	19.47
	(vi) Tax impact on dividend deduction under section 80M	**(34.25)**	-
	Total (i) to (vi)	**106.42**	51.56
5	**Tax expense recognised during the year (5)=(3+4)**	**420.15**	388.53
6	Effective tax Rate (%) **(6) = (5)/ (1)**	**33.70%**	29.02%

During the year ended March 31, 2020, the Company has opted to pay the tax under section 115BAA of the Income Tax Act,1961. Accordingly;

- the provision for current and deferred tax has been determined at the rate of 25.168% (inclusive of applicable surcharge and cess)
- the deferred tax assets and deferred tax liabilities as at April 1, 2019 have been restated at the rate of 25.168%

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(c) Components of deferred tax (assets) and liabilities recognised in the Balance Sheet, Statement of Profit or Loss and Other Comprehensive Income:

₹ crore

Sr. No.	Particulars	Balance Sheet		Statement of Profit or Loss		Other Comprehensive Income	
		As at 31-03-2021	As at 31-03-2020	2020-21	2019-20	2020-21	2019-20
1	Disputed statutory liability claimed on payment basis u/s 43B of the Income Tax Act, 1961	**9.68**	8.55	**1.13**	7.29	**-**	-
2	Items disallowed u/s 43B of Income Tax Act, 1961	**(98.54)**	(98.66)	**0.12**	(75.73)	**-**	-
3	Provision for doubtful debt and advances	**(205.17)**	(186.08)	**(19.09)**	24.13	**-**	-
4	Difference in book depreciation and income tax depreciation	**38.92**	60.74	**(21.82)**	(28.68)	**-**	-
5	Gain/(loss) on derivative/Hedge transactions/foreseeable loss	**(13.72)**	(15.15)	**36.47**	15.88	**(35.04)**	74.68
6	Impact of lease rent as per Ind AS 116	**(1.59)**	(1.35)	**(0.24)**	(1.03)	**-**	-
7	Carried forward business loss	**-**	(0.02)	**0.02**	-		
8	Other temporary differences	**10.15**	0.05	**10.10**	(0.61)	**-**	-
Deferred tax expense/(income)		**-**	**-**	**6.69**	(58.75)	**(35.04)**	74.68
Net deferred tax (assets)/ liabilities		**(260.27)**	(231.92)	**-**	-	**-**	**-**

(d) Reconciliation of deferred tax (assets)/liabilities:

₹ crore

Sr. No.	Particulars	2020-21	2019-20
1	**Opening Balance as at 01-04-2020**	**(231.92)**	(247.53)
2	Tax (income)/expense recognised in opening Retained earnings	**-**	(0.32)
3	Tax (income)/expense during the period recognised in:		
	(i) Statement of Profit and Loss in profit or loss section	**6.69**	(58.75)
	(ii) Statement of Profit and Loss under OCI section	**(35.04)**	74.68
4	**Closing balance as a 31-03-2021**	**(260.27)**	(231.92)

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 37
Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 “Employee Benefits”

1. Defined contribution plans: [Note 2.11] Amount of ₹ 8.97 crore *(previous year ₹ 8.01 crore)* is recognised as an expense.
2. Defined benefit plans: [Note 2.11]

a) Defined benefit plans:

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20
A) Present value of defined benefit obligation								
- Wholly funded	**54.11**	51.09	**-**	-	**-**	-	**433.71**	372.11
- Wholly non-funded	**3.04**	9.50	**16.97**	18.99	**3.92**	3.86	**-**	-
Less: Fair value of plan assets	**53.20**	42.99	**-**	-	**-**	-	**473.67**	394.28
Amount to be recognised as liability or (asset)	**3.95**	17.60	**16.97**	18.99	**3.92**	3.86	**(39.96)**	(22.17)
B) Amounts reflected in the balance sheet								
-Liabilities	**3.95**	17.60	**16.97**	18.99	**3.92**	3.86	**3.88**	3.84
-Assets	**-**	-	**-**	-	**-**	-	**-**	-
Net liability/(asset)	**3.95**	17.60	**16.97**	18.99	**3.92**	3.86	**3.88**	3.84
Net liability/(asset) – Current	**3.95**	17.60	**0.08**	0.07	**0.19**	0.08	**3.88**	3.84
Net liability/(asset) – Non current	**-**	-	**16.89**	18.92	**3.73**	3.78	**-**	-

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
1. Current service cost	**5.80**	6.63	**1.68**	1.34	**0.12**	0.15	**12.01**	11.36
2. Interest cost	**3.20**	3.09	**1.27**	1.09	**0.26**	0.33	**32.60**	28.59
3. Interest income on plan assets	**(2.93)**	(2.56)	**-**	-	**-**	-	**(32.60)**	(28.59)
4. Actuarial losses/(gains)	**(4.54)**	3.72	**(4.96)**	2.20	**(0.31)**	(1.01)	**(17.57)**	(31.61)
5. Actuarial gain/(loss) not recognised in books	**-**	-	**-**	-	**-**	-	**17.57**	31.61
6. Business Combination	**-**	0.06	**-**	-	**-**	-	**-**	0.11
Total (1 to 6)	**1.53**	10.94	**(2.01)**	4.63	**0.07**	(0.53)	**12.01**	11.47
i. Amount included in “employee benefits expense”	**5.80**	6.63	**1.68**	1.34	**0.12**	0.15	**12.01**	11.36
ii. Amount included as part of “finance cost”	**0.27**	0.53	**1.27**	1.09	**0.26**	0.33	**-**	-

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
iii. Amount included as part of "Other comprehensive income"	**(4.54)**	3.72	**(4.96)**	2.20	**(0.31)**	(1.01)	**-**	-
iv. Business Combination	**-**	0.06	**-**	-	**-**	-	**-**	0.11
Total (i+ii+iii+iv)	**1.53**	10.94	**(2.01)**	4.63	**0.07**	(0.53)	**12.01**	11.47
Actual return on plan assets	**5.75**	4.23	**-**	-	**-**	-	**50.23**	59.47

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 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20
Opening balance of the present value of defined benefit obligation	**60.58**	52.07	**18.99**	14.35	**3.85**	4.39	**372.11**	316.81
Add: Business Combination	**-**	0.69	**-**	-	**-**	-	**-**	5.21
Add: Current service cost	**5.80**	6.63	**1.68**	1.34	**0.12**	0.15	**12.01**	11.36
Add: Interest cost	**3.20**	3.11	**1.27**	1.09	**0.26**	0.32	**32.60**	28.60
Add: Contribution by plan participants								
(i) Employer	**-**	-	**-**	-	**-**	-	**-**	-
(ii) Employee	**-**	-	**-**	-	**-**	-	**34.16**	40.11
(iii)Transfer-in/(out)	**(3.37)**	-	**-**	-	**-**	-	**-**	(0.09)
Add/(less): Actuarial losses/(gains)	**-**	-	**-**	-	**-**	-	**-**	-
(i) Actuarial (gains)/ losses arising from changes in financial assumptions	**-**	6.98	**-**	3.14	**0.03**	0.44	**-**	-
(ii) Actuarial (gains)/ losses arising from changes in demographic assumptions	**0.22**	(0.80)	**(2.99)**	0.70	**-**	-	**-**	-
(iii) Actuarial (gains)/ losses arising from changes in experience adjustments	**(1.94)**	(0.77)	**(1.98)**	(1.63)	**(0.34)**	(1.45)	**-**	-
Less: Benefits paid	**(3.71)**	(7.33)	**-**	-	**-**	-	**(32.77)**	(34.49)
Add: Liabilities assumed on transfer of employees	**-**	-	**-**	-	**-**	-	**15.59**	4.60

Less: Benefits paid for unfunded liability	**(3.63)**	-	**-**	-	**-**	-	**-**	-
Closing balance of the present value of defined benefit obligation	**57.15**	60.58	**16.97**	18.99	**3.92**	3.86	**433.71**	372.11

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

₹ crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Opening balance of the fair value of the plan assets	**42.99**	35.02	**394.29**	318.79
Add: Opening balance of subsidiary	**-**	0.57	**-**	5.14
Add: Interest income on plan assets*	**2.93**	2.58	**32.60**	28.59
Add/(Less): Actuarial gains/(losses)	**-**	-	**-**	-
(a) Difference between actual return on plan assets and interest income	**2.84**	1.70	**17.57**	30.41
(b) Others				
Add: Contribution by the employer	**8.15**	8.50	**12.06**	11.30
Add/(less) : Transfer in/(out)	**-**	-	**-**	4.51
Add: Contribution by plan participants	**-**	-	**34.32**	30.03
Add: Liabilities assumed on transfer of employees	**-**	-	**15.60**	-
Less: Benefits paid	**(3.71)**	(5.38)	**(32.77)**	(34.49)
Closing balance of the plan assets	**53.20**	42.99	**473.67**	394.28

* Basis used to determine interest income on plan assets:
The trust formed by the Parent manages the investments of provident fund. Investments of gratuity fund is managed by the trust formed by the Company. 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.

The Company expects to fund ₹ 0.92 crore *(previous year: ₹ 8.06 crore)* towards gratuity plan.

e) The major categories of plan assets are as follows:

₹ crore

Particulars	Gratuity plan			Gratuity plan		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	As at March 31, 2021			As at March 31, 2020		
Cash and cash equivalents	**-**	**-**	**-**	-	-	-
Equity instruments	**6.72**	**-**	**6.72**	-	-	-
Debt instruments - Corporate Bonds	**16.39**	**-**	**16.39**	12.32	-	12.32
Debt instruments - Central government Bonds	**29.07**	**-**	**29.07**	25.77	-	25.77
Insurer managed funds	**-**	**0.12**	**0.12**	-	-	-
Others	**-**	**0.90**	**0.90**	-	4.90	4.90
Total	**52.18**	**1.02**	**53.20**	38.09	4.90	42.99

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Particulars	Trust-managed provident fund plan			Trust-managed provident fund plan		
	Quoted	Unquot-ed	Total	Quoted	Unquot-ed	Total
	As at March 31, 2021			As at March 31, 2020		
Cash and cash equivalents	**-**	**3.59**	**3.59**	-	1.30	1.30
Equity instruments	**9.72**	**-**	**9.72**	-	-	-
Debt instruments - Corporate Bonds	**138.99**	**-**	**138.99**	113.67	-	113.67
Debt instruments - Central government Bonds	**105.03**	**-**	**105.03**	84.96	-	84.96
Debt instruments - State government Bonds	**109.21**	**-**	**109.21**	99.72	-	99.72
Debt instruments - PSU Bonds	**59.49**	**-**	**59.49**	63.08	-	63.08
Mutual funds – Equity	**10.13**	**13.00**	**23.13**	5.80	5.40	11.20
Mutual funds – Debt	**-**	**0.01**	**0.01**	-	-	-
Mutual funds – Others	**-**	**2.50**	**2.50**	0.92	-	0.92
Others	**-**	**3.81**	**3.81**	1.71	-	1.71
Special Deposit Scheme	**-**	**18.19**	**18.19**	-	17.72	17.72
Total	**432.57**	**41.10**	**473.67**	369.86	24.42	394.28

f) The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Particulars	As at 31.03.2021	As at 31.03.2020
Gratuity plan	**6.76**	8.14
Post-retirement medical benefit plan	**19.62**	19.80
Company pension plan	**9.67**	10.38

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

Particulars	As at 31.03.2021	As at 31.03.2020
1. Discount rate:		
a) Gratuity plan	**6.69%**	6.69%
b) Company pension plan	**6.69%**	6.69%
c) Post-retirement medical benefit plan	**6.69%**	6.69%
2. Annual increase in healthcare costs (see note 7 below)		
3. Salary Growth rate:		
a) Gratuity plan	**6.00%**	6.00%
b) Company pension plan	**8.00%**	8.00%

4. Attrition rate:

a) For post-retirement medical benefit plan the attrition rate varies from 5% to 13% (*previous year: 1% to 11%*) for various age groups. For company pension plan, the attrition rate varies from 0 to 2% (*previous year : 0 to 2%*)

b) For gratuity plan the attrition rate varies from 8% to 13% *(previous year: 1% to 11%)* 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 % *(previous year : 5%)*.

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	
	2020-21	2019-20	2020-21	2019-20
Impact of change in salary growth rate	**7.18%**	8.50%	**(6.45%)**	(7.53%)
Impact of change in discount rate	**(6.36%)**	(7.42%)	**7.20%**	8.53%

(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	
	2020-21	2019-20	2020-21	2019-20
Impact of change in discount rate	**(8.91%)**	(9.55%)	**10.54%**	11.34%
Impact of change in life expectancy	**1.04%**	1.02%	**(1.12%)**	(1.09%)

(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	
	2020-21	2019-20	2020-21	2019-20
Impact of change in health care cost	**12.44%**	12.67%	**(10.26%)**	(10.43%)
Impact of change in discount rate	**(17.29%)**	(17.44%)	**22.50%**	22.71%
Impact of change in life expectancy	**1.54%**	1.53%	**(1.61%)**	(1.60%)

h) Characteristics of defined benefit plans and associated risks:

1. Gratuity plan:

The Company operates gratuity plan through a trust wherein every employee of the Company is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The approval for trust under the Income-tax Act, 1961 was obtained with effect from October 27, 2016. Gratuity is payable on termination of service or retirement whichever is earlier. The benefit vests after completion of five years of continuous service. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. The defined benefit plan for gratuity of the Company is administered by separate gratuity funds that are legally separate from the Company. The trustees nominated by the Company are responsible for the administration of the plan. There are no minimum funding requirements of these plans. The funding of these plans are based on gratuity funds actuarial measurement framework set out in the funding policies of the plan. These actuarial measurements are similar compared to the assumptions set out in (g) supra. A small part of the gratuity plan, which is not material, is unfunded and managed by the Company. Here, in case of employees deputed overseas, the provision for end of service benefits is made as per the local laws of the respective countries. Employees do not contribute to any of these plans.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

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 Parent 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.

4. **Trust managed provident fund plan:**
   The Company's provident fund plan is managed by the provident fund trust established by the Parent 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.

Note 38
Disclosure pursuant to Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance

The Company's exports qualify for various export benefits offered in the form of duty credit scrips under foreign trade policy framed by Department General of Foreign Trade India (DGFT). Income accounted towards such export incentives and duty drawback amounts to ₹ 30.02 crore *(previous year: ₹ 12.86 crore).*

Note 39
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:

Parent:
Larsen & Toubro Limited

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Subsidiary companies over which control exists:	
1	Larsen Toubro Arabia LLC
2	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)
3	L&T Modular Fabrication Yard LLC
4	Larsen & Toubro Electromech LLC
5	L&T Hydrocarbon International FZE
6	Larsen & Toubro Kuwait Construction General Contracting Company, WLL
7	Larsen & Toubro Heavy Engineering LLC

Fellow subsidiary companies:			
1	Nabha Power Limited	2	L&T Thales Technology Services Private Limited
3	Larsen and Toubro (East Asia) SDN.BHD	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	Tamco Switchgear (Malaysia) SDN BHD
9	L&T Geostructure LLP	10	L&T Electrical & Automation Saudi Arabia Company Limited
11	L&T Infrastructure Engineering Limited	12	Larsen & Toubro Infotech Limited
13	Larsen & Toubro Hydrocarbon International Limited LLC	14	KANA Controls General Trading and Contracting Company WLL
15	L&T Reality Limited	16	Larsen & Toubro (Oman) LLC

Joint ventures and associates:			
1	L&T Hydrocarbon Caspian LLC	2	L&T Sapura Offshore Private Limited
3	L&T Sapura Shipping Private Limited	4	L&T MHPS Boilers Private Limited*
5	L&T Infrastructure Development Projects Limited*	6	L&T Sargent and Lundy Limited*
7	L&T Special Steels and Heavy Forgings Private Limited*	8	L&T Chiyoda Limited
9	L&T Howden Private Limited*	10	L&T-MHPS Turbine Generators Private Limited *

*Joint ventures of parent and other group entities

Post-employment benefit plans:			
Provident Fund Trust			
1	The Larsen & Toubro Limited Provident Fund of 1952	2	The Larsen & Toubro Officers & Supervisory Staff Provident Fund
Gratuity Trust			
1	L&T Hydrocarbon Engineering Ltd Group Gratuity Scheme	2	L&T Gulf employee Group Gratuity Assurance Scheme

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(b) Disclosure of related party transactions:

₹ crore

Sr. No	Nature of transaction/relationship/major parties	2020-21		2019-20	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	**Purchase of goods and services (including commission paid):**				
	Parent	**273.44**		718.95	
	Subsidiaries, including:	**891.92**		437.54	
	L&T Modular Fabrication Yard LLC		**680.46**		373.80
	Larsen & Toubro Electromech LLC		**211.42**		63.12
	Larsen Toubro Arabia LLC		**-**		0.12
	L&T Heavy Engineering LLC		**0.04**		0.51
	Fellow subsidiaries, including:	**79.18**		206.02	
	L&T Valves Limited		**70.49**		96.97
	L&T Electrical and Automation FZE		**1.33**		19.99
	Larsen & Toubro Infotech Limited		**0.23**		2.39
	Tamco Switchgear (Malaysia) SDN BHD		**0.15**		-
	L&T Technology Services Limited		**1.94**		3.46
	L&T Infrastructure Engineering Limited		**0.05**		-
	L&T Geostructure LLP		**4.84**		71.39
	Kana Controls General Trading and Contracting Company WLL		**-**		0.95
	L&T Electrical and Automation Saudi Arabia Company Limited		**0.16**		10.86
	Associates and joint ventures, including:	**147.76**		273.43	
	L&T Chiyoda Limited		**147.76**		234.07
	L&T Sapura Shipping Private Limited		**-**		39.36
	Joint ventures of Parent and other group entities, including:	**2.92**		2.21	
	L&T Sargent and Lundy Limited		**0.32**		2.06
	L&T Special Steels and Heavy Forgings Private Limited		**2.59**		0.15
	L&T MHPS Boiler Private Limited		**0.01**		0.01
	Total	**1395.22**		1638.15	
2	**Sale of goods/contract revenue and services:**				
	Parent	**44.60**		49.56	
	Subsidiaries, including:	**13.24**		8.27	
	L&T Modular Fabrication Yard LLC		**6.62**		-
	L&T Hydrocarbon Saudi Company LLC		**(1.19)**		6.61
	Larsen Toubro Arabia LLC		**7.81**		-
	Larsen & Toubro Heavy Engineering LLC		**-**		1.66
	Fellow subsidiaries, including:	**28.48**		8.01	
	L&T Technology Services Limited		**28.48**		8.01

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No	Nature of transaction/relationship/major parties	2020-21		2019-20	
		Amount	Amounts for major parties	Amount	Amounts for major parties
	Joint ventures of Parent and other group entities, including:	**9.62**		-	
	L&T Special Steels and Heavy Forgings Private Limited		**3.45**		-
	L&T Chiyoda Limited		**6.17**		-
	Total	**95.95**		65.84	
3	**Purchase/lease of fixed assets:**				
	Parent	**-**		-	
	Subsidiaries, including:	**0.27**		1.09	
	L&T Modular Fabrication Yard LLC		**0.27**		1.09
	Fellow subsidiaries, including:	**0.38**		1.33	
	L&T Infrastructure Engineering Limited		**-**		0.43
	L&T Technology Services Limited		**0.38**		0.90
	Joint ventures of Parent and other group entities, including:	**-**		0.15	
	L&T Sapura shipping Private Limited		**-**		0.15
	Total	**0.64**		2.57	
4	**Sale of fixed asset:**				
	Parent	**-**		0.10	
	Subsidiaries including:	**2.81**		-	
	L&T Hydrocarbon Saudi Company LLC		**2.81**		-
	Total	**2.81**		0.10	
5	**Net inter corporate deposits given/(returned):**				
	Parent	**1018.24**		1249.50	
	Subsidiaries, including	**(535.28)**		-	
	Larsen Toubro Arabia LLC		**(350.96)**		-
	L&T Hydrocarbon Saudi Company LLC		**(184.32)**		-
	Joint ventures, including:	**-**		(17.69)	
	L&T Sapura Shipping Private Limited		**-**		(17.69)
	Total	**482.96**		1231.81	
6	**Inter corporate borrowings taken/(repaid):**				
	Parent		**-**	(54.03)	
	Total	**-**		(54.03)	
7	**Receiving of services/overheads charged by related parties:**				
	Parent	**183.67**		161.84	
	Subsidiaries, including:	**-**		0.15	
	Larsen Toubro Arabia LLC		**-**		0.15
	Fellow subsidiaries, including:	**27.41**		10.57	
	Larsen and Toubro Infotech Limited		**25.36**		10.54
	L&T Technology Services Limited		**1.97**		-

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No	Nature of transaction/relationship/major parties	2020-21		2019-20	
		Amount	Amounts for major parties	Amount	Amounts for major parties
	L&T Infrastructure Engineering Ltd.		**0.08**		0.04
	Associates and joint ventures, including:	**25.27**		7.29	
	L&T Chiyoda Limited		**25.17**		7.29
	L&T Sapura Shipping Private Limited		**0.10**		-
	Joint ventures of Parent and other group entities, including:	**2.02**		2.35	
	L&T MHPS Boiler Private Limited		**0.90**		1.22
	L&T-Sargent & Lundy Limited		**1.13**		1.13
	Total	**238.37**		182.20	
8	**Rent paid, including lease rentals under leasing/ hire purchase arrangements including loss sharing on equipment finance:**				
	Parent	**9.94**		16.32	
	Subsidiaries, including:	**0.38**		13.22	
	L&T Modular Fabrication Yard LLC		**-**		10.80
	Larsen & Toubro Electromech LLC		**-**		1.45
	Larsen Toubro Arabia LLC		**038**		0.97
	Fellow subsidiaries including:	**-**		0.29	
	Larsen & Toubro Infotech Limited		**-**		0.29
	Associates and Joint Ventures, including	**-**		0.08	
	L&T Sapura Shipping Private Limited		**-**		0.08
	Total	**10.32**		29.91	
9	**Charges incurred for deputation of employees from related parties:**				
	Parent	**0.02**		-	
	Subsidiaries, including:	**0.89**		8.61	
	L&T Modular fabrication Yards LLC		**0.89**		8.61
	Total	**0.91**		8.61	
10	**Charges recovered for deputation of employees to related parties:**				
	Parent	**-**		-	
	Associates and joint ventures, including:	**2.94**		4.08	
	L&T Sapura Shipping Private Limited		**2.94**		4.08
	Total	**2.94**		4.08	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No	Nature of transaction/relationship/major parties	2020-21		2019-20	
		Amount	Amounts for major parties	Amount	Amountsfor major parties
11	**Rent received, overhead recovered and miscellaneous income:**				
	Parent	**5.32**		3.08	
	Subsidiaries, including:	**24.98**		14.08	
	Larsen Toubro Arabia LLC		**9.77**		8.07
	L&T Hydrocarbon Saudi Company LLC		**15.21**		6.01
	Fellow subsidiaries, including:	**0.56**		0.74	
	L&T Valves Limited		**0.27**		0.53
	Nabha Power Limited		**0.04**		0.03
	L&T Thales Technology Services Private Limited		**0.02**		0.02
	L&T Technology Services Limited		**0.09**		0.11
	Larsen & Toubro (Oman) LLC		**0.11**		-
	Larsen & Toubro International FZE		**0.03**		0.06
	Associates and joint ventures, including:	**16.26**		6.64	
	L&T Chiyoda Limited		**15.04**		6.18
	L&T Sapura Shipping Private Limited		**1.22**		0.46
	Joint ventures of Parent and other group entities, including:	**0.17**		0.18	
	L&T MHPS Boilers Private Limited		**0.09**		0.10
	L&T Special Steels and Heavy Forgings Private Limited		**0.03**		0.03
	L&T MHPS Turbine Generators Private Limited		**0.01**		0.01
	L&T Sargent and Lundy Limited		**0.02**		0.02
	L&T Howden Private Limited		**0.02**		0.02
	Total	**47.29**		24.73	
12	**Interest received:**				
	Parent	**61.46**		201.68	
	Subsidiaries, including:	**17.73**		36.06	
	Larsen Toubro Arabia LLC		**8.78**		13.02
	L&T Hydrocarbon Saudi Company LLC		**6.76**		18.12
	L&T Modular Fabrication Yard LLC		**1.21**		2.70
	Larsen & Toubro Heavy Engineering LLC		**0.99**		2.20
	Associates and joint ventures, including:	**4.71**		4.62	
	L&T Sapura Shipping Private Limited		**4.71**		4.62
	Total	**83.90**		242.35	
13	**Interest paid:**				
	Parent	**0.09**		0.06	
	Total	**0.09**		0.06	
14	**Dividend paid:**				
	Parent	**364.23**		326.22	
	Total	**364.23**		326.22	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No	Nature of transaction/relationship/major parties	2020-21		2019-20	
		Amount	Amounts for major parties	Amount	Amounts for major parties
15	**Dividend received:**				
	Subsidiaries, including:	**95.60**		14.99	
	L&T Modular Fabrication Yard LLC	**-**			14.99
	Larsen & Toubro Electromech LLC		**95.60**		-
	Associates and joint ventures, including:	**40.50**		-	
	L&T – Chiyoda Limited		**40.50**		-
	Total	**136.10**		14.99	
16	**Amount recognised in P&L on account of debtors and advances:**				
	Parent	**(0.72)**		0.77	
	Fellow subsidiaries including:	**-**		2.65	
	Larsen & Toubro Hydrocarbon International Limited LLC		**-**		2.65
	Associates and Joint Venture including:	**-**		5.08	
	L&T Sapura Offshore Private Limited		**-**		5.08
	Total	**(0.72)**		8.50	
17	**Amount recognised in Profit and Loss on account of impairment loss on inter-corporate deposit:**				
	Subsidiaries, including:	**277.70**		-	
	Larsen Toubro Arabia LLC		**38.38**		-
	L&T Hydrocarbon Saudi Company LLC		**167.70**		-
	L&T Heavy Engineering LLC		**71.62**		-
	Total	**277.70**		-	
18	**Employer' contribution towards trust managed employees provident fund**	**12.01**		11.36	
19	**Employer' contribution towards trust managed employees gratuity fund**	**8.08**		8.39	
20	**Payment under lease as per IND AS 116**	**0.93**		2.41	
	Parent		**0.93**		2.41
	Total	**0.93**		2.41	
21	**Guarantee issued/(closed) on behalf of the Company by:**				
	Parent	**(6157.95)**		1705.47	
	Total	**(6157.95)**		1705.47	
22	**Guarantee given on behalf of**				
	Subsidiaries, including:	**274.55**		10645.78	
	Larsen Toubro Arabia LLC		**-**		3993.85
	L&T Hydrocarbon Saudi Company LLC		**274.55**		6651.93
	Total	**274.55**		10645.78	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(c) Amount due to/from related parties :

₹ crore

Sr. No	Category of balance/relationship/major parties	As at 31.03.2021		As at 31.03.2020	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	**Accounts receivable**				
	Parent	**12.39**		57.85	
	Subsidiaries, including:	**2.88**		1.45	
	L&T Hydrocarbon Saudi Company LLC		**2.88**		1.40
	Larsen Toubro Arabia LLC		**-**		(0.02)
	L&T Heavy Engineering LLC		**-**		0.08
	Fellow subsidiaries, including:	**2.62**		4.13	
	L&T Technology Services Limited		**2.62**		4.13
	Associates and joint ventures, including:	**2.10**		-	
	L&T Chiyoda Limited		**2.10**		-
	Total	**19.98**		63.43	
2	**Accounts payable (including acceptance & interest accrued)**				
	Parent	**83.60**		105.23	
	Subsidiaries, including:	**455.85**		475.81	
	Larsen Toubro Arabia LLC		**77.33**		78.66
	L&T Modular Fabrication Yard LLC		**306.04**		303.50
	L&T Hydrocarbon Saudi Company LLC		**0.48**		0.50
	Larsen & Toubro Heavy Engineering LLC		**2.75**		3.02
	Larsen & Toubro Electromech LLC		**69.25**		90.13
	Fellow subsidiaries, including:	**41.20**		61.91	
	L&T Valves Limited		**27.37**		34.86
	Larsen and Toubro (East Asia) SDN.BHD		**0.12**		0.12
	L&T Electrical and Automation FZE		**-**		2.64
	L&T Technology Services Limited		**0.89**		5.27
	Larsen & Toubro Infotech Limited		**11.85**		5.56
	L&T Geostructure LLP		**0.95**		5.53
	L&T Electrical & Automation Saudi Arabia Company Limited		**-**		5.36
	TAMCO Switchgear (Malaysia) SDN BHD		**-**		0.98
	KANA Controls General Trading and Contracting Company WLL		**-**		1.51
	L&T Infrastructure Engineering Limited		**0.02**		0.07
	Associates and joint ventures, including:	**56.27**		147.87	
	L&T Chiyoda Limited		**45.99**		92.01
	L&T Sapura Shipping Private Limited		**10.28**		55.86
	Joint ventures of Parent and other group entities, including:	**1.48**		1.86	
	L&T Sargent and Lundy Limited		**0.42**		1.01

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No	Category of balance/relationship/major parties	As at 31.03.2021		As at 31.03.2020	
		Amount	Amounts for major parties	Amount	Amounts for major parties
	L&T - MHI Power Boilers Private Limited		**0.28**		0.69
	L&T Special Steels and Heavy Forgings Private Limited		**0.77**		0.16
	Total	**638.40**		792.68	
3	**Loans and advances recoverable**				
	Parent	**154.96**		127.87	
	Subsidiaries, including:	**241.99**		272.40	
	L&T Hydrocarbon Saudi Company LLC		**90.77**		78.26
	Larsen & Toubro Electromech LLC		**-**		0.81
	L&T Modular Fabrication Yard LLC		**1.08**		87.21
	Larsen Toubro Arabia LLC		**127.48**		168.22
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		**21.25**		21.70
	Larsen & Toubro Heavy Engineering LLC		**1.13**		75.32
	L&T Hydrocarbon International FZE		**0.28**		0.27
	Fellow subsidiaries, including:	**0.25**		24.69	
	L&T Electrical and Automation FZE		**-**		5.32
	L&T Infrastructure Finance Company Limited		**0.02**		0.02
	L&T Technology Services Limited		**0.10**		13.31
	Nabha Power Limited		**0.04**		0.03
	L&T Thales Technology Services Private Limited		**0.02**		0.02
	Larsen & Toubro (Oman) LLC		**0.05**		-
	L&T Electrical & Automation Saudi Arabia Company Limited		**-**		0.18
	L&T Valves Limited		**-**		5.81
	Associates and joint ventures, including:	**16.42**		179.97	
	L&T Chiyoda Limited		**11.20**		7.44
	L&T Sapura Shipping Private Limited		**-**		-
	L&T Sapura Offshore Private Limited		**5.22**		5.22
	Joint ventures of Parent and other group entities, including:	**1.52**		0.21	
	L&T Special Steels and Heavy Forgings Private Limited		**1.36**		0.06
	L&T MHPS Turbine Generators Private Limited		**0.01**		-
	L&T Sargent and Lundy Limited		**0.02**		0.02
	L&T MHPS Boilers Private Limited		**0.11**		0.11
	L&T Howden Private Limited		**0.02**		0.02
	Total	**415.12**		605.14	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No	Category of balance/relationship/major parties	As at 31.03.2021		As at 31.03.2020	
		Amount	Amounts for major parties	Amount	Amounts for major parties
4	**Provision against doubtful debts and advances**				
	Parent	**0.08**		0.79	
	Fellow Subsidiary	**-**		0.01	
	L&T Technology Services Limited		**-**		0.01
	Total	**0.08**		0.80	
5	**Inter corporate deposits (Gross)**				
	Parent	**231.26**		1249.50	
	Subsidiaries, including:	**689.24**		1249.27	
	Larsen Toubro Arabia LLC		**130.84**		487.99
	L&T Hydrocarbon Saudi Company LLC		**403.66**		601.48
	L&T Modular Fabrication Yard LLC		**83.12**		86.71
	L&T Heavy Engineering LLC		**71.62**		73.09
	Associates and joint ventures, including:	**162.53**		163.73	
	L&T Sapura Shipping Private Limited		**162.53**		163.73
	Total	**1083.03**		2662.50	
6	**Impairment loss on Inter corporate deposits**				
	Subsidiaries :	**277.70**		-	
	Larsen Toubro Arabia LLC		**38.38**		-
	L&T Hydrocarbon Saudi Company LLC		**167.70**		-
	L&T Heavy Engineering LLC		**71.62**		-
	Total	**277.70**		-	
7	**Due to Directors***	**2.19**		8.54	
	Mr. Subramaniam Sarma		**2.00**		8.33
	Total	**2.19**		8.54	
8	**Guarantee issued on behalf of the Company by**				
	Parent	**13356.69**		19593.32	
	Total	**13356.69**		19593.32	
9	**Guarantee given on behalf of**				
	Subsidiary	**11243.93**		11347.71	
	Larsen Toubro Arabia LLC		**4115.57**		4254.39
	L&T Hydrocarbon Saudi Company LLC		**7128.36**		7093.32
	Total	**11243.93**		11347.71	

* includes commission due to non-executive directors

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(d) Related Party-Commitment:

₹ crore

Sr. No	Nature of transaction/relationship/major parties	2020-21		2019-20	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	**Capital commitment**				
	Parent	**-**		-	
	Fellow subsidiaries, including:	**1.13**		2.11	
	Larsen & Toubro Infotech Limited		**-**		1.59
	L&T Technology Services Limited		**1.13**		0.52
	Total	**1.13**		2.11	
2	**Revenue commitment**				
	Parent	**712.69**		945.43	
	Subsidiaries company	**1276.83**		1586.72	
	L&T Modular Fabrication Yard LLC		**533.55**		1586.72
	Larsen & Toubro Electromech LLC		**743.00**		-
	Fellow subsidiaries, including:	**35.16**		143.21	
	L&T Valves Limited		**31.89**		76.44
	L&T Electrical and Automation FZE		**-**		64.82
	Larsen & Toubro Infotech Limited		**0.21**		0.18
	L&T Technology Services Limited		**3.55**		0.31
	L&T Infrastructure Engineering Limited		**0.07**		-
	L&T Electrical & Automation Saudi Arabia Company Limited		**-**		1.45
	Associates and joint ventures, including:	**330.35**		223.71	
	L&T Chiyoda Limited		**327.71**		220.45
	L&T Sapura Shipping Private Limited		**2.64**		3.26
	Joint ventures of Parent and other group entities, including:	**0.68**		1.65	
	L&T Sargent and Lundy Limited		**0.38**		1.65
	L&T Special Steels and Heavy Forgings Private Limited		**0.30**		-
	Total	**2355.71**		2900.73	
3	**Revenue Commitment-Services**				
	Parent	**0.53**		0.90	
	Subsidiary Companies including:-	**11.12**		-	
	L&T Modular Fabrication		**10.41**		-
	Larsen & Toubro Electromech LLC		**0.71**		-
	Fellow subsidiaries, including:	**28.57**		7.44	
	L&T Technology Services Limited		**28.57**		7.44
	Associates and joint ventures, including:	**-**		0.08	
	L&T Chiyoda Limited		**-**		0.08
	Total	**40.22**		8.42	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(e) Remuneration of Directors and Key Managerial Personnel:

A. Payment of salaries:

₹ crore

Key Managerial Personnel	2020-21				2019-20			
	Short term employee benefits	Post-employment benefits	Other long term benefits	Total	Short term employee benefits	Post-employment benefits	Other long term benefits	Total
Mr. Subramanian S. Sarma*	**3.09**	**1.26**	**-**	**4.36**	16.33	-	-	16.33
Mr. T Chinnappa	**-**	**-**	**-**	**-**	0.62	0.54	0.32	1.48

* In addition to this, the Company has reimbursed ₹ 3.16 crore to Larsen & Toubro Limited towards share of remuneration paid to Mr. Subramanian S. Sarma, being Key management personnel, which have been included in point 7 of table b supra.

B. Fee for attending Board/Committee meetings

₹ crore

Sr. No.	Particulars	2020-21	2019-20
1	Mr. K. Venkataramanan	**-**	0.02
2	Mr. Vikram Singh Mehta	**0.03**	0.03
3	Mrs. Rajani Gupte	**0.02**	-
4	Mrs. Bhagyam Ramani	**-**	0.02

C. Commission

₹ crore

Sr. No.	Particulars	2020-21	2019-20
1	Mr. K. Venkataramanan	**-**	0.05
2	Mr. Vikram Singh Mehta	**0.11**	0.09
3	Mrs. Rajani Gupte	**0.09**	-
4	Mrs. Bhagyam Ramani	**-**	0.07

Notes:

1. All the related party contracts / arrangements have been entered on arms' length basis.
2. The amount of outstanding balances as shown above are unsecured and will be settled / recovered in cash.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 40

Disclosure pursuant to Ind AS 27 "Separate Financial Statements"

Investment in following subsidiary companies and joint venture companies is accounted at cost.

Sr No.	Name of the company	Principal place of business	Proportion of effective ownership interest (%)	Proportion of effective voting power held (%)	Proportion of effective ownership interest (%)	Proportion of effective voting power held (%)
			2020-21		2019-20	
	Subsidiaries					
1	Larsen Toubro Arabia LLC	Kingdom of Saudi Arabia	**75**	**99.99**	75	99.99
2	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)	Kingdom of Saudi Arabia	**100**	**100**	100	100
3	L&T Modular Fabrication Yard LLC	Sultanate of Oman	**70**	**99.99**	70	99.99
4	Larsen &Toubro Electromech LLC	Sultanate of Oman	**70**	**99.99**	70	99.99
5	L&T Hydrocarbon International FZE	UAE	**100**	**100**	100	100
6	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Kuwait	**49**	**100**	49	100
7	Larsen & Toubro Heavy Engineering LLC	Sultanate of Oman	**70**	**99.99**	70	99.99
	Joint Ventures and Associates					
1	L&T Sapura Shipping Private Limited	India	**60**	**60**	60	60
2	L&T Sapura Offshore Private Limited	India	**60**	**60**	60	60
3	L&T Chiyoda Limited	India	**50**	**50**	50	50
4	L&T Hydrocarbon Caspian LLC	Baku, Azerbaijan	**50**	**50**	50	50

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 41
Basic and Diluted earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":

₹ crore

Particulars		2020-21	2019-20
Basic			
Profit after tax as per accounts (₹ crore)		**826.41**	950.36
Less: Dividend on preference shares		**64.21**	81.20
Less: Dividend distribution tax on Preference dividend		**-**	16.69
Profit available to equity shareholders	A	**762.20**	852.47
Weighted average number of equity shares outstanding	B	**1,00,00,50,000**	1,00,00,50,000
Basic EPS (₹)	A/B	**7.62**	8.52
Diluted			
Profit after tax as per accounts (` crore)	A	**826.41**	950.36
Weighted average number of equity 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	**55,34,24,658**	76,00,00,000
Weighted average number of shares outstanding for diluted EPS	D=B+C	**1,55,34,74,658**	1,76,00,50,000
Diluted EPS (₹)	A/D	**5.32**	5.40
Face value per equity share (₹)		**10**	10

Note 42
Disclosures pursuant to Indian Accounting Standard (Ind AS) 37 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions

₹ 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 01-04-2019	38.75	0.44	49.90	-	89.09
2	Additional provision during the year	79.72	61.00	0.53	54.91	196.16
3	Provision used during the year	-	-	-	-	-
4	Unused provision reversed during the year	(6.97)	-	(18.73)	-	(25.70)
5	Balance as at 31-03-2020	111.50	61.44	31.70	54.91	259.55
6	**Balance as at 01-04-2020**	**111.50**	**61.44**	**31.70**	**54.91**	**259.55**
7	**Additional provision during the year**	**77.52**	**-**	**51.65**	**-**	**129.17**
8	**Provision used during the year**	**-**	**-**	**(1.90)**	**-**	**(1.90)**
9	**Unused provision reversed during the year**	**-**	**-**	**(30.51)**	**-**	**(30.51)**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Sr. No.	Particulars	Expected tax liability in respect of indirect taxes	Litigation related obligations	Contractual rectification cost-Construction contracts	Others	Total
10	**Payments/adjustments made during the year**	**(87.13)**	**-**	**-**	**-**	**(87.13)**
11	**Balance as at 31-03-2021**	**101.88**	**61.44**	**50.94**	**54.91**	**269.18**

b) Nature of provisions:

1) Expected tax liability in respect of indirect taxes represents mainly Provision created for disputes related to Non collection of Forms and Disallowance of ITC & Transit Sales, Excise Duty Rebate claim and demand for custom duty in Saudi Arabia.

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) 115 "Revenue from Contracts with Customers".

4) Other Provision represents provision for onerous contract.

c) Disclosures in respect of contingent liabilities are given as part of note 26 to the balance sheet.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 43

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

a) Category-wise classification of applicable financial assets:

₹ crore

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
1	**Measured at fair value through profit and loss (FVTPL)**		
	Investments		
(a)	Mutual funds	**3778.56**	1518.23
	Derivative financial assets		
(b)	Derivative Instruments not designated as cash flow hedges	**74.78**	23.20
(c)	Embedded derivatives not designated as cash flow hedges	**23.26**	124.32
2	**Measured at amortised cost**		
(a)	Loans given	**820.68**	2675.85
(b)	Trade receivables	**3432.32**	3940.33
(c)	Cash and cash equivalents	**412.26**	180.13
(d)	Other financial assets	**529.42**	444.26
3	**Measured at fair value through OCI (FVTOCI)**		
	Derivative financial assets		
(a)	Derivative financial instruments designated as cash flow hedges	**35.11**	246.05
(b)	Embedded derivative financial instruments designated as cash flow hedges	**19.10**	107.64
	Total financial assets	**9125.49**	9260.01

b) Category-wise classification of applicable financial liabilities:

₹ crore

Sr. No.	Particulars	As at 31.03.2021	As at 31.03.2020
1	**Measured at fair value through profit and loss (FVTPL)**		
	Derivative financial liabilities		
(a)	Derivative instruments not designated as cash flow hedges	**14.03**	62.36
(b)	Embedded derivatives not designated as cash flow hedges	**1.13**	0.37
2	**Measured at amortised cost**		
(a)	Borrowings	**896.74**	805.07
(b)	Trade payables	**3480.00**	3374.53
(c)	Other financial liabilities	**173.78**	151.53
(d)	Lease liability	**26.57**	53.03
3	**Financial liabilities at fair value through OCI**		
	Derivative financial liabilities		
(a)	Derivative instruments designated as cash flow hedges	**40.49**	270.97
(b)	Embedded derivatives designated as cash flow hedges	**20.58**	22.94
	Total financial liabilities	**4653.32**	4740.80

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

c) Items of income, expense, gains or losses related to financial instruments:

₹ crore

Particulars	As at 31.03.2021	As at 31.03.2020
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)	**(94.28)**	314.13
(Allowance)/reversal for expected credit loss during the year	**(33.87)**	77.43
Provision for doubtful debts (other than expected credit loss)(net)	**0.88**	(134.25)
Bad debts written off (net)	**(2.13)**	(0.70)
Provision for deposits and advances	**(1.66)**	(20.57)
Provision on loans given to subsidiaries	**(277.70)**	-
Financial assets measured at fair value through OCI		
Gain (loss) on fair valuation or settlement of forward contracts designated as cash flow hedge	**212.50**	(8.74)
Gain (loss) on fair valuation or settlement of embedded derivative designated as cash flow hedge	**34.58**	110.11
On forward contracts upon underlying hedged item affecting the P&L or related assets or liability	**119.78**	(103.69)
On embedded derivative upon underlying hedged item affecting the P&L or related assets or liability loss	**10.04**	(27.40)
Designated as fair value through profit and loss		
Gain (loss) on fair valuation or settlement of forward contracts not designated as cash flow hedge loss	**170.75**	(186.05)
Gain (loss) on fair valuation or settlement of embedded derivative not designated as cash flow hedge loss	**(139.76)**	138.48
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)	**31.99**	(52.50)
Unclaimed credit balances written back	**15.00**	16.40
Mandatorily measured at fair value through profit and loss		
Gain/(loss) on fair valuation or sale of investment in mutual fund units/equity	**119.98**	1.39
Dividend Income from Investment measured at FVTPL		
Mutual Fund	**1.11**	0.18
Interest revenue		
Financial assets measured at amortised cost		
From banks	**0.23**	1.75
From ICD	**83.90**	242.35
Others	**13.50**	24.57
Interest expenses		
Financial liabilities measured at amortised cost	**(21.21)**	(55.90)

d) Fair value hierarchy of financial liabilities and assets measured at fair value:

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).

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

₹ crore

Financial assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
Mutual fund units	9	3778.56	-	-	3778.56
Derivative instruments not designated as cash flow hedges	6 , 13	-	74.78	-	74.78
Embedded derivative Instruments not designated as cash flow hedges	6 , 13	-	23.26	-	23.26
Financial Investments at FVOCI					
Derivative financial instruments designated as cash flow hedges	6 , 13	-	35.11	-	35.11
Embedded derivative financial instruments designated as cash flow hedges	6 , 13	-	19.10	-	19.10
Total financial assets		**3778.56**	**152.25**	**-**	**3930.81**
Financial liabilities					
Financial liabilities at FVPL					
Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	19 , 23	-	14.03	-	14.03
b) Embedded derivative Instruments not designated as cash flow hedges	19 , 23	-	1.13	-	1.13
Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	19 , 23	-	40.49	-	40.49
b) Embedded derivative financial instruments designated as cash flow hedges	19 , 23	-	20.58	-	20.58
Total financial liabilities		**-**	**76.23**	**-**	**76.23**

₹ crore

Financial assets and liabilities measured at fair value – recurring fair value measurements As at March 31, 2020	Notes	Level 1	Level 2	Level3	Total
Financial assets					
Financial Investments at FVTPL					
Mutual fund units	9	1518.23	-	-	1518.23
Derivative instruments not designated as cash flow hedges	6 , 13	-	23.20	-	23.20
Embedded derivative Instruments not designated as cash flow hedges	6 , 13	-	124.32	-	124.32
Financial Investments at FVOCI					
Derivative financial instruments designated as cash flow hedges	6 , 13	-	246.05	-	246.05
Embedded derivative financial instruments designated as cash flow hedges	6 , 13	-	107.64	-	107.64
Total financial assets		**1518.23**	**501.21**	**-**	**2019.44**
Financial Liabilities					
Financial liabilities at FVPL					
Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	19 , 23	-	62.35	-	62.35
b) Embedded derivative Instruments not designated as cash flow hedges	19 , 23	-	0.37	-	0.37
Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	19 , 23	-	270.97	-	270.97
b) Embedded derivative financial instruments designated as cash flow hedges	19 , 23	-	22.94	-	22.93
Total financial liabilities		**-**	**356.63**	**-**	**356.63**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

e) Fair value of financial assets and liabilities measured at amortised cost:

a. Financial assets measured at amortised cost:
The carrying amount of financial assets like trade receivables, loans and advances & cash and cash equivalents are considered to be same as their fair values due to their short-term nature. The carrying amounts of long-term loans given with floating rate of interest are considered to be close to the fair value.

b. Financial liabilities measured at amortised cost:
The carrying amount of financial liabilities like trade and other payables are considered to be same as their fair values due to their short-term nature. The carrying amounts of long-term loans given with floating rate of interest are considered to be close to the fair value.

f) Maturity profile of financial liabilities:

₹ crore

Particulars	Note	As at 31.03.2021			As at 31.03.2020		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
A.Non-derivative liabilities							
Borrowings	18,21	**118.22**	**778.52**	**896.74**	0.77	804.30	805.07
Trade payables	22	**2594.93**	**885.07**	**3480.00**	3371.63	2.92	3374.53
Other financial liabilities		**171.56**	**2.22**	**173.78**	147.69	3.84	151.53
Lease Liability		**10.23**	**16.34**	**26.57**	19.69	33.34	53.03
Total		**3200.20**	**1376.88**	**4577.09**	3539.75	844.40	4384.16
B. Derivative liabilities							
Forward contracts	19,23	**54.52**	**-**	**54.52**	304.01	29.31	333.32
Embedded derivatives	19,23	**7.87**	**13.84**	**21.71**	21.21	2.11	23.32
Total		**62.39**	**13.84**	**76.23**	325.22	31.41	356.64

g) Currency forward contracts outstanding as on 31.03.2021:

₹ crore

Particulars	Nominal Amount	Average Rate	Timing	
			Upto 12months	More than 12 months
Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currencies	1975.17	74.10	1975.17	-
EURO	583.27	89.73	583.27	-
Japanese Yen	-	-	-	-
Kuwaiti Dinar	-	-	-	-
Great Britain Pound	25.30	101.19	25.30	-
Receivable hedges				
USD including USD pegged currencies	1663.39	74.77	1663.39	-
Great Britain Pound	214.70	100.49	214.70	-
EURO	522.09	89.71	522.09	-
Kuwaiti Dinar	-	-	-	-

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Currency forward contracts outstanding as on 31.03.2020:

₹ 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 currencies	2139.34	73.07	2065.20	74.14
EUR	863.45	82.19	863.45	-
Japanese Yen	69.59	0.67	69.59	-
Kuwaiti Dinar	307.99	236.19	307.99	-
Great Britain Pound	36.48	93.55	36.48	-
Receivable hedges				
USD including USD pegged currencies	3072.45	74.08	2788.76	283.69
Great Britain Pound	12.95	94.84	12.95	-
EURO	1142.23	82.77	1142.23	-
Kuwaiti Dinar	529.65	235.92	529.65	-

Commodity forward contracts outstanding as on 31.03.2021 :

Particulars	Nominal Amount ₹ crore	Average Rate	Timing	
			Upto 12 months	More than 12 months
Copper	41.77	516734.84	41.77	-
Aluminum	1.08	137056.00	1.08	-
Nickel	143.04	1034784.10	143.04	-

Commodity forward contracts outstanding as on 31.03.2020 :

Particulars	Nominal Amount ₹ crore	Average Rate	Timing	
			Upto 12 months	More than 12 months
Copper	37.37	426577.00	37.37	-
Aluminum	15.69	130671.00	15.69	-
Nickel	112.49	992854.00	112.49	-

h) Carrying value of hedge instruments:

₹ crore

Particulars	Currency exposure	
	As at 31.03.2021	As at 31.03.2020
Forward contract		
Current		
Asset - Other financial assets	**53.11**	323.69
Liability - Other financial liabilities	**44.90**	258.67
Non-current		
Asset - Other financial assets	**-**	29.89
Liability - Other financial liabilities	**13.84**	11.02

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

i) Breakup of hedge reserve balance:

₹ crore

Particulars	As at 31.03.2021	As at 31.03.2020
Balance towards continuing hedges	**9.36**	177.78
Balance for covers cancelled but underlying yet to be on balance sheet	**6.65**	(57.59)
Total	**16.01**	120.19
Hedging reserve fund	**18.68**	121.56
Cost of hedge reserve	**(2.67)**	(1.37)

j) Movement of hedging reserve:

₹ crore

Hedging reserve	As at 31.03.2021	As at 31.03.2020
I. Cash flow hedge reserve		
Opening balance	**121.56**	(64.88)
Add: Spot to spot movement in forward contracts	**-**	-
Add: Forward-to-forward movement in forward contracts	**248.38**	104.93
Add: Amount reclassified to profit or loss	**(385.84)**	156.54
Add: Amount included in non-financial asset/ liability	**(0.02)**	0.71
Less: Deferred tax related to above	**34.60**	(75.74)
Closing balance	**18.68**	121.56
II. Cost of hedge reserve		
Opening balance	**(1.37)**	1.12
Add: Forward-to-forward movement in forward contracts	**(1.74)**	(3.55)
Less: Deferred tax related to above	**0.44**	1.06
Closing balance	**(2.67)**	(1.37)

k) Reclassification of hedge reserve to profit and loss:

₹ crore

Particulars	Hedge reserve	
	As at 31.03.2021	As at 31.03.2020
Future cash flows are no longer expected		
Other expenses	**19.64**	(93.69)
Hedged item becoming on balance sheet		
Progress Billing	**256.03**	(25.46)
Revenue line item	**-**	(0.30)
Manufacturing, construction and operating expense line item	**110.18**	(37.09)
Total	**385.84**	(156.54)

l) 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 approved by the board of directors.
The Company's risk management committee is responsible for the implementation of the risk management policy.

l-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 revised model of historical provisioning data of the Company for the last 5 years and discounting rate based on credit risk of the Company's customers. Accordingly, as on March 31, 2021, provision for default was ranging from 1.30 % to 62.20 % *(Previous Year: 3% to 41%)* and provision for delay was made using discount rate of 7.5%. 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 i.e. public sector and private sector.

Allowances for non-collection of receivables and ECL on delay / default in collection, on a combined basis, were ₹ 528.22 crore as on March 31, 2021 and ₹ 495.23 crore as on March 31, 2020. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

₹ crore

Particulars	2020-21	2019-20
Opening balance of allowances for doubtful accounts	**495.23**	471.43
Taken over on account of Acquisition of L&T Gulf Pvt Ltd	**-**	0.46
Allowances recognized (reversed)	**33.87**	(110.49)
Additional provision	**(0.88)**	134.26
Amounts written off during the year	**-**	(0.43)
Closing balance of allowances for doubtful accounts	**528.22**	495.23

The percentage of revenue from its top five customers is 74.16 % for F.Y. 2020-21 (66.43% for F.Y. 2019-20).

The company had provided loans to its subsidiaries for funding their past business losses. Based on management's assertions on future operational capabilities of the subsidiaries, Rs. 277.70 crore provision has been made during the year. The company will revisit the same periodically.

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 and Parent Company.

I-ii) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position.

The Company 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.

I-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 treasury teams that have the appropriate skills and experience take decisions for risk management purposes.

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

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 the Company is as below (major traded currencies only):

₹ crore

Particulars	As at 31.03.2021		As at 31.03.2020	
	USD	EUR	USD	EUR
Financial assets				
Investments				
Trade receivable	**1934.04**	**792.08**	1323.81	579.79
Loan and advances	**599.79**	**-**	1413.01	-
Cash and cash equivalents	**220.54**	**0.11**	21.58	0.19
Other financial assets	**286.82**	**2.43**	54.19	13.16
Derivatives taken to hedge - on balance sheet assets	**451.06**	**12.01**	834.86	11.59
Net exposure to foreign currency risk (assets)	**2590.13**	**782.61**	1977.73	581.54
Derivative taken to hedge – off balance sheet assets	**2881.63**	**657.88**	4269.08	1629.62
Financial liabilities				
Borrowings	**778.52**	**-**	804.30	-
Trade payable	**891.69**	**229.31**	1058.14	250.44
Other financial liabilities	**174.19**	**37.19**	89.93	10.08
Derivatives taken to hedge - on balance sheet liabilities	**468.25**	**26.21**	31.33	67.18
Net exposure to foreign currency risk (liabilities)	**1376.16**	**240.29**	1921.04	193.34
Derivative taken to hedge – off balance sheet liabilities	**2656.15**	**888.56**	2366.12	873.87

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

The outstanding hedge instruments at the year-end, their maturity profile and the value at risk are as under:

Foreign currency exposure of contracts not designated as cash flow hedge:

Particulars	2020-21		2019-20	
	USD	EUR	USD	EUR
Forward contracts not designated as cash flow hedges:				
Sold	**2232.92**	**67.92**	225.60	67.59
Purchase	**101.99**	**64.96**	2690.62	399.60
Embedded derivatives not designated as cash flow hedges:				
Sold	**151.84**	**97.28**	145.68	363.80
Purchase	**16.87**	**15.71**	153.28	0.20

I-iv) 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 ₹ 10.65 crores as at March 31, 2021 and ₹ 17.50 crore as at March 31, 2020.

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, 2021 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.

I-v) Interest rate risk:

The Company's exposure to the risk for changes in market rates relate to the Company's project specific borrowing for international projects and External Commercial Borrowings carrying floating interest rate.
Such project-specific borrowings were ₹ Nil at the end of the reporting period.

Carrying amount of collateral given

₹ crore

Particulars	As at 31.03.2021	As at 31.03.2020
Trade receivables and inventories	**3250.00**	3250.00
Cash and cash equivalents (including other bank balances)	**-**	-
Current investments	**-**	-
Other current assets	**-**	-
Loan(others)	**-**	-
Total current financial assets	**3250.00**	3250.00

The above assets have been given as collateral against various funded and non-funded facilities availed by the Company.

Note 44
Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 ''Operating Segments"

i. 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.

ii. Geographical Information

₹ crore

Sr. No.	Particulars	Revenue		Non-current assets	
		As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
1	**India (a)**	**8945.93**	9901.35	**938.27**	1138.15
	<u>Foreign countries:</u>				
2	United States of America	**4.28**	3.42	**-**	-
3	Kingdom of Saudi Arabia	**1988.71**	2466.32	**16.20**	31.51
4	Sultanate of Oman	**232.72**	328.70	**1.75**	2.29
5	United Arab Emirates	**110.58**	820.09	**8.98**	12.44
6	Kuwait	**315.01**	89.59	**33.93**	29.89
7	Netherlands	**-**	0.61	**-**	-
8	Thailand	**233.59**	9.62	**-**	-
9	Algeria	**2481.54**	774.90	**19.59**	1.46
10	Other countries	**37.90**	22.78	**-**	-
	Total other countries (b)	**5404.33**	4516.03	**80.45**	77.59
	Total (a+b)	**14350.26**	14417.38	**1018.72**	1215.74

iii. Major customers Information:

Customers contributing more than 10% of company's total revenue amount to 74.16 % *(Previous Year: 47.92 %)* of the total revenue.

₹ crore

Customer	Revenue	
	2020-21	2019-20
Customer 1	**2898.53**	3001.73
Customer 2	**2481.54**	2279.36
Customer 3	**1872.94**	1624.84
Customer 4	**1784.32**	-
Customer 5	**1679.65**	-

iv. Product wise revenue information:

₹ crore

Product category	Revenue from major product and services	
	2020-21	2019-20
(i) Construction and project related activity:		
Items for oil and gas, chemical industries etc.	**14,143.26**	14,160.19
(ii) Manufacturing and trading activity:		
Items for oil and gas, chemical industries	**7.95**	7.62
(iii) Engineering service fees	**108.96**	110.44
(iv) Others	**90.09**	139.13
Total revenue	**14,350.26**	14,417.38

Note 45

Disclosure pursuant to Indian Accounting Standard (Ind AS) 115 'Revenue from Contracts with Customers"

1) Disaggregation of revenue: Following table covers the revenue segregation in Geographical areas.

₹ crore

Financial Year	Revenue as per Ind AS 115			Other Revenue	Total as per P&L/ Segment reporting
	Domestic	Foreign	Total		
2020-21	**8,926.34**	**5,404.33**	**14,330.67**	**19.59**	**14,350.26**
2019-20	9,818.34	4,514.67	14,333.01	84.37	14,417.38

2) Movement in expected credit loss during the year:

₹ crore

Particulars	Provision on trade receivables covered under Ind AS 115		Provision on contract assets	
	2020-21	2019-20	2020-21	2019-20
Opening balance (A)	**495.23**	471.43	**214.82**	171.19
Taken over on account of Acquisition of L&T Gulf Pvt Ltd	**-**	0.46	**-**	-
Ind AS 115 transition impact	**-**	-	**-**	-
Changes in loss allowance:				
• Loss allowance based on expected credit loss	**33.87**	(110.49)	**-**	-
• Additional provision (net)	**(0.88)**	134.26	**14.39**	43.63
• Write off as bad debts	**-**	(0.43)	**-**	-
Closing balance (B)	**528.22**	495.23	**229.21**	214.82

3) Contract balances: Following table covers the movement in contract balances during the year.

₹ crore

Particulars	2020-21			2019-20		
	Contract assets	Contract liabilities	Net contract balances	Contract assets	Contract liabilities	Net contract balances
Opening balance (A)	**3123.03**	**5657.31**	**(2534.28)**	2335.02	4256.86	(1921.84)
Closing balance (B)	**2590.74**	**4782.08**	**(2191.34)**	3123.03	5657.31	(2534.28)
Net increase/(decrease)	**532.29**	**875.23**	**(342.94)**	788.01	1400.45	(612.44)

Decrease in net contract balances is primarily due to progress billing reversed for closed jobs.

i. Revenue recognized during the year from opening balance of contract liabilities amounts to ₹ 1287.96 crore *(previous year ₹ 1263.91).*

ii. Revenue recognized during the year from the performance obligations satisfied in the previous year (arising out of contract modifications) amounts to ₹ Nil *(previous year Nil)* and change in contract price amounts to ₹ 42.12 crore *(previous year ₹123.81 crore)* [Penalty ₹ Nil *(previous year ₹ 16.87 crore)*; Change order ₹ 49.78 crore *(previous year ₹ 106.93 crore)*; Bonus Nil *(previous year Nil)*].

4) Reconciliation of contracted price with revenue during the year:

₹ crore

Particulars	2020-21	2019-20
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	**79,753.69**	66,442.29
Addition/(deletion) on account of Business Combination	**-**	1.69
Changes during the year on account of:		
Add: Fresh orders /change orders received (net)	**16,047.89**	16,638.86
Less: Reduction in scope of existing contract	**(59.22)**	(600.87)
Add: Claims	**206.19**	66.73
Add: Bonus	**-**	-
Add/(less): Adjustments towards exchange rate movements & previous years	**(646.88)**	601.06
Less: Penalty/Liquidity Damages	**(374.33)**	(258.39)
Less: Orders completed	**(15,306.35)**	(3,137.68)
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	**79,620.99**	79,753.69
Revenue recognised during the year	**14,330.67**	14,333.01
Out of orders completed during the year	**696.70**	341.64
Out of continuing orders at the end of the year (I)	**13,633.97**	13,991.37
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)	**29,868.13**	31,059.24
Balance revenue to be recognised in future (Order book) (III)	**36,118.89**	34,703.08
Forex rate movement (appl. in case of foreign contract for the Entity	**-**	-
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III)	**79,620.99**	79,753.69

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

₹ crore

Particulars	Total	Likely conversion in revenue					
		Upto 1 Year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Beyond 5 years
Transaction price allocated to the remaining performance obligation (2020-21)	**36,118.89**	**18,249.18**	**12,931.27**	**4,844.25**	**91.99**	**0.63**	**1.57**
Transaction price allocated to the remaining performance obligation (2019-20)	34,703.08	19,978.92	12269.07	2,433.09	22.00	-	-

Note 46
Disclosures in respect of Employees Stock Options Scheme

Pursuant to the Employees Stock Options Scheme established by the Parent (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the Parent, in respect of the Employee stock option scheme is ₹ 56.37 crore *(previous year: ₹ 47.97 crore).* This Employee stock option scheme is being recovered over the period of vesting by the Parent. Accordingly, cost of ₹ 47.91 crore *(previous year: ₹ 44.33 crore)* has been recovered by the Parent up to current year, out of which, ₹ 3.58 crore *(previous year : ₹ 3.04 crore)* was recovered during the year. Balance ₹8.46 crore *(previous year: ₹ 3.64 crore)* will be recovered in future periods.

Computation of total cost-

₹ crore

Particulars	As at 31.03.2021	As at 31.03.2020
Cost recovered in past	**44.33**	41.11
Addition/(Deletion) :- On Account of Business Combination	**-**	0.17
Cost recovered during the year (Total of debit notes for ESOP Staff Cost)	**3.58**	3.04
Cost to be recovered in future	**8.46**	3.64
Total cost incurred by the Parent, in respect of ESOP	**56.37**	47.97
Cost recovered up to the current year	**47.91**	44.33

Note 47
Disclosure pursuant to Auditor's remuneration

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

₹ crore

Particulars	2020-21	2019-20
Statutory Audit Fees	**0.40**	0.32
For Other services including certification work	**0.14**	0.12
For Taxation matters	**0.14**	0.14
Expenses reimbursed	**0.02**	0.00
Limited Review Fees	**0.10**	0.10

Note 48
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 31-03-2021	As at 31-03-2020
Principal amount due	**96.20**	77.82
Interest accrued and due on above amount	**-**	-
Payment made to suppliers (other than interest) beyond appointed day during the year	**64.20**	8.93
Interest paid (other than section 16)	**-**	-
Interest paid (section 16)	**0.08**	-
Interest due and payable towards supplier for payments already made beyond appointed day	**0.62**	0.07
Interest accrued and remaining unpaid at the end of the year	**-**	-

Note 49
Research and Development expenses and Corporate Social Responsibility (CSR) activities:

A. The expenditure on research and development activities recognized as expense in the statement of profit and loss is ₹ 7.16 crore *(previous year: ₹ 5.04 crore)*
Capital expenditure is as follows:
a) on property, plant and equipment ₹ 0.11 *(previous year: ₹ Nil)*
b) on intangible assets being expenditure on new product development ₹ Nil *(previous year: ₹ Nil)*
c) on other intangible assets ₹ Nil *(previous year: ₹ Nil)*

B. 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 ₹ 9.31 crore *(previous year ₹10.88 crore)*

b) Amount spent during the year:

₹ crore

Sr. no.	Particulars	Disclosure under	2020-21			2019-20		
			In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
1	Construction/acquisition of any asset		**-**	**-**	**-**	-	-	-
2	Other revenue expenses: -Recognised as expense and shown under other expenses	Note 33	**9.71**	**-**	**9.71**	11.17	0.01	11.18
3	-Recognised as expense and shown under employee benefit expenses	Note 31	**0.17**	**-**	**0.17**	0.15	-	0.15
	Total		**9.88**	**-**	**9.88**	11.32	0.01	11.33

There are no related party transactions in CSR.

Note 50
Disclosure pursuant to Ind AS 103 "Business Combinations":

L&T-Gulf Private Limited (LTGPL), a wholly owned subsidiary, is merged with the Company under a scheme of amalgamation as per Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 approved by National Company Law Tribunal, Mumbai on April 26, 2021. The merger is effective from the appointed date April 01, 2020. LTGPL had a registered office in Mumbai, India and is engaged in the business of carrying out engineering and Project Management Consultancy (PMC) activities for hydrocarbon pipeline projects and associate facilities including activities of feasibility studies, Front End Engineering & Design (FEED), Project Management, Detailed Engineering, Procurement Support Services, Construction Management Services and Pre-commissioning and Commissioning Services.

No fresh shares are issued to effect the merger as LTGPL is wholly owned subsidiary of the Company. Further the merger is accounted using common control business combination as per Ind AS 103 read with ITFG 9, involving the following:

a. The assets and liabilities of LTGPL are reflected as appearing in the consolidated financial statements of the Company as the standalone financial statements to the extent of this common control transaction has been considered as a continuation of the consolidation group.
b. Restatement of the previous year comparatives i.e. as at/for the year ended March 31, 2020 of the Company from the date of common control i.e. January 01, 2020

Note 51
Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 -Leases
A) Transition Disclosures (FY 2019-20):

i. Reconciliation of operating lease commitments as at 31.03.2019 (under Ind AS 17) to the opening lease liability as at 01.04.2019 (under Ind AS 116):

₹ crore

Particulars	01.04.2019
A. Existing Operating lease rental commitments (total PO value for the outstanding lease term, for existing operating leases)	21.30
B. Lease commitments pertaining to Short Term Leases	(8.83)
C. Lease commitments pertaining to Low Value Leases	-
D. Impact of discounting of lease payments under Ind AS 116	(2.94)
E. Extension and termination options reasonably certain to be exercised	-
F. Commitments relating to leases previously classified as finance leases	-
G. Lease liability (A+B+C+D+E+F)	**9.53**

ii. Transition impact on Opening retained earnings:

₹ crore

Particulars	Amount
A. Lease Liability as on 01.04.2019	9.53
B. Right of use on transition date	8.26
C. Opening RE impact on Ind AS 116 Lease (Gross)	(1.27)
D. Opening RE impact on Ind AS 116 Lease (Tax)	0.33
E. Opening RE impact on Ind AS 116 Lease (Net) (C-D)	**(0.94)**

iii. Weighted average incremental borrowing rate used for discounting the opening lease liability as at 01.04.2019 8% - (Outside group) and 8% - (Within group)

B) Where the company is a lessee (FY 2020-21):

i. The company has taken various assets on lease such as, plant and machinery, buildings, office premises, vehicles. Generally, leases are renewed only on mutual consent and at a prevalent market price and sub-lease is restricted.
ii. Details with respect to right of use assets:

₹ crore

Class of asset	Depreciation		Additions to right - of- use		Carrying amount of asset	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Land	**0.16**	-	-	-	**0.31**	-
Building	**6.51**	6.63	-	29.05	**19.73**	26.70
Plant and Equipment	**20.75**	6.30	-	30.15	**3.10**	23.85
Total (A)	**27.42**	12.93	-	59.20	**23.14**	50.55

iii. Interest expense on lease liabilities amounts to ₹ 3.09 crore *(Previous Year: ₹ 2.23 crore).*
iv. Expense relating to leases for which underlying asset is of low value is ₹ 4.79 crore *(Previous Year: ₹ 23.96 crore).*
v. Expense related to short-term leases is ₹ 489.87 crore *(Previous Year: ₹ 497.70 crore)*
vi. Total cash outflow for leases - ₹ 477.96 crore *(Previous Year: ₹ 495.39 crore)*
  a) Payment of lease liability - ₹ 26.47 crore *(Previous Year: ₹ 9.22 crore)*
  b) Payment of interest on lease liability - ₹ 3.09 crore *(Previous Year: ₹ 2.23 crore)*
  c) Cash outflow for short term leases - ₹ 444.26 crore *(Previous Year ₹ 462.90 crore)*
  d) Cash outflow for low value leases - ₹ 4.14 crore *(Previous Year: ₹ 21.04 crore)*

Note 52
Disclosure in respect of joint operation:

Sr. No.	Name of the joint operation	*Principal place of business	Description of the interest
1	Consortium of L&T Hydrocarbon Engineering Limited. and EMAS AMC Pte. Ltd	UAE	**HASBAH**- Engineering, Procurement, Construction, Pre-Commissioning of Hasbah Offshore Gas Facilities Increment II in Saudi Arabia **Marjan**
2	Consortium of L&T Hydrocarbon Engineering Ltd. and Reliance Naval and Engineering Ltd.	India	The Project is about conversion of Sagar Pragati from Mobile Offshore Drilling unit (MODU) to Mobile Offshore Production Unit (MOPU) which includes Design & Engineering, Procurement, Fabrication, Transportation, Jack-up, Hook-up, Testing & Pre- commissioning.
3	GE Oil & Gas UK Ltd, McDermott International Management S. de RL, Berlian McDermott Sdn Bhd and Vetco Gray Pte Ltd.	India	**98/2** - 34 Subsea Trees and associated Subsea Control Systems,Rigid Pipelines – approx. 500 kms (10 kms Onshore, 10 kms River, Balance - Offshore),Manifolds 6 Nos (2 Gas + 4 Oil) and associated subsea structures (Total Tonnage : approx. 7000 MT) Infield Umbilicals (176 kms),Manifolds 6 Nos (2 Gas + 4 Oil) and associated subsea structures (Total Tonnage : approx. 7000 MT) Infield Umbilicals (176 kms)

4	Consortium of L&T Hydrocarbon Engineering Ltd. and EMAS AMC PTE Ltd.	UAE	Formed for execution of EPC Contracts awarded by Saudi Aramco under Long Term Agreement. **17 Tower crane -** Replace Tower Cranes - Marjan and Zuluf, **Safaniya-** Engineering, Procurement, Construction, Pre-Commissioning of SFNY 4 Decks, Subsea Pipelines & Cables, AND STP-17 69 kv Circuit Breaker (OOK) **CRPO 36-**ZULF 3 SSS DECKS & ASSOCIATED PIPELINES, **CRPO 27-** 3 Gas PDMs in HSBH & ARBI Field Project **CRPO 37 -** Replacement of 11 BRRI pipelines **CRPO 47** - 8 Jackets for Marjan and Zuluf **CRPO 48 -** 10 Jackets for Safaniya and Zuluf **CRPO 49 -** 10 Jackets for Zuluf and Ribyan
5	Consortium of Technip France, L&T Hydrocarbon Engineering Ltd. and Technip India Limited	India	**Sindri/Barauni:** Engineering, Procurement, Construction, commissioning and Performance Test run of a new single stream 2200 MTPD Ammonia plant with natural gas as feedstock and 3850 MTPD prilled Urea plant and its associated off sites and utility facilities on a lump sum Lump sum Turn Key basis at HURL Sindri and Barauni, Jharkhand India
6	UJV with Technimont S.p.A. in Abu Dhabi, UAE to jointly bid and execute the contracts (H&G Project)	UAE	**UAE, Abu Dhabi:** This UJV is formed to bid and if awarded execute the project in UAE (H&G Project of ADNOC). At present, the project is in bidding stage. No other project is awarded to this UJV so far.

Note 53

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31.03.2021.

Note 54

Contribution to political parties during the year is ₹ Nil *(previous year ₹ Nil)*

Note 55

Figures for the previous year have been regrouped/reclassified wherever necessary.

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

R. Shankar Raman
Director
DIN: 00019798

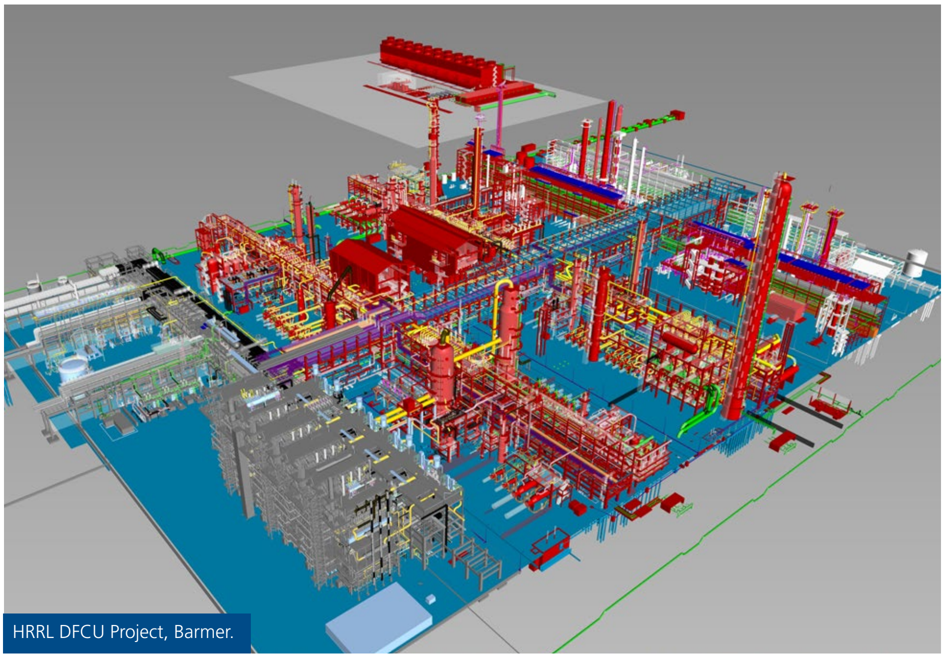
K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

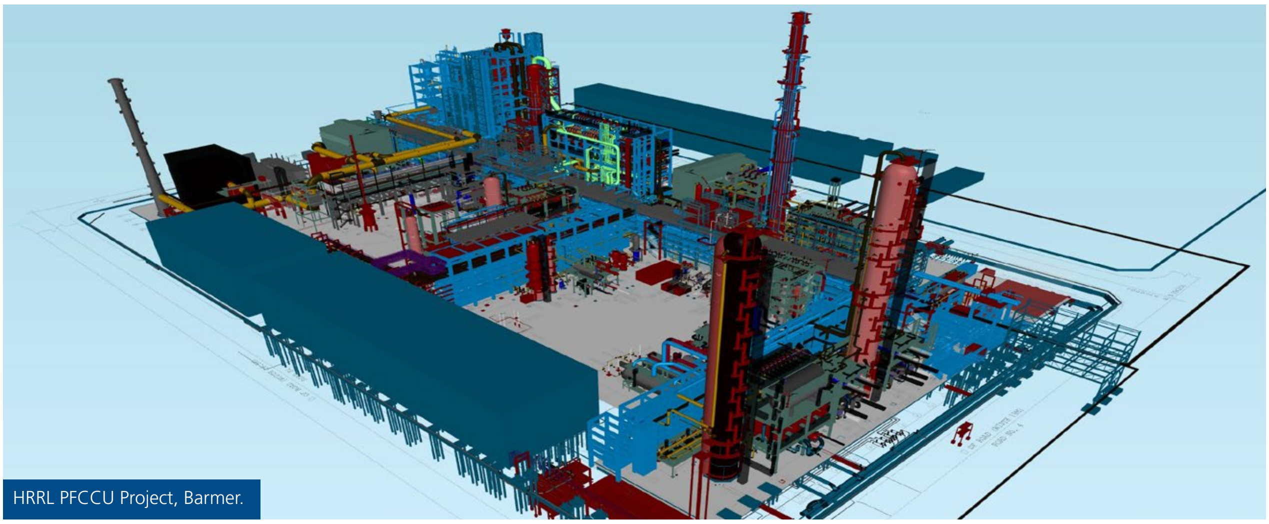
Place : Mumbai
Date: 03.05.2021

NEW PROJECTS

Despite the challenges in the hydrocarbon sector, during FY 20-21 L&T Hydrocarbon Engineering managed to win multiple orders. A feat that speaks volumes of the inherent resilience of the company and its people.



HRRL DFCU Project, Barmer.



HRRL PFCCU Project, Barmer.

ONGC New Living Quarter (LQ) & Revamp Project (NLRNC-RT2).

Three construction jobs – Two from PDO Oman and One from Saudi Aramco.

ACCOLADES

We brought a fresh haul of awards home to add to our already overgrown mantelpiece. These awards bear a testimony to our commitment to excellence and serve as encouragement to always aim higher.

EPC Company of the Year 2020
from Federation of
Indian Petroleum Industry (FIPI).

No. 2 Spot on Oil & Gas
Middle East magazine's
'Top EPC Contractor
in the Middle East' List

Project of the Year (large)'
Runner-up Prize at
PMI India Awards 2020

Gold Award in
HR Best Practices from
National Institute of Personnel
Management (NIPM)

Golden Peacock
National Quality Award
from Institute of Directors

EHSS Excellence Award
from Farabi Petrochemicals

Platinum Award in
Health & Safety from
Indian Chamber of Commerce

Most Innovative &
Scalable Social Impact Award
from Indian Chamber of Commerce

Best Integrated
Village Development Project
from India CSR Network

L&T Hydrocarbon Engineering

A wholly owned subsidiary of Larsen & Toubro Limited

Registered Office:
L&T Hydrocarbon Engineering Limited
L&T House, N. M. Marg, Ballard Estate, Mumbai 400 001, INDIA.
www.Lnthydrocarbon.com CIN : U11200MH2009PLC191426

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