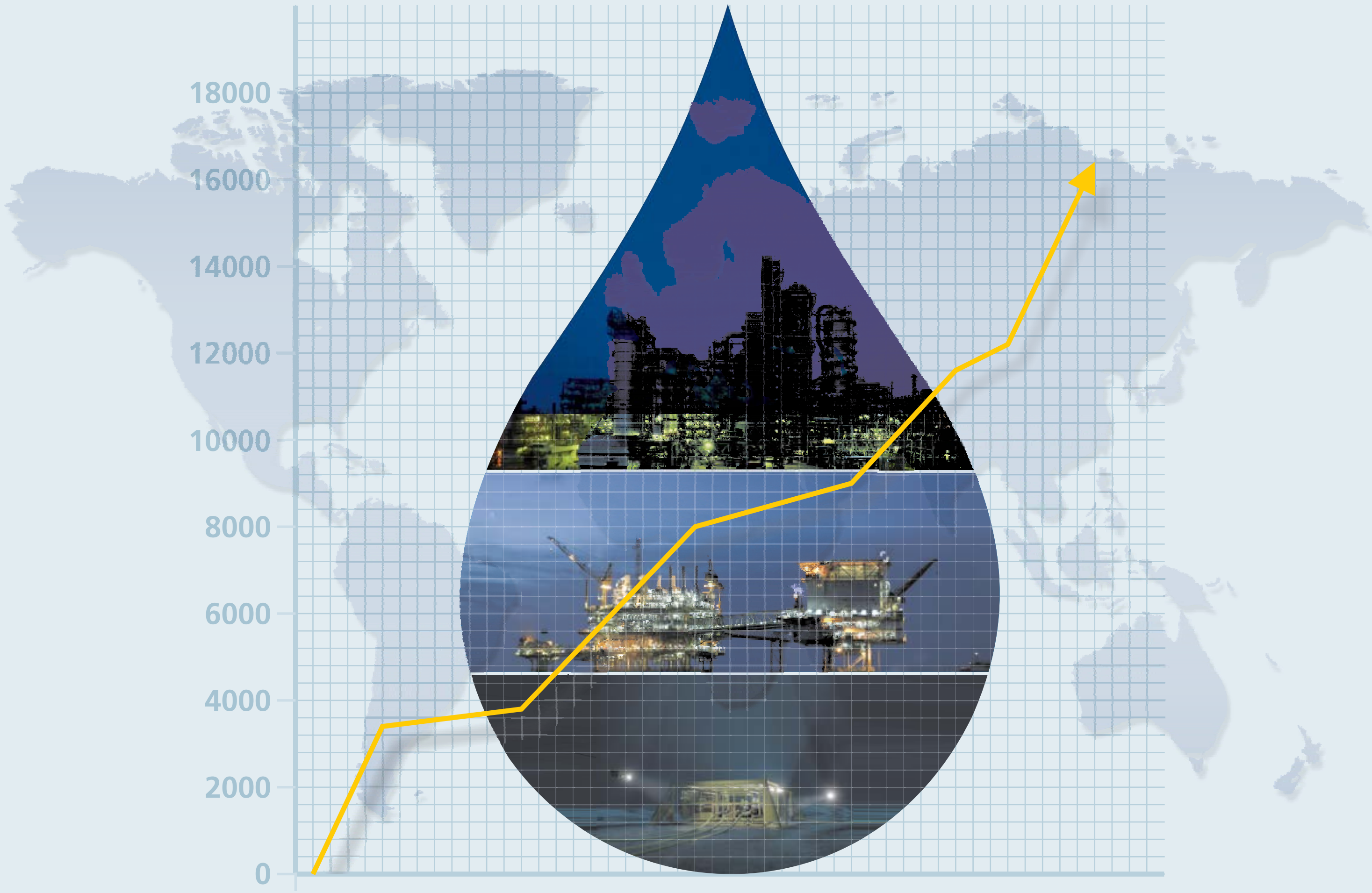
ANNUAL REPORT 2018 - 2019

Fuelling growth through execution excellence



L&T Hydrocarbon Engineering

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.

Sarma

Subramanian Sarma
CEO & Managing Director

Date: 20th April, 2016

L&T Hydrocarbon Engineering

About Us

L&T Hydrocarbon Engineering Limited is an engineering, procurement, fabrication, construction and project management company providing integrated 'design to build' solutions to large and complex Offshore and Onshore hydrocarbon projects worldwide. Earlier a business vertical of Larsen & Toubro Limited, the Company is now a wholly-owned subsidiary of the reputed technology, engineering and construction conglomerate.

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

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

L&T Hydrocarbon Engineering Limited caters to the needs of its client base in multiple geographies – India, the Middle East, Asia Pacific, Africa, the Americas and Europe. Conscious of its larger responsibilities as a corporate citizen, the Company is committed to the development of the communities around its facilities and project sites.

Contents

Company Information

Board of Directors

Mr. K Venkataramanan	Non Executive Chairman
Mr. Subramanian Sarma	Chief Executive Officer & Managing Director
Mr. T Chinnappa	Whole Time Director
Mr. R Shankar Raman	Non executive director
Mr. Vikram Singh Mehta	Independent Director
Mr. Sarthak Behuria	Independent Director
Mrs. Bhagyam Ramani	Independent Director

Chief Financial Officer	Mr. K S Balasubramanyam
Company Secretary	Mr. Sivaram Nair
Registered Office	L&T House, Ballard Estate, Mumbai-400001
Auditors	M/s Sharp & Tannan

Notes

Directors' Report

Directors' Report

The Directors have pleasure in presenting the tenth Annual Report and Audited Accounts for the year ended March 31, 2019.

FINANCIAL RESULTS

₹ *Crore*

Particulars	**2018-19**	*2017-18*
Turnover (gross)	**12694.82**	*11044.35*
Profit before Depreciation, Interest, Taxes & Amortisation	**957.75**	*739.99*
Less: Depreciation & Amortisation	**88.03**	*90.23*
Profit before Interest & Taxes	**869.72**	*649.76*
Less: Interest	**22.39**	*8.41*
Profit before Tax	**847.33**	*641.35*
Less: Tax (including deferred tax provision)	**292.59**	*235.73*
Profit after Tax	**554.74**	*405.62*
Add: Balance brought forward from previous year	**257.34**	*(78.96)*
Impact of IND AS 115 and ECL on Contract Asset in opening retained earnings	**(60.20)**	-
Add: Gain/(Loss) on re-measurement of the Net defined benefit plans	**(1.75)**	*3.98*
Less: Dividend (including Dividend Distribution Tax)	**399.29**	*73.30*
Balance carried to Balance Sheet	**350.84**	*257.34*

YEAR IN RETROSPECT

The gross sales for the financial year under review were ₹ 12694.82 crore as against ₹ 11044.35 crore for the previous financial year 17-18 registering a growth of 14.94 percent. The Profit before tax for FY 18-19 is ₹ 847.33 crore as against ₹ 641.35 crore for FY 17-18. The Profit after tax at ₹ 554.74 crore for the FY 18-19 registered a growth of 36.76 percent as compared to previous year's Profit after tax of ₹ 405.62 crore.

The positive growth in profits is attributable to timely and excellent execution of various projects.

CAPITAL & FINANCE

1. Share Capital as on March 31, 2019:

   The total paid up equity and preference share capital of the Company as on March 31, 2019 stood at ₹ 1760.05 crores. During the year under review, the Company has not issued any shares. The details of equity and preference share capital is given in Extract of Annual Report (MGT-9) annexed herewith as Annexure "C".

2. Inter Corporate Deposits with holding company outstanding as on March 31, 2019 stood at ₹ NIL crore and that with company's subsidiary and joint venture companies stood at 1277.30 crore.

3. The Company enjoys a good reputation for its sound financial management and ability to meet its financial obligations. The Company has received AAA/Stable for the long-term financial instruments of the Company from CRISIL.

CAPITAL EXPENDITURE

As at March 31, 2019, the gross fixed and intangible assets, stood at ₹ 1,106.06 crore & ₹ 24.31 crore respectively and the net fixed and intangible assets, at ₹ 755.66 crore & 4.78 crore respectively. Capital work in progress as at March 31, 2019 amounted to ₹ 7.44 crore.

TRANSFER TO RESERVES

The Company has not transferred any amount to Reserves for the Financial Year 2018-19.

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, 2019. There are no deposits outstanding as of March 31, 2019.

DEPOSITORY SYSTEM

As on March 31, 2019 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 number of equity shares are held in dematerialized form.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

During the year under review, the Company subscribed to/acquired equity/preference shares in various subsidiary/associate/joint venture companies.

The details of investments / disinvestments in subsidiary companies during the year are as under:

A) Shares acquired during the year:

Name of the Company	Type of Shares	No. of shares
Larsen & Toubro Hydrocarbon Engineering LLC, Oman	Equity	39,65,500
L&T Hydrocarbon International FZE, UAE	Equity	150
Larsen & Toubro Kuwait Construction General Contracting Company LLC	Equity	980

B) Equity shares sold/transferred during the year:

Name of the Company	Number of shares
NIL	

C) Performance and Financial Position of each subsidiary/associate and joint venture companies:

A statement containing the salient features of the financial statement of subsidiaries/associate/joint venture companies and their contribution to the overall performance of the Company is provided in Annexure "A".

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

The Company has disclosed the full particulars of the loans given and investments made in the Annual Accounts. There are no guarantees given or securities provided by the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Related Party Transactions for financial year 2018-19 were placed before the Board for their consideration and approved

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 is provided as Annexure "F".

DIVIDEND

Considering the good financial performance during the financial year, the Company had declared interim dividends and also recommended final dividends:

Dividends on preference shares

For the nine-month period from April 1, 2018 up to December 31, 2018; the Directors of the Company declared and paid an Interim dividend on preference shares:

i. ₹ 0.75 per share on 50,00,00,000 10% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 45.21 Cr including DDT).

ii. ₹ 0.90 per share on 26,00,00,000 12% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 28.22 Cr including DDT).

• Further, the Directors of the Company have recommended a final dividend on preference shares for shareholders approval, as follows:

iii. ₹ 0.25 per share on 50,00,00,000 10% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 15.05 Cr including DDT).

iv. ₹ 0.30 per share on 26,00,00,000 12% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 9.38 Cr including DDT).

Dividend on Equity Shares

The Directors of the company also declared and paid interim dividend on equity shares:

i. On October 24, 2018 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.

ii. On March 20, 2019 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.

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

There are no material changes and commitments affecting the financial position of the Company, between the end of the financial year under review and the date of the Board's report.

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

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

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and mitigation procedures.

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

CORPORATE SOCIAL RESPONSIBILITY

The Company's Corporate Social Responsibility committee comprises of Mr. Vikram Singh Mehta, Mrs. Bhagyam Ramani and Mr. T. Chinnappa as the Members.

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'.

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

A. Directors of the Company as on March 31, 2019 are :

1. Mr. K. Venkataramanan
2. Mr. R. Shankar Raman
3. Mr. Subramanian Sarma

4. Mr. T. Chinnappa
5. Mr. Vikram Singh Mehta
6. Mr. Sarthak Behuria(term expired on March 31, 2019 and did not seek re-appointment)
7. Mrs. Bhagyam Ramani

B. Directors appointed during the year :

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

The Board re-appointed Mr. Subramanian Sarma as Chief Executive Officer & Manging Director of the Company for a period of two years with effect from August 19, 2018 upto August 18, 2020, subject to approval of shareholders in general meeting.

The Board re-appointed Mr. T. Chinnappa as Whole-time Director of the Company for a period of one year with effect from April 01, 2019 upto March 31, 2020 or until the date of retirement from the services of the Company, whichever is earlier, subject to approval of shareholders in general meeting.

The Board re-appointed Mr. K. Venkataramanan as Non-Executive Chairperson of the Company for a period of one year with effect from October 01, 2018 upto September 30, 2019.

The Board re-appointed Mr. Vikram Singh Mehta, Independent Director of the Company for second term of 5 years w.e.f. April 1,2019 upto and including March 31,2024 based on skills, experience, knowledge and performance evaluation reports of Mr. Mehta and recommendation by the Nomination & Remuneration Committee. The said re-appointment for 2nd term will be subject to the approval of the shareholders by way of special resolution at the ensuing Annual General Meeting of the Company.

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

C. Completion of term of Director during the year :

Mr. Sarthak Behuria, an Independent Director of the Company, due to his other commitments, has conveyed to the Board that he would not like to be considered for re-appointment after his term expired on March 31, 2019. The Board placed on record its sincere appreciation of the valuable services rendered by Mr. Sarthak Behuria during his tenure as Director of the Company.

D. Key Managerial Personnel :

The 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. T. Chinnappa, Whole-time Director

c) Mr. K. S. Balasubramanyam, Chief Financial Officer

d) Mr. Sivaram Nair, Company Secretary

Ms. Alpana Khale, Company Secretary of the Company tendered her resignation from the services of the Company w.e.f. July 19, 2018, consequent to her transfer to another unit within the L&T group.

Mr. Sivaram Nair was appointed as the Company Secretary of the Company w.e.f. July 20, 2018.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, 6 meetings were held – April 25, 2018; June15, 2018; July 19, 2018 and October 24, 2018. January 18, 2019 and March 20, 2019.

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.

AUDIT COMMITTEE

In view of the Notifications dated July 5, 2017 and July 13, 2017; issued by Ministry of Corporate Affairs, the Company has dissolved the Audit Committee of the Board and all the matters that were considered by Audit Committee are now being considered by the Board.

The Company has established an effective Vigil Mechanism for directors and employees to report genuine concerns. The policy provides a dedicated Hotline number and also a dedicated e-mail 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 Whistle Blower 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

COMPANY POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Company has voluntarily constituted a Nomination & Remuneration Committee. The Committee comprised of two Independent Directors, one Non-Executive Director and the Managing Director as follows:

1. Mr. Sarthak Behuria– Chairman (ceased to be a member on March 31, 2019)
2. Mr. Vikram Singh Mehta - Member
3. Mr. K. Venkataramanan - Member
4. Mr. Subramanian Sarma - Member

During the year under review five meetings were held i.e. on April 25, 2018, June 15, 2018, July 19, 2018, October 24, 2018 and March 20, 2019.

Mr. Sarthak Behuria, due to his completion of tenure as Independent Director, ceases to be a member of the Committee w.e.f. March 31, 2019.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013.The Company has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director (same is placed on website. Link: www.lthydrocarbon.com)

DECLARATION OF INDEPENDENCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms :

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

ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit of the Company for that period;

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

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2019, 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 as specified under section 143(12) of the Companies Act, 2013.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination & Remuneration Committee and the Board has laid down the manner in which formal annual evaluation of the performance of the Board, committees, 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 inputs given by all the directors were discussed in the meeting of the Independent Directors held on March 20, 2019, as per schedule IV of the Companies Act, 2013.

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 cases of sexual harassment were received during 2018 – 19.

Further, the Company has duly constituted the Internal Complaints Committee as required by Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act").

SUSTAINABILITY REPORT

The Company released its Sustainability Report - 'Transforming Business Through Digitalization', in line with Company's focus on various digitalization initiatives undertaken and the report highlights on 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

In the ensuing Annual General Meeting, M/s. Sharp & Tannan will complete their two terms of 5 years each (i.e. 10 years). In view of the mandatory rotation of auditor and in accordance with provision of Companies Act, 2013, the Company has now considered appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors for a term of five years.

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

The appointment of new Statutory Auditors, M/s. Deloitte Haskins & Sells LLP, to hold office from conclusion of 10th Annual General Meeting to the conclusion of 15th Annual General Meeting have been proposed by the Board to the shareholders and certificate of eligibility under Section 141 of the Companies Act, 2013 has been received.

A proposal for their appointment from conclusion of 10th AGM till conclusion of 15th AGM forms part of Notice convening the 10th AGM.

AUDITOR'S REPORT

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment or remark(s) which has/have 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 of Directors, at its meeting held on April 22, 2019, has approved the appointment of R. Nanabhoy & Co. as Cost Auditors of the Company for audit of cost accounting records for the financial year 2019 – 20 at a Remuneration of ₹ 1,80,000/- only for FY 19-20 plus taxes and out of pocket expenses.

They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013. The Report of the Cost Auditors for the financial year ended March 31, 2019 is under finalization and will be filed with the MCA within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2019 – 20 will be placed before the shareholders for consideration.

SECRETARIAL AUDITORS REPORT

The Board had appointed Naina Desai, Practicing Company Secretary, as the Secretarial Auditor of the company under Section 204 of The Companies Act, 2013 for the Financial Year ended March 31, 2019. The Secretarial Audit Report in Form MR-3 is provided as Annexure 'E'.

The Secretarial Auditors' 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

EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is provided in Annexure 'C'.

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 and State Government authorities, Regulatory authorities, and various other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

K. Venkataramanan
Non-Executive Chairman
(DIN: 0001647)

Place : Mumbai
Date : April 22, 2019

Annexure 'A' to the Directors' Report

FORM AOC – 1

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

Statement containing salient features of Financial Statements of Subsidiaries

PART A SUBSIDIARIES

(All amounts in ₹)

Sr. No	Particulars	Companies			
1	**Name of the Subsidiary**	**L& T Sapura shipping Private Limited**	**L&T Sapura Offshore Private Limited**	**L&T Gulf Private Limited**	**Larsen Toubro Arabia LLC (1 SAR = ₹ 18.60) Closing Rate as on December 2018**
2	Reporting Period for concerned Subsidiary	01 April 2018 to 31 March 2019	01 April 2018 to 31 March 2019	01 April 2018 to 31 March 2019	01 January 2018 to 31 December 2018
3	Share Capital	1,58,85,30,830	1,00,000	8,00,00,000	18,60,00,000
4	Reserves & Surplus	3,42,35,89,498	47,55,975	23,79,71,726	-37,28,88,36,76
5	Total Assets	8,10,37,03,693	6,41,59,028	39,83,36,673	4,52,25,02,636
6	Total Liabilities	3,09,15,71,697	5,93,03,053	8,03,64,947	8,06,53,86,312
7	Investments	-	-	1,21,62,504	0
8	Turnover	1,08,02,84,200	-	24,74,82,700	8,30,09,12,402
9	Profit before Taxation	1,13,85,200	(26,18,288)	3,58,19,583	89,02,15,176.60
10	Provision for Taxation	47,73,677	36,257	74,60,394	13,04,02,609.80
11	Profit after taxation	6,611,522	(26,54,545)	2,83,59,189	75,98,12,566.80
12	Proposed Dividend	-	-	-	-
13	% shareholding	60%	60%	50.0002%	75%

Sr. No	Particulars	Companies (All amounts in INR)		
	Name of the Subsidiary	**LTEM * (1 OMR = ₹ 181.2375) Closing Rate as on December 2018**	**LTHS LLC* (1 SAR = ₹ 18.60) Closing Rate as on December 2018**	**LTMFY* (1 OMR = ₹ 181.2375) Closing Rate as on December 2018**
1	Reporting Period for concerned Subsidiary	01 January 2018 to 31 December 2018	01 January 2018 to 31 December 2018	01 January 2018 to 31 December 2018
2	Share Capital	5,43,71,250	1,86,00,000	52,28,00,411
3	Reserves & Surplus	-79,68,44,560.20	-4,77,83,67,286	54,36,45,261
4	Total Assets	1,66,70,57,866	7,15,94,32,057	4,69,69,83,854
5	Total Liabilities	2,40,95,31,176	11,91,91,99,343	3,63,05,38,182
6	Investments	0	0	0
7	Turnover	3,03,60,46,559	8,03,40,18,119	10,91,83,55,958
8	Profit before Taxation	59,12,88,249.90	14,16,01,725.60	1,84,13,39,652

Sr. No	Particulars	Companies (All amounts in INR)		
	Name of the Subsidiary	LTEM * (1 OMR = ₹ 181.2375) Closing Rate as on December 2018	LTHS LLC* (1 SAR = ₹ 18.60) Closing Rate as on December 2018	LTMFY* (1 OMR = ₹ 181.2375) Closing Rate as on December 2018
9	Provision for Taxation	4,84,457	3,31,43,395.80	0
10	Profit after taxation	59,13,72,706.60	10,84,58,329.80	1,84,13,39,652
11	Proposed Dividend	-	-	-
12	% shareholding	70%	100%	70%

***NOTE:**

LTEM : Larsen & Toubro Electromech LLC, Oman

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

LTMFY : L&T Modular Fabrication Yard LLC, Oman

Sr. No	Particulars	Companies (All amounts in INR)		
	Name of the Subsidiary	L&T HE* (1 OMR = ₹ 181.2375) Closing Rate as on December 2018	LTHI FZE* (1 AED = ₹ 18.995) Closing Rate as on March 2019	LTKC** (1 KWD = ₹ 229.905) Closing Rate as on December 2018
1	Reporting Period for concerned Subsidiary	01 January 2018 to 31 December 2018	01 April 2018 to 31 March 2019	01 January 2018 to 31 December 2018
2	Share Capital	1,02,67,10,438	28,49,250	45,98,10,000
3	Reserves & Surplus	-1,47,30,23,549	-16,73,403	-44,57,12,455
4	Total Assets	1,32,28,54,506	39,60,230	23,79,63,860
5	Total Liabilities	1,76,91,67,618	27,84,382	22,38,66,315
6	Investments	0	-	-
7	Turnover	1,05,55,23,938	-	-
8	Profit before Taxation	-44,66,12,515.80	-16,73,403	45,53,728
9	Provision for Taxation	2,48,60,529	-	-
10	Profit after taxation	-42,15,70,749.20	-16,73,403	45,53,728
11	Proposed Dividend	-	-	0
12	% shareholding	70%	100%	49%

***NOTE:**

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

LTHI IFZE : L&T Hydrocarbon International FZE, UAE

LTKC** : Larsen & Toubro Kuwait General Contracting Co WLL, Kuwait

PART B: ASSOCIATES AND JOINT VENTURES

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

Sr. No	Particulars	L&T Chiyoda Limited	LTHC LLC** (1 AZN = ₹ 40.8944) Closing Rate as on Dec2018
1	Latest Audited Balance Sheet date	31 March 2019	No activity
2	Shares of associates held by the Company on 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
	Number of shares	45,00,000 (Out of these 3 shares are held jointly with Directors nominated by LTHE)	9250 Shares
	Amount of investment	₹ 52.93 Crores	₹ 0.36 Crores
3	Description of how there is significant influence	By virtue of 50% shareholding & right to nominate 50% of Board strength (Both LTHE & Chiyoda hold exactly 50% shares)	By virtue of 50% shareholding & right to nominate 50% of Board strength
4	Reason why the associate is not consolidated	Control is joint, as all Board decisions need to be approved by at least 1 Director nominated by both the JV partners	Control is joint, as all Board decisions need to be approved by at least 1 Director nominated by both the JV partners
5	Net worth attributable to shareholding as per latest audited balance sheet (₹ Crore)	Total Net Worth of LTC = ₹ 153.47 Crores Attributable to LTHE : 50% = ₹ 76.73 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 (₹ Crore):	PAT (Total Comprehensive Income for the year): ₹ 31.98 Crores	0
7	Considered in consolidation	50%	0
8	Not considered in consolidation	50%	0

**LTHC LLC : L&T Hydrocarbon Caspian LLC, Azerbaijan

Annexure 'B' to the Directors' Report

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

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

1. Improving Energy Effectiveness/Efficiency of Equipment and Systems
   - Switching over to energy efficient inverter based welding machine both hired and procured.
   - Optimizing the power demand within the limits sanctioned by the state electric supply.
   - Maintaining the power factor within the limits (0.96 – 0.99) to optimize the power demand from the State electric supply.
   - Maintaining monitoring mechanism to study the HSD consumption of equipment/systems as per norms.
   - Street light lamp LED conversion for HPSV/MH at MFFK.
   - Conversion of shop Metal Halide lights to energy efficient LED lamps in all MFFH shops.
   - Increase use of FCAW Gas shielded welding process.
   - Replacement of Conventional Chiller Plant with Electrical Compressor Operated Chiller Plant at EPC Block
   - Optimize running of Air Compressors used for Blasting/Painting through optimum loading of Blasting operation & reduction in idle running at MFFH.
   - Conversion and retrofitting of equipment e.g. Installation of on-off timers in high mast towers at MFFH

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

- Implementation of Energy Management System ISO 50001 at MFFK
- Conversion of shop MH lights to energy efficient LED lamps at MFFK.
- Maintenance of Harmonic Filter in 11 KV side – to optimize the line currents and to reduce the power losses at MFFK.
- Installation of Occupancy sensors at MFFK offices.
- GPS installation for the own & hired equipment to optimize the utilization.
- Use of LED lights for temporary lighting in Yards in place of HPSV lights.
- Replacement of Existing window/split ACs by energy efficient invertor based AC
- Upgrade the Power Distribution network to reduce the diesel Consumption.
- Proposal submitted for Replacement of Existing Metal Halide Lamps with LED Fittings in Yard High Masts / Towers at MFFH.
- Proposing low voltage heating pads in PWHT process in place of high voltage.
- Proposal submitted for Installing Roof Top Solar Power Plant in EPC Building

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

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

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

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

B. RESEARCH AND DEVELOPMENT (R&D)

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

The Company has in-house R&D facilities for carrying out applied research in the areas of Process Engineering, Energy Management, Material Science & Corrosion Engineering, Refractory Engineering, Asset Integrity Management and Specialized Studies related to Plant and Equipment.

During the year (2018 – 2019) research work was carried out in following areas:

- **Technology Evaluation**

  Bio fuels is identified as a major thrust area for our business. Multiple technology path ways like Fermentation, Pyrolysis, Gasification and catalytic thermo liquefaction are evaluated for converting Second generation feed stock (Agro residue, Bagasse, Municipal Solid Waste) into valuable liquid fuels which can be either blended with transportation fuels or co-processed in a refinery. An MOU is signed with a premier academic institute for offering total solution for ethanol production form Cellulosic biomass.

- **Process Engineering**

  Design, analysis and simulation of Gas Processing plant and equipment (Gas/Liquid Separation, Condensate Fractionation, Gas Dehydration, Gas Sweetening Units and C2/

C3/C4 component recovery systems); Process Design of Melamine Plant; Process simulation for Ammonia and Urea Plants; Process engineering for Gas Compressor Modules; Flow simulation studies for Oil & Gas Projects; Steady State and Dynamic Simulation of Oil & Gas Processing plants;; Technology evaluation, modelling and simulation for high-ash Indian coal gasification for poly-generation; Technology evaluation for Slurry Hydrocracker and ultra-low sulphur fuel; Two-phase flow modelling; Pipeline flow assurance studies; Modelling of Pressure Swing and Temperature Swing Adsorption beds for product purification; Pilot Plant data analysis for chemical plants, scale-up analysis from pilot to commercial design; Transient analysis of pipelines for pigging and slugging operation; Adequacy of Control & Trip logic strategies for Normal, Emergency and Start-up scenario of compressor operation; Surge Analysis of compressors.

- **Energy Management & Safety Studies**

  Design verification of HVAC systems; Cold Room and Freezer Room design for offshore platforms;; Check-rating and design optimization of Waste Heat Recovery Coils and Heat Exchangers; HAZOP studies for Gas Processing and Chemical plants; Adequacy check of Air-Cooled Condensers for enhanced duties; Design of high-vacuum Exchangers and batch-operated Exchangers for Hydrazine Hydrate plant; Design of Reboilers with columns mounted on the kettle; Study of design aspects of Multi-Effect Evaporators and Lignin / Biomass fired Steam Boilers.

- **Material Science & Corrosion Engineering**

  Material selection, verification and corrosion control methodologies for Oil & Gas processing plants, pipelines, terminals and Offshore E&P facilities; Risk assessment and development of Corrosion Management Plan (CMP) for Oil & 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.

- **Refractory Engineering**

  Refractory design/engineering for Fertilizer and Refinery Plant equipment; Troubleshooting and failure analysis of refractory in high-temperature process equipment; On-line health assessment of refractory for proactive maintenance and shutdown planning.

- **Asset Integrity Management**

  Troubleshooting of vibration problems in machinery and structures of Process Plants; Failure analysis for various equipment and systems in Onshore & Offshore projects; Fitness For Service (FFS) assessment and Risk Based Inspection (RBI) Study of critical process equipment and piping; Residual Life Assessment (RLA) for high-pressure, high-temperature equipment and aged assets.

- **Specialized Studies**

  Advanced stress analysis by Finite Element Method (FEM) for critical process equipment and piping having complex geometry and loading conditions; Noise Mapping study for process plants; Rotor dynamic study (lateral and torsional vibration analysis) for turbo-machinery; Design and analysis of piping system subjected to combined thermal and shock loads; Combined creep and fatigue assessment of process equipment subjected to elevated thermal cycles; Lifting and transportation analysis of equipment and piping; Analysis of multi-physics problems (Fluid-Structure and Machine-Structure Interactions); Design of Rotary Absorber system; Computational Fluid Dynamics (CFD) study for equipment involving thermal-fluid systems; Radiation and dispersion analysis for flares; Under-water strain gauging of static equipment during hydro-test; Dynamic strain gauging during transient events.

  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 have 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.

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

- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Scale-up studies and basic engineering package validation for chemical plants such as Hydrazine Hydrate
- Energy optimization for Crude Distillation Units and Vacuum Distillation Units in Refineries
- Establishment of in-house capability in Process Simulation and FEED Verification for on-shore / off-shore Gas Processing Plants and design optimization of associated equipment.
- In-house expertise development for complete Refractory solutions (e.g., material selection, 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.
- Design verification for Multi-Effect Evaporators and Lignin / Biomass fired Steam Boilers for 2nd Generation Ethanol plants

- HAZOP Study for various Petrochemical / Chemical / Oil & Gas plants
- Successful testing / commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- 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.
- Establishment of in-house capabilities for analysis of upheaval buckling phenomenon in piping systems
- Conduct of Plant Noise study for Refinery Unit and recommendation for noise control measures.
- Development of in-house expertise in strain gauging for special applications (under-water strain measurement on the inner surface of pressure vessel during hydro test).
- Development of capability to perform dynamic strain gauging for equipment subjected to transient loading conditions.
- Establishment of in-house capability in carrying out combined creep and fatigue damage assessment of process equipment subjected to elevated temperature cycles.
- Successful completion of RLA Studies in Reformer Unit and Onshore Well Stimulation Systems.
- Performance of FFS and RBI Studies for Rotary Dryer Unit having damaged shell.
- Performance of CP System Monitoring for cross-country pipelines.
- Implementation of complete CP System solution (design, engineering, installation and commissioning) for mounded bullets in Chemical Plant.
- Health assessment of buried pipelines using non-contact magnetometric inspection technique.

3. Future Plan of Action:

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:

- Process simulation for various Refinery units such as Hydrocracker, DCU, Reforming, Alkylation units etc.
- Technology evaluation for blended feedstock (High ash Indian coal and Petcoke) Gasification
- Biomass conversion technologies to produce "Green" Fuels (Catalytic / Bio Enzymes)
- Second Generation Ethanol Technology for cellulose
- Process design capabilities in Petrochemical / Polymer Plants
- Application of Enhanced Oil Recovery (EOR) processes through polymer flooding techniques
- Transient analysis for refractory lined equipment
- CO2 Capture from Reformer stack in Fertilizer plant and recycling as feed stock for Urea plant
- Use of CFD techniques for design optimization of Coal Gasifiers
- Application of Low Temperature Thermal Desalination (LTTD) process for commercial use
- Design of Combustion Air Pre-heaters for Reformers in Ammonia Plants
- Application of Organic Rankine Cycle (ORC) based power generation units
- Advanced Finite Element Analysis (FEA) techniques for analyzing coupled field problems with multi-physics domain
- Capability development in areas such as: fracture mechanics studies; fatigue analysis; specialized NDT methods for residual stress measurement; stress analysis of non-ferrous materials like ceramic refractory and concrete structures
- Material Selection and Corrosion Management capability for Petrochemical / Polymer Plants
- Development of capability for Residual Life Assessment of Reformers, Furnaces and Power Plant Boilers
- Health assessment and leak detection for underground fire water piping network using non-invasive techniques
- Application of non-contact magnetometric inspection technique for monitoring sub-sea pipelines
- Health assessment of storage tanks using contact-type magnetometric tool without removal of insulation
- Design, engineering and health assessment of CP systems for storage tanks
- Development of capability for structural integrity assessment of concrete and steel structures in process plants
- Application of IIoT and Digital solutions for management of critical assets in Process Plants.

4. Expenditure on R&D:

₹ Crore

Particulars	2018-19	*2017-18*
Capital	**0.09**	*0.06*
Recurring	**15.62**	*20.05*
Total	**15.71**	*20.11*
Total R&D expenditure as percentage to total turnover	**0.12%**	*0.18%*

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 the 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 & process simulation; Computational Fluid Dynamics (CFD); transient thermal analysis; Radiation and Dispersion analysis; advanced stress analysis by Finite Element Method (FEM); Vibration & Acoustic studies; Rotor dynamics analysis; Tribological studies etc., 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; Pipeline survey (CAT, CIPL, DCVG and AC Interference) and Pipeline Integrity Assessment (ECDA and ICDA)
- Complete Asset Integrity Management (AIM) services for Hydrocarbon facilities, involving advanced Non-Destructive Testing (NDT), Risk Based Inspection (RBI) studies, Fitness For Service (FFS) studies and Remaining Life Assessment (RLA) studies
- Root Cause Analysis (RCA) and Reliability studies for critical machinery in operating plants
- 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 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company has 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, has over 30 years of experience in the international oil & gas contracting industry and is based out of the Company's Middle East office to enable close monitoring of key on-going projects and drive new growth. The most noteworthy developments in the recent times have been the Company along with a consortium partner entering into a 6 Years Long Term Agreement with Saudi Aramco under which the Company is executing four contracts. The Company has also entered into an agreement with Shell for the provision of engineering services and are engaged with other IOCs as well. The Company has expanded into new geographies and is keenly pursuing opportunities in Algeria, Africa, SEA & CIS Countries across its various businesses. The Company is also focusing to globally promote the export of pre-fabricated structures & modules from its three fabrication yards.

Total foreign exchange used and earned:

₹ Crore

Particulars	2018-19	2017-18
Foreign Exchange earned	**7733.57**	*7912.87*
Foreign Exchange used	**6794.89**	*6032.35*

Annexure 'C' to the Directors' Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U11200MH2009PLC191426
ii)	Registration Date	April 02, 2009
iii)	Name of the Company	L&T Hydrocarbon Engineering Limited
iv)	Category	Public Limited Company
v)	Sub-Category of the Company	Public Limited Company
vi)	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai 400 001 Tel: +91 22 6705 5656
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited 4th Floor, Trade World, A Wing, Times Tower, Kamala Mills Compound, Lower Parel, Mumbai, Maharashtra 400013 Phone: 022 2499 4200

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of Shares held	Applicable Section
1	Larsen & Toubro Limited, L&T House, Ballard Estate, Mumbai 400 001	L99999MH1946PLC004768	Holding Company	100%	2 (46)
2	L&T Sapura Shipping Pvt Ltd Manapakkam Campus, Chennai 600 089	U61100TN2010PTC077217	Subsidiary Company	60%	2(87)
3	L&T-Chiyoda Ltd. L&T House, Ballard Estate, Mumbai 400 001	U28920MH1994PLC083035	Associate Company	50%	2(6)
4	L&T-Gulf Pvt Ltd L&T House, Ballard Estate,Mumbai 400 001	U74140MH2008PTC177765	Subsidiary Company	50.002%	2(87)
5	L&T Sapura Offshore Pvt Ltd. Manapakkam Campus, Chennai 600 089	U11200TN2010PTC077214	Subsidiary Company	60%	2(87)
6	Larsen & Toubro Electromech LLC	1044451	Subsidiary Company	70%	2(87)
7	L&T Modular Fabrication Yard LLC	1001910	Subsidiary Company	70%	2(87)
8	Larsen Toubro Arabia LLC	628742	Subsidiary Company	75%	2(87)
9	L&T Hydrocarbon Saudi LLC	2050055625	Subsidiary Company	100%	2(87)
10	L&T Hydrocarbon Caspian LLC	1503665631	Associate Company	50%	2(6)
11	Larsen & Toubro Heavy Engineering LLC	1042928	Subsidiary Company	70%	2(87)
12	Larsen & Toubro Kuwait General Contracting Co.	117668	Associate Company	49%	2(6)
13	L&T Hydrocarbon International FZE	17744	Subsidiary Company	100%	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding - Equity Shares

All figures in Crs.

Category of Shareholders	No. of Shares held at the beginning of the year FY 18-19				No. of Shares held at the end of the year FY 18-19				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF		0.00	0.00	0.01		0.00	0.00	0.01	
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		100.005	100.005	99.99	100.005		100.005	99.99	
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-		100.005	100.005	100	100.005		100.005	100	
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		**100.005**	**100.005**	**100**	**100.005**		**100.005**	**100**	
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		**100.005**	**100.005**	**100**		**100.005**	**100.005**	**100**	

ii) Category-wise Share Holding - Preference Shares

All figures in Crs.

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

(ii) Shareholding of Promoters - Equity Shares

All figures in Crs.

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

* Entire beneficial holding is with Larsen & Toubro Limited

(ii) Shareholding of Promoters - Preference shares

All figures in Crs.

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

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

All figures in Crs.

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

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

All figures in Crs.

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

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

All figures in Crs.

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

(v) Shareholding of Directors and Key Managerial Personnel :

All figures in Crs.

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

V. INDEBTEDNESS

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

All figures in ₹ Crs.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)				
Changes In Indebtness during the financial year				
Addition	0.22	868.28	0	0
Reduction	0	0	0	0
Net Change				
Indebtedness at the end of financial year				
i) Principal Amount	0.22	867.77	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0.51	0	0
Total (i+ii+iii)	**0.22**	**868.28**	**0**	**0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

All figures in ₹ Crs.

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		S. Sarma	T. Chinnappa	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.00	0.90	**14.90**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.03	**0.03**
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option	0	0	**0.03**
3.	Sweat Equity	0	0	**0**
4.	Commission - as % of profit - others, specify…	0	0	**0**
5	Others, please specify	0	0	**0**
	Total (A)	**14.00**	**0.93**	**14.93**

B. Remuneration to other directors

₹ crore

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Vikram Mehta	Sarthak Behuria	Bhagyam Ramani	K. Venkataramanan	
1.	Independent Directors					
	• Fee for attending board /committee meetings	0.04	0.04	0.04	0	0.12
	• Commission	0.15	0.22	0.21	0	0.58
	• Others, please specify	0	0	0	0	0
	Total (1)	**0.19**	**0.26**	**0.25**	**0**	**0.70**
2.	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	0	0	0	0.04	0.04
	• Commission	0	0	0	0.20	0.20
	• Others, please specify	0	0	0	0	0.00
	Total (2)	**0**	**0**	**0**	**0**	**0.24**
	Total (B)= (1+2)	**0.19**	**0.26**	**0.25**	**0.24**	**0.94**

Note: During the year, commission to Independent Directors and Non- Executive Chairperson aggregating to ₹ 33 Lakhs which pertained to FY 17-18 was paid, the same was approved in Board Meeting held on June 15, 2018.

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

₹ crore

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Alpana Khale (CS)	K.S. Balasubramanyam (CFO)	Sivaram Nair (CS)	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0.52	0	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0.08	0	
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0	
2.	Stock Option	0	0	0	
3.	Sweat Equity	0	0	0	
4.	Commission - as % of profit - others, specify…	0	0	0	
5.	Others, please specify	0	0	0	
	Total	**0**	**0.60**	**0.00**	

Note: Remuneration to Ms. Alpana Khale is considered for a period from April 01, 2018 to July 20, 2018

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

Annexure 'D' to the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

   The Company is committed to discharging its Social Responsibility through:

   a. Partnership with communities in education and skill-building

   b. Innovation and Technology

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

   a. Education

   b. Health

   c. Water & Sanitation

   d. Skill building

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

2. **During the year the CSR Committee was reconstituted and the current composition of the CSR Committee is:**

   1. Mr. Vikram Singh Mehta, Independent Director
   2. Mrs. Bhagyam Ramani, Independent Director
   3. Mr. T. Chinnappa, Director

3. **Average net profit of the Company for last three financial years: ₹ 447.05 crore (excluding profit of international branches)**

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 8.94 crore**

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

   i. Total amount spent for the financial year: ₹ 9.89 crore

   ii. Amount unspent, if any: Nil

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

Overview of Initiatives Undertaken

Our CSR interventions – based on commitment, mobilization of employee volunteerism, innovative approaches, appropriate technology and key partnerships – have been making a lasting difference in the lives of underprivileged. Further, synergy between corporate actions and the Government and NGOs are making CSR interventions more effective in facilitating inclusive development. We have a CSR policy with built-in, self-regulating mechanisms to monitor and ensure their adherence to law, ethical standards, and international norms.

Building India's Social Infrastructure – Our CSR Vision

With the stated objective to bring about positive social change and improve the quality of life in the communities in which we operate, we have focused on four key areas:

Water & Sanitation

- Water & sanitation project in Vasai, construction of 202 toilets & revival of water resources
- Sewage treatment plant for toilets in Alva village, Vadodara
- Construction of 80 sanitation units under village development program at Vadodara

In our endeavor towards creating a better quality of life for the communities in which we operate, we focus on providing access to safe drinking water. Household and community toilets have been constructed in villages and awareness drives undertaken through street plays and focused group discussions.

We have contributed towards the construction of 288 individual household toilets in FY 2017-18.

Awareness programmes on health and sanitation are conducted in schools. Basic sanitation facilities have been provided in schools and Anganwadi Centres in the rural areas of Gujarat, Chennai and Maharashtra.

Education:

- Classrooms & toilets benefitting 800 students (Manali, Karungali, Kalnji & Lighthouse Primary School at Kattupalli)
- 21500 children enrolled & learning levels improved under PRATHAM education programs in Mumbai and Vadodara Slums
- 500 children enrolled in football training, Mumbai

Supporting Education Programmes in rural and slum areas has been part of our CSR intervention. Supporting pre-school education, ensuring quality education for primary school children, infrastructure support for creating a better educational environment, teachers' training and scholarships to meritorious students form a part of our Education Projects. For all these projects we work in collaboration with reputed NGOs and Community Based Organizations (CBOs).

Games are a great way to grow – physically, emotionally, socially and intellectually. We discovered an interesting way of providing underprivileged students with valuable life skills – through football ! Run by Just For Kicks, a collaboration with the government and low-income group schools, the programme provides basic facilities that enable underprivileged children from various schools to be part of a football team. LTHE contributed towards furtherance of the cause by this NGO. Round-the-year specialised coaching was provided to these children. Out of the 840 children who benefitted from this initiative, 550 were sponsored by L&T Hydrocarbon Engineering.

Health:

Following activities were conducted:

Primary health care by Swasth Foundation & Support hearing impaired children benefitting 750 Children in Mumbai

Nutrition for children at Orphanage benefitting 350 children of the World India Trust

Support for Primary Health Centre in Minjur, Kattupalli catering to 700 patients monthly

Skill Building:

Activities conducted in skill building were:

- Skill Building Program in slums of Mumbai (Tata Institute of Social Sciences & Navsrusti Trust).
- Construction of Community Development Centre at Suvali village

We help enhance employ ability of youth through various Skill Building Programs. Community Development centre has been set up in Mora Village, Surat, which will cater to 1000 youth and women. State of art center has been created for vocational training of the disadvantaged sections of society. Computer training, tailoring training, beauty culture training will be provided so that they are economically self-reliant.

Amount Spent towards CSR for FY 2018-19

Amount in ₹ Cr.

S. N.	Project	Thrust Area	Location	Actual Spent
1	Program to improve learning levels of children (Pratham & Vyom NGOs)	Education	Vadodara	1.39
2	Program to improve learning level of children through e-learning in slum schools (Pratham NGO)	Education	Mumbai	0.89
3	Construction of school building, support for higher education & others	Education	Kattupalli	1.12
4	Life skill development through sports (Football, JFK NGO)	Education	Mumbai	0.35
5	Primary health care by Swasth Foundation & Support to Hearing impaired children	Health	Mumbai	0.20
6	Village Development program (AWAG) NGO	Health, Water & Sanitation	Vadodara	0.70
7	Sewage treatment plant for toilets	Water & Sanitation	Vadodara	0.50
8	Infrastructure support (Vatsalaya Foundation & Children of the World India Trust – for street children & orphans)	Health, Water & Sanitation	Mumbai	0.60

Amount in ₹ Cr.

S. N.	Project	Thrust Area	Location	Actual Spent
9	Water & sanitation project in Vasai, construction of 200 toilets & revival of water resources	Water & Sanitation	Maharashtra, Mumbai	1.15
10	Installation of water filtration plant in 3 residential schools for Triba Children	Water & Sanitation	Vasai, Mumbai	0.174
11	Skill Building Program in Slum area of Mumbai (Tata Institute of Social Sciences & Navsrusti Trust)	Skill Development	Mumbai	0.39
12	Construction Site Projects (Need Based)	Education, Water & Sanitation	Vizag, Barmer, Paradip, Haldia, Shahdol	1.41
13	Construction of Community Development Centre at Suvali village	Skill Development	Hazira	0.75
14	Support programme for Autistic children organised by Behavior Momentum India & outreach programme by CHEMTECH (To be ratified)	Health & Education	Bangalore & Mumbai	0.10
15	Administration & miscellaneous expenses			0.17
Grand Total				**9.89**

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

Company has spent more than the mandated amount.

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

The CSR Committee hereby affirms that:

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

Mr. Vikram Singh Mehta
Independent Director

Mrs. Bhagyam Ramani
Independent Director

Annexure 'E' to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,
The Members,
L&T HYDROCARBON ENGINEERING LIMITED

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2019, 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, 2018 according to the provisions of :

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

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

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

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

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

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

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

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

   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 (Buyback 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 the review of compliance mechanism established by the Company and the Compliance Certificates taken on record by 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 company, no events / actions have taken place which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. as under :-

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

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

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

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

(v) Foreign technical collaborations.- NIL

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

Place: Mumbai
Date: April 17, 2019

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

'ANNEXURE A'

To,
The Members
L&T Hydrocarbon Engineering Limited

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

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Mumbai
Date: April 17, 2019

Annexure 'F' to the Directors' Report

FORM NO. AOC-2 :

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

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

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

Amt. in ₹ Crs

Name (s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any
NIL				

Management Discussion & Analysis

Management Discussion & Analysis

Overview:

L&T's Hydrocarbon business provides integrated 'design to build' turnkey solutions for the global oil & gas industry and fertiliser sector. The Company executes projects for oil and gas extraction and processing, petroleum refining, chemicals and petrochemicals, cross-country pipelines and terminals. In-house capabilities range from front-end design through detail engineering, procurement, fabrication, project management, construction and installation up to commissioning services. L&T's Hydrocarbon business is housed primarily in a wholly owned-subsidiary, L&T Hydrocarbon Engineering Limited (LTHE).

The business has a fully integrated capability chain, including in-house engineering and R&D centres, world-class modular fabrication facilities as well as onshore construction and offshore installation capabilities. Major facilities in India include Engineering & Project Management Centres at Mumbai, Vadodara and Chennai, as well as Fabrication Yards at Hazira (near Surat) and Kattupalli (near Chennai). The Company's overseas presence is primarily in the Middle East, i.e. in the UAE (Sharjah), Saudi Arabia (Al-Khobar), Kuwait and Oman (Muscat). The business also has a major Modular Fabrication and Heavy Engineering Facility at Sohar in Oman.

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

Offshore

Lumpsum turnkey EPCIC solutions are offered to the global offshore oil & gas industry encompassing wellhead platforms, process platforms and modules, subsea pipelines, brownfield developments, offshore drilling rigs (upgrade and new-builds), floating production storage and off-loading (FPSO) modules, deep-water subsea systems, offshore windfarm projects and decommissioning projects.

The business has comprehensive engineering capabilities covering the complete project life cycle from feasibility studies, concept, FEED, 3-D model based detailed engineering, special studies to commissioning for offshore projects. The offshore capability is supplemented by a self-propelled heavy-lift-cum- pipe-lay vessel – LTS 3000 – held in a joint venture with Sapura Energy Bhd and a recently-acquired pipe-lay barge – LTB 300 – which will be an enabler in augmenting the Company's offshore installation capabilities.

Onshore

The business vertical provides EPCC solutions for a wide range of onshore hydrocarbon projects covering upstream oil & gas processing, refining, petrochemicals, fertilisers (ammonia & urea complexes), cryogenic storage tanks and LNG regasification terminals and cross-country pipelines. The business has a track record of successful simultaneous execution of multiple mega projects having diverse technologies from process licensors like UOP, Axens, Haldor Topsøe, Lummus Technology, Scientific Design, Black & Veatch, Ortloff, Air Products, ExxonMobil, Merichem, Foster Wheeler, Casale, BOC Parsons, Invista and Davy Process Technologies.

The Company's Design Engineering Centres – L&T Chiyoda for onshore engineering and L&T GULF for pipeline engineering – enable it to offer its clients the complete spectrum of FEED, process and detailed engineering. In-Kingdom EPC prospects in Saudi Arabia are addressed through the Company's subsidiary, LT Arabia, registered as an IKEPC Company.

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 and cross-country oil & gas pipelines.

Its major capabilities include heavy lift 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. The business has executed projects for major private sector customers as well as major oil PSUs.

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

40,000 MTPA Melamine Plant for Gujarat State Fertilizers & Chemicals, Vadodara, India

Modular Fabrication Services

Comprehensive modular solutions are offered, with a unique combination of Modular Fabrication Facilities backed by rich and extensive experience in Project Engineering, Procurement and Installation / Construction, Testing and Commissioning (EPIC/EPCC) in both Offshore and Onshore domains, in primarily the oil & gas sector. This includes fabrication and supply of modules and static equipment for offshore oil & gas fields, refineries, petrochemical plants and fertiliser complexes. World-class modular fabrication facilities are strategically located at Hazira (India's west coast), Kattupalli (India's east coast) and Sohar (Oman) with a combined annual capacity in excess of 2,00,000 MT (depending on the product mix). These facilities offer year-round delivery capability with robust QHSE performance and are equipped with state-of-the-art infrastructure and machinery for operational and logistical flexibility, project management and cost competitiveness. The business is also equipped to supply foundations and other modules for offshore wind farm projects and modular e-houses.

These all-weather waterfront facilities have 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):

The Company's erstwhile Engineering Services vertical has been restructured into a specialized vertical. Known as 'AdVENT', it offers customer-centric solutions for the Hydrocarbon industry and emerging industries while addressing the specific needs of the changing energy sector.

Leveraging its expertise in high-end engineering and execution of large-scale technologically complex EPC projects, AdVENT delivers comprehensive solutions encompassing Design & Engineering, Project Management, Strategic Project delivery, Modularisation, Asset Management and Turnaround Services.

AdVENT is involved in implementation of indigenous 2G (Second Generation) Ethanol Technology through upcoming plants based on agro-waste under the National Biofuel Policy.

Business Environment

FY 2018-19 witnessed fluctuating commodity as well as currency markets. Oil prices exhibited significant volatility with Brent crude price soaring to USD 86 per barrel in early October 2018 and subsequently nosediving to a low of USD 51 in December 2018. However, the business environment in the Middle East for oil & gas projects is quite buoyant, with large-scale projects under various stages of development. There are now visible signs of higher capital expenditure in both Onshore and Offshore businesses.

A fully-integrated gas platform - the heaviest in Saudi Aramco's history - installed by float-over method at Hasbah Field in Saudi Arabia

Saudi Arabia has reported a rise in oil and gas reserves up to 268.5 billion barrels. Abu Dhabi has passed an AED 132 Bn budget for the next 5 years, with increased focus on gas production, unconventional and new developments. Also, ADNOC is allowing more international companies to independently mine for oil & gas. However, localisation content and value norms in the GCC countries are becoming intense, with significant weightage given while awarding projects.

Indian refineries are in a healthier financial position due to higher refining margins and a lower subsidy burden. Significant investments are planned by PSUs in the debottlenecking of existing assets, expansion of existing refineries and integrating refineries with petrochemical complexes.

The Government has its focus on the LNG Infrastructure. Consequently, it has slashed the import duty from 5% to 2.5%. Also, enhanced oil and gas recoveries are subsidized by the Government for royalties. The Indian market is becoming increasingly attractive to international competitors, with India's ambitious plan to enhance its refining capacity by 2030.

Consolidation continues in the industry as service providers seek to create value through integrated offerings to clients. Intensity in competition is increasing by the day, with the prevalence of predatory pricing among service providers.

Major Achievements

Offshore

Projects Completed

During the year, the offshore vertical handed over three wellhead platforms ahead of schedule to ONGC for their Neelam Redevelopment Project. The balance process platform, along with an associated bridge, is progressing on schedule. The Company also completed Transportation & Installation (T&I) for Daman Development Project and achieved substantial completion for ONGC's Pipeline Replacement Project – 4 (PRP4) project. It also completed the Safaniya 4 Deck project and upgraded 17 Tower Cranes for Saudi Aramco.

Orders Won

- EPCI contract in consortium with Subsea7 for three oil production deck manifolds and subsea pipelines in the Zuluf and Berri Fields of Saudi Aramco.
- Contract in consortium with Baker Hughes and McDermott International for ONGC's largest deepwater oil & gas project, the development of block DWN-98/2 in the Krishna Godavari basin.
- EPCI contract from ONGC for development of Cluster 8 marginal field involving three wellhead platforms, 1 bridge-connected wellhead-cum-riser platform, a ~59 km pipeline, 3 clamp-on structures and modification of two platforms.

One of the 4 decks of SFNY-4D project installed in Safania Field for Saudi Aramco

Onshore

Projects Completed

- Gathering Centre, GC-30, in North Kuwait for Kuwait Oil Company
- SNDC-2 and KDC-2 projects for PDO, Oman
- Off-gas treatment (urea plant) was successfully commissioned for GSFC
- Mechanical completion of a melamine plant for GSFC
- Mechanical completion for IOCL Haldia's Coke Drum System Package (CDSP)

Orders Won

- Two fertiliser plants of 2,200 TPD ammonia and 3,850 TPD urea at Barauni (Bihar) and Sindri (Jharkhand) on EPCC basis in consortium with TechnipFMC from Hindustan Urvarak and Rasayan Limited (HURL) - a major breakthrough in the fertiliser segment, offering complete ammonia plants.
- Seven cracker furnaces of 1200 KTPA Dual Feed Cracker Unit (DFCU) on EPC basis from HPCL-Mittal Energy.
- EPCC order from IOCL for 357 KTPA Mono Ethylene Glycol (MEG) Plant and a 180 KTPA Ethylene Recovery Unit (ERU) under LSTK-1 Package.
- EPC contract from KOC for installation of New Strategic Gas Export Pipelines, 48" diameter, spanning 145 km from North Kuwait to Mina Al Ahmadi Refinery.
- First breakthrough project in Algeria – EPCC contract from Sonatrach for South West Gas Fields Development Project.

Construction Services

Projects Completed

Successful commissioning of ROGC, PCG DTA, PX-04, MEG, LDPE and ECSP plants for Reliance Industries Limited, Jamnagar.

Orders Won

- Pipeline and associated works in the south-eastern region of India from IOCL
- Upgradation of facilities of Mangala Terminal at Barmer for Vedanta
- Additional scope in existing contracts

Modular Fabrication

Projects Completed

- Launching of Hasbah II Tie-in Platform (TP-II) - the heaviest Gas Platform in Saudi Aramco's history.

LTB 300, a pipelay-cum-work barge undertaking offshore installation

- Supply of fabricated and modularised CCR, NHT, MHC Heaters to JNK Korea for Dangote Oil Refining Company Limited, Nigeria.

Orders Won

The business secured a breakthrough order from an international customer for process and pipe-rack modules.

AdVENT

Orders Won

- EPCM contract for an ethanol production unit from the off-gas of IOCL's Panipat refinery

- Various projects from BASF Corporation, BHEL, Cairn Oil & Gas, IOCL, Coromandel Fertilizers, Gujarat Chemical Port Terminal Company Limited, ONGC, SKI Carbon Black, Gujarat Alkalies and Chemicals Limited and others

Significant Initiatives

The business has a vision: to 'Revolutionize the Hydrocarbon Industry' and a mission of 'Execution Par Excellence'.

The Company lays continued emphasis on sharper bidding to enhance its market share and execute projects within time and cost to protect bid margins. The business continued its journey with its Operational Excellence initiative, which aims to achieve refined cost structures, align operations for timely project deliveries and optimize fund deployment. This initiative has yielded results for the Company, reflecting in enhanced cost-competitiveness in its bids and further improvement in its bottom-line for projects under execution. The business has now embarked on an initiative for cost-reduction through Design Value Improvement.

Its capability-building initiative has led to significant progress in terms of building portfolio and project leadership as well as functional group development. This initiative aims to build globally benchmarked project leadership teams to execute large international projects and develop and institutionalize an international project capability development engine.

Through its Perspective Plan 2026, the Company lays strategic thrust on new business segments like Offshore Wind Energy and is gearing up for emerging Waste-to-Value projects.

Digitalisation

The Company is geared towards introducing and implementing innovative practices and has adopted digital technology for global delivery.

The Company is enhancing its current practices through digital / new-age

Saih Nihaydah Gas Compression Project (SNDC2) for Petroleum Development Oman (PDO)

technological advances including Integrated Project Management System (IPMS). The business has also launched digital fabrication and construction initiatives in order to improve productivity.

Environment, Health and Safety

Much emphasis is laid upon the Environment, Health, Safety and Sustainability aspects of the Company. It remains committed to achieving HSE excellence at the workplace and beyond by continuously striving to improve, protect and develop the health, safety and environmental assets of its employees and stakeholders.

The business strongly believes that every incident is preventable and is committed, through its 'Zero Incident Credo', to providing a safe and healthy workplace. During the year, the business delivered over 112 million safe man hours at a stretch across a dozen successful projects both in domestic and international markets. All the three Modular Fabrication Facilities maintained a zero Lost Time Injury (LTI) record for the financial year.

The Company drives HSE excellence across the EPC value chain from engineering to commissioning of projects, applied to all stakeholders by reinforcing a safe working culture through various initiatives:

- HSE Assurance Audits were initiated and carried out for all the verticals to ensure the effective implementation of the HSE management system across the business.
- Theme-based campaigns were observed on World Environment Day, Fire Service Week, L&T Safety Day, Road Safety Week and National Safety Day to create awareness and engage employee and contractors on HSE aspects
- Conducting various HSE training programmes, mock drills, near-miss incident reporting

The business received recognition of the safe practices by way of following accolades:

- National Safety Council Award for the Lowest Accident Frequency Rate in September 2018
- Safety Innovation Award 2018 for implementing Innovative Safety Management Systems by the Institution of Engineers (Delhi)
- Golden Peacock Environment Management Award for 2018 for commitment towards Environment Management
- Challenger's Award – Mega Large Business in Engineering Sector at the Sustainability 4.0 awards 2018 co-hosted by Frost & Sullivan and the Energy and Resource Institute
- ASSE GCC HSE Excellence Platinum Award & Gold Award for 2018 for Management of Driving Safety

As a responsible corporate citizen, the Company is determined to continue operating in an environmentally sustainable manner by preserving resources, mitigating

Mangalore Aromatic Complex for ONGC-Mangalore Petrochemicals Limited, India

negative impacts and improving efficiency. The Company received the Sustainability 4.0 Award 2018 under the Challengers Category from Frost & Sullivan and TERI.

Human Resources

The business focuses on acquiring a unique and diverse set of talented and passionate individuals. It has adopted various policies and initiatives for the sustenance of healthy employee relations, employee growth and development as well as work satisfaction.

The organisation utilises state-of-art training infrastructure and resources to develop the project management skills as well as functional and leadership competencies of its employees. It also nurtures and grooms talent.

The design and deployment of the GENIE Engagement survey and the GPTW with the subsequent business-specific and managerial level interventions undertaken and communicated through the multiple forums of 'IGNITE' like 'Town Hall', webcast, video conferencing bears testimony to the commitment to create a highly engaged work-force. The Company inculcates a culture of appreciation through various Reward & Recognition interventions. The 'I-TOO' recognition framework, initiatives like ICONS, Long Service Awards, Talent Champions, Team Building Workshops, non-monetary recognition events, etc., are periodically undertaken to enhance the employee motivation.

Risks and Concerns

The major risks – such as impact of fluctuating oil process, onerous contract terms by client, tight schedule, counterparty risk, localization requirements, forex exposure, vendor default, delay in material delivery, QHSE, Productivity, etc. – are mitigated through specific actions like operational excellence initiatives, alliances, cost optimisation, improved customer intimacy, compliance with stringent QHSE standards, proactive hedging, strong contract and claims management and identification of key personnel and talent at the pre-bid stage.

Localisation is increasingly becoming a key differentiator. ADNOC is driving an In-Country Value (ICV) programme, while Saudi Aramco is driving an In-Kingdom Total Value Add (IKTVA) programme with the objective of growing and diversifying their economies and creating opportunities for their nationals in the private sector. The Company has executed a Memorandum of Understanding with Saudi Aramco for commitment to IKTVA with a Five Year Plan. The South East Asian region continues to protect local players under the 'Bumiputra' concept.

Proactive Risk Management is an integral part of the overall governance process to identify, segregate, mitigate, control and monitor various risks at all levels – business, prospect and operational.

The Company's risk management policy and guidelines have enabled it to create a consistent set of standard tools and templates, incorporating global best practices and procedures. This enables the Company to build the ability to anticipate challenges

Construction of the world's largest ethylene cracker (1.4 MMTPA) for Reliance Industries, Jamnagar, India

and opportunities in order to achieve its strategic objectives.

Outlook

US oil production is expected to grow by around 1.2 million barrels per day in 2019, and will be balanced by production cuts by OPEC countries and their allies. Oil prices are expected to be range-bound around USD 60 to 70 per barrel during FY 2019-20.

India will be Asia's fastest-growing economy in the next four years i.e. 2019-23. Oil demand in India is growing at CAGR of about 4.5%. The gas energy mix is expected to shift from the current level of 6.5% to about 15% by 2022. India is planning to double its annual gas production to 60 BCM by 2022. The Government of India is incentivizing Enhanced Oil Recovery (EOR) projects. Also, India has an ambitious plan to enhance its refining capacity from about 248 MMTPA to about 438 MMTPA by 2030.

The Indian Government is keen on India's becoming a gas-based economy. This will provide significant opportunities for LNG import terminals and gas pipelines. India is the fourth largest LNG importer in the world. LNG imports into the country accounted for about one-fourth of total gas demand, which is estimated to double over the next five years. The Government of India aims to increase the use of biofuels / alternative fuels to cut its oil import bill by 10% by 2022 and plans to build 2-G ethanol plants using agricultural residue. The Company is well poised to undertake execution of these 2-G ethanol plants and is gearing up for other Waste-to-Value projects. This serves as a significant opportunity to the business in upcoming years.

During the year, 55 oil and gas exploration areas were awarded under the first round of Open Acreage Licensing Policy (OALP). The Government has auctioned an additional 14 blocks in the second round and 23 blocks in the third round. ONGC is also planning to invest USD 3 billion to explore ultra-deepwater fields in Cluster 3 on the east coast of India. E&P activities are also picking up in Vietnam and Myanmar.

Refinery capacity additions of about 17 MMTPA along with petrochemical integration are planned in FY 2019-20. Deregulation of fuel prices is encouraging overseas companies to invest in retail and refinery projects. India's domestic polymer demand is growing at about 8.5% per annum and India is currently the net importer of polymers. The widening demand-supply gap for petrochemicals, coupled with enhanced returns for integrating petrochemical complexes vis-à-vis standalone refinery, is driving the integrated refinery and petrochemical complex model.

In the international arena, GCC region and Algeria will see higher outlays for gas, downstream and petrochemical projects.

Saudi Aramco plans to invest over USD 140 Bn in oil, gas and petrochemical projects over the next five to six years. The UAE is planning a USD 36 Bn spend over the

Load-out of two mega Tie-in Platforms (7000 MT each) for Hasbah Field, Saudi Aramco from L&T Hydrocarbon Engineering's Oman facility

next five years, with a focus on gas production. Kuwait is also diversifying into the petrochemicals segment and has announced a USD 115 Bn investment plan, roughly divided equally between the upstream and downstream sectors. Qatar is planning to invest to USD 5 Bn in the offshore sector to increase its LNG Liquefaction Capacity to 100 MMTPA. These prospects will provide significant business opportunities for the Company in the region.

Algeria has plans to invest about USD 55 Bn in the next 5 years. The recent breakthrough in Algeria will open up significant opportunities for the Company to leverage its modular fabrication capabilities.

There is increasing thrust on modularization to reduce site presence. Modular Fabrication and AdVENT businesses are aggressively exploring alternative product lines as well as strategic partnerships to enhance yard utilisation and provide integrated modular solutions.

Shale gas / oil will continue to drive petrochemical and LNG liquefaction investments in the US, which will offer opportunities for high value engineering and modular fabrication services.

On the other hand, competition intensity is expected to remain high with predatory pricing, especially by competitors with large underutilised assets. Also, clients are expecting EPC contractors to share the benefit of value addition over the tenure of the project.

However, the business is confident of maintaining its credo of being cost-competitive and ensuring on-time delivery of large, critical and complex projects, worldwide. The business will accomplish this by virtue of its customer focus and responsiveness, sustenance of experienced and highly skilled human resources, world-class Quality and HSE practices, a culture of excellence, distinctiveness in corporate governance, extensive IT-enabled processes, digitalisation and state-of-the-art IT security practices.

Financial Statements

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 standalone financial statements of L&T Hydrocarbon Engineering Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ("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 31 March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 together with the independence 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in 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.

Key audit matter	How the matter was addressed in our audit
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)	
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures, which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.	We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our procedures included: • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard; • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of such controls; and

Key audit matter	How the matter was addressed in our audit
	• Selected a sample of continuing and new contracts and performed the following procedures: • Read, analysed and identified the distinct performance obligations in such contracts; • Compared such performance obligations with that identified and recorded by the Company; • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration; • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the supporting documentation, validated estimates of costs to complete, mathematical accuracy of calculations and the adequacy of project accounting; and • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.

Contract accounting- accuracy of revenue recognition and valuation of work in progress	
Revenue and related costs from long-term customer orders i.e. projects where performance is recognised over a period of time (construction and service contracts) are recognized by applying the Percentage of Completion ('PoC projects') method provided they fulfil the criteria contained in the Indian Accounting Standard 115. The PoC method allows recognizing revenues by reference to the stage of completion of the contract. The application of the PoC method is complex and requires judgments by management when estimating the stage of completion, total project costs and the costs to complete the work. Incorrect assumptions and estimates can lead to revenue being recognized in the wrong reporting period or in amounts inadequate to the actual stage of completion, and therefore lead to an incorrect result for the period. During order fulfilment, contractual obligations may need to be reassessed. In addition, change orders or cancellations have to be considered. As a result, total estimated project costs may exceed total contract revenues and therefore require write-offs of WIP or PoC receivables and the immediate recognition of the expected loss. Regarding the projects where revenue is recognised at a point in time ('non-PoC projects'), the risk includes inappropriate revenue recognition arising from revenue being recorded in the wrong accounting period or at amounts not justified. For the year ended 31 March 2019, revenue from contracts in progress amounts to ₹ 946.73 crores. (Refer note no. 29 to the standalone financial statements)	Our procedures included: • We obtained an understanding of the project accounting processes and relevant controls relating to the accounting for customer contracts; • We tested selected key controls, including review of results by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions; • We read significant new contracts to understand the terms and conditions and their impact on revenue recognition. • We performed enquiries with management to understand their project risk assessments and inspected meeting minutes from project review performed by management to identify relevant changes in their assessments and estimates; • We evaluated estimates and judgments made for PoC projects including comparison of estimated project costs between reporting periods and assessed the historical accuracy of such estimates; • We reconciled revenue to the supporting documentation, validated estimates of costs to complete, tested the mathematical accuracy of calculations and the adequacy of project accounting; • We also examined cumulative costs incurred by verifying the amounts back to source documentation; • We performed cut off testing for every construction site for material movement (mapping of gate register/ manual register to the GRN/ goods entry accounted for by stores);

Contract accounting- accuracy of revenue recognition and valuation of work in progress	
	• We discussed with management the probability of liquidated damages or warranties being enforced by the customers and ensured that these were accounted for, where necessary; • We further performed testing for non-PoC projects on a sample basis to confirm the appropriate application of revenue recognition policies. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off; and • We assessed the adequacy of the Company's disclosures on revenue recognition arising as stated in note 2.6 to the standalone financial statements. Based on the procedures performed the amount of revenue recognised for the year is fairly stated in the standalone financial statements.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage and hedge foreign currency exchange risks and interest rate risks. These instruments are typically designated in a fair value or cash flow hedge relationship. Financial instruments that are not designated in a hedging relationship and where no hedge accounting is applied are measured at fair value through profit and loss. The fair value of the derivative financial instruments is based on valuation models using observable input data. We focused on this area on account of the number of contracts, their measurement, the complexity related to hedge accounting and the potential impact on the statement of profit and loss As at 31 March 2019, the Company has derivative financial assets at fair value of ₹ 301.55 crores and derivative financial liabilities at fair value of ₹ 310.16 crores. (Refer note no. 7, 15, 21 and 25 to the standalone financial statements)	Our procedures included: • We obtained an understanding of the risk management policies and testing key controls for the use, the recognition and the measurement of derivative financial instruments; • We reconciled derivative financial instruments data with third party confirmations; • We compared input data used in the Group's valuation models with independent sources and externally available market data; • We compared valuation of derivative financial instruments with market data or results from alternative, independent valuation models; • We tested on a sample basis the applicability and accuracy of hedge accounting; and • We considered the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting in note 2.13 and 44to the standalone financial statements; Based on the procedures performed the derivative financial instruments and hedge accounting are fairly stated in the standalone financial statements

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the board's report including annexures there to and management discussion and analysis, but does not include the 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 identified above 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement 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 Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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, make 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.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, based on our audit, we report that :
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164 (2) of the Act;
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
   h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – refer note 28 to the 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 – refer note 16, 26, and 31 to the standalone financial statements; and
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – refer note 52 to the standalone financial statements.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Place : Mumbai
Date : 22 April 2019

Annexure 'A' to the Independent Auditor's Report

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

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

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

(c) According to information and explanations given to us and the records of the Company examined by us and based on the examination of the registered sales deed/ transfer deed/ conveyance deed provided to us, we report that, the title deeds of immovable properties are held in the name of the Company except for the following:

Type of asset	Total no. of cases	Leasehold/ freehold	Gross block as at 31 March 2019 (₹ In crores)	Net block as at 31 March 2019 (₹ In crores)	Remarks
Land	1	Freehold	1.03	1.03	Title deed in the name of Larsen & Toubro Limited
Building	1	Leasehold	17.54	14.27	Title deed in the name of Larsen & Toubro Limited
Land	2	Leasehold	72.95	69.85	Title deed in the name of Larsen & Toubro Limited

In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is 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 the book records.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees or securities granted in respect of which provisions of Sections 185 and 186 of the Act are applicable to the Company. The Company has complied with the provision of section 186 of the Act in respect of the investment made.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the central government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the central government under sub-section (1) of section 148 of the Act, 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) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues applicable to it have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues applicable to it were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2019 are as under :

(₹ in crore)

Name of the Statute	Nature of the disputed dues	Amount*	Period to which the amount relates	Forum where dispute is Pending
Central sales Tax Act, Local Sales Tax Act, Works Contract Tax Act.	Disallowance of deemed interstate sales and non-submission of forms	0.07	1999-00	Assistant Commissioner (Appeals)
	Disallowance of sales in transit, deemed interstate sales, non-submission of forms and other matters	126.82	1989-90, 1997-98, 1998-99, 2001-02, 2003-04 to 2013-14	Deputy Commissioner (Appeals)
	Classification disputes, disallowance of forms and other matters	97.08	1996-97, 2000-01, 2001-02, 2003-04 to 2005-06 to 2011-12 & 2013-14, 2014-15, 2015-16	Joint Commissioner (Appeals)
	Non submission of forms	0.14	2005-06, 2011-12, 2012-13	Additional Commissioner (Appeals)
	Disallowance of deemed sales in course of imports, classification disputes, non-submission of forms	15.73	1999-00, 2000-01, 2002-03, 2008-09, 2009-10, 2014-15, 2015-16	Sales Tax Tribunal
	Disallowance of deemed sales in course of imports, taxability of sub-contractor's turnover and other matters	29.21	1999-00, 2000-01	High Court
	Classification disputes, disallowance of input tax credit and other matters	105.35	2006-07 to 2011-12	Supreme Court
The Central Excise Act, 1944, Service Tax under Finance Act, 1994	Demand for excise duty on fabrication of tanks, platforms and ladders	0.32	1989-90 to 2011-12	Deputy Commissioner (Central Excise)
	Demand for excise duty on fabrication of tanks, platforms and ladders	0.06	1989-90	CESTAT
	Demand towards disallowed Input credit	5.15	09-10 & 10-11	CESTAT
	Demand towards disallowed Input credit	0.13	2016-17	CESTAT
	Excise duty Rebate On Export	12.45	2016-17	Commissioner Excise & Customs Surat - II , Gujarat
Income Tax Act, 1961	Dispute regarding tax not deducted on bank guarantee charges and intemet charges	0.28	2010-11	Income Tax Appellate Tribunal (ITAT Mumbai)
	Dispute regarding tax not deducted on bank guarantee charges and intemet charges	1.11	2011-12	Income Tax Appellate Tribunal (ITAT Mumbai)
	Difference in rate of tax deducted at source	3.24	2007-08, 2008-09	Director of Income Tax (International Taxation)
	Section 10A benefit	7.53	2006-07 to 2009-10	High Court of Karnataka
	Section 10A benefit	1.27	2010-11	Commissioner (Appeals)
	Software expenses	2.43	2007-08 to 2009-10	High Court of Karnataka

(₹ in crore)

Name of the Statute	Nature of the disputed dues	Amount*	Period to which the amount relates	Forum where dispute is Pending
Income Tax Act, 1961	Software expenses	4.90	2010-11 to 2014-15	Commissioner (Appeals)
	ESOP reimbursements	3.12	2010-11 to 2014-15	Commissioner (Appeals)
	ESOP reimbursements	3.56	2007-08 to 2009-10	Remanded back to Department
	Loss on forward contracts	0.51	2012-13	Commissioner (Appeals)
Customs Act, 1962	Dispute on software procurement	0.01	2006-07	Commissioner of Customs
	Dispute on classification	0.34	2013-14	Commissioner of Customs
	Dispute on classification	0.30	2015-16	CESTAT

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

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to bank. The Company has not borrowed any funds from the public financial institutions, government and debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

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

(xi) According to the information and explanation given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

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

(xiii) According to the information and explanation given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, for all and details of such transactions with related parties have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Place : Mumbai
Date : 22 April 2019

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Hydrocarbon Engineering Limited ("the Company") as of 31March 2019 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 management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

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

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Place : Mumbai
Date : 22 April 2019

Balance Sheet as at March 31, 2019

Particulars	Note	As at 31-03-2019 ₹ crore	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*	*As at 31-03-2018 ₹ crore*
ASSETS					
Non- current assets					
Property, plant and equipment	**3**		**755.66**		*723.47*
Capital-work-in-progress	**3**		**7.44**		*1.16*
Intangible assets	**3**		**4.78**		*2.03*
Financial assets					
Investments	**4**	**168.89**		*168.60*	
Trade receivables	**5**	**-**		*-*	
Loans	**6**	**1,279.72**		*189.15*	
Other financial assets	**7**	**74.25**		*43.61*	
			1,522.86		*401.36*
Deferred tax assets (net)	**37(a)**		**247.04**		*142.83*
Other non-current assets	**8**		**380.82**		*329.88*
			2,918.60		*1,600.73*
Current assets					
Inventories	**9**		**9.31**		*47.86*
Financial assets					
Investments	**10**	**2,602.89**		*1,202.00*	
Trade receivables	**11**	**1,869.34**		*1,918.94*	
Cash and cash equivalent	**12**	**682.89**		*1,256.96*	
Other bank balances	**13**	**0.02**		*0.10*	
Loans	**14**	**6.61**		*474.01*	
Other financial assets	**15**	**685.96**		*406.80*	
			5,847.71		*5,258.81*
Other current assets	**16**		**3,100.79**		*1,968.50*
			8,957.81		*7,275.17*
TOTAL ASSETS			**11,876.41**		*8,875.90*

Balance Sheet as at March 31, 2019 *(contd.)*

Particulars	Note	As at 31-03-2019 ₹ crore	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*	*As at 31-03-2018 ₹ crore*
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	**17**	**1,000.05**		*1,000.05*	
Instruments entirely equity in nature	**18**	**760.00**		*760.00*	
Other equity	**19**	**229.41**		*249.80*	
TOTAL EQUITY			**1,989.46**		*2,009.85*
LIABILITIES					
Non- current liabilities					
Financial liabilities					
Borrowings	**20**	**734.55**		-	
Other financial liabilities	**21**	**118.20**		*3.96*	
			852.75		*3.96*
Provisions	**22**		**14.31**		*15.30*
			867.06		*19.26*
Current liabilities					
Financial liabilities					
Borrowings	**23**	**133.95**		-	
Trade payables	**24**	**2,745.31**		*2,998.10*	
Other financial liabilities	**25**	**366.62**		*220.72*	
			3,245.88		*3,218.82*
Other current liabilities	**26**		**5,507.01**		*3,477.02*
Provisions	**27**		**201.81**		*150.95*
Liability for current tax			**65.19**		
			9,019.89		*6,846.79*
TOTAL EQUITY AND LIABILITIES			**11,876.41**		*8,875.90*
CONTINGENT LIABILITIES AND COMMITMENTS	**28**				
NOTES FORMING PART OF FINANCIAL STATEMENTS	**1-54**				

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

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

For and on behalf of the Board

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

T. CHINNAPPA
Whole-time Director
DIN: 05219775

K. S. BALASUBRAMANYAM
Chief Financial Officer

SIVARAM NAIR
Company Secretary
M. No.: F3939

Place : Mumbai
Date : April 22, 2019

Place : Mumbai
Date : April 22, 2019

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note	April - March 2019 ₹ crore	April - March 2019 ₹ crore	April - March 2018 ₹ crore	April - March 2018 ₹ crore
INCOME					
Revenue from operations	**29**		**12,694.82**		*11,044.35*
Other income	**30**		**267.98**		*133.32*
Total income			**12,962.80**		*11,177.67*
EXPENSES					
Manufacturing, construction and operating expense	**31**				
Cost of raw materials and components consumed		**4,966.73**		*4,202.65*	
Excise duty		**-**		*11.42*	
Construction materials		**406.11**		*604.72*	
Sub-contracting charges		**3,323.54**		*3,284.28*	
Changes in inventories of work-in-progress and stock-in-trade		**(16.61)**		*(10.10)*	
Other manufacturing, construction and operating expenses		**2,076.46**		*1,108.09*	
			10,756.23		*9,201.06*
Employee benefits expense	**32**		**807.14**		*715.29*
Finance costs	**33**		**22.39**		*8.41*
Depreciation, amortisation and obsolescence			**88.03**		*90.23*
Other expenses	**34**		**441.68**		*521.33*
Total expenses			**12,115.47**		*10,536.32*
Profit before tax			**847.33**		*641.35*
Tax expenses:					
Current tax		**344.31**		*277.39*	
Deferred tax		**(51.72)**		*(41.66)*	
			292.59		*235.73*
Profit after tax			**554.74**		*405.62*

Statement of Profit and Loss for the year ended March 31, 2019 *(contd.)*

Particulars	Note	April - March 2019 ₹ crore	April - March 2019 ₹ crore	*April - March 2018 ₹ crore*	*April - March 2018 ₹ crore*
Other comprehensive income					
A. Items that will not be reclassified to profit or loss					
Remeasurements of the net defined benefit plans		**(2.69)**		*6.08*	
Income tax relating to remeasurements of the net defined benefit plans		**0.94**		*(2.10)*	
			(1.75)		*3.98*
B. Items that will be reclassified to profit or loss					
Effective portion of gains and losses on hedging instruments in cash flow hedges		**(176.26)**		*196.57*	
Cost of Hedging Reserve		**1.19**			
Deferred Tax on Cost of Hedging of Reserve		**(0.42)**			
Income tax on effective portion of gains and losses on hedging instruments in cash flow hedges		**61.60**		*(68.69)*	
			(113.89)		*127.88*
Total comprehensive income			**439.10**		*537.48*
Basic earnings per equity share (₹)			**4.57**		*3.32*
Diluted earnings per equity share (₹)			**3.15**		*2.30*
Face value per equity share (₹)			**10**		*10*
NOTES FORMING PART OF FINANCIAL STATEMENTS	**1-54**				

As per our report attached

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

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 22, 2019

For and on behalf of the Board

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

T. CHINNAPPA
Whole-time Director
DIN: 05219775

K. S. BALASUBRAMANYAM
Chief Financial Officer

SIVARAM NAIR
Company Secretary
M. No.: F3939

Place : Mumbai
Date : April 22, 2019

Cash Flow Statement
for the year ended March 31, 2019

	FY 2018-19 ₹ crore	FY 2017-18 ₹ crore
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**847.33**	*641.35*
Adjustments for:		
Depreciation, amortisation and obsolescence	**88.03**	*90.23*
(Profit) / loss on fair value of Investments	**(3.72)**	*(1.37)*
(Profit) / loss on sale of current investments	**(0.89)**	*(3.43)*
Interest expense	**22.39**	*8.41*
Interest income	**(260.69)**	*(119.24)*
(Profit) on sale of fixed assets (net)	**(1.03)**	*(0.48)*
Operating profit before working capital changes	**691.42**	*615.47*
Adjustments for:		
(Increase)/decrease in trade and other receivables	**(2,709.00)**	*(1,024.58)*
(Increase)/decrease in inventories	**38.55**	*29.88*
Increase/(decrease) in trade payables and customer advances	**2,058.70**	*2,018.95*
Cash (used in)/generated from operations	**78.68**	*1,639.72*
Direct taxes refund/(paid) - net	**(318.34)**	*(203.01)*
Net cash (used in)/from operating activities	**(239.66)**	*1,436.71*
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(131.09)**	*(36.70)*
Sale of fixed assets (including advance received)	**2.87**	*3.19*
Purchase of non-current investments	**(0.29)**	*(0.36)*
(Purchase)/Sale of current investments (net)	**(1,396.28)**	*203.43*
Inter-corporate deposit with holding and subsidiary companies (net of repayments)	**470.26**	*(464.74)*
Inter-corporate deposit with joint venture (net of repayments)	**-**	*(192.88)*
Interest received	**247.40**	*119.24*
Net cash (used in)/ from investing activities	**(807.13)**	*(368.82)*

Cash Flow Statement for the year ended March 31, 2019 *(contd.)*

	FY 2018-19 ₹ crore	FY 2017-18 ₹ crore
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	**(331.21)**	*(60.90)*
Additional tax on dividend	**(42.26)**	-
Repayment of long term borrowings	**-**	-
Inter-corporate borrowing from Holding Company (net of repayments)	**54.03**	-
(Repayments)/proceeds from other borrowings (net)	**813.93**	*(43.65)*
Interest paid	**(21.85)**	*(8.41)*
Net cash (used in)/ from financing activities	**472.64**	*(112.96)*
Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(574.15)**	*954.93*
Cash and cash equivalents at beginning of the year	**1,257.06**	*302.13*
Cash and cash equivalents at end of the year	**682.91**	*1,257.06*

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7:
   "Statement of cash flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year.
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 0.12 crore (previous year gain: ₹ 15.56 crore) on account of translation of foreign currency bank balances.
4. Cash and cash equivalents are reflected in the balance sheet as follows:

	FY 2018-19	FY 2017-18
(a) Cash and cash equivalents disclosed under current financial assets [Note 12]	**682.89**	*1,256.96*
(b) Cash and cash equivalents disclosed under current financial assets [Note 13]	**0.02**	*0.10*
	682.91	*1,257.06*

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

As per our report attached

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

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

For and on behalf of the Board

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

T. CHINNAPPA
Whole-time Director
DIN: 05219775

K. S. BALASUBRAMANYAM
Chief Financial Officer

SIVARAM NAIR
Company Secretary
M. No.: F3939

Place : Mumbai
Date : April 22, 2019

Place : Mumbai
Date : April 22, 2019

Statement of Changes in Equity

EQUITY SHARE CAPITAL

(₹ crore)

	Balance as at 01-04-2017	Changes during the year 2017-18	Balance as at 31-03-2018	Changes during 2018-19	Balance as at 31-03-2019
Equity shares of ₹ 10 each	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 01-04-2017	Changes during the year 2017-18	Balance as at 31-03-2018	Changes during 2018-19	Balance as at 31-03-2019
Preference shares of ₹ 10 each	760	-	760	-	760
	760	-	760	-	760

OTHER EQUITY

(₹ crore)

Preference shares of ₹ 10 each	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 01-04-2017	0.32	(59.33)	0.13	1.21	-78.96	(77.75)	(214.38)
Profit for the year	-	-	-	-	405.62	-	405.62
Other comprehensive income	-	-	-	-	3.98	127.88	131.86
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**409.60**	**127.88**	**537.48**
Dividend (including tax on dividend ₹ 12.40 crore)	-	-	-	-	-73.30	-	73.30
Balance as at 31-03-2018	**0.32**	**(59.33)**	**0.13**	**1.21**	**257.34**	**50.13**	**249.80**
Balance as at 01-04-2018	0.32	(59.33)	0.13	1.21	257.34	50.13	249.80
Impact of Ind AS 115 and ECL on contract asset in opening retained earning (net of deferred tax)	-	-	-	-	-60.20	-	(60.20)
Revised opening as at 01-04-2018	0.32	(59.33)	0.13	1.21	197.14	50.13	189.60
Profit for the year	-	-	-	-	554.74	-	554.74
Other comprehensive income	-	-	-	-	-1.75	(113.89)	-115.64
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**552.99**	**(113.89)**	**439.10**
Dividend (including tax on dividend ₹ 68.68 crore)					-399.29		-399.29
Balance as at 31-03-2019	**0.32**	**(59.33)**	**0.13**	**1.21**	**350.84**	**(63.76)**	**229.41**

Money received against share warrants

Any part of the reserves presented under Equity Instruments through other comprehensive income which is realised in

'@ - Debit balance of Statement of Profit and loss shall be shown as a negative figure under the head 'Retained

As per our report attached

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

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 22, 2019

For and on behalf of the Board

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

T. CHINNAPPA
Whole-time Director
DIN: 05219775

K. S. BALASUBRAMANYAM
Chief Financial Officer

SIVARAM NAIR
Company Secretary
M. No.: F3939

Place : Mumbai
Date : April 22, 2019

Notes forming part of the accounts

NOTE 1 : GENERAL INFORMATION :

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

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

NOTE 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 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of section 210A of the Companies Act, 1956(1 of 1956). 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. The financial statements for the year ended March 31, 2017 of the Company were the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2015.

These financials statements have been approved for issue by the Board of Directors at their meeting held on April 22, 2019.

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 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

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

A. Revenue from operations

a. Sales and service

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

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

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

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

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

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

i. the amount of revenue can be measured reliably;

ii. it is probable that the economic benefits associated with the contract will flow to the Company;

iii. the stage of completion of the contract at the end of the reporting period can be measured reliably; and

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

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

Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables. The amount of retention money held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

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

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

vi. Revenue from service related activities is recognised over a period of time using the proportionate completion method.

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

b. Other operational revenue

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

B. Other income

i. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

iii. Other items of income are accounted as and when the right to receive arises 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 the same is disclosed in the notes to accounts.

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 infra).

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:

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

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

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

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

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 underdevelopment"

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

i. Impairment of financial assets

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of a provision matrix prepared on the basis of historical credit loss experience for the past 5 years adjusted for current observable data to reflect the effects of the current conditions and its forecasts of future conditions that did not affect the period on which the historical data is based as permitted under Ind AS 109.

As at the end of each accounting year, the Company reviews the carrying amounts of its loans given to 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

ii. Impairment of non financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property, 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, 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.

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

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.

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

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

a. Finance leases :

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

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

b. Operating leases :

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

ii) Assets leased out under operating lease are capitalised. Rental income is recognised on a straight line basis over the term of the relevant lease.

(Also refer to policy on depreciation and note 2.29 below).

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 financialliabilities, 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 are classified 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 subsequent changes 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 counter party 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 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.

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

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 recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit or loss.

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 berealisable at cost if the finished products in which they will beused, 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 holding company

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit 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 venture. 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.

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. Exceptional items

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

2.24. Business combinations

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

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

2.25. 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.

2.26. 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.

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.

2.27. Unbilled revenue

Unbilled revenue (work-in-progress) represents value of services performed in accordance with the contract terms but not billed. Unbilled revenue is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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

2.28. 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.

2.29. Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019:

Disclosure pursuant to Ind AS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” on new Ind AS that has been issued but is not effective as of the closing day of the reporting period:

Ind AS 116 – Leases

On March 30, 2019, the Ministry of Corporate Affairs notified Ind AS 116 “Leases”, applicable in respect of accounting periods commencing on or after April1, 2019.

Ind AS 116 “Leases” supersedes AS 17 “Leases” in respect of accounting periods commencing on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Pursuant to transition methods permitted under Ind AS 116, the Company is proposing to use “modified retrospective approach” for transitioning to Ind AS 116 with effect from April, 01, 2019. Under modified retrospective approach, cumulative effect of initially applying the accounting standard as at April 1, 2019 will be recognised as an adjustment to the opening balance of retained earnings of the financial year 2019 – 20 and figures for the financial year 2018 – 19 will not be restated under new accounting standard. With respect to existing leases as at the date of initial application of the accounting standard, the Company is proposing to use the practical expedient available on transition to Ind AS 116 and will not reassess whether a contract is or contains a lease and instead apply Ind AS 116 only to the contracts that were previously identified as lease applying Ind AS 17.

The Company has carried out an initial assessment of the impact of adopting this standard and there would not be any significant impact on the financial statements of the Company.

NOTE 3 (i) : PROPERTY, PLANT AND EQUIPMENT

₹ crore

	COST				DEPRECIATION/ / AMORTISATION				NET BOOK VALUE	
	As at 01-04-2018	Additions	Disposal of assets	**As at 31-03-2019**	*As at 01-04-2018*	Additions	Disposal of assets	**As at 31-03-2019**	**As at 31-03-2019**	*As at 01-04-2018*
Land										
Free Hold	1.03	-	-	**1.03**	-	-	-	**-**	**1.03**	*1.03*
Lease Hold	92.44	-	-	**92.44**	*2.93*	1.01	-	**3.94**	**88.50**	*89.51*
Sub total - land	**93.47**	**-**	**-**	**93.47**	**2.93**	**1.01**	**-**	**3.94**	**89.53**	***90.54***
Buildings	166.50	0.68		**167.18**	*24.21*	6.41	-	**30.62**	**136.56**	*142.29*
Plant and equipment	650.41	6.61	2.60	**654.42**	*206.57*	59.39	0.95	**265.01**	**389.41**	*443.84*
Furniture and fixtures	7.91	0.47	0.66	**7.72**	*1.43*	1.25	0.32	**2.36**	**5.36**	*6.48*
Vehicles	29.01	3.83	2.12	**30.72**	*12.27*	4.31	0.83	**15.75**	**14.97**	*16.74*
Office equipments	14.24	3.96	0.22	**17.98**	*6.70*	3.27	0.12	**9.85**	**8.13**	*7.54*
Computers	30.64	12.48	1.33	**41.79**	*14.60*	8.51	1.26	**21.85**	**19.94**	*16.04*
Ships	-	92.79	-	**92.79**		1.03	-	**1.03**	**91.76**	*-*
Total	**992.18**	**120.81**	**6.93**	**1,106.06**	**268.71**	**85.18**	**3.48**	**350.41**	**755.66**	***723.47***
Add: Capital work in progress									**7.44**	*1.16*
Total - Tangible assets									**763.10**	***724.63***

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

NOTE 3 (ii) : INTANGIBLE ASSETS

₹ crore

	COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 01-04-2018	Additions	Disposal of assets	**As at 31-03-2019**	As at 01-04-2018	Additions	Disposal of assets	**As at 31-03-2019**	**As at 31-03-2019**	*As at 01-04-2018*
Computer software	20.31	4.00	-	**24.31**	18.28	1.25	-	**19.53**	**4.78**	*2.03*
Total-Computer software	**20.31**	**4.00**	**-**	**24.31**	**18.28**	**1.25**	**-**	**19.53**	**4.78**	***2.03***
Total-Intangible assets									**4.78**	***2.03***

Note :

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

b. Cost / valuation of leasehold land includes ₹ 69.85 crore for which agreement is yet to be executed.

(ii) Cost / valuation of buildings includes ₹ 14.27 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 ₹ 1.61crore (previous year: ₹ 0.05 crore) on account of obsolescence.

NOTE 4 : NON-CURRENT FINANCIAL ASSETS : INVESTMENTS

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Investments in equity instruments (unquoted, at amortised cost)		
Investment in subsidiary companies		
Fully paid equity shares in subsidiary companies		
Larsen Toubro Arabia LLC (7,500 equity shares of SAR 1,000 each fully paid) (₹ 130.39)	**0.00**	*0.00*
L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC) (1000 equity shares of SAR 1,000 each fully paid) (₹ 65)	**0.00**	*0.00*
L&T Modular Fabrication Yard LLC (2019230 shares of OMR 1 each) (₹ 171.70)	**0.00**	*0.00*
L&T 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**	-
L&T Heavy Engineering LLC (39,65,500 shares of OMR 1 each) (₹ 183.89)	**0.00**	-
L&T Hydrocarbon International FZE (150 shares of AED 1000 each) (₹ 29,29,425)	**0.29**	-
Investment in associate and joint ventures		
Fully paid equity shares in associate and joint venture companies		
L&T Chiyoda Limited (45,00,000 equity shares of ₹ 10 each fully paid)	**52.93**	*52.93*
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*
L&T Gulf Private Limited (40,00,016 equity shares of ₹ 10 each fully paid)	**10.79**	*10.79*
L&T Hydrocarbon Caspian LLC(9250 shares of AZM 10 each)	**0.36**	*0.36*
Total Non-current Investments	**168.89**	*168.60*

Note :

(i) Aggregate value of unquoted investments - book value - ₹ 168.89 crore (PY ₹ 168.60 crore)

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

NOTE 5 : NON-CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Unsecured:		
Considered good	**-**	-
Considered doubtful	**-**	-
Less : Allowance for doubtful debts	**-**	-
	-	-

NOTE 6 : NON-CURRENT FINANCIAL ASSETS : LOANS

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Security deposits - Unsecured considered good		
Security deposits	**2.42**	*2.85*
Loans to related parties- Unsecured considered good		
Subsidiaries	**1111.28**	-
Joint venture	**166.02**	*186.30*
	1,279.72	*189.15*

NOTE 7 : NON-CURRENT OTHER FINANCIAL ASSETS

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Fixed deposits with banks (maturity more than 12 months)		
Balance with scheduled banks fixed deposit with maturity more than 12 months - CY ₹ 25,000 (PY ₹ 25,000)	**–**	–
Forward contract receivable	**68.11**	*38.57*
Embedded derivative receivable	**6.14**	*5.04*
	74.25	*43.61*

NOTE 8 : NON-CURRENT ASSETS : OTHER

Particulars	**As at 31-03-2019 ₹ crore**	**₹ crore**	*As at 31-03-2018 ₹ crore*	*₹ crore*
Capital advances		**0.89**		*0.32*
Other than capital advances				
Long term advance recoverable:				
Sales tax recoverable	**0.23**		*0.23*	
VAT recoverable	**28.56**		*22.56*	
Service tax recoverable	**-**		*0.26*	
Sales tax advance payment	**115.56**		*116.07*	
Income tax receivable net of provision for tax	**230.60**		*190.44*	
Financial Guarantee Asset (NC)	**4.98**	**379.93**	-	*329.56*
		380.82		*329.88*

NOTE 9 : CURRENT FINANCIAL ASSETS : INVENTORIES

(at cost or net realisable value whichever is lower)

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Components	**0.51**	*0.59*
Construction materials (including materials in transit of ₹ 0.16 crore in CY, ₹ 11.16 crore in PY)	**0.16**	*11.16*
Work -in- progress	**-**	*34.06*
Stores and spares	**8.64**	*2.05*
	9.31	*47.86*

NOTE 10 : CURRENT FINANCIAL ASSETS : INVESTMENTS

Particulars	**As at 31-03-2019**		*As at 31-03-2018*	
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
Investment in Mutual fund (quoted) carried at fair value through profit and loss		**2,602.89**		*1,202.00*
Edelweiss Liquid Fund - Regular Plan Growth: 2,096,529.853 units	**500.53**			
HSBC Cash Fund - Growth: 2696393.579 units	**500.56**			
L&T Liquid Fund - Regular Growth:2,352,147.258 units	**600.65**			
Reliance Liquid Fund - Growth Plan - Growth Option: 1102654.778 units	**500.52**			
SBI Liquid Fund Regular Growth: 1,716,636.054 units	**500.62**			
SBI Premier Liquid Fund - Direct Plan - Growth 43,38,525.115 units	**–**		*1181.98*	
L&T Liquid Fund Direct Plan - Growth 84,030.277 units)	**–**		*20.02*	
		2,602.89		*1,202.00*

NOTE 11 : CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Considered good	**2,340.77**	*2,362.52*
Less : Allowance for doubtful debts	**(471.43)**	*(443.58)*
	1,869.34	*1,918.94*

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

NOTE 12 : CURRENT FINANCIAL ASSETS : CASH AND CASH EQUIVALENTS

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Balances with banks	**40.05**	*92.05*
Balance with Schedule Banks Current Account	**5.30**	*31.23*
Balance with Non Schedule Banks Current Account	**34.75**	*60.82*
Remittance in transit	**320.42**	*264.48*
Cash on hand	**0.21**	*0.16*
Fixed deposits with banks (maturity less than 3 months)	**322.21**	*900.27*
	682.89	*1,256.96*

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

NOTE 13 : CURRENT FINANCIAL ASSETS : OTHER BANK BALANCES

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Fixed deposit with banks including interest accrued thereon		
Maturity more than 3 months and less than 12 months	**0.02**	*0.10*
	0.02	*0.10*

NOTE 14 : CURRENT FINANCIAL ASSETS : LOANS

Particulars	**As at 31-03-2019 ₹ crore**	*As at 31-03-2018 ₹ crore*
Security deposits - Unsecured considered good		
Security deposits	**6.45**	*3.39*
Earnest Money Deposit	**0.04**	*0.05*
Loans to related parties- Unsecured considered good		
Parent, subsidiary and fellow subsidiary companies	**-**	*470.26*
Other loans - current - Unsecured considered good		
Advances recoverable in cash or in kind	**0.12**	*0.31*
	6.61	*474.01*

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

NOTE 15 : CURRENT FINANCIAL ASSETS : OTHERS

Particulars	As at 31-03-2019 ₹ crore	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*	*As at 31-03-2018 ₹ crore*
Advances to related parties				
Parent, subsidiary and fellow subsidiary companies				
Current account balances		**435.00**		*258.79*
Joint ventures				
Current account balances		**13.75**		*15.94*
Advances recoverable in cash or in kind				
Forward contract receivable		**200.12**		*94.79*
Other loans and advances		**9.93**		*9.28*
Embedded derivative receivable		**27.16**		*28.00*
Doubtful other loan and advances	**34.57**		*34.57*	
Less: Allowance for doubtful loan and advances	**(34.57)**		*(34.57)*	
		-		*-*
		685.96		*406.80*

NOTE 16 : CURRENT ASSETS : OTHERS

Particulars	As at 31-03-2019 ₹ crore	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*	*As at 31-03-2018 ₹ crore*
Due from customers (construction and project related activity)				
Due from customers	**1,840.32**		*893.90*	
Less: Provision for loss allowance on due from customer	**(171.19)**		*-*	
		1,669.13		*893.90*
Retentions		**665.90**		*651.82*
Balances with customs, port trust etc.		**0.01**		*0.17*
Advance recoverable other than in cash		**764.14**		*422.49*
Current assets - others		**0.10**		*0.12*
Financial Guarantee Asset		**1.51**		*-*
		3,100.79		*1,968.50*

NOTE 17 : EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2019 Number of shares	As at 31-03-2019 ₹ crore	*As at 31-03-2018 Number of shares*	*As at 31-03-2018 ₹ crore*
Authorised :				
Equity shares of ₹ 10 each	**2,002,000,000**	**2,002.00**	*2,002,000,000*	*2,002.00*
Issued, subscribed and paid up :				
Equity shares of ₹ 10 each	**1,000,050,000**	**1,000.05**	*1,000,050,000*	*1,000.05*
		1,000.05		*1,000.05*

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

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

Particulars	As at 31-03-2019 Number of shares	As at 31-03-2019 ₹ crore	*As at 31-03-2018 Number of shares*	*As at 31-03-2018 ₹ 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*

17(iii) Equity dividend during the year

The company paid the first interim dividend for F Y 2018-19 of ₹ 125.01 Cr. and dividend distribution tax of ₹ 25.70 Cr during the year.

The company paid the second interim dividend for F Y 2018-19 of ₹ 125.01 Cr. during the year and dividend distribution tax of ₹ 25.70 Cr. which is payable at the year end, liability towards the same is grouped under Note 27 (Current liabilities – provisions).

17(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.

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

Particulars	As at 31-03-2019 Number of shares	As at 31-03-2019 Shareholding %	*As at 31-03-2018 Number of shares*	*As at 31-03-2018 Shareholding %*
Larsen & Toubro Limited :				
Equity shares of ₹ 10 each	**1,000,050,000**	**100%**	*1,000,050,000*	*100%*

17(vi) In the period of five years immediately preceding March 31, 2019 :

There are no shares allotted pursuant to contract without payment being received in cash.

There are no shares allotted by way of bonus shares.

There are no shares bought back.

NOTE 18 : INSTRUMENTS ENTIRELY EQUITY IN NATURE

Particulars	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*
Preference Share Capital	**760.00**	*760.00*
	760.00	*760.00*

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

Particulars	As at 31-03-2019 Number of shares	As at 31-03-2019 ₹ crore	*As at 31-03-2018 Number of shares*	*As at 31-03-2018 ₹ 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*
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**	*260,000,000*	*260.00*

18(ii) Preference dividend during the year :

The company paid the final dividend for F Y 2017-18 of ₹ 20.30 Cr. and dividend distribution tax of ₹ 4.17 Cr. during the year.

The company paid the interim dividend for F Y 2018-19 of ₹ 60.90 Cr. during the year and dividend distribution tax of ₹ 12.52 Cr. is payable at the year end and is grouped under Note 27 (Current liabilities provisions).

18(iii) Terms/rights attached to preference shares

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

1. Dividend payable is non-cumulative
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.

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

Particulars	As at 31-03-2019 Number of shares	As at 31-03-2019 Shareholding %	*As at 31-03-2018 Number of shares*	*As at 31-03-2018 Shareholding %*
Larsen & Toubro Limited:				
10% Preference shares of ₹ 10 each	**500,000,000**	**100%**	*500,000,000*	*100%*
12% Preference shares of ₹ 10 each	**260,000,000**	**100%**	*260,000,000*	*100%*

NOTE 19 : OTHER EQUITY

Particulars	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*
Capital reserve *	**0.32**	*0.32*
Capital reserve on business combination **	**(59.33)**	*(59.33)*
Capital redemption reserve	**0.13**	*0.13*
General reserve #	**1.21**	*1.21*
Hedging reserve (net of tax):	**(63.76)**	*50.13*
Retained earnings	**350.84**	*257.34*
	229.41	*249.80*

* 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.

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

** 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.

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 20 : LONG-TERM BORROWINGS

Particulars	As at 31-03-2019 ₹ crore	*As at 31-03-2018* *₹ crore*
External commercial borrowing	**734.55**	-
	734.55	-

NOTE 21 : NON CURRENT FINANCIAL LIABILITIES : OTHERS

Particulars	As at 31-03-2019 ₹ crore	*As at 31-03-2018* *₹ crore*
Forward contract payable	**0.07**	*0.36*
Embedded derivatives payable	**113.15**	*3.60*
Premium Payable on Financial Guarantee Contracts	**4.98**	-
	118.20	*3.96*

NOTE 22 : NON CURRENT PROVISIONS

Particulars	As at 31-03-2019 ₹ crore	*As at 31-03-2018* *₹ crore*
Provision for employee benefits :		
Post-retirement medical benefits plan	**14.31**	*15.30*
	14.31	*15.30*

NOTE 23 : CURRENT FINANCIAL LIABILITIES : BORROWINGS

Particulars	As on 31 March 2019			*As on 31 March 2018*		
	Secured ₹ crore	Unsecured ₹ crore	Total ₹ crore	*Secured* *₹ crore*	*Unsecured* *₹ crore*	*Total* *₹ crore*
Secured Loans from Banks - Cash Credits	**0.22**		**0.22**			-
Short term loans and advances from related parties		**54.03**	**54.03**			-
Short term loans and advances from banks	-	**79.70**	**79.70**	-	-	-
	0.22	**133.73**	**133.95**	-	-	-

Note:

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

P.Y. Loans repayable on demand from banks include fund based working capital facilities viz. cash credits and demand loans.

Working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit, are secured by hypothecation of inventories, book debts and receivables.

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

NOTE 24 : CURRENT FINANCIAL LIABILITIES : TRADE PAYABLE

Particulars	**As on 31 March 2019 ₹ crore**	*As on 31 March 2018 ₹ crore*
Total outstanding dues of micro and small enterprises	**41.36**	*24.97*
Total outstanding dues of creditors other than micro and small enterprises		
Due to related parties:		
Holding Company	**197.51**	*98.40*
Subsidiary and fellow subsidiary companies	**488.86**	*427.61*
Joint Venture companies	**103.43**	*136.96*
Acceptances	**0.01**	*21.35*
Due to others	**1,914.14**	*2,288.81*
	2,745.31	*2,998.10*

NOTE 25 : CURRENT FINANCIAL LIABILITIES : OTHERS

Particulars	**As on 31 March 2019 ₹ crore**	*As on 31 March 2018 ₹ crore*
Forward contracts payable	**119.63**	*17.22*
Embedded derivative payable	**77.31**	*70.50*
Due to creditors for capital goods/ services	**15.87**	*7.76*
Other payable	**153.81**	*125.24*
	366.62	*220.72*

NOTE 26 : CURRENT LIABILITIES : OTHERS

Particulars	**As on 31 March 2019 ₹ crore**	*As on 31 March 2018 ₹ crore*
Due to customers (construction related activity)	**3,657.07**	*2,636.71*
Advances from customers	**599.80**	*219.03*
Other payable (including sales tax, service tax and GST)	**1,250.14**	*621.28*
	5,507.01	*3,477.02*

NOTE 27 : CURRENT LIABILITIES : PROVISIONS

Particulars	**As on 31 March 2019 ₹ crore**	*As on 31 March 2018 ₹ crore*
Provision for employee benefits		
Gratuity	**8.58**	*10.95*
Compensated absences	**65.88**	*69.52*
Post-retirement medical benefits plan	**0.04**	*0.04*
Bonus provision	**-**	*1.00*
	74.50	*81.51*
Tax on dividend (refer note 17(ii) & 18(ii)	**38.22**	*12.40*
Others :		
Other provisions	**89.09**	*57.04*
	201.81	*150.95*

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

NOTE 28 : CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*
A. Contingent liabilities		
Claims against the company not acknowledged as debt		
(a) Sales-tax liability that may arise in respect of matters in appeal	**25.70**	*30.27*
(b) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company	**6.37**	*6.37*
(c) Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	**3.24**	*3.08*

Notes:

1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (c) above pending resolution of the appellate proceedings.

Particulars	As at 31-03-2019 ₹ crore	*As at 31-03-2018 ₹ crore*
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account		
Pending capital orders	**19.54**	*11.15*
Less: Capital provisions	**(6.39)**	*(2.64)*
Less: Capital advance	**(0.38)**	-
Pending capital orders - Group Companies	**-**	*0.03*
	12.78	*8.54*

NOTE 29 : REVENUE FROM OPERATIONS

Particulars	April - March 2019 ₹ crore	₹ crore	*April-March 2018 ₹ crore*	*₹ crore*
Sale of products:				
Manufacturing activity		**21.76**		*327.48*
Sale of services:				
Construction and project related activity	**12,430.29**		*10,540.54*	
Servicing fees	**19.77**		*9.14*	
Engineering and service fees	**153.41**		*87.85*	
		12,603.47		*10,637.53*
Other operating revenue:				
Income from hire of plant and equipment	**10.63**		*27.60*	
Technical fees	**2.18**		*3.94*	
Income from services to Group companies	**14.72**		*18.36*	
Premium earned (net) on related forward exchange contract	**0.24**		*0.14*	
Miscellaneous income	**41.82**		*29.30*	
		69.59		*79.34*
		12,694.82		*11,044.35*

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

NOTE 30 : OTHER INCOME

Particulars	**April - March 2019**	*April-March 2018*
	₹ crore	*₹ crore*
Interest income - Group companies	**228.44**	*109.25*
Interest income - others	**32.25**	*16.57*
Profit/(loss) on sale of current investments (net)	**3.72**	*3.43*
Profit/(loss) on fair valuation of investments designated at fair value through Profit & Loss (net)	**0.89**	*1.37*
Profit/(loss) on sale of fixed assets (net)	**1.03**	*0.48*
Provision no longer required written back	**0.98**	-
Miscellaneous income	**0.67**	*2.22*
	267.98	*133.32*

NOTE 31 : MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES

Particulars	**April - March 2019**		*April-March 2018*	
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
Materials consumed				
Raw materials and components	**5,021.98**		*4,239.99*	
Less: scrap sales	**55.25**		*37.34*	
		4,966.73		*4,202.65*
Excise duty		**-**		*11.42*
Construction materials		**406.11**		*604.72*
Sub-contracting charges		**3,323.54**		*3,284.28*
Changes in inventories of work- in- progress and stock- in- trade:				
Closing stock:				
Work-in-progress	**132.99**		*116.38*	
Less: opening stock:				
Work-in-progress	**116.38**		*106.28*	
		(16.61)		*(10.10)*
Other manufacturing ,construction and operating expenses:				
Stores, spares and tools consumed	**89.91**		*41.31*	
Power and fuel	**170.57**		*104.99*	
Packing and forwarding	**20.86**		*12.28*	
Hire charges - plant and equipment and others	**524.87**		*224.94*	
Engineering, technical and consultancy fees	**616.15**		*478.34*	
Insurance	**22.24**		*35.89*	
Rent	**73.00**		*62.81*	
Rates and taxes	**47.22**		*11.45*	
Travelling and conveyance	**151.07**		*93.58*	
Repairs to plant and equipment	**5.69**		*5.78*	
General repairs and maintenance	**51.92**		*41.33*	
Bank guarantee charges	**15.15**		*19.93*	
Miscellaneous expenses	**287.81**		*(24.54)*	
		2,076.46		*1,108.09*
		10,756.23		*9,201.06*

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

NOTE 32 : EMPLOYEE BENEFITS EXPENSE

Particulars	April - March 2019		*April-March 2018*	
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
Salaries, wages and bonus		**715.64**		*627.72*
Contribution to and provision for:				
Provident funds and pension fund	**16.06**		*14.99*	
Superannuation/ employee pension schemes	**0.10**		*0.09*	
Gratuity provision	**6.79**		*5.74*	
		22.95		*20.82*
Expenses on Employee Stock Option Schemes of holding company		**7.80**		*3.69*
Insurance expenses-medical and others		**10.00**		*11.83*
Staff welfare expenses		**50.75**		*51.23*
		807.14		*715.29*

NOTE 33 : FINANCE COSTS

Particulars	April - March 2019	*April-March 2018*
	₹ crore	*₹ crore*
Interest expenses	**17.12**	*3.37*
Interest cost - Ind AS 19	**5.27**	*5.04*
	22.39	*8.41*

NOTE 34 : OTHER EXPENSES

Particulars	April - March 2019	*April-March 2018*
	₹ crore	*₹ crore*
Power and fuel	**4.95**	*3.28*
Packing and forwarding	**3.20**	*9.96*
Professional fees	**64.48**	*52.79*
Payment to auditor	**0.65**	*0.52*
Insurance	**3.29**	*2.20*
Rent	**10.02**	*6.22*
Rates and taxes	**7.35**	*2.22*
Travelling and conveyance	**22.94**	*15.00*
Repairs to buildings	**1.25**	*1.28*
General repairs and maintenance	**15.77**	*15.98*
Directors’ fees	**0.16**	*0.12*
Telephone, postage and telegrams	**11.68**	*8.73*
Advertising and publicity	**1.00**	*0.70*
Stationery and printing	**4.78**	*5.03*
Commission	**0.02**	*0.04*
Bank charges	**6.60**	*8.47*
Overheads charged by Holding Company	**139.77**	*123.67*
Corporate social responsibility	**9.71**	*6.98*
Miscellaneous expenses	**29.17**	*27.84*
Bad Debts and Advances Written off	**10.77**	*3.60*
Allowance for doubtful debts and advances (net)	**108.30**	*243.18*
Exchange (gain) /loss (net)	**(21.19)**	*(14.05)*
Other provisions	**7.01**	*(2.43)*
	441.68	*521.33*

NOTE 35

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. Investments are disclosed under note 4 and 10.

NOTE 36

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

Current assets and current liabilities expected to be recovered/settled within twelve months and after twelve months from the reporting date

₹ crore

	Particulars	Note	**As at 31.3.2019**			*As at 31.3.2018*		
			Within twelve months	**After twelve months**	**Total**	*Within twelve months*	*After twelve months*	*Total*
	Current assets							
1	Inventories	9	**9.31**	**-**	**9.31**	*47.86*	*-*	*47.86*
2	Investments	10	**2602.89**	**-**	**2602.89**	*1,202.00*	*-*	*1,202.00*
3	Trade receivables	11	**1764.51**	**104.82**	**1869.34**	*1,918.94*	*-*	*1,918.94*
4	Loans	14	**5.53**	**1.08**	**6.61**	*471.17*	*2.83*	*474.01*
5	Other financial assets	15	**685.96**		**685.96**	*406.80*	*-*	*406.80*
6	Other current assets	16	**3099.84**	**0.95**	**3100.79**	*1,500.41*	*468.09*	*1,968.50*

	Particulars	Note	**As at 31.3.2019**			*As at 31.3.2018*		
			Within twelve months	**After twelve months**	**Total**	*Within twelve months*	*After twelve months*	*Total*
	Current liabilities							
1	Borrowings	23	**133.95**		**133.95**	*-*	*-*	*-*
2	Trade payables	24	**2459.24**	**286.07**	**2745.31**	*2,930.55*	*67.55*	*2998.10*
3	Other financial liabilities	25	**366.63**		**366.63**	*220.72*	*-*	*220.72*
4	Other current liabilities	26	**5164.13**	**342.88**	**5507.01**	*3436.87*	*40.15*	*3477.02*
5	Provisions	27	**180.96**	**20.84**	**201.80**	*135.80*	*15.15*	*150.95*

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

NOTE 37

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

a) Major components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

₹ crore

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2018	Charge/ (credit) to statement of profit and loss	MAT utilized during the year against provision	Charge/ (credit) to Retained earnings	Charge/ (credit) to other comprehensive income	Deferred tax liabilities/ (assets) as at 31-3-2019
Deferred tax liabilities:						
Difference between book and tax depreciation	86.29	3.08				89.37
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to the Statement of Profit and Loss	1.64	0.00				1.64
Other items giving rise to timing differences	0.48	0.31				0.79
Total	**88.41**	**3.40**				**91.81**
Deferred tax (assets) :						
Provision for doubtful debts and advances debited to the statement of profit and loss	(167.03)	(21.84)		(21.33)		(210.21)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to the statement of profit and loss	26.93	0.00			(61.18)	(34.25)
Unpaid statutory liabilities/ provision for compensated absences debited to the statement of profit and loss	(23.79)	0.85				(22.93)
ICDS adjustments	(26.32)	(45.14)				(71.46)
Other items giving rise to timing differences		11.01		(11.01)		
Total	**(190.21)**	**(55.12)**		**(32.34)**	**(61.18)**	**(338.85)**
Net deferred tax liability/(assets)	**(101.80)**	**(51.72)**		**(32.34)**	**(61.18)**	**(247.04)**
MAT credit entitlement	**(41.03)**		**41.03**			**0.00**
Total deferred tax liability/(assets)	**(142.83)**					**(247.04)**

₹ crore

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2017	Charge/ (credit) to statement of profit and loss	MAT utilized during the year against provision	Charge/ (credit) to other comprehensive income	Deferred tax liabilities/ (assets) as at 31-3-2018
Deferred tax liabilities:					
Difference between book and tax depreciation	57.97	28.32			86.29
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to the statement of profit and loss	1.63	0.01			1.64
Other items giving rise to timing differences	-	0.48			0.48
Total	**59.60**	**28.81**			**88.41**
Deferred tax (assets):					
Provision for doubtful debts and advances debited to the statement of profit and loss	(86.16)	(80.87)			(167.03)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to the Statement of Profit and Loss	(41.15)			68.08	26.93
Unpaid statutory liabilities/provision for compensated absences debited to the Statement of Profit and Loss	(18.05)	(5.74)			(23.79)
Accumulated losses	(11.65)	11.65			-
Unabsorbed depreciation	(36.78)	36.78			-
ICDS adjustments	22.59	(48.91)			(26.32)
Total	**(171.19)**	**(87.10)**		**68.08**	**(190.21)**
Net deferred tax liability/(assets)	**(111.59)**	**(58.29)**		**68.08**	**(101.80)**
MAT credit entitlement	**(147.59)**	**16.63**	**89.93**		**(41.03)**
Total deferred tax liability/(assets)	**(259.18)**	**(41.66)**	**89.93**	**68.08**	**(142.83)**

b) The major components of tax expense for the year ended March 31, 2019 and March 31, 2018:

₹ crore

Sr. No.	Particulars	31-3-2019	*31-3-2018*
(a)	Profit or Loss section		
	Current Income tax :		
	Current income tax charge	**335.39**	*276.36*
	Effect of prior period adjustments	**8.93**	*1.03*
	Deferred tax:	**(51.72)**	
	Relating to origination and reversal of temporary differences	**(51.72)**	*(53.31)*
	Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense		*11.65*
	Income tax expense reported in the statement of profit or loss	**292.59**	*235.73*
(b)	Other comprehensive income (OCI):		
	Current tax:		
	Net loss/ (gain) on remeasurement of defined benefit plans	**(0.94)**	*2.10*
	Deferred Tax:		
	Net gain / (loss) on cash flow hedges	**(61.18)**	*68.69*
	Income tax expense reported in OCI	**(62.12)**	*70.79*

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

c) Reconciliation of Income tax expense and rate

₹ crore

			2018-19		*2017-18*
	Profit before tax		**847.33**		*641.35*
	Corporate income tax rate as per Income-tax Act, 1961		**34.944%**		*34.61%*
	Expected income tax on accounting profit		**296.09**		*221.97*
	Tax effect of adjustment to reconcile expected income tax expense to reported income tax expense:				
1	Income exempt from tax - SEZ exemption	**(4.39)**		*(5.95)*	
2	Weighted deduction on R&D expenditure	**(2.76)**		*(3.48)*	
3	Payment to Gratuity trust on approval of fund	**-**		*(2.34)*	
4	Tax on expenses not tax deductible	**3.40**		*2.82*	
5	Accounting adjustments for deferred tax			*23.97*	
6	Effect of change in corporate income tax rate - increase in cess by 1%			*(1.09)*	
7	Tax effect on various other items	**0.25**		*(0.17)*	
	Tax effect of adjustments		**(3.5)**		*13.76*
	Tax expense as per statement of profit and loss:				
1	Current Tax	**344.31**		*277.39*	
2	Deferred Tax	**(51.72)**		*(41.66)*	
	Tax expense recognized during the year		**292.59**		*235.73*
	Effective tax rate		**34.53%**		*36.76%*

NOTE 38

Disclosure in respect of leases pursuant to Ind AS 17 "Leases":

Where the Company is a lessee:

Operating leases:

i) The Company has taken various commercial premises and plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no exceptional/restrictive covenants in the lease agreements

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

₹ crore

Particulars	31-03-2019	*31-03-2018*
1. Payable not later than 1 year	**5.11**	*3.30*
2. Payable later than 1 year and not later than 5 years	**15.81**	*12.75*
3. Payable later than 5 years		
Total	**20.92**	*16.05*

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

ii) Lease rental expense in respect of operating leases: ₹ 31.36 crore (previous year: ₹ 22.05 crore)

iii) Contingency rent recognized in the Statement of Profit and Loss: Nil (previous year :Nil)

NOTE 39

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

1. Defined contribution plans: [Note 2.11] Amount of ₹ 6.29 crore (previous year ₹ 6.03 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 31.03.19	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*
A) Present value of defined benefit obligation								
- Wholly funded	**43.42**	*35.88*		-		-	**316.81**	*280.75*
- Wholly non-funded	**8.58**	*10.95*	**14.36**	*15.34*	**4.39**	*2.98*		-
Less: Fair value of plan assets	**35.02**	*35.88*		-		-	**318.79**	*283.12*
Amount to be recognised as liability or (asset)	**16.98**	*10.95*	**14.36**	*15.34*	**4.39**	*2.98*	**(1.98)**	*(2.37)*
B) Amounts reflected in the balance sheet								
- Liabilities	**16.98**	*10.95*	**14.36**	*15.34*	**4.39**	*2.98*	**2.91**	*2.65*
- Assets								
Net liability/(asset)	**16.98**	*10.95*	**14.36**	*15.34*	**4.39**	*2.98*	**2.91**	*2.65*
Net liability/(asset) – current		*10.95*	**0.04**	*0.04*	**0.17**	*0.06*	**2.91**	*2.65*
Net liability/(asset) – Non current	**16.98**	-	**14.32**	*15.30*	**4.22**	*2.92*	**-**	-

   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	
	2018-19	*2017-18*	**2018-19**	*2017-18*	**2018-19**	*2017-18*	**2018-19**	*2017-18*
1. Current service cost	**6.88**	*5.70*	**1.53**	*1.28*	**0.10**	*0.15*	**9.96**	*9.49*
2. Interest cost	**2.64**	*2.47*	**1.18**	*0.99*	**0.23**	*0.33*	**24.50**	*21.20*
3. Interest income on plan assets	**(2.68)**	*(1.87)*	**-**	-		-	**(24.50)**	*(21.20)*
4. Actuarial losses/(gains)	**5.26**	*(3.25)*	**(3.67)**	*(0.67)*	**1.09**	*(2.15)*	**(0.16)**	*(18.11)*
5. Actuarial gain/(loss) not recognised in books		-		-		-	**0.16**	*18.11*
6. Past Service Cost			**0.05**					
7. Adjustment for earlier years	**(0.09)**	-	**-**	-	**-**	-	**-**	-
Total (1 to 5)	**12.01**	*3.05*	**(0.91)**	*1.60*	**1.42**	*(1.67)*	**9.96**	*9.49*
i. Amount included in "employee benefits expense"	**6.79**	*5.70*	**1.58**	*1.28*	**0.10**	*0.15*	**9.96**	*9.49*
ii. Amount included as part of "finance cost"	**(0.04)**	*0.60*	**1.18**	*0.99*	**0.23**	*0.33*	**-**	-
iii. Amount included as part of "Other comprehensive income"	**5.26**	*(3.25)*	**(3.67)**	*(0.67)*	**1.09**	*(2.15)*	**-**	-
Total (i+ii+iii)	**12.01**	*3.05*	**(0.91)**	*1.60*	**1.42**	*(1.67)*	**9.96**	*9.49*
Actual return on plan assets	**1.88**	*2.20*		-		-	**24.67**	*22.74*

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

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 31.03.19	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*
Opening balance of the present value of defined benefit obligation	**46.83**	*47.01*	**15.34**	*13.74*	**2.97**	*4.65*	**280.74**	*238.82*
Add: Current service cost	**6.88**	*5.70*	**1.53**	*1.28*	**0.10**	*0.15*	**9.96**	*9.49*
Add: Interest cost	**2.64**	*2.47*	**1.18**	*0.99*	**0.23**	*0.33*	**24.50**	*21.20*
Add: Contribution by plan participants								
i) Employer								
ii) Employee							**24.57**	*22.09*
iii) Transfer-in/(out)							**4.69**	*(0.97)*
Add/(less): Actuarial losses/(gains)								
i) Actuarial (gains)/losses arising from changes in financial assumptions	**0.10**	*(1.60)*	**(0.10)**	*(1.61)*	**1.09**	*(2.15)*		
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	**2.96**		**(3.01)**					
iii) Actuarial (gains)/losses arising from changes in experience adjustments	**1.38**	*(1.33)*	**(0.76)**	*0.94*				
Less: Benefits paid	**(8.75)**	*(5.46)*	**(0.01)**				**35.73**	*(26.45)*
Add: Liabilities assumed on transfer of employees		-					**8.07**	*16.57*
Add: Business combination		-						
Closing balance of the present value of defined benefit obligation	**52.06**	*46.83*	**14.35**	*15.34*	**4.39**	*2.98*	**316.81**	*280.75*

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 31.03.19	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*
Opening balance of the fair value of the plan assets	**35.88**	*26.67*	**283.12**	*240.29*
Add: Interest income on plan assets*	**2.69**	*1.87*	**24.50**	*21.20*
Add/(Less): Actuarial gains/(losses)				
(a) Difference between actual return on plan assets and interest income	**(0.80)**	*0.33*	**0.16**	*1.54*
(b) Others				
Add: Contribution by the employer	**0.84**	*9.86*	**9.91**	*9.41*
Add/(less) : Transfer in/(out)				*15.60*

₹ crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.19	*As at 31.03.18*	**As at 31.03.19**	*As at 31.03.18*
Add: Contribution by plan participants			**24.17**	*21.53*
Add: Liabilities assumed on transfer of employees			**12.65**	
Add: Business combination				
Less: Benefits paid	**(3.60)**	*(2.85)*	**(35.73)**	*(26.45)*
Add: Adjustment for earlier years				
Less: Settlements				
Closing balance of the plan assets	**35.01**	*35.88*	**318.79**	*283.12*

* Basis used to determine interest income on plan assets:

The trust formed by the holding company 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 ₹ 3 crore (previous year ₹ 3 crore) towards its gratuity plan during the year 2019-20.

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

Particulars	Gratuity plan			*Gratuity plan*		
	Quoted	**Unquoted**	**Total**	*Quoted*	*Unquoted*	*Total*
	As at March 31, 2019			*As at March 31, 2018*		
Cash and cash equivalents						
Equity instruments						
Debt instruments - Corporate Bonds	**29.15%**		**29.15%**	*13.00%*		*13.00%*
Debt instruments - Central government Bonds	**68.59%**		**68.59%**	*78.00%*		*78.00%*
Debt instruments - State government Bonds						
Debt instruments - PSU Bonds						
Mutual funds – Equity						
Mutual funds – Debt						
Mutual funds – Others						
Fixed Deposits						
Special Deposit Scheme						
Insurer managed funds					*8.00%*	*8.00%*
Others		**2.26%**	**2.26%**		*1.00%*	*1.00%*

Particulars	Trust-managed provident fund plan			*Trust-managed provident fund plan*		
	Quoted	**Unquoted**	**Total**	*Quoted*	*Unquoted*	*Total*
	As at March 31, 2019			*As at March 31, 2018*		
Cash and cash equivalents					*0.18%*	*0.18%*
Equity instruments						
Debt instruments - Corporate Bonds	**20.83%**		**20.83%**	*15.05%*	*3.00%*	*18.05%*
Debt instruments - Central government Bonds	**23.57%**		**23.57%**	*23.32%*		*23.32%*
Debt instruments - State government Bonds	**23.94%**		**23.94%**	*20.32%*		*20.32%*
Debt instruments - PSU Bonds	**21.91%**		**21.91%**	*12.97%*	*16.57%*	*29.54%*
Mutual funds – Equity	**1.30%**	**1.90%**	**3.2%**	*2.42%*	*0.43%*	*2.85%*
Mutual funds – Debt		**0.87%**	**0.87%**			
Mutual funds – Others		**0.05%**	**0.05%**	*0.01%*	*0.14%*	*0.15%*
Fixed Deposits		**0.18%**	**0.18%**		*0.00%*	
Others		**0.00%**	**0.00%**		*-0.56%*	*-0.56%*
Special Deposit Scheme		**5.45%**	**5.45%**		*6.13%*	*6.13%*

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

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

Particulars	31.3.2019	31.3.2018
Gratuity plan	**6.47**	*9.20*
Post-retirement medical benefit plan	**18.64**	*20.54*
Company pension plan	**9.88**	-

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

Particulars	31.3.2019	31.3.2018
1. Discount rate:		
a) Gratuity plan	**7.63%**	*7.67%*
b) Company pension plan	**7.67%**	*7.67%*
c) Post-retirement medical benefit plan	**7.63%**	*7.67%*
2. Annual increase in healthcare costs (see note below)		
3. Salary Growth rate:		
a) Gratuity plan	**5.00%**	*5.00%*
b) Company pension plan	**7.00%**	*5.00%*

4. Attrition rate:

   a) For post-retirement medical benefit plan the attrition rate varies from 1% to 11% (previous year: 2% to 8%) for various age groups. For company pension plan, the attrition rate varies from 0 to 2%

   b) For gratuity plan the attrition rate varies from 1% to 12% (previous year: 1% to 6%) for various age groups.

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 Nil%.

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	
	2018-19	*2017-18*	**2018-19**	*2017-18*
Impact of change in salary growth rate	**6.65%**	*9.56%*	**-5.99%**	*-8.28%*
Impact of change in discount rate	**-5.80%**	*-8.02%*	**6.65%**	*9.40%*

   (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	
	2018-19	*2017-18*	**2018-19**	*2017-18*
Impact of change in discount rate	**-9.12%**	*-9.42%*	**10.77%**	*11.18%*
Impact of change in life expectancy	**0.97%**	*0.86%*	**-1.04%**	*-0.92%*

(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	
	2018-19	*2017-18*	**2018-19**	*2017-18*
Impact of change in health care cost	**15.77%**	*17.43%*	**-12.88%**	*-13.96%*
Impact of change in discount rate	**-16.58%**	*-18.08%*	**21.14%**	*23.56%*
Impact of change in life expectancy	**0.86%**	*0.66%*	**-0.91%**	*-0.69%*

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 and the trust was formed in the current financial year. 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.

2. Post-retirement medical care plan:

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

3. Company's pension plan:

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

4. Trust managed provident fund plan:

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

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

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

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

NOTE 40

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

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

Holding company:	
1	Larsen & Toubro Limited

Subsidiary companies over which control exists:	
1	Larsen Toubro Arabia LLC
2	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC) (acquired 25% in June '17 and 75% on March 31,2018)
3	L&T Modular Fabrication Yard LLC (acquired on March 31,2018)
4	Larsen & Toubro Electromech LLC(acquired on March 31,2018)
5	L&T Hydrocarbon International FZE (Formed on September 09, 2018)
6	Larsen & Toubro Kuwait Construction General Contracting Company, WLL (acquired on August 01, 2018)
7	L&T Heavy Engineering LLC (acquired on August 08, 2018)

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 Limit\ed
7	L&T Infrastructure Finance Company Limited	8	L&T International FZE
9	L&T Geostructure LLP	10	L&T Shipbuilding Limited
11	L&T Infrastructure Engineering Limited	12	Larsen & Toubro Infotech Limited
13	PT TAMCO Indonesia	14	Tamco Switchgear (Malaysia) SDN BHD
15	L&T Hydrocarbon International LLC	16	Kana Controls General Trading and Contracting Co

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

*Joint ventures of holding company 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		

Key management personnel			
1	Mr. Subramanian S. Sarma (CEO & Managing Director)	2	Mr. T. Chinnappa (Whole-time Director)
3	Mr. K. S. Balasubramanyam (Chief Financial Officer)	4	Ms. Alpana Khale (Company Secretary)*
5	Sivaram Nair (Company Secretary)**		

* Resigned w.e.f. 19th July 2018.

** Appointed w.e.f. 20th July 2018

b) Disclosure of related party transactions:

(₹ crore)

Sr. No	Nature of transaction/relationship/major parties	2018-19		*2017-18*	
		Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
1	**Purchase of goods and services (including commission paid)**				
	Holding company	**347.70**		*127.58*	
	Subsidiaries, including:	**979.52**		*1024.71*	
	L&T Modular Fabrication Yard LLC		**786.11**		*687.13*
	Larsen & Toubro Electromech LLC		**147.79**		*284.84*
	Larsen & Toubro Kuwait Construction General Contracting Company WLL		**-**		*2.11*
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**(5.20)**		
	L&T Heavy Engineering LLC *		**50.82**		
	Larsen & Toubro Electromech LLC		**-**		*50.63*
	Fellow subsidiaries, including:	**117.62**		*67.11*	
	L&T Valves Limited		**61.87**		*52.83*
	L&T Electrical and Automation FZE		**21.41**		*6.25*
	Larsen & Toubro Infotech Limited		**-**		*0.92*
	Tamco Switchgear (Malaysia) SDN BHD		**0.37**		*0.32*
	L&T Technology Services Limited		**2.06**		*4.00*
	Kana Controls General Trading and Contracting Co		**-**		*0.68*
	L&T Infrastructure Engineering Limited		**0.25**		
	L&T Geostructure LLP		**10.23**		
	L&T Electrical and Automation Limited		**21.43**		
	Associates and joint ventures, including:	**255.14**		*269.74*	
	L&T Chiyoda Limited		**153.45**		*149.28*
	L&T Gulf Private Limited		**13.74**		*19.48*
	L&T Sapura Shipping Private Limited		**86.88**		*100.98*
	L&T Sapura Offshore Private Limited				
	Joint ventures of holding company and other group entities, including:	**0.70**		*4.08*	
	L&T Sargent and Lundy Limited		**0.70**		*0.45*
	L&T Special Steels and Heavy Forgings Private Limited		**-**		*3.63*
	Total	**1710.92**		*1491.11*	

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

(₹ crore)

Sr. No	Nature of transaction/relationship/major parties	2018-19		*2017-18*	
		Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
2	**Sale of goods/contract revenue and services**				
	Holding company	**32.11**		*11.00*	
	Subsidiaries, including:	**112.24**		*22.15*	
	L&T Modular Fabrication Yard LLC		**0.67**		*22.16*
	L&T Hydrocarbon Saudi Company LLC		**111.56**		*-0.01*
	Fellow subsidiaries, including:	**29.08**		*10.62*	
	L&T Technology Services Limited		**27.84**		*10.62*
	L&T Heavy Engineering LLC		**0.25**		
	Associates and joint ventures, including:			*0.04*	
	L&T Chiyoda Limited		**-**		*0.04*
	Joint ventures of holding company and other group entities, including:	**0.43**		*0.95*	
	L&T MHPS Boilers Private Limited		**-**		*0.10*
	L&T Special Steels and Heavy Forgings Private Limited		**0.43**		*0.83*
	Besix -L&T Joint Venture				*0.02*
	Total	**172.87**		*44.76*	
3	**Purchase/lease of fixed assets**				
	Holding company	**3.07**		*0.52*	
	Subsidiaries, including:	**0.16**		*0.00*	
	L&T Technology Services Limited		**0.16**		*0.00*
	Fellow subsidiaries, including:	**0.00**		*0.47*	
	L&T Shipbuilding Limited		**0.00**		*0.47*
	Joint ventures of holding company and other group entities, including:	**0.16**			
	L&t Sapura shipping Private Limited		**0.16**		*0.00*
	Total	**3.39**		*0.99*	
4	**Purchase of investment in subsidiary and associate companies**				
	Holding company				
	Subsidiaries, including:	**0.29**		*0.00*	
	Larsen & Toubro International FZE**		**0.29**		*0.00*
	Larsen & Toubro Kuwait construction General Contracting Company, WLL		**0.00**		
	Total	**0.29**		*0.00*	

(₹ crore)

Sr. No	Nature of transaction/relationship/major parties	2018-19		*2017-18*	
		Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
5	**Investment in equity shares**				
	Subsidiaries, including:	**0.29**		*0.00*	
	L&T Hydrocarbon International FZE** (150 shares of AED 1000 each)		**0.29**		*0.00*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL (980 shares of KWD 1000 each)		**0.00**		*0.00*
	Total	**0.029**		*0.00*	
6	**Net inter corporate deposits given/(returned)**				
	Holding company	**(129.91)**		*124.39*	
	Subsidiaries, including:	**770.94**		*340.35*	
	Larsen Toubro Arabia LLC		**93.73**		*340.35*
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**532.36**		
	L&T Modular Fabrication Yard LLC		**80.06**		
	L&T Heavy Engineering LLC		**64.79**		
	Joint ventures, including:	**(20.28)**		*186.30*	
	L&T Sapura Shipping Private Limited		**(20.28)**		*186.30*
	Total	**620.75**		*651.04*	
7	**Net inter corporate borrowing taken/(repaid)**	**54.03**		*0.00*	
	Holding company		**54.03**		*0.00*
	Total	**54.03**			
8	**Receiving of services/overheads charged by related parties**				
	Holding company	**138.55**		*127.74*	
	Subsidiaries, including:	**0.23**		*0.25*	
	Larsen Toubro Arabia LLC		**0.23**		*0.11*
	Larsen & Toubro Electromech LLC		**-**		*0.14*
	Fellow subsidiaries, including:	**7.49**		*6.81*	
	Larsen and Toubro Infotech Limited		**7.40**		*6.81*
	L&T Electrical and Automation FZE		**0.09**		
	Associates and joint ventures, including:	**1.17**		*4.92*	
	L&T Chiyoda Limited		**0.97**		*2.37*
	L&T Gulf Private Limited		**-0.25**		*0.30*
	L&T Sapura Shipping Private Limited		**0.45**		*2.25*
	Joint ventures of holding company and other group entities, including:	**1.03**			
	L&T MHPS Boiler Private Limited		**1.03**		*0.00*
	Total	**148.47**		*139.72*	

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

(₹ crore)

Sr. No	Nature of transaction/relationship/major parties	2018-19		*2017-18*	
		Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
9	**Rent paid, including lease rentals under leasing/ hire purchase arrangements including loss sharing on equipment finance**				
	Holding company	**4.41**		*0.00*	
	Fellow Subsidiaries, including:	**0.29**		*0.00*	
	L&T Infotech Limited		**0.29**		*0.00*
	Total	**4.70**		*0.00*	
10	**Charges for deputation of employees to related parties**				
	Holding Company	**0.61**		*0.00*	
	Subsidiaries, including:	**36.02**			
	L&T Modular fabrication Yards LLC		**36.02**		*0.00*
	Fellow subsidiaries, including:	**0.00**		*2.10*	
	L&T Technology Services Limited		**0.00**		*2.10*
	Associates and joint ventures, including:			*5.28*	
	L&T Sapura Shipping Private Limited		**0.00**		*5.28*
	Total	**36.63**		*7.38*	
11	**Rent received, overhead recovered and miscellaneous income**				
	Holding company	**1.66**		*5.22*	
	Subsidiaries, including:	**12.65**		*30.61*	
	Larsen Toubro Arabia LLC		**7.35**		*25.32*
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**4.24**		*2.08*
	L&T Modular Fabrication Yard LLC		**0.00**		*0.00*
	Larsen & Toubro Electromech LLC		**0.93**		*3.21*
	Fellow subsidiaries, including:	**0.62**		*0.35*	
	L&T Valves Limited		**0.46**		*0.15*
	L&T Shipbuilding Limited		**0.04**		*0.04*
	Nabha Power Limited		**0.03**		*0.03*
	L&T Thales Technology Services Private Limited		**0.02**		*0.02*
	L&T Technology Services Limited		**0.07**		*0.11*
	Associates and joint ventures, including:	**7.71**		*7.43*	
	L&T Chiyoda Limited		**6.33**		*5.75*
	L&T Gulf Private Limited		**1.01**		*1.06*
	L&T Sapura Shipping Private Limited		**0.37**		*0.62*
	Joint ventures of holding company and other group entities, including:	**0.18**		*1.24*	
	L&T MHPS Boilers Private Limited		**0.10**		*0.13*
	L&T Special Steels and Heavy Forgings Private Limited		**0.03**		*0.02*
	L&T MHPS Turbine Generators Private Limited		**0.01**		*0.01*
	L&T Sargent and Lundy Limited		**0.01**		*0.03*
	L&T Howden Private Limited		**0.03**		*0.03*
	Total	**22.82**		*44.85*	

(₹ crore)

Sr. No	Nature of transaction/relationship/major parties	2018-19		*2017-18*	
		Amount	Amounts for major parties	*Amount*	*Amounts for major parties*
12	**Interest received**				
	Holding company	199.36		98.16	
	Subsidiaries, including:	23.87		6.85	
	Larsen Toubro Arabia LLC		11.52		6.85
	Associates and joint ventures, including:	5.04		4.08	
	L&T Sapura Shipping Private Limited		5.04		4.08
	Total	228.27		109.09	
13	**Interest paid**				
	Holding company	0.03		0.00	
	Total	0.03		0.00	
14	**Dividend paid**				
	Holding company	331.21		60.90	
	Total	331.21		60.90	
15	**Amount written off**				
	Holding company	1.60		0.00	
	Total	1.60		0.00	
16	Employer' contribution towards trust managed employees provident fund	9.91		9.41	
17	Employer' contribution towards trust managed employees gratuity fund	0.84		9.86	

c) Amount due to/from related parties :

(₹ crore)

Sr. No	Category of balance/relationship/major parties	As at 31.03.2019		*As at 31.03.2018*	
		Amount	Amounts for major parties	*Amount*	*Amounts for major parties*
1	**Accounts receivable**				
	Holding company	14.35		15.82	
	Subsidiaries, including:	16.73		0.04	
	Larsen Toubro Saudi company LLC		16.51		
	L&T Heavy Engineering LLC		0.22		0.04
	Fellow subsidiaries, including:	3.13		1.64	
	L&T Technology Services Limited		3.13		1.64
	Associates and joint ventures, including:	0.03		0.03	
	L&T Gulf Private Limited		0.03		0.03
	Total	34.24		17.53	

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

(₹ crore)

Sr. No	Category of balance/relationship/major parties	As at 31.03.2019		*As at 31.03.2018*	
		Amount	Amounts for major parties	*Amount*	*Amounts for major parties*
2	**Accounts payable (including acceptance & interest accrued)**				
	Holding company	**188.44**		*100.40*	
	Subsidiaries, including:	**478.25**		*380.36*	
	Larsen Toubro Arabia LLC		**38.98**		*1.18*
	L&T Modular Fabrication Yard LLC		**339.04**		*225.30*
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**0.46**		*0.43*
	L&T Kuwait Construction General Contracting Company, WLL***		**0.00**		*0.01*
	Larsen & Toubro Electromech LLC		**39.43**		*153.44*
	Fellow subsidiaries, including:	**20.20**		*34.10*	
	L&T Valves Limited		**-**		*18.17*
	Larsen and Toubro (East Asia) SDN.BHD		**0.12**		*0.12*
	L&T Electrical and Automation FZE		**6.46**		*4.92*
	L&T Technology Services Limited		**8.49**		*2.25*
	Larsen & Toubro Infotech Limited		**2.25**		*1.88*
	L&T Shipbuilding Limited		**1.29**		*2.15*
	TAMCO Switchgear (Malaysia) SDN BHD		**1.30**		*2.32*
	Kana Controls General Trading and Contracting Co		**0.00**		*2.29*
	L&T Infrastructure Engineering Limited		**0.29**		
	Associates and joint ventures, including:	**102.80**		*136.83*	
	L&T Gulf Private Limited		**4.35**		*7.60*
	L&T Chiyoda Limited		**23.83**		*15.28*
	L&T Sapura Shipping Private Limited		**73.38**		*113.95*
	Joint ventures of holding company and other group entities, including:	**0.11**		*0.61*	
	L&T Sargent and Lundy Limited		**0.11**		*0.42*
	L&T Special Steels and Heavy Forgings Private Limited		**0.00**		*0.19*
	Total	**789.79**		*652.30*	
3	**Loans and advances recoverable (including interest accrued)**				
	Holding company	**193.39**		*57.90*	
	Subsidiaries, including:	**223.69**		*191.42*	
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**73.47**		*53.32*
	Larsen & Toubro Electromech LLC		**2.84**		*3.78*
	L&T Modular Fabrication Yard LLC		**8.95**		*6.75*
	Larsen Toubro Arabia LLC		**108.44**		*100.16*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		**19.90**		*18.37*
	L&T Hydrocarbon International Limited LLC		**4.71**		*4.50*
	L&T Heavy Engineering LLC		**0.41**		*4.54*

(₹ crore)

Sr. No	Category of balance/relationship/major parties	As at 31.03.2019		*As at 31.03.2018*	
		Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
	Fellow subsidiaries, including:	**20.75**		*12.88*	
	L&T Electrical & Automation Saudi Arabia Company Limited		**0.80**		*1.46*
	Larsen & Toubro Infotech Limited		**0.00**		*0.00*
	L&T Electrical and Automation FZE		**4.14**		*1.45*
	L&T Infrastructure Finance Company Limited		**0.02**		*0.02*
	L&T Shipbuilding Limited		**0.96**		*1.43*
	L&T Technology Services Limited		**14.51**		*6.45*
	Nabha Power Limited		**0.03**		*0.03*
	L&T Thales Technology Services Private Limited		**0.02**		*0.02*
	L&T Valves Limited		**0.27**		*2.02*
	Associates and joint ventures, including:	**15.02**		*16.98*	
	L&T Chiyoda Limited		**6.59**		*5.46*
	L&T Sapura Shipping Private Limited		**1.33**		*5.21*
	L&T Sapura Offshore Private Limited		**5.22**		*5.22*
	L&T Gulf Private Limited		**1.88**		*1.09*
	Joint ventures of holding company and other group entities, including:	**0.33**		*0.64*	
	L&T Special Steels and Heavy Forgings Private Limited		**0.00**		*0.42*
	L&T MHPS Turbine Generators Private Limited		**0.01**		*0.01*
	L&T Sargent and Lundy Limited		**0.03**		*0.03*
	L&T MHPS Boilers Private Limited		**0.26**		*0.15*
	L&T Howden Private Limited		**0.03**		*0.03*
	Total	**453.81**		*279.82*	
4	**Inter corporate deposits**				
	Holding company	**0.00**		*129.91*	
	Subsidiaries, including:	**1111.29**		*340.35*	
	Larsen Toubro Arabia LLC		**434.08**		*340.35*
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**532.36**		
	L&T Modular Fabrication Yard LLC		**80.06**		
	L&T Heavy Engineering LLC		**64.79**		
	Associates and joint ventures, including:	**166.02**		*186.30*	
	L&T Sapura Shipping Private Limited		**166.02**		*186.30*
	Total	**1277.31**		*656.56*	
5	**Inter corporate borrowings**				
	Holding company	**54.03**		*0.00*	
	Total	**54.03**		*0.00*	
6	**Due to Directors #**	**7.16**		*7.33*	
	Mr. Subramaniam Sarma		**6.68**		*7.33*
	Total	**7.16**		*7.33*	

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	2018-19		2017-18	
		Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
1	**Capital commitment**				
	Holding company				
	Fellow subsidiaries, including:	**0.00**		*0.03*	
	L&T Shipbuilding Limited				*0.03*
	Total	**0.00**		*0.03*	
2	**Revenue commitment**				
	Holding company	**854.85**		*209.57*	
	Fellow subsidiaries, including:	**116.15**		*1064.98*	
	L&T Valves Limited		**76.12**		*14.23*
	L&T Modular Fabrication Yard LLC		**0.00**		*999.81*
	L&T Electrical and Automation FZE		**28.88**		*14.25*
	Larsen & Toubro Infotech Limited		**0.00**		*0.27*
	L&T Shipbuilding Limited		**0.00**		*0.31*
	L&T Technology Services Limited		**2.91**		*2.12*
	L&T Infrastructure Engineering Limited		**1.70**		*1.90*
	TAMCO Switchgear (Malaysia) SDN BHD		**0.10**		
	Larsen & Toubro Heavy Engineering LLC		**2.50**		*20.95*
	KANA Controls General Trading and Contracting Company WLL		**0.44**		*1.53*
	Associates and joint ventures, including:	**195.41**		*141.46*	
	L&T Chiyoda Limited		**186.02**		*109.37*
	L&T Gulf Private Limited		**6.95**		*14.88*
	L&T Sapura Shipping Private Limited		**2.44**		*17.21*
	Joint ventures of holding company and other group entities, including:	**0.08**		*0.39*	
	L&T Special Steels and Heavy Forgings Private Limited		**0.00**		*0.24*
	L&T Infrastructure Development Projects Limited		**0.00**		*0.01*
	L&T Sargent and Lundy Limited		**0.08**		*0.14*
	Total	**1166.50**		*1416.40*	

*Larsen & Toubro Electromech LLC till last year was shown as fellow subsidiary.

** L&T Heavy Engineering LLC till last year was shown as fellow subsidiary.

*** Larsen & Toubro Kuwait Construction General Contracting Company, WLL till last year was shown as subsidiary.

e) Remuneration of Directors and Key Managerial Personnel :

A. Payment of salaries:

(₹ crore)

Key Managerial Personnel	2018-19				*2017-18*			
	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	**14.00**	**0.00**	**0.00**	**14.00**	*11.28*	*0.00*	*0.00*	*11.28*
Mr. K. Ravindranath	**0.00**	**0.00**	**0.00**	**0.00**	*1.07*	*0.93*	*0.40*	*2.40*
Mr. T. Chinnappa	**0.91**	**0.02**	**0.00**	**0.93**	*0.84*	*0.02*	*0.00*	*0.86*

B. Fee for attending Board/Committee meetings

(₹ crore)

Sr. No.	Particulars	FY 2018-19	*FY 2017-18*
	Mr. K. Venkataramanan	**0.04**	*0.02*
	Mr. Vikram Singh Mehta	**0.04**	*0.02*
	Mr. Sarthak Behuria	**0.04**	*0.03*
	Dr. A. K. Balyan (up to October 24, 2017)	**-**	*0.03*
	Mrs. Bhagyam Ramani	**0.04**	*0.03*

C. Commission

Sr. No.	Particulars	FY 2018-19	*FY 2017-18*
	Mr. K. Venkataramanan	**0.20**	-
	Mr. Vikram Singh Mehta	**0.15**	-
	Mr. Sarthak Behuria	**0.22**	-
	Mrs. Bhagyam Ramani	**0.21**	-
	Mr. A. K. Balyan	**0.06**	-

Note:

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.

NOTE 41

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	2019		2018	
			Proportion of effective ownership interest (%)	Proportion of effective voting power held (%)	Proportion of effective ownership interest (%)	Proportion of effective voting power held (%)
	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%

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

Sr. no.	Name of the company	Principal place of business	2019		2018	
			Proportion of effective ownership interest (%)	Proportion of effective voting power held (%)	Proportion of effective ownership interest (%)	Proportion of effective voting power held (%)
3	L&T Modular Fabrication Yard LLC	Sultanate of Oman	70%	99.99%	70%	99.99%
4	L&T Electromech LLC	Sultanate of Oman	70%	99.99%	70%	99.99%
5	L&T Hydrocarbon International FZE	UAE	100%	100%	-	-
6	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Kuwait	49%	100%	-	-
7	L&T Heavy Engineering LLC	Sultanate of Oman	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 Gulf Private Limited	India	50.0002%	50.0002%	50.0002%	50.0002%
4	L&T Chiyoda Private Limited	India	50%	50%	50%	50%
5	L&T Hydrocarbon Caspian LLC	Baku, Azeirbaijan	50%	50%		

NOTE 42

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

₹ crore

Particulars		2018-19	*2017-18*
Basic			
Profit after tax as per accounts (₹ crore)		**554.74**	*405.62*
Less: Dividend on preference shares		**81.20**	*60.90*
Less: Dividend distribution tax on Preference dividend		**16.57**	*12.40*
Profit available to equity shareholders	A	**456.97**	*332.32*
Weighted average number of equity shares outstanding	B	**1,00,00,50,000**	*1,00,00,50,000*
Basic EPS (₹)	A/B	**4.57**	*3.32*
Diluted			
Profit after tax as per accounts (₹ crore)	A	**554.74**	*405.62*
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	**76,00,00,000**	*76,00,00,000*
Weighted average number of shares outstanding for diluted EPS	D=B+C	**1,76,00,50,000**	*1,76,00,50,000*
Diluted EPS (₹)	A/D	**3.15**	*2.30*
Face value per equity share (₹)		**10**	*10*

NOTE 43

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 01.04.2018	31.75	0.44	24.85	-	57.04
2	Additional provision during the year	11.00		37.29		48.29
3	Provision used during the year					
4	Unused provision reversed during the year	(4.00)		(12.24)		(16.24)
5	Additional provision for unwinding of interest and change in discount rate					
6	**Balance as at 31.03.2019**	**38.75**	**0.44**	**49.90**		**89.09**

b) Nature of provisions

1 Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms.

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".

c) Disclosures in respect of contingent liabilities are given as part of note 34 to the balance sheet.

NOTE 44

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 31.3.2019	*As at 31.3.2018*
1	**Measured at fair value through profit and loss (FVTPL)**		
	Investments		
(a)	Mutual funds	**2602.89**	*1,202.00*
	Derivative financial assets		
(b)	Derivative Instruments not designated as cash flow hedges	**86.93**	*17.75*
(c)	Embedded derivatives not designated as cash flow hedges	**16.00**	*26.27*
2	**Measured at amortised cost**		
(a)	Loans given	**1286.34**	*663.16*
(b)	Trade receivables	**1869.34**	*1,918.94*

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

₹ crore

Sr. No.	Particulars	As at 31.3.2019	*As at 31.3.2018*
(c)	Cash and cash equivalents	**682.91**	*1,257.06*
(d)	Other financial assets	**458.66**	*284.01*
3	**Measured at fair value through OCI (FVTOCI)**		
	Derivative financial assets		
(a)	Derivative financial instruments designated as cash flow hedges	**181.29**	*115.60*
(b)	Embedded derivative financial instruments designated as cash flow hedges	**17.30**	*6.77*
	Total financial assets	**7201.66**	*5,491.56*

b) Category-wise classification of applicable financial liabilities :

₹ crore

Sr. No.	Particulars	As at 31.3.2019	*As at 31.3.2018*
1	**Measured at fair value through profit and loss (FVTPL)**		
	Derivative financial liabilities		
(a)	Derivative instruments not designated as cash flow hedges	**18.08**	*3.74*
(b)	Embedded derivatives not designated as cash flow hedges	**96.10**	*31.32*
2	**Measured at amortised cost**		
(a)	Borrowings	**868.50**	-
(b)	Trade payables	**2745.31**	*2998.10*
(c)	Other financial liabilities	**174.67**	*134.00*
3	**Financial liabilities at fair value through OCI**		
	Derivative financial liabilities		
(a)	Derivative Instruments designated as cash flow hedges	**101.62**	*13.84*
(b)	Embedded derivatives designated as cash flow hedges	**94.31**	*42.78*
	Total financial liabilities	**4082.30**	*3,718.93*

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

₹ crore

Particulars	As at 31-03-2019	*As at 31-03-2018*
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)	**117.41**	*48.07*
Allowance/(reversal) for expected credit loss during the year	**10.33**	*43.68*
Provision for doubtful debts (other than expected credit loss)(net)	**(38.28)**	*286.86*
Bad debts written off (net)	**(10.77)**	*(3.60)*
Financial assets measured at fair value through OCI		
Gain (loss) on fair valuation or settlement of forward contracts designated as cash flow hedge	**(217.22)**	*231.22*
Gain (loss) on fair valuation or settlement of embedded derivative designated as cash flow hedge	**(20.59)**	*(3.08)*
On forward contracts upon underlying hedged item affecting the P&L or related assets or liability	**83.35**	*57.93*

₹ crore

Particulars	As at 31-03-2019	As at 31-03-2018
On embedded derivative upon underlying hedged item affecting the P&L or related assets or liability	**17.53**	*(87.70)*
Designated as fair value through profit and loss		
Gain (loss) on fair valuation or settlement of forward contracts not designated as cash flow hedge	**(43.60)**	*(6.13)*
Gain (loss) on fair valuation or settlement of embedded derivative not designated as cash flow hedge	**5.11**	*4.69*
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)	**(36.09)**	*(7.16)*
Unclaimed credit balances written back	**6.80**	*10.37*
Mandatorily measured at fair value through profit and loss		
Gain/(loss) on fair valuation or sale of investment in mutual fund units/equity	**4.61**	*4.80*
Interest revenue		
Financial assets measured at amortised cost		
From banks	**1.21**	*0.26*
From ICD	**228.44**	*109.25*
Others	**31.04**	*16.31*
Interest expenses		
Financial liabilities measured at amortised cost	**17.12**	*3.37*

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).

₹ crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
At March 31, 2019					
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	**10**	**2602.89**			**2602.89**
- Derivative instruments not designated as cash flow hedges	**7, 15**	**-**	**86.93**	**-**	**86.93**
- Embedded derivative Instruments not designated as cash flow hedges	**7, 15**	**-**	**16.00**	**-**	**16.00**
Financial Investments at FVOCI					
- Derivative financial instruments designated as cash flow hedges	**7, 15**	**-**	**181.29**	**-**	**181.29**
- Embedded derivative financial instruments designated as cash flow hedges	**7, 15**	**-**	**17.30**	**-**	**17.30**
Total financial assets		**2602.89**	**301.52**	**-**	**2904.41**

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

₹ crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at FVPL					
- Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	**21, 25**	**-**	**18.08**	**-**	**18.08**
b) Embedded derivative Instruments not designated as cash flow hedges	**21, 25**	**-**	**96.10**	**-**	**96.10**
- Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	**21, 25**	**-**	**101.62**	**-**	**101.62**
b) Embedded derivative financial instruments designated as cash flow hedges	**21, 25**	**-**	**94.31**	**-**	**94.31**
Total financial liabilities			**293.83**		**310.11**

₹ crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
As at March 31, 2018					
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	*10*	*1,202.00*			*1,202.00*
- Derivative instruments not designated as cash flow hedges	*7, 15*	-	*17.75*	-	*17.75*
- Embedded derivative Instruments not designated as cash flow hedges	*7, 15*	-	*26.27*	-	*26.27*
Financial Investments at FVOCI					
- Derivative financial instruments designated as cash flow hedges	*7, 15*	-	*115.60*	-	*115.60*
- Embedded derivative financial instruments designated as cash flow hedges	*7, 15*	-	*6.77*	-	*6.77*
Total financial assets		*1,202.00*	*166.38*		*1,368.38*
Financial Liabilities					
Financial liabilities at FVPL					
- Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	*21, 25*	-	*3.74*	-	*3.74*
b) Embedded derivative Instruments not designated as cash flow hedges	*21, 25*	-	*31.32*	-	*31.32*
- Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	*21, 25*	-	*13.84*	-	*13.84*
b) Embedded derivative financial instruments designated as cash flow hedges	*21, 25*	-	*42.78*	-	*42.78*
Total financial liabilities			*91.68*		*91.68*

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 31-3-2019			*As at 31-3-2018*		
		Within 12 months	After 12 months	Total	*Within 12 months*	*After 12 months*	*Total*
A. Non-derivative liabilities							
Borrowings	**20**		**734.55**	**734.55**	*-*	*-*	*-*
Trade payables	**24**	**2459.24**	**286.06**	**2745.30**	*2,930.55*	*67.55*	*2,998.10*
Other financial liabilities		**196.57**	**-**	**196.57**	*133.00*	*-*	*133.00*
Total		**2941.81**	**1020.61**	**3676.42**	*3,558.70*	*67.55*	*3,626.25*
B. Derivative liabilities							
Forward contracts		**119.63**	**0.07**	**119.70**	*18.91*	*0.40*	*19.31*
Embedded derivatives		**77.31**	**113.14**	**190.45**	*73.14*	*3.93*	*77.07*
Total		**196.94**	**113.21**	**310.15**	*92.05*	*4.33*	*96.38*

g) Currency forward contracts outstanding as on 31.3.2019 :

₹ 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	2714.15	71.33	2495.54	218.61
EUR	1049.54	80.30	1049.54	
JPY	2.69	0.63	2.69	
KWD	523.08	232.08	523.08	
GBP	40.57	93.77	40.57	
Receivable hedges				
USD including USD pegged currencies	4954.88	71.78	4711.18	243.70
GBP	14.37	93.61	14.37	
EURO	1165.09	83.84	699.05	466.04
KWD	828.97	238.99	828.97	

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

Currency forward contracts outstanding as on 31.3.2018 :

₹ 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	2,232.72	65.58	2,109.47	123.25
EUR	1,808.83	81.05	1,808.83	-
JPY	28.89	0.56	28.89	-
KWD	748.68	219.17	748.68	-
GBP	22.65	89.03	22.65	-
Receivable hedges				
USD including USD pegged currencies	4,199.14	67.94	2,834.39	1,364.75
EUR	34.06	81.05	34.06	-
KWD	1,426.25	221.52	1,255.46	170.79

h) Carrying value of hedge instruments :

Particulars	Currency exposure	
	31.03.2019	*31.03.2018*
Forward contract		
Current		
Asset - Other financial assets	**180.66**	*83.75*
Liability - Other financial liabilities	**124.52**	*52.89*
Non-current		
Asset - Other financial assets	**17.94**	*38.62*
Liability - Other financial liabilities	**71.40**	*3.72*

i) Breakup of hedge reserve balance :

₹ crore

Particulars	31.3.2019	*31.3.2018*
Balance towards continuing hedges	**35.92**	*66.21*
Balance for covers cancelled but underlying yet to be on balance sheet	**(100.80)**	*-16.09*
Total	**(64.88)**	*50.12*
Hedging reserve fund	**(63.77)**	*49.78*
Cost of hedge reserve	**(1.12)**	*0.34*

j) Movement of hedging reserve :

₹ crore

Hedging reserve	31.3.2019	31.3.2018
I. Cash flow hedge reserve		
Opening balance	**49.78**	*(77.76)*
Add: Spot to spot movement in forward contracts	**5.59**	*0.88*
Add: Forward-to-forward movement in forward contracts	**(245.13)**	*227.35*
Less: Amount reclassified to profit or loss	**63.09**	*(32.48)*
Less: Amount included in non-financial asset/ liability		*0.30*
Less: Deferred tax related to above	**61.78**	*(68.51)*
Closing balance	**(64.88)**	*49.78*
II. Cost of hedge reserve		
Opening balance	**0.34**	-
Add: Forward-to-forward movement in forward contracts	**1.37**	*0.52*
Less: Deferred tax related to above	**(0.60)**	*(0.18)*
Closing balance	**1.12**	*0.34*

k) Reclassification of hedge reserve to profit and loss

₹ crore

Particulars	Hedge reserve	
	31.3.2019	31.3.2018
Future cash flows are no longer expected		
Other expenses	**(21.31)**	*(82.49)*
Hedged item becoming on balance sheet		
Progress Billing	**12.40**	*264.45*
Revenue line item	**(1.04)**	*0.01*
Manufacturing, construction and operating expense line item	**(43.13)**	*(149.49)*
Total	**(53.07)**	*32.48*

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 credit worthiness 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.

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

Accordingly, as on March 31, 2019, provision for default was ranging from 1% to 40% (PY 1% to 19%) and provision for delay was made using discount rate of 9%.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 ₹ 471.43 as on March 31, 2019 and ₹ 443.58 crores as on March 31, 2018. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows :

₹ crore

Particulars	2018-19	2017-18
Opening balance of allowances for doubtful accounts	**443.58**	*210.20*
Allowances recognized (reversed)	**(10.33)**	*(45.37)*
Additional provision	**38.28**	*288.56*
Amounts written off during the year	**(0.09)**	*(9.81)*
Closing balance of allowances for doubtful accounts	**471.43**	*443.58*

The percentage of revenue from its top five customers is 83.56% for 2018-19 (75.86% for 2017-18).

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 counter-parties 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.

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 no project related borrowings as at March 31, 2019 but has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business, if required. In addition, the Company has borrowings in the form of preference shares from the holding company aggregating to ₹ 760 crores. The preference shares carry a coupon rate of 10% for ₹ 500 crores and 12% for ₹ 260 crores. The preference shares are convertible at the option of the Company and are wholly accounted for as equity component of preference shares (refer note 18 – Instrument entirely equity in nature).

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	31.3.2019		*31.3.2018*	
	USD	**EUR**	*USD*	*EUR*
Financial assets				
Investments				
Trade receivable	**1447.41**	**32.30**	*1,353.49*	*91.52*
Loan and advances	**0.03**	**0.00**	*746.01*	*0.00*
Cash and cash equivalents	**178.70**	**1.69**	*258.58*	*0.08*
Other financial assets	**176.22**	**52.19**	*141.94*	*0.00*
Derivatives taken to hedge - on balance sheet assets	**776.01**	**10.87**	*(1,156.97)*	*(48.49)*
Net exposure to foreign currency risk (assets)	**1026.34**	**75.32**	*1,343.06*	*43.11*
Derivatives taken to hedge - off balance sheet assets	**2749.61**	**0**	*4,482.21*	*19.64*
Financial liabilities				
Borrowings	**-**	**-**	*-*	*-*
Trade payable	**674.70**	**268.36**	*1,365.03*	*756.32*
Other financial liabilities	**324.98**	**4.18**	*109.83*	*330.21*
Derivatives taken to hedge - on balance sheet liabilities	**93.88**	**132.61**	*(237.03)*	*(948.58)*
Net exposure to foreign currency risk (liabilities)	**905.80**	**139.93**	*1,237.83*	*137.96*
Derivatives taken to hedge - off balance sheet liabilities	**1374.63**	**303.65**	*1,974.42*	*877.21*

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 :

₹ crore

Particulars	2018-19		*2017-18*	
	USD	**EUR**	*USD*	*EUR*
Forward contracts not designated as cash flow hedges:				
Sold	**1447.52**	**10.87**	*1,683.92*	*42.27*
Purchase	**376.77**	**98.52**	*13.55*	*217.29*
Embedded derivatives not designated as cash flow hedges:				
Sold	**213.69**	**558.03**	*44.89*	*96.99*
Purchase	**2415.81**	**6.07**	*2,194.19*	*154.08*

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 ₹ 13.30 crore as at March 31, 2019 and ₹ 28.80 crore as at March 31, 2018.

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, 2019 due to the inherent limitations

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

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 primarily to the Company's project specific borrowing for international projects carrying floating interest rate.

Such project-specific borrowings were nil at the end of the reporting period.

Carrying amount of collateral given

Particulars	As at 31.03.2019	*As at 31.03.2018*
Trade receivables and inventories	**1878.65**	*1918.94*
Cash and cash equivalents (including other bank balances)	**682.91**	*1257.06*
Current investments	**22.90**	*1202.00*
Other current assets	**658.94**	*880.81*
Loan (others)	**6.62**	*0.00*
Total current financial assets	**3250.00**	*5258.81*

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

NOTE 45

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 31-03-2019	*As at 31-03-2018*	As at 31-03-2019	*As at 31-03-2018*
1	India (a)	**7246.91**	*4,983.96*	**1013.28**	*906.05*
	Foreign countries:				
2	United States of America	**19.47**	*86.99*	**-**	*-*
3	Kingdom of Saudi Arabia	**694.01**	*2,831.41*	**49.61**	*51.23*
4	Sultanate of Oman	**357.36**	*1,268.68*	**0.76**	*5.79*
5	United Arab Emirates	**1264.36**	*138.42*	**16.36**	*23.31*
6	Kuwait	**564.73**	*1,592.92*	**35.95**	*47.13*
7	Netherlands	**2460.15**	*8.90*	**-**	*-*
7	Other countries	**87.83**	*133.07*	**27.75**	*23.03*
	Total other countries (b)	**5447.91**	*6,060.39*	**130.43**	*150.49*
	Total (a+b)	**12694.82**	*11,044.35*	**1143.72**	*1,056.54*

iii. Major customers: Information

Top three customers contribute to 72% (PY 55.35%) of the total revenue (individually more than 10% of the Company's total revenue).

₹ crore

Customer	Revenue	
	2018 – 19	*2017 – 18*
Customer 1	**4921.87**	*2,624.55*
Customer 2	**3393.54**	*2,078.91*
Customer 3	**939.52**	*1,409.98*

iv. Product wise revenue information

₹ crore

Product category	Revenue from major product and services	
	2018 – 19	*2017 – 18*
(i) Construction and project related activity :		
Items for oil and gas, chemical industries etc.	**12430.29**	*10,540.54*
(ii) Manufacturing and trading activity :		
Items for oil and gas, chemical industries	**21.76**	*327.48*
(iii) Engineering service fees	**153.41**	*87.85*
(iv) Commission		-
(v) Others	**89.36**	*88.48*
Total revenue	**12,694.82**	*11,044.35*

NOTE 46

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

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

₹ crore

Revenue as per Ind AS 115			Other Revenue	Total as per P&L/Segment reporting
Domestic	**Foreign**	**Total**		
7,219.51	5,453.84	12,673.35	21.47	12,694.82

(b) Movement in expected credit loss during the year

₹ crore

Particulars	Provision on trade receivables other than covered under Ind AS 115		Provision on trade receivables covered under Ind AS 115		Provision on contract assets
	2018 – 19	*2017 – 18*	**2018 – 19**	*2017 – 18*	**2018 – 19**
Opening balance (A)			**443.58**	*210.20*	
Ind AS 115 transition impact					**61.05**
Changes in loss allowance:					
• Loss allowance based on expected credit loss			**(10.33)**	*(45.37)*	
• Additional provision (net)			**38.28**	*288.56*	**110.14**
• Write off as bad debts			**(0.09)**	*(9.81)*	
Closing balance (B)			**471.43**	*443.58*	**171.19**

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

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

₹ crore

Particulars	Contract assets	Contract liabilities	Net contract balances
Opening balance (A)	1545.72	2855.74	(1310.02)
Closing balance (B)	2335.02	4256.86	(1921.84)
Net increase/(decrease)	789.30	1401.12	(611.82)

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

Revenue recognised during the year from opening balance of contract liabilities amounts to ₹ 1833.39 crore. Revenue recognised during the year from the performance obligations satisfied in the previous year (arising out of contract modifications) amounts to ₹ 28.08 crore and change in contract price amounts to ₹ 49.59 crore (Penalty ₹ 38.45 crore; Change order ₹ 20.69 crore; Bonus ₹ 67.35 crore).

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

₹ crore

Particulars	2018 – 19
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	**54,457.72**
Changes during the year on account of :	
Add: Fresh orders /change orders received (net)	**23,342.74**
Add: Claim	**28.90**
Add: Bonus	**78.48**
Add/(less): adjustments towards exchange rate movements	**304.92**
Less: Penalty	**(236.97)**
Less: Orders completed	**(11,533.50)**
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	**66,442.29**
Revenue recognised during the year	**12,673.34**
Out of orders completed during the year	**644.18**
Out of continuing orders at the end of the year (I)	**12,029.16**
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)	**21,692.88**
Balance revenue to be recognised in future (Order book) (III)	**32,721.00**
Forex rate movement (appl. in case of foreign contract for the Entity	**(0.75)**
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III)	**66,442.29**

(e) 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	32,721.00	15,656.18	15,288.34	1,727.23	49.23		

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

₹ crore

Particulars	As at 31.03.2019 as per Ind AS 11 and Ind AS 18	Opening RE Impact	Impact of application of Ind AS 115 Vs Ind AS 11 and Ind AS 18	As at 31.03.2019 after application of Ind AS 115
ASSETS				
Non- current assets				
Property, plant and equipment	755.65			755.65
Capital-work-in-progress	7.44			7.44
Intangible assets	4.78			4.78
Financial assets				
Investments	168.89			168.89
Trade receivables	-			-
Loans	1,279.73			1,279.73
Other financial assets	74.25			74.25
Deferred tax assets (net)	232.63	32.34	-17.93	247.04
Other non-current assets	380.82			380.82
	2,904.19			**2,918.60**
Current assets				
Inventories	8.66		0.65	9.31
Financial assets				
Investments	2,602.89			2,602.89
Trade receivables	1,869.34			1,869.34
Cash and cash equivalent	682.89			682.89
Other bank balances	0.02			0.02
Loans	6.61			6.61
Other financial assets	685.96			685.96
Other current assets	3,137.24	-92.54	55.44	3,100.79
TOTAL ASSETS	**11,898.45**	**-60.20**	**38.16**	**11,876.41**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	1,000.05			1,000.05
Instruments entirely equity in nature	760			760
Other equity	256.23	-60.20	33.38	229.41
TOTAL EQUITY	**2016.28**			**1,989.46**
LIABILITIES				
Non- current liabilities				
Financial liabilities				
Borrowings	734.55			734.55
Other financial liabilities	118.2			118.2
Provisions	14.31			14.31
Current liabilities				
Financial liabilities				
Borrowings	133.95			133.95
Trade payables	2,745.31			2,745.31
Other financial liabilities	366.63			366.63
Other current liabilities	5,502.23		4.78	5,507.01
Provisions	201.8			201.8
Liability for current tax	65.19			65.19
TOTAL EQUITY AND LIABILITIES	**11,898.45**	**-60.20**	**38.16**	**11,876.41**

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

₹ crore

Particulars	As at 31.03.2019	Impact of application of Ind AS 115 Vs	As at 31.03.2019
	as per Ind AS 11 and Ind AS 18	Ind AS 11 and Ind AS 18	after application of Ind AS 115
		Increase/ (decrease)	
INCOME			
Revenue from operations	12,694.36	0.46	12,694.82
Other income	267.98	-	267.98
Total income	**12,962.34**	**0.46**	**12,962.80**
EXPENSES			
Manufacturing, construction and operating expense	10,731.61		10,756.23
Sales, administration and other expenses	1,410.09		1359.24
- Provision for loss allowance on due from customer as per matrix		– 32.03	
- Provision for loss allowance on due over and above customer as per matrix		-18.82	
Total expenses	**12,166.32**	**– 50.85**	**12,115.47**
Profit before tax	**796.02**	**51.31**	**847.33**
Tax Expense:			
Current Tax	344.31		344.31
Deferred Tax	-69.65	-17.93	– 51.72
Profit after tax	**521.36**	**33.38**	**554.74**

I. Pursuant to Ind AS 115, the company recognises impairment loss on contract asset using expected credit loss model of trade receivables. Provision for expected credit loss on contract asset got reversed during the year as per the matrix as well as over and above matrix due to Ind AS 115 and hence resulted in credit in profit and loss account ₹ 50.85 crore with corresponding increase in contract assets by ₹ 50.85 crore, pre bid cost change under Ind AS 115 resulted in increase in revenue from operation to the extent of 0.46 crore with corresponding increase in inventory to the extent of 0.65 crore, increase in contract asset to the extent of 4.59 crore and increase in liability to the extent of 4.78 crore.

II. Profit and loss account during the year has increased by ₹ 33.38 crore with corresponding increase in contract assets by ₹ 50.85 crore, increase in sales by 0.46 crore and decrease in deferred tax asset by ₹ 17.93 crore.

NOTE 47

Disclosures in respect of Employees Stock Options Scheme

Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the Employee stock option scheme is ₹ 44.75 crore (P.Y. ₹ 38.13 crore). This Employee stock option scheme is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 41.11 crore (P.Y. ₹ 33.57 crore) has been recovered by the holding company up to current year, out of which, ₹ 7.54 crore (P.Y. ₹ 4.66 crore) was recovered during the year. Balance ₹ 3.64 crore will be recovered in future periods.

Computation of total cost-

₹ crore

Particulars	31-3-2019	*31-3-2018*
Cost recovered in past	**33.57**	*28.91*
Cost recovered during the year (Total of debit notes for ESOP Staff Cost)	**7.54**	*4.66*
Cost to be recovered in future	**3.64**	*4.56*
Total cost incurred by the holding company, in respect of ESOP	**44.75**	*38.13*
Cost recovered up to the current year	**41.11**	*33.57*

NOTE 48

Disclosure pursuant to Auditor's remuneration

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

₹ crore

Particulars	2018-19	*2017-18*
Audit Fees	**0.24**	*0.22*
Certification work	**0.17**	*0.11*
Tax audit	**0.12**	*0.11*
Expenses reimbursed	**0.03**	*0.00*
Limited Review Fees	**0.09**	*0.08*

NOTE 49

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 31-03-2019	*As at 31-03-2018*
Principal amount due	**41.36**	*24.97*
Interest accrued and due on above amount	**0.00**	-
Payment made to suppliers (other than interest) beyond appointed day during the year	**1.00**	*0.75*
Interest paid (other than section 16)	**0.00**	-
Interest paid (section 16)		-
Interest due and payable towards supplier for payments already made beyond appointed day	**0.00**	*0.00*
Interest accrued and remaining unpaid at the end of the year	**-**	*0.00*
Amount of further interest remaining due and payable even in the succeeding year		-

NOTE 50

A) The expenditure on research and development activities recognised as expense in the statement of profit and loss is ₹ 15.62 crore (previous year: ₹ 20.05 crore)

Capital expenditure is as follows :

a) on property, plant and equipment ₹ 0.09 crore (previous year : ₹ 0.06 crore)

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.

b. Gross amount required to be spent by the Company during the year is ₹ 8.94 crore (previous year: ₹ 6.92 crore).

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

c. Amount spent during the year :

(₹ crore)

Sr. no.	Particulars	Note	2018 – 19			*2017 – 18*		
			In cash	**Yet to be paid in cash**	**Total**	*In cash*	*Yet to be paid in cash*	*Total*
1	Construction/acquisition of any asset	**34**	**2.88**	**-**	**2.88**	-	-	-
2	Other revenue expenses :							
	- Recognised as expense and shown under other expensnes	**34**	**6.84**	**-**	**6.84**	*5.86*	*1.12*	*6.98*
	- Recognised as expense and shown under employee benefit expesnses	**32**	**0.17**	**-**	**0.17**			
	Total		**9.89**	**-**	**9.89**	*5.86*	*1.12*	*6.98*

There are no related party transactions in CSR.

NOTE 51

Disclosure in respect of Joint Operations :

Sr No	Name of the joint operation	Principal place of business	Description of the interest
1	Consortium of L&T Hydrocarbon Engineering Limited. and Mls. J. Ray McDermott Sdn. Bhd	India	Surveys (Pre-Engineering,pre-construction, pre-installation and post installation) Design, Engineering,Procurement ,Fabrication, Load out,Tie down Sea fastening Tow out Sail-out,Transportation, Installation, Hook-up,Testing, Pre-commissioning and Commissioning of entire facilities for subsea installation of VA & S1 Project
2	Consortium of L&T Hydrocarbon Engineering Limited. and EMAS AMC Pte. Ltd	UAE	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) HASBAH- Engineering,Procurement, Construction, Pre-Commissioning of Hasbah Offshore Gas Facilities Increment II in Saudi Arabia CRPO 36-ZULF 3 SSS DECKS & ASSOCIATED PIPELINES, CRPO 27- 3 Gas PDMs in HSBH & ARBI Field Project CRPO 37
3	Consortium of L&T Hydrocarbon Engineering Ltd. and Reliance Naval and Engineering Ltd.	India	Sagar Pragati Conversion Project
4	GE Oil & Gas UK Ltd, McDermott International ManagementS. 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)

Sr No	Name of the joint operation	Principal place of business	Description of the interest
5	Consortium of 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

NOTE 52

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2019

NOTE 53

Contribution to political parties during the year 2018 – 19 is ₹ Nil (previous year ₹ Nil)

NOTE 54

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

As per our report attached

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

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 22, 2019

For and on behalf of the Board

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

T. CHINNAPPA
Whole-time Director
DIN: 05219775

K. S. BALASUBRAMANYAM
Chief Financial Officer

SIVARAM NAIR
Company Secretary
M. No.: F3939

Place : Mumbai
Date : April 22, 2019

Notes

Employee Engagement

Townhall at Powai

LTHE Team at Powai

LTHE Finance and Accounts Team at Powai

Landmark Projects

Saudi Aramco's – Hasbah field

GSFC Vadodara-Melamine Project

KOC-GC 30

IOCL Bongaigaon

Farabi Paraffin Complex

RIL Jamnagar

Safaniya 4 Deck Project

ONGC BD3WPP Project

JBF Mangalore-PTA

ONGC India: Neelam Redevelopment

CBMC/DP/082018

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

VSTS Corporation