L&T Hydrocarbon Engineering

HARNESSING OPERATIONAL LEADERSHIP

Annual Report 2019-20

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

Contents

Company Information

Board of Directors

Mr. Subramanian Sarma	Chief Executive Officer & Managing Director
Mr. R Shankar Raman	Non executive director
Mr. Vikram Singh Mehta	Independent Director & Non-Executive Chairman

Chief Financial Officer	Mr. K S Balasubramanyam
Company Secretary	Mr. Sivaram Nair
Registered Office	L&T House, Ballard Estate, Mumbai-400001
Auditors	Deloitte Haskins & Sells LLP

Organisation Structure

CEO & MD
SUBRAMANIAN SARMA

- **HEAD- CONSTRUCTION SERVICES** – C. CHOKKALINGAM
- **CFO** – K. S. BALASUBRAMANYAM
- **HEAD- OFFSHORE** – S. N. PALEKAR
- **HEAD - GROUP LEGAL** – OSWALD D'SOUZA
- **HEAD - GROUP HR** – M. V. N. RAO
- **HEAD - MIDDLE EAST & SAUDI LTA (OFFSHORE)** – R. SRIVATSAN
- **HEAD - INTL BUSINESS DEVELOPMENT** – SHOUAB ZAHID
- **HEAD - AdVENT** – M. SURESH
- **HEAD - ONSHORE** – S. D. NAVARE
- **HEAD - CORPORATE STRATEGY** – PRASHANT JOSHI
- **HEAD - GROUP HSE** – S. JAGTAP
- **HEAD - MODULAR FABRICATION** – C. S. KOLE

Directors' Report

"Perfection is not attainable, but if we chase perfection, we can catch excellence."

- Vince Lombardi

Directors' Report

The Directors are pleased to present the eleventh Annual Report and Audited Accounts for the year ended March 31, 2020.

FINANCIAL RESULTS

₹ Crore

Particulars	2019-20	2018-19
Turnover (gross)	**14,410.56**	*12,694.82*
Profit before Depreciation, Interest, Taxes & Amortisation	**1,502.17**	*957.75*
Less: Depreciation & Amortisation	**108.31**	*88.03*
Profit before Interest & Taxes	**1,393.86**	*869.72*
Less: Interest	**64.00**	*22.39*
Profit before Tax	**1,329.86**	*847.33*
Less: Tax (including deferred tax provision)	**388.15**	*292.59*
Profit after Tax	**941.71**	*554.74*
Add: Balance brought forward from previous year	**350.84**	*257.34*
Impact of IND AS 115 and ECL on Contract Asset in opening retained earnings	**–**	*(60.20)*
Impact of IND AS 116	**(0.94)**	–
Add: Gain/(Loss) on re-measurement of the Net defined benefit plans	**(3.68)**	*(1.75)*
Less: Dividend (including Dividend Distribution Tax)	**(390.20)**	*399.29*
Balance carried to Balance Sheet	**897.73**	*350.84*

YEAR IN RETROSPECT

The gross sales for the financial year under review were ₹ 14,410.56 crore as against ₹ 12,694.82 crore for the previous FY 18-19 registering a growth of 13.52 %. The Profit before tax for FY 19-20 is ₹ 1,329.86 crore as against ₹847.33 crore for FY 18-19. The Profit after tax at ₹ 941.71 crore for FY 19-20 registered a growth of 69.76 % as compared to previous year's Profit after tax of ₹ 554.74 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, 2020:

   The total paid up equity and preference share capital of the Company as on March 31, 2020 stood at ₹ 1,760.05 crore. 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, 2020 stood at ₹ 1,249.50 crore and that with company's subsidiary and joint venture companies stood at ₹ 1,413.01 crore.

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

CAPITAL EXPENDITURE

As on March 31, 2020, the gross fixed and intangible assets, stood at ₹ 1,193.03 crore & ₹ 39.30 crore respectively and the net fixed and intangible assets, at ₹756.01 crore & ₹ 16.48 crore respectively. Capital expenditure during the year amounted to ₹ 109.40 crore.

TRANSFER TO RESERVES

The Company has not transferred any amount to Reserves for the Financial Year 2019-20.

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, 2020.

There are no deposits outstanding as of March 31, 2020.

DEPOSITORY SYSTEM

As on March 31, 2020 out of the total number of equity shares of 1,00,00,50,000 (100%), 99.99% of the Company's total paid up equity capital represented by 1,00,00,49,994 equity shares are held in dematerialized form.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

During the year under review, the Company subscribed to the shares of a subsidiary, details of which are as follows:

A) Shares acquired during the year:

Name of the Company	Type of Shares	No. of shares
L&T Gulf Private Limited*	Equity	40,00,016

*Company acquired entire stake held by Gulf Interstate Engineering Co. (joint venture partner) in L&T Gulf Private Limited, vide a Share Sale and Purchase Agreement executed on November 20, 2019 and thereby making it a wholly owned subsidiary of the Company.

B) Performance and Financial Position of each subsidiary/associate and joint venture company:

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.

Following are the details of guarantees given or securities provided by the Company.

Guarantees to S&A's:

Sr. No	On behalf of	Type	Potential Liability (In INR)
1	Larsen Toubro Arabia LLC	Performance Guarantee	42,54,39,29,711
2	L&T Hydrocarbon Saudi Co LLC	Performance Guarantee	70,93,32,29,752
			1,13,47,71,59,463

Corporate Guarantee:

Sr. No	Type	Potential Liability (In INR)
1	Performance Guarantee in lieu of BG	10,77,13,430

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Related Party Transactions for Financial Year 2019-20 were placed before the Board for their consideration and were approved by it.

All the related party transactions were in the ordinary course of business and at arm's length. A statement containing details of all material transactions/ contracts/ arrangements, if any, is provided in Annexure "F".

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

DIVIDEND

Considering the good financial performance during the financial year, the Company had declared interim dividends:

Dividend on Equity Shares

- The Directors of the Company declared and paid **interim dividend** on equity shares, as follows:
  i. On October 15, 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
  ii. On March 18, 2020 an interim dividend at the rate of ₹1.20 per equity share on 100,00,50,000 Equity Shares of ₹ 10 each of the company.

Dividends on preference shares

- For the nine-month period from April 1, 2019 up to December 31, 2019; the Directors of the Company declared on March 18, 2020 and paid an **Interim dividend** to the preference shareholders:
  - ₹ 0.75 per share on 50,00,00,000 10% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 45.21 crore including DDT)
  - ₹ 0.90 per share on 26,00,00,000 12% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 28.21 crore including DDT)
- Further, the Directors of the Company in it meeting held on May 12, 2020 have recommended the following **final dividends** for shareholder's approval, as follows:
  a) on Equity Shares at the rate of Re 1 per equity share on 100,00,50,000 Equity Shares of ₹ 10 each of the company
  b) on Preference Shares:
     - ₹ 0.25 per share on 50,00,00,000 10% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 12.5 crore).
     - ₹ 0.30 per share on 26,00,00,000 12% Non-cumulative, Optionally Convertible, Redeemable Preference Shares of ₹ 10 each (amounting to ₹ 7.8 crore).

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 (CSR)

The Company's Corporate Social Responsibility Committee comprises Mr. Vikram Singh Mehta and Mr. Subramanian Sarma as Members.

During the year, Mr. T. Chinnappa, Whole-time Director, superannuated from his services on July 1, 2019 and five-year tenure of Independent Directorship of Mrs. Bhagyam Ramani ended on March 27, 2020.

Mr. Subramanian Sarma was inducted as member of the committee on May 12, 2020.

The details of the various projects and programmes undertaken by the Company as part of its CSR framework is available on its website (www.lnthydrocarbon.com). The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided in Annexure "D". The CSR policy of the company is available on its website at https://www.lnthydrocarbon.com/company/corporate-governance/corporate-policies/

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

A. Directors of the Company as on March 31, 2020 are:

1. Mr. Vikram Singh Mehta
2. Mr. Subramanian Sarma
3. Mr. R. Shankar Raman

B. Directors appointed during the year:

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

The Board re-appointed Mr. Vikram Singh Mehta, Independent Director of the Company for a second term of 5 years w.e.f. April 1, 2019 up to and including March 31, 2024 based on skills, experience, knowledge and performance evaluation reports of Mr. Mehta and recommendation by the then Nomination & Remuneration Committee. The said re-appointment for 2nd term was also approved by the shareholders by way of special resolution at the Annual General Meeting of the Company held on June 28, 2019.

C. Completion of term of Director during the year:

Mr. T. Chinnappa, who had been re-appointed up to March 31, 2020, superannuated from the services of the Company from July 01, 2019. The Board placed on record its sincere appreciation for the valuable services rendered by Mr. Chinnappa during his tenure as Whole-time Director and a Key Managerial Person of the Company.

Mr. K. Venkataramanan, Non-Executive Director & Chairman resigned from the Board of the Company with effect from September 30, 2019. The Board placed on record its sincere appreciation for the valuable services rendered by Mr. Venkataramanan during his tenure as Non-executive Chairman of the Board.

Mrs. Bhagyam Ramani, Independent Director of the Company, has conveyed to the Board that she should not be considered for re-appointment after the expiry of her term as Independent Director on March 27, 2020, due to her other commitments. The Board placed on record its sincere appreciation for the valuable services rendered by Mrs. Ramani during her tenure as Independent Director of the Company.

Mr. Subramanian Sarma, retire by rotation and being eligible, offer for re-appointment at the ensuing Annual General Meeting 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. K. S. Balasubramanyam, Chief Financial Officer

c) Mr. Sivaram Nair, Company Secretary

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional meetings of the Board of Directors are held when necessary. During the year under review, 4 meetings were held on – April 22, 2019; July 17, 2019; October 15, 2019 and January 13, 2020.

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 among the Members of the Board for their perusal and comments.

VIGIL MECHANISM

The Company has established an effective Vigil Mechanism for directors and employees to report genuine concerns. The Whistleblower Policy provides a dedicated hotline number and an email ID to encourage and facilitate employees to report concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against retaliation and victimisation of persons who communicate their grievances under the Policy. The Company has disclosed its Vigil Mechanism/Whistleblower Policy on its website at www.lnthydrocarbon.com

COMPANY POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Company had voluntarily constituted a Nomination & Remuneration Committee. The Committee comprised following directors as on January 12, 2020:

1. Mr. Vikram Singh Mehta - Member
2. Mr. Subramanian Sarma - Member

During the year under review 2 meetings were held i.e.

on April 22, 2019 and July 17, 2019. The committee was later dissolved by the Board in its meeting held on January 13, 2020.

The terms of reference of the Nomination and Remuneration Committee were in line with the provisions of the Companies Act, 2013 for the period it was constituted. The duties of Nomination and Remuneration Committee will now be handled by the Board.

DECLARATION OF INDEPENDENCE

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

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, 2020, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

REPORTING OF FRAUDS

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

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The 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 the directors were discussed by the Chairman in the meeting of Board held on May 12, 2020.

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 FY 2019-20.

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

SUSTAINABILITY REPORT

The Company released its Sustainability Report for FY 2019-20 detailing the Company's various sustainability initiatives, 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

The appointment of new Statutory Auditors, M/s. Deloitte Haskins & Sells LLP (DH&S), to hold office from conclusion of 10th Annual General Meeting to the conclusion of 15th Annual General Meeting had been approved by the shareholders in their meeting held on June 28, 2019.

Certificate of Eligibility under Section 141 of the Companies Act, 2013 had been received from the Statutory Auditor.

AUDITORS' REPORT

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

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and as per the Companies (Cost Records and Audit) Rules, 2014 and amendments thereof, the Board of Directors, at its meeting held on May 12, 2020, has approved the appointment of R. Nanabhoy & Co. as Cost Auditors of the Company for audit of cost accounting records for the Financial Year 2020-21 at a Remuneration of ₹ 1,80,000/- only for the said period plus taxes and out of pocket expenses.

M/s R. Nanabhoy & Co. have confirmed their independent status and their non-disqualifications under section 141 of the Companies Act, 2013. The Report of the Cost Auditors for the Financial Year ended March 31, 2020 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 2020-21 will be placed before the shareholders for consideration.

As per the requirements of section 148 of the Companies Act, 2013 read with the Rules, the Company is required to maintain the cost records and accordingly, such accounts are made and records have been maintained in respect of the applicable products for the year ended March 31, 2020.

SECRETARIAL AUDITORS REPORT

The Board had appointed Mrs. Naina Desai, Practicing Company Secretary, as the Secretarial Auditor of the company under Section 204 of the Companies Act, 2013 for the Financial Year ended March 31, 2020. The Secretarial Audit Report in Form MR-3 is provided as Annexure "E".

The Secretarial Auditor's report to the shareholders does not contain any qualification or reservation which has any material adverse effect on the functioning/going concern status of the Company.

EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in Form MGT-9 is 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,

R. Shankar Raman	**Subramanian Sarma**
Director	*Managing Director & Chief Executive Officer*
(DIN: 00019798)	*(DIN: 00554221)*
Place: Mumbai	*Place: Mumbai*
Date: May 29, 2020	*Date: May 29, 2020*

Annexure "A" to Directors' Report

FORM AOC – 1

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

Statement containing salient features of Financial Statements of Subsidiaries

PART A: SUBSIDIARIES

Sr. No	Particulars	Companies (All amounts in ₹)			
1	**Name of the Subsidiary/Joint Venture**	**L&T Sapura Shipping Private Limited**	**L&T Sapura Offshore Private Limited**	**L&T Gulf Private Limited**	**Larsen Toubro Arabia LLC (1 SAR = ₹19.03) Closing Rate as on December 2019**
2	Reporting Period for concerned Subsidiary	01 April 2019 to 31 March 2020	01 April 2019 to 31 March 2020	01 April 2019 to 31 March 2020	01 January 2019 to 31 December 2019
3	Share Capital	1,58,85,30,830	1,00,000	8,00,00,000	19,02,75,000
4	Reserves & Surplus	3,68,93,61,789	48,87,158	25,10,18,191	-3,74,42,17,807
5	Total Assets	8,41,60,00,000	6,47,07,233	37,43,27,934	5,95,50,21,776
6	Total Liabilities	3,13,80,55,027	5,98,19,176	4,33,09,743	9,50,89,64,584
7	Investments	–	–	17,68,24,840	–
8	Turnover	95,57,11,858	8,89,405	14,75,87,376	4,85,98,05,346
9	Profit before Taxation	-19,07,36,419	42,873	1,99,34,205	7,72,23,718
10	Provision for Taxation	31,01,792	10,791	36,67,550	68,53,667
11	Profit after taxation	-19,38,38,210	32,082	1,62,66,655	7,03,70,050
12	Proposed Dividend	0	0	0	0
13	% shareholding	60%	60%	100%	75%

Sr. No	Particulars	Companies (All amounts in INR)		
	Name of the Subsidiary/Joint Venture	**LTEM * (1 OMR = ₹ 185.42) Closing Rate as on December 2019**	**LTHS LLC* (1 SAR = ₹ 19.03) Closing Rate as on December 2019**	**LTMFY* (1 OMR = ₹ 185.42) Closing Rate as on December 2019**
1	Reporting Period for concerned Subsidiary	01 January 2019 to 31 December 2019	01 January 2019 to 31 December 2019	01 January 2019 to 31 December 2019
2	Share Capital	5,56,24,500	1,90,27,500	53,48,50,890
3	Reserves & Surplus	35,13,48,446	-4,72,14,26,006	93,62,45,070
4	Total Assets	1,50,36,39,444	5,14,88,05,462	4,28,18,78,707
5	Total Liabilities	1,09,66,66,498	9,85,12,03,968	2,81,07,82,747
6	Investments	–	–	–
7	Turnover	2,18,48,11,324	13,60,14,24,000	4,68,17,66,018
8	Profit before Taxation	1,16,65,61,649	19,69,60,426	44,41,95,378

Sr. No	Particulars	Companies (All amounts in INR)		
	Name of the Subsidiary/Joint Venture	LTEM * (1 OMR = ₹ 185.42) Closing Rate as on December 2019	LTHS LLC* (1 SAR = ₹ 19.03) Closing Rate as on December 2019	LTMFY* (1 OMR = ₹ 185.42) Closing Rate as on December 2019
9	Provision for Taxation	–	3,01,93,769	6,41,26,519
10	Profit after taxation	1,16,65,60,166	16,67,66,657	38,00,68,859
11	Proposed Dividend	0	0	0
12	% shareholding	70%	100%	70%

***NOTE:**

LTEM : Larsen & Toubro Electromech LLC, Oman

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

LTMFY : L&T Modular Fabrication Yard LLC, Oman

Sr. No	Particulars	Companies (All amounts in INR)		
	Name of the Subsidiary/Joint Venture	L&T HE* (1 OMR = ₹ 185.42) Closing Rate as on December 2019	LTHI FZE (1 AED = ₹ 20.60) Closing Rate as on March 2020	LTKC** (1 KWD= 235.44 ₹) Closing Rate as on Dec 2019
1	Reporting Period for concerned Subsidiary	01 January 2019 to 31 December 2019	01 January 2019 to 31 December 2019	01 January 2019 to 31 December 2019
2	Share Capital	1,05,03,75,975	30,90,000	47,08,75,000
3	Reserves & Surplus	-1,73,09,19,297	-49,95,871	-42,95,75,496
4	Total Assets	2,07,55,83,903	62,63,780	44,57,30,275
5	Total Liabilities	2,75,61,27,226	81,69,651	40,44,30,771
6	Investments	–	–	–
7	Turnover	2,04,94,02,193	–	81,74,03,449
8	Profit before Taxation	-22,79,91,105	-31,81,073	2,68,62,712
9	Provision for Taxation	66,14,124	–	–
10	Profit after taxation	-22,13,76,981	-31,81,073	2,68,62,712
11	Proposed Dividend	0	0	0
12	% shareholding	70%	100%	49%

***NOTE:**

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

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

LTKC : Larsen & Toubro Kuwait General Contracting Co WLL

PART B: ASSOCIATES AND JOINT VENTURES

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

Sr. No	Particulars	L&T Chiyoda Limited	LTHC LLC** (1 AZN = ₹ 42.09) Closing Rate as on Dec 2019
1	Latest Audited Balance Sheet date	31 March 2020	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 @ AZM. 10 each in LTHC LLC
	Number of shares	45,00,000 (Out of these 3 shares are held jointly with Directors nominated by LTHE)	9,250 Shares
	Amount of investment	₹ 52.93 crore	₹ 0.36 crore
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 = ₹ 203.68 crore Attributable to LTHE: 50% = ₹ 101.84 crore	Total Net Worth of LTHC LLC = 0.04 crore Attributable to LTHE : 50% = 0.04 crore (Partner has not infused its stake)
6	Profit/Loss for the year (₹Crore):	PAT (Total Comprehensive Income for the year): ₹ 50.58 crore	0
7	Considered in consolidation	50%	0
8	Not considered in consolidation	50%	0

**LTHC LLC : L&T Hydrocarbon Caspian LLC

Annexure "B" to Directors' Report

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

A. CONSERVATION OF ENERGY

a. Energy Conservation measures taken:

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.
- Replaced Metal Halide lights with LEDs in Gantry, Shops ,Tower Light, Offices & Temporary Lighting (100%).
- 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.
- Use of Electrical Air Compressor for In-situ Abrasive Blasting (50%).

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

- Implementing the requirements of revised Energy Management System standard ISO 50001:2018 at MFFH.
- Conducting Internal Auditor Training program on ISO 50001:2018 standard.
- Replacement of Existing window/split ACs by energy efficient inverter-based ACs.
- Upgrade the Power Distribution Network to reduce the diesel consumption.
- Installation of TIC (Temperature Indication Controller) in Cooling Tower of HVAC.
- Replacement of EPC Chiller AHU Fans with Energy Efficient Fan.
- Use of Electrical Air Compressor for In-situ Abrasive Blasting (100%).

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 & reduction in maintenance cost, and 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 (2019-20) research work was carried out in following areas:

- **Technology Evaluation**

  Biofuels is identified as a major thrust area for our business. Multiple technology pathways like Fermentation, Pyrolysis, Gasification and Catalytic Thermo Liquefaction (CTL) 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; Conversion of process gas rich in Hydrogen and Carbon Monoxide to ethanol using bio enzymes; Conversion of cellulosic residue to Biogas using anaerobic digestion technology; Plasma gasification to convert Municipal Solid Waste to Synthesis gas.

- **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 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 and modelling for Slurry Hydrocracking and Fluidized catalytic cracking; Two-phase flow modelling; Pipeline flow assurance studies; Pilot Plant data analysis for chemical plants, scale-up analysis from pilot to commercial design; Transient analysis of pipelines for pigging and slugging operation.

- **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 above R&D:

- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- 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.
- HAZOP Study for various Petrochemical / Chemical / Oil & Gas plants.
- Management of complete Materials & Corrosion scope in Pre-FEED, FEED and Detailed

Engineering phases of Onshore / Offshore projects, using in-house expertise and resources.

- Development of in-house capability for stress analysis of in-service process equipment having corrosion and erosion damage.
- 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 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 magneto metric inspection technique.

3. Future Plan:

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

- Process simulation for various Refinery units such as Hydrocracker, DCU, Reforming, Alkylation units etc.
- Biomass conversion technologies to produce "Green" Fuels (Catalytic / Bio Enzymes).
- Process design capabilities in Petrochemical / Polymer Plants.
- Transient analysis for refractory lined equipment.
- Integrated solution of carbon capture, water electrolysis to produce hydrogen and conversion to Methanol.
- Design of Combustion Air Pre-heaters for Reformers in Ammonia Plants.
- Advanced Finite Element Analysis (FEA) techniques for analyzing coupled field problems with multi-physics domain.
- Material Selection and Corrosion Management capability for Petrochemical / Polymer Plants.
- 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	2019-20	*2018-19*
Capital	**0**	*0.09*
Recurring	**5.04**	*15.62*
Total	**5.04**	*15.71*
Total R&D expenditure as percentage to total turnover	**0.03%**	*0.12%*

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

- Interaction with external agencies and technology partners for exposure to the latest products, designs, processes, analytical and monitoring techniques.
- Application of specialized tools and techniques in Plant Health Assessment through collaborative projects with OEMs / technology owners.
- Active involvement with International / National Professional Societies (such as IChemE, AIChE / CCPS, IIChE, ICC, ASME, NACE, ASM, ASTM, AISC, ACS, HTRI, SPE, RINA, NAFEMS, etc.).
- Institutionalization of in-house schemes (such as ICONs) for identifying, nurturing and implementing innovative ideas and solutions.
- Networking and knowledge sharing through National/International Conferences, Seminars and Technical Exhibitions.
- Review of Patents in relevant technology areas.
- Nomination of R&D engineers to external

training programs, expert groups and technical committees.

- Collaborative efforts with educational / research institutions for research projects.
- Use of state-of-the-art equipment, instrument and software as well as the latest Codes and Standards in R&D work.

2. Benefits derived as a result of above efforts:

- Capability development and professional enrichment of R&D Engineers through networking with domain experts and researchers in India and abroad.
- Enhancement of professional skills of R&D Engineers through additional academic qualifications, certification and acquisition of Chartered Engineer status.
- Energy conservation through optimal design, analysis and engineering of heat exchange equipment and waste heat recovery systems for Process Plants.
- Optimum selection, verification and characterization of materials for critical applications; Troubleshooting and failure analysis; Implementation of suitable preservation / corrosion protection techniques to achieve successful longer life and adequate performance.
- Establishment of in-house capability for specialized engineering analyses, such as modeling & 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 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.

Total foreign exchange used and earned:

₹ Crore

Particulars	2019-20	2018-19
Foreign Exchange earned	**8462.58**	*7733.57*
Foreign Exchange used	**5811.93**	*6794.89*

Annexure "C" to Directors' Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

CIN	U11200MH2009PLC191426
Registration Date	April 02, 2009
Name of the Company	L&T Hydrocarbon Engineering Limited
Category	Limited Liability
Sub-Category of the Company	Unlisted Public Limited Company
Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai 400 001 Tel: +91 22 6705 5656
Whether listed company	No
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	100%	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)

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of Shares held	Applicable Section
11	Larsen & Toubro Heavy Engineering LLC	1042928	Subsidiary Company	75%	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 19-20				No. of Shares held at the end of the year FY 19-20				%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		0.01%	
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		100.005	100.005	100	100.005		100.005	99.99%	
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1):-		**100.005**	**100.005**	**100**	**100.005**	**0.00**	**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**	**0.00**	**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 byCustodian for GDRs & ADRs									
Grand Total (A+B+C)		**100.005**	**100.005**	**100**	**100.005**	**0.00**	**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	–	–

(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	0.22	867.77	0	867.99
ii) Interest due but not paid	0	0	0	–
iii) Interest accrued but not due	0	0.51	0	0.51
Total (i+ii+iii)	**0.22**	**868.28**		**868.50**
Changes In Indebtness during the financial year				
Addition (FE revaluation impact)	0.55	69.74	0	70.29
Reduction	–	133.73	0	133.73
Net Change	**0.55**	**-63.99**	**–**	**-63.44**
Indebtedness at the end of financial year				
i) Principal Amount	0.77	804.24		805.01
ii) Interest due but not paid	0	0		–
iii) Interest accrued but not due	0	0.06		0.06
Total (i + ii + iii)	**0.77**	**804.30**	**0**	**805.06**

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	16.33	1.48	**17.81**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	**0.00**
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
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 (A)	**16.33**	**1.48**	**17.81**

*Note: Details of remuneration to Mr. T. Chinnappa are for the period from April 01, 2019 till date of his superannuation i.e. June 30, 2019.

B. Remuneration to other directors

₹ crore

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Vikram Mehta	Bhagyam Ramani	K Venkataramanan	
1.	Independent Directors				
	• Fee for attending board / committee meetings	0.03	0.02	0	0.05
	• Commission	0.09	0.135	0	0.225
	• Others, please specify	0	0	0	0
	Total (1)	**0.12**	**0.158**	**0**	**0.275**
2	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	0	0	0.02	0.02
	• Commission	0	0	0.135	0.135
	• Others, please specify	0	0	0	0.00
	Total (2)	**0**	**0**	**0.150**	**0.150**
	Total (B)= (1+2)	**0.12**	**0.158**	**0.150**	**0.425**

*Note: During the year, commission to Independent Directors and Non- Executive Chairperson aggregating to ₹ 0.36 Cr which pertained to FY 18-19 was paid, the same was approved in Board Meeting held on April 22, 2019.

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

₹ crore

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		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	0.57	0	0.57
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.08	0	0.08
	(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	**0.65**	**0.00**	**0.65**

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 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 i.e. www.lnthydrocarbon.com

2. **Current composition of the CSR Committee is:**

   1. Mr. Vikram Singh Mehta, Independent Director

   2. Mrs. Bhagyam Ramani, Independent Director (Tenure completed on March 27, 2020)

3. **Average net profit of the Company for last three financial years: ₹ 544 crore (excluding profit of international branches)**

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 10.88 crore**

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

   i. Total amount spent for the financial year: ₹ 11.09 crore

   ii. Amount unspent, if any: Nil

   iii. Details of the amount spent during the financial year 2019-20: Refer table below

Overview of Initiatives Undertaken

Our CSR interventions – based on commitment, mobilization of employee volunteering, innovative approaches, appropriate technology and key partnerships – have been making a permanently positive 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:

Education:

- 21500 children enrolled & learning levels improved under PRATHAM education program in Mumbai Slums and Vadodara Municipal Schools.
- Construction of school building; classrooms and toilets helping Students at Jawahar Vidyalaya, Hazira; Ramareddypalayam School and Sattankuppam School Kattupalli.
- Launch of the STEM based L&T's Engineering Futures program in 10 schools at Vadodara benefitting almost 1000 students of 6th, 7th & 8th grades.

Supporting Education Programs in rural and slum areas have been part of LTHE CSR intervention in the form of supporting pre-school education, ensuring quality education for primary school children, infrastructure support for creating a better educational environment, teachers' training and utilization of technology to bridge the digital divide in India and transforming under-resourced schools into dynamic places to teach and learn through collaborative, project-based learning. All these are integral parts of our Education Projects. For all the above projects we work in collaboration with reputed NGOs and Community Based Organizations (CBOs).

Health:

Following activities were conducted:

- Supporting Swasth Medical Center at Bhandup, Mumbai & conducting free dental checkup for urban slum children.
- Nutrition provided for Children at a childcare center benefitting 350+ street/underprivileged/orphan children in the age group of 0 to 6 years.
- Fulfilling the requirement of Medical equipment at Government Hospital, Kattupalli and New civil Hospital, Surat.
- Workshops and events held at Hyderabad, Mumbai and Vadodara to support the cause of Autism and mental health.
- Grants for food delivery vans along with stainless steel containers to Annamrita Foundation, Mumbai and refurbishment of food quality control laboratory to Akshaya Patra Foundation, Vishakhapatnam.

LTHE CSR initiatives for Health has been focused on improving primary care, reducing treatment cost and making available medical equipment at par with latest technology and innovation. This financial year LTHE CSR also worked on bringing about awareness among school children and their parents about Mental Health.

Water & Sanitation

- Water & Sanitation project at Vasai, with construction of 160 Individual Household toilets; construction of toilets in 5 village schools and revival of water resources by constructing roof rainwater harvesting and sub-surface bunds.
- Phase 2 of sewage treatment plant for toilets in Alva Village, Vadodara, benefitting 515 individuals.
- Construction of 90 Individual Sanitation units under village development program at Vadodara.
- Providing safe drinking water at Kattupalli and Hazira.
- Renovation of gents and ladies toilet for differently abled children and adults.

As part of 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 250 individual household toilets in FY 2019-20. Awareness programs on health and sanitation are conducted in schools. Basic sanitation facilities have been provided in schools at Kattupalli, TN and Vasai, MH.

Skill Building:

Activities conducted in skill building included:

- Development of life skills in Children through the game of football.
- SARAL samudaaya – Sustainable Action for Resilience and Advanced Livelihood for women and youth at Vadodara.

Skills determine the ability to accomplish one's plans with success, whether as an adolescent or an adult. 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! Enabling Leadership with its program Just for Kicks has been able to bring out the best in these children in a fun, competitive environment that aims to provide them with a powerful experience of success, failure, learning, growth and celebration. Round-the-year specialised coaching was provided to these children. Out of the 1100 children who benefitted from this initiative, 680 were sponsored by L&T Hydrocarbon Engineering.

These program help enhance employability of youth through various Skill Building Programs. At Vadodara with the program SARAL samudaaya we have catered to almost 300 women and youth for vocational training from the disadvantaged sections of society. Driving lessons, Computer training, tailoring training, beauty & wellness training and setting up of paper bowl manufacturing units have been provided so that they become economically self-reliant.

Amount spent towards CSR for FY 2019-20

Amount in ₹ Cr.

S. N.	Project	Thrust Area	Location	Actual Spent
1	Education programme to improve learning levels of children through Pratham NGO, E learning in Slum schools	Education	Mumbai	0.61
2	Education programme to improve learning levels of children through PRATHAM NGO, STEM EDUCATION	Education	Vadodara	0.81
3	Construction of School Building, Support for Higher Education, & social Infrastructure building programmes	Education	Kattupalli	0.98
4	Construction of 06 Classrooms in Jawahar Vidyalaya	Education	Hazira	1.12
5	Primary Health Care Programme, Swasth Foundation	Health	Mumbai	0.20
6	Government Hospital. X-ray Machine. Doppler machine	Health	Kattupalli	0.14
7	Health & Nutrition programme for Orphanage & Street/ underprivileged children (NGOs)	Health	Mumbai	0.49
8	Awareness on Mental Health and Autism through workshops and sports events	Health	Mumbai; Vadodara	0.09
9	Medical equipment at New Civil Hospital	Health	Surat	0.60
10	Annamrita Foundation – Two Vehicle and 125 Stainless Steel Containers	Health	Mumbai	0.24
11	Installation of RO plant for one Village and Three Pond Desilting for water management	Water & Sanitation	Kattupalli	0.28
12	Provision for safe drinking water in Lavacha village in Hazira	Water & Sanitation	Hazira	0.50
13	Construction of Individual Toilets in Vasai area of MUMBAI and Water Shed Development Programme	Water & Sanitation	Mumbai	1.19
14	Sewage treatment plant for individual toilets in Vadodara through CLEARFORD (Sanitation Project)	Water & Sanitation	Vadodara	0.82
15	Provision for sanitation facility for differently-abled children and adults through Friends Society	Water & Sanitation	Vadodara	0.04
16	Life Skill development Through Football	Skill Development	Mumbai	0.48
17	Village Development Programme -through NGOs- AWAG/ SCORE	Skill Development	Vadodara	1.50
18	Projects at Construction sites (Need-based)	Education; Water & Sanitation	Sindri; Paradip; Barauni; Bathinda; Vizag; Barmer; Vijayawada;	1.02
19	Administration and Miscellaneous Expenses			0.22
	TOTAL			**11.33**

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, follows 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 follow its CSR objectives and CSR policy & its Framework.

Sd/-	Sd/-
Mr. Vikram Singh Mehta	**Mr. Subramanian Sarma**
Independent Director	*Member*

Annexure "E" to Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2020

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

To,
The Members,
L&T HYDROCARBON ENGINEERING LIMITED

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, 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, 2020 according to the provisions of:

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

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

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

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

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

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

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

  c) The Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009; **presently, the Securities and Exchange Board of India (Issue of Capital And Disclosures Requirements) Regulations, 2018**;

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

  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

  h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, presently, **the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018**;

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

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

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

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

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, based on review of the compliance mechanism established by the Company and the Compliance Certificates taken on record by the Board of Directors at their meetings, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

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

(vi) **Other Events –**

- **Incorporation of a wholly-owned subsidiary in UAE Free Trade Zone and in principal approval to incorporate a WOS in UAE mainland for considering bidding prospects;**
- **Acquisition of JV partner's stake in L&T Gulf Private Limited on Dec 05, 2019.**

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

Place: Mumbai
Date: May 06, 2020

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

Place: Mumbai
Date: May 06, 2020

Annexure "F" to Directors' Report

FORM NO. AOC-2

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

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

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

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				

International Safety Award Certificate

National Occupational Health Safety Award Trophy

National Occupational Health Safety Award Certificate

Management Discussion & Analysis

"Do not begin by questioning ability, rather demonstrate dependability to build capability."

- Anonymous

Management Discussion & Analysis

Overview

L&T Hydrocarbon Engineering Limited (LTHE), a wholly owned subsidiary of L&T, provides integrated 'design to build' turnkey solutions for the hydrocarbon industry globally. The business executes projects for oil and gas extraction and processing, petroleum refining, chemicals and petrochemicals, fertilizers, 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.

We have 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 business has an overseas presence in the Middle East, i.e. in the UAE (Sharjah), Saudi Arabia (Al-Khobar), Kuwait and Oman (Muscat), as well as in Algeria. The business also has a major Modular Fabrication and Heavy Engineering Facility at Sohar in Oman.

We cater to clients across the hydrocarbon value-chain through the below-mentioned 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), FPSO modules, deep-water subsea manifold & structures, living quarters, transportation & installation services, offshore wind-farm projects and decommissioning projects.

As a full-fledged EPCI player, it also has in-house offshore installation capability comprising a self-propelled heavy-lift-cum-pipe-lay vessel – LTS 3000 – held in a joint venture, and a wholly-owned pipe-lay barge – LTB 300.

Onshore

This business vertical provides EPCC solutions for a wide range of onshore hydrocarbon projects covering upstream oil & gas processing, refining, petrochemicals, fertilizers (ammonia & urea complexes), cryogenic storage tanks and LNG regasification terminals and cross-country pipelines. The business has a track record of concurrent execution of multiple mega projects successfully, with diverse technology process licensors. The vertical is complemented by the Design Engineering capabilities of L&T-Chiyoda for onshore engineering and L&T Gulf for pipeline engineering.

Construction Services

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

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.

Modular Fabrication Services

This vertical specialises in fabrication and supply of modules and static equipment for offshore oil & gas fields, refineries, petrochemical plants and fertilizer 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 200,000 MT (depending on the product mix). The business is also equipped to supply foundations and other modules for offshore wind-farm projects and modular e-houses. The all-weather waterfront facilities provide easy access to clients across the globe and have load-out jetties suitable for the dispatch of large and heavy modules via ocean-going vessels and barges.

A new Integrated Manufacturing Facility has been recently opened at Jubail in Saudi Arabia to cater to the local market.

Advanced Value Engineering & Technology Services (AdVENT)

AdVENT (the erstwhile 'Engineering Services' vertical) offers customer-centric solutions for the Hydrocarbon sector and emerging industries, while addressing the specific needs of the changing energy sector. Leveraging its domain expertise in high-end engineering and the experience gained from the execution of large-scale, technologically complex EPC projects, AdVENT delivers comprehensive solutions encompassing Design & Engineering, Project Management, Strategic Project Delivery, Modularization, Smart Asset Management and Green Energy to global clients.

Business Environment

During the year 2019-20, two key drivers impacting a structural shift were the increase in oil supply by OPEC and the collapse in oil demand by the shuttering of the global economy due to the coronavirus pandemic. The price of oil fell 30% due to oversupply in the first week in March, even before the impact of

Bassein Development 3 (BD3) Well Platform & Pipeline Project for ONGC

COVID was factored in.

The domestic market also witnessed deferment of projects by a few quarters due to overcapacity in the domestic refining sector. The domestic segment also witnessed stiff competition from new entrants.

In the Middle East, the other major focus region, the business was impacted by the oil prices coming under pressure due to over-supply and the price war between Saudi Arabia and Russia. Saudi Arabia – where we has a decent market share for the Offshore business, given its position of being the selected contactor under the Long Term Agreement (LTA) – saw new contractors being pre-qualified. This impacted the share of LTHE in the contracts being awarded under LTA. Concerted localization efforts in the Kingdom of Saudi Arabia are in progress to position we as a compliant contractor to achieve IKTVA (In-Kingdom Total Value Add). In other geographies, such as the UAE and Qatar, the business is addressing the increasing ICV (In-country Value) requirements.

With a focus on 'execution par excellence', we achieved robust financial performance, as compared to our global peers.

Major Achievements

Major orders won during the year:

- EPCIC contract for the development of the Heera Panna Block of the Western Offshore basin involving well-head platforms, subsea rigid pipelines, riser installation and modification work at existing platforms
- EPCIC contract for the development of the Mumbai High South field of the Western Offshore basin involving a Water Injection Platform Bridge connected to the existing WIS platform, Living Quarters, modification and interconnection of all the utilities with the existing platforms
- Marjan Incremental Development Project by Saudi Aramco, a mega project in consortium with EMAS AMC PTE Ltd (a Subsea 7 Company) involving tie-in platforms, tie platform module, production deck modules, 217 km of subsea pipelines and 145 km of subsea cables.
- EPCI contract from Saudi Aramco, involving 28 offshore jackets in Saudi Arabia's Zuluf, Marjan, Safaniya and Ribyan offshore fields in consortium with EMAS AMC PTE Ltd.
- EPCC contract for setting

A snapshot of the 17 tower crane replacement project for Saudi Aramco.

up a 3.55 MMTPA Residue Upgradation Facility (RUF) for Visakh Refinery Modernisation Project (VRMP) at HPCL's Vizag Refinery to convert the heaviest oils into high-quality Euro 6 diesel.

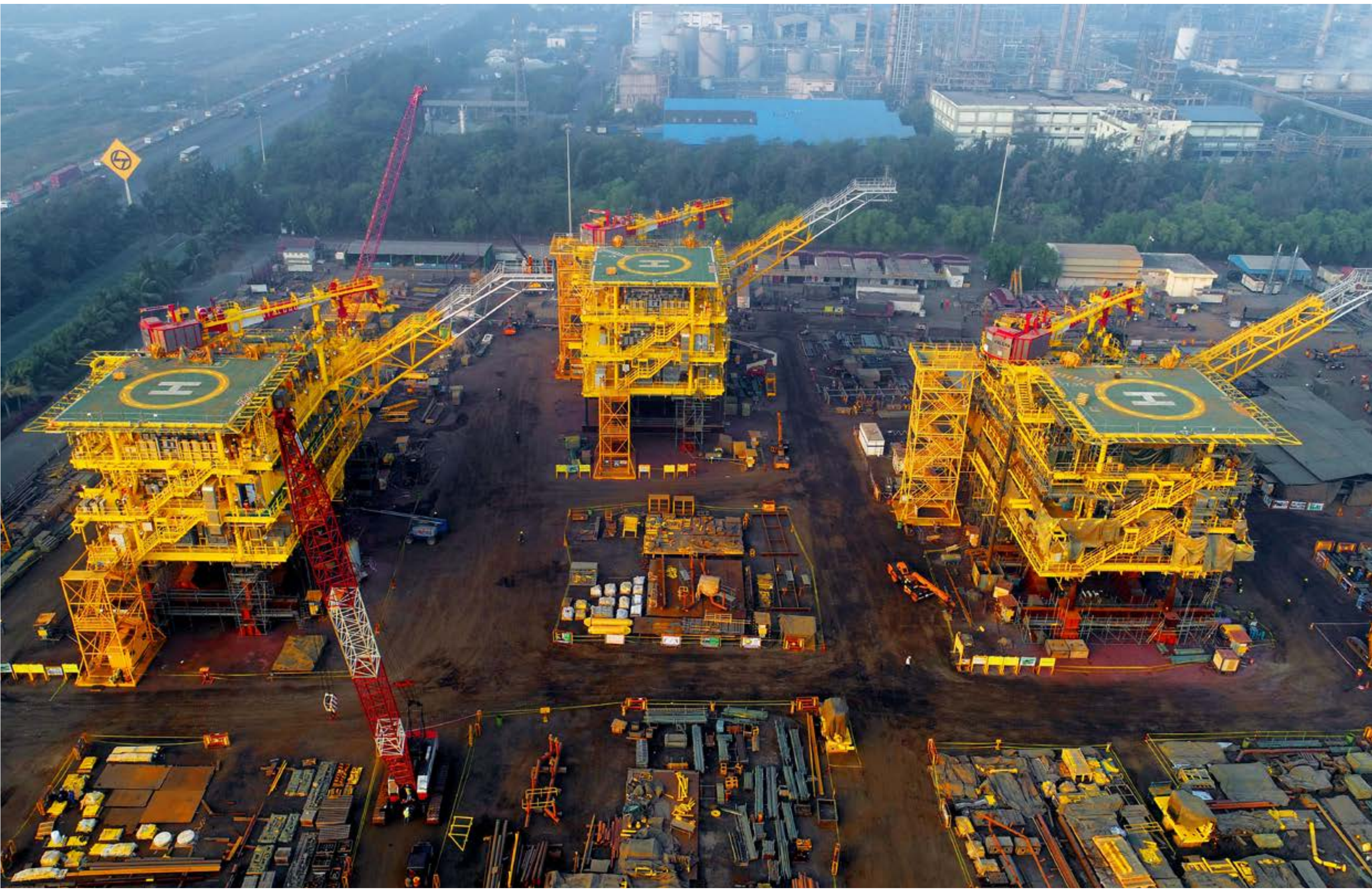
- EPCC contract for setting up a new 9 MMTPA Atmospheric & Vacuum Distillation Unit (AVU) and allied facilities for Barauni Refinery Capacity Expansion Project of Indian Oil Corporation
- Process and Piperack Modules (28,000 MT) for a Refinery Project in South East Asia from EPC Contractors Consortium, as a repeat order
- Supply of critical modules for Air Separation Process Modules for a leading International Technology Company for their projects in USA and Algeria, as a repeat order
- Three Instrumentation Houses for an international client for a project in Algeria

Projects Completed

- During the year, the Offshore vertical achieved partial mechanical completion for Hasbah II project of Saudi Aramco and completed ONGC's Bassein Development 3 Well Platform & Pipeline Project and Neelam Re-development & B173AC Project.
- The Onshore vertical business achieved mechanical completion of the IndMax FCC Unit for IOCL Bongaigaon and completed the major milestone of Ready for Commissioning – Multiphase Pump for Haliba Field Development project of Al Dhafra Petroleum Operations Company Ltd., UAE.
- The Construction business has achieved the Commissioning of Phase-2 of the Coal Bed Methane Development Project at Shahdol in Madhya Pradesh for Reliance Industries, Commissioning of Syngas Phase 2 Project at Kochi for Air Products involving expansion of gas separation facility based on cold-box technology and laying & commissioning of pipeline for Barmer–Pali and Palanpur–Pali projects.

Significant Initiatives

The mission of 'Execution Par Excellence' is reflected in our continued emphasis on sharper bidding to enhance its market share and execute projects within time and cost to protect bid margins. We continued our journey with our Operational Excellence initiative, which has yielded results by way of enhanced cost-competitiveness in



Gas Production Deck Modules (PDMs) ready for dispatch at MFF-Hazira.

our bids and further improvement in its our bottom-line for projects under execution.

We are resorting to newer manufacturing techniques such as the Assembly Line Concept and Serial Production technique for fabricating multiple jackets concurrently. Additionally, cutting-edge technologies in the pipe-welding process though automation and process upgradation are implemented at fabrication facilities and construction sites for increased productivity and better quality. Construction Competency Centres and Skill Development Centres have been augmented.

We have proactively embarked on an organisation-wide Digital Transformation Programme for integrating Business Processes, Enterprise Software and robust In-house IT applications to enhance execution efficiency. This will result in shorter project cycles, project progress visualisation through Digital Walls, assured delivery schedules, cost-competitiveness and enhanced risk mitigation; thereby providing business differentiators for delivering projects. Additionally, connected-construction machinery and connected-workmen are being tracked through IoT to improve productivity.

To create a strong foundation for business intelligence, analytics and knowledge management, we have implemented an Enterprise-wide Project Lifecycle Management programme (EPSILON). This provides a collaborative space for all project stakeholders to interact around a 3D-model-based integrated workspace wherein project teams can plan together, conduct what-if analysis, share and view project updates and manage changes.

In order to create new opportunities with a sustained revenue stream, the AdVENT vertical is pursuing several initiatives such as Smart Asset Management, Operation & Maintenance (O&M) services and development of Green Energy projects. The AdVENT business is actively engaged with various R&D Centres and start-up companies to harness emerging technologies and create differentiated solutions for its customers.

Environment, Health and Safety

We remain 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. We 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, we have delivered over 102

Heater Furnace Modules being shipped off.

million safe man hours at a stretch across a dozen successful projects in both the domestic as well as international markets, including the three modular fabrication yards.

We drive 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. A new HSE Training and a HSE Design Policy was introduced, redefined Golden Safety Rules to strengthen and transform the safety culture.

Considering HSE performance an important factor for business, many new HSE leading and lagging parameters are added in the monthly online reporting system.

Further, various HSE Digitalisation Initiatives are undertaken, such as VR (Virtual Reality) based HSE Training, Electronic Permit to Work (e-PTW), Online Incident Reporting & Investigation, Behaviour Based Safety and Digital Health Monitoring.

During the year, the business bagged 22 domestic and 10 international level awards for best HSE performance. These include:

- The British Safety Council's International Safety Award for demonstrating a strong commitment to good Health & Safety Management
- Middle East Energy Award 2019 under the category of 'HSE Innovation of the Year' for Workmen Safety Observation Programme
- Indian Chamber of Commerce's National Occupational Safety & Health Awards 2019
- Confederation of Indian Industry's Safety Best Practices Award in recognition of the various HSE initiatives
- The Royal Society for the Prevention of Accident Gold Award for Health & Safety performance during the year 2019

We also received HSE recognition from several clients, a few of which are listed below:

- Certificate of appreciation for achieving 32 million safe man-hours from Saudi Aramco for HASBAH Offshore Gas Facilities Increment II
- EHSS excellence award for achieving 25 million safe man-hours from Farabi Petrochemical for N-Paraffin and Derivative

Cracker Furnace Package for HMEL Bathinda Refinery.

complex

- Certificate of appreciation for achieving 8 million safe man-hours and for Best HSE performance from IOCL for the Indmax FCC project
- Certificate of appreciation for achieving 5 million safe man-hours from EIL for the HPCL CDU VDU project

As a responsible corporate citizen, we are determined to continue operating in an environmentally sustainable manner by fostering the HSE culture in all activities.

Human Resources

The business focuses on recruiting and retaining a unique and diverse set of talented and passionate individuals.

The organization utilizes various state-of-art training infrastructure and resources like the L&T Leadership Development Academy (LDA), the Institute of Project Management (IPM) and technical training centres to develop the employees' Project Management skills, Functional and Leadership competencies, as well as nurture and groom talent.

In order to inculcate a culture of driving continuous career advancement of internal talent, the business has initiated a 'DREAM' Career Planning architecture for the sustainable growth of employees, and is strengthening its position in social media through professional networking sites. The design and deployment of the GENIE: Engagement survey with the subsequent business-specific and managerial-level interventions undertaken and communicated through the multiple forums of 'IGNITE', such as 'Town Halls', webcasts and video conferencing, bears testimony to LTHE's commitment in creating a highly engaged work-force. A culture of appreciation is inculcated by various reward and 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 employee motivation.

Innovation is recognized based on merit. We appreciates the convergence of divergent thought processes and ideas. The business stands united in its mantra of 'Together We Succeed' by practising 'Execution Par Excellence'.

Risks and Concerns

The fortunes of the business are heavily linked to the global oil prices and green environment pressures. Further, with nearly 50% of the business originating from international markets, geo-political situations have a major impact on new orders and the execution momentum. With some key competitors rendered with surplus capacity, cost competition is becoming challenging, and is further accentuated by the increasing requirement for localisation in some of the regions where the business has a presence.

The business addresses the risks by continuous evaluation of its portfolio, examining the emerging scenario, exploring newer regions and addressing cost-competitiveness on a continuous basis, while undertaking operational excellence.

Besides, the business may also face risks such as difficult contract terms set by clients, tight schedules, counterparty risks, currency and commodity exposures, vendor defaults, delay in material delivery, QHSE, productivity, etc. The risks are mitigated through specific actions, such as operational excellence initiatives, alliances, compliance with stringent QHSE standards, timely forex and commodity price hedging, strong contract and claims management and identification of key personnel and talent at the pre-bid stage.

The risk management policy and guidelines have facilitated the creation of a consistent set of standard tools and templates incorporating global best practices and procedures. Proactive risk management enables building the ability to anticipate challenges, as well as mitigate and identify opportunities which may help achieve strategic objectives. The business promotes a culture of transparency in flagging problems as early warning signals for the Management's timely attention.

Outlook

The downward oil price spiral started with the warring between OPEC and Russia and was further fuelled by the onset of the global pandemic, due to which the oil demand depleted to a record low. To stabilise the plummeting oil prices, OPEC and Russia have reached an agreement to cut oil production. Further, the U.S. also cut its 2020 oil production forecast by more than 1 million barrels a day due to the plummeting demand and collapsing crude prices. Oil prices are expected to predominantly remain under stress during 2020. Volatility and uncertainty in oil prices is expected to delay project awards in the hydrocarbon segment. Further, most of the Middle Eastern GCC economies plan to diversify into several other sectors other than hydrocarbon.

With international oil companies evincing interest in the market, investments in West and North Africa may fructify in case crude oil prices show upward movement.

On the domestic front, the Ministry of Petroleum and Natural Gas is working in collaboration with various Central Government Ministries/ State Governments/ stakeholders to make efforts to achieve reduction in import dependency for oil in the long run through use of alternative fuels like ethanol and biodiesel through the Ethanol Blending in Petrol (EBP) Programme and Biodiesel blending in diesel. The Government has formulated a National Biofuel Policy 2018 to boost the availability of biofuels in country. The Government has launched a Sustainable Alternative Towards Affordable Transportation (SATAT) initiative for producing Bio CNG by setting up 5000 Bio-CNG plants in next five years.

The Union Budget has proposed a capital outlay of ₹ 98,522 crore for oil and gas companies for 2020-21, comprising ₹ 52,019 crore for the Exploration and Production segment, ₹ 41,654 crore for the Refining & Market segment ₹ 4,754 crore for the Petrochemical sector. Major domestic pipeline projects which were deferred in FY 2019-20 are expected to pick up during FY 2020-21.

The Company will expand its bid pipeline and explore new clients and new markets in the adjacency of its existing capabilities.

With the onslaught of the pandemic, numerous challenges are also expected in project execution. The aim of the business will be to remain cash-positive and adopt the PIO approach, viz. Protect the business, be Innovative in approach for solving unanticipated problems and look for Opportunities in the marketplace that could give strategic advantages in the medium and long term.

Financial Statements

"Change the changeable, accept the unchangeable, and remove yourself from the unacceptable."

- Denis Waitley

Independent Auditors' Report

TO THE MEMBERS OF L&T HYDROCARBON ENGINEERING LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of L&T Hydrocarbon Engineering Limited (the "Company"), which comprise the Balance Sheet as at 31 March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (Hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Revenue Recognition – accounting for construction contracts: There are significant accounting judgements including estimation of costs to complete, determining the stage of completion and the timing of revenue recognition. The Company recognises revenue and profit/loss on the basis of stage of completion based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue and profit/loss therefore rely on estimates in relation to total estimated costs of each contract. Cost contingencies are included in these estimates to take into account specific uncertain risks, or disputed claims against the Company, arising within each contract. These contingencies are reviewed by the Management on a regular basis throughout the contract life and adjusted where appropriate.	Our procedures included : • Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness; • Testing the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard; • Testing a sample of contracts for appropriate identification of performance obligations; • For the sample selected, reviewing for change orders and the impact on the estimated costs to complete; • For a sample of contacts evaluated reasonableness of the estimate of progress towards satisfying performance obligation by comparing actual efforts or costs incurred to prior year estimates of efforts or costs budgeted for performance obligations that have been fulfilled.

Sr. No.	Key Audit Matter	Auditor's Response
	The revenue on contracts may also include variable consideration (variations and claims). Variable consideration is recognised when the recovery of such consideration is highly probable. Refer to Note Number 2.6 of the Financial Statements	• Compared efforts or costs incurred with the Company's estimate of efforts or costs incurred to date to identify significant variations and evaluate whether those variations have been considered appropriately in estimating the remaining costs or efforts to complete the contract.
2	Revenue recognition and measurement of contract assets in respect of un-invoiced amounts and measurement of receivables in respect of overdue invoices: The Company, in its contract with customers, promises to transfer distinct services to its customers which may be rendered in the form of engineering, procurement and construction (EPC) services through design-build contracts, and other forms of construction contracts. The recognition of revenue is based on contractual terms, which could range from cost plus fee to agreed unit price to lump-sum arrangements. At each reporting date, revenue is accrued for costs incurred against work performed that may not have been invoiced. Identifying whether the Company's performance have resulted in a service that would be billable and collectable where the works carried out have not been acknowledged by customers as of the reporting date. • Recognition of revenue before formal acknowledgment of receipt of services by the customer could lead to an over or under-statement of revenue and profit, whether intentionally or in error; and • Assessing the recoverability of amounts overdue against invoices raised which have remained unsettled for a significantly long period after the end of the contractual credit period also involves a significant amount of judgment. Refer to Note Number 10 and 15 of the Financial Statements	The procedures performed included the following: • Obtained an understanding of the Company's processes in collating the evidence supporting execution of work for each disaggregated type of revenue. Auditors have also obtained an understanding of the design of key controls for quantifying units of items / services that would be invoiced and the application of appropriate prices for each of such services; • Tested the design and operating effectiveness of management's key controls in collating the units of services delivered and in the application of accurate prices for each of such services for samples of the un-invoiced revenue entries, which included testing of access and change management controls exercised in respect of related information systems; • Tested samples of un-invoiced revenue entries with reference to the reports from the information system that records the costs incurred against the services delivered to confirm the work performed and application of appropriate margin applied for the respective services; • Tested cut-offs for revenue recognized against un-invoiced amounts by matching the revenue accrual against accruals for corresponding cost; • Extended the testing upto the date of approval of financial statements by the Board of Directors to verify adjustments, if any, that may have been necessary upon receipt of approvals from customers for services delivered prior to the reporting date and/or collections there against; • Reviewed the delivery and collection history of customers against whose contracts un-invoiced revenue is recognised; and • Verification of subsequent receipts, post balance sheet date.

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Directors' report, 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 and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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

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

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

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

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

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

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

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

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

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

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

Other Matters

- Due to the COVID-19 related lock-down restrictions, management was able to perform year end physical verification of inventories (including those classified as Contract Assets) at certain locations, subsequent to the year-end. Also, we were not able to physically observe the stock verification, where carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items", which includes inspection of supporting documentation relating to purchases and consumption, results of cyclical count performed by the Management through the year and such other third party evidences where applicable, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Financial Statements.
- The comparative financial information of the Company for the year ended 31 March, 2019 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 22 April, 2019 expressed an unmodified opinion.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

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

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

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

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

    e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, 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.

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

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

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 20039826AAAACT1730)

Place: Mumbai
Date: 29 May, 2020

Annexure 'A' to the Independent Auditors' Report

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Hydrocarbon Engineering Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 20039826AAAACT1730)

Place: Mumbai
Date: 29 May, 2020

Annexure 'B' to the Independent Auditors' Report

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

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

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

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

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

Type of assets	Total no. of cases	Leasehold/ Freehold	Gross block as at 31 March, 2020 (₹ in Crore)	Net block as at 31 March, 2020 (₹ in Crore)	Remarks
Land	1	Freehold	1.03	1.03	Title Deed in the name of Larsen & Toubro Limited
Building	1	Leasehold	17.43	13.45	Title Deed in the name of Larsen & Toubro Limited
Land	2	Leasehold	72.95	69.05	Title Deed in the name of Larsen & Toubro Limited

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

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

(iii) According to the information and explanations given to us, the Company has not entered into any contracts or arrangements covered under section 189 of the Companies Act, 2013 and hence reporting under paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at 31 March, 2020 and hence, the provision of clause 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 Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax and Value Added Tax which have not been deposited as on 31 March, 2020 on account of disputes are given below:

Name of the Statute	Nature of the disputed dues.	Forum where dispute is Pending	Period to which Amount relates	Amount Involved (₹ in Crore)	Amount Unpaid (₹ in Crore)
The Central Sales Tax Act, Sales Tax Act, Works Contract Tax Act and Goods & Service Tax Act	Dispute regarding questions of law, Classification dispute, Disallowance of Sales-In-Transit, Disallowance of labour charges & ITC on Export sales	Supreme Court	2006-07 to 2015-16	242.23	223.25
	Disallowance of Sales-In-Transit, Taxability of sub-contractor turnover and Disallowance of Labour charges	High Court	2000-01 & 2001-02	29.43	27.64
	Non submission of forms, Disallowance of ITC, WCT TDS claims, Disallowance of exemptions claimed for imports & Sales in transit	Sales Tax/VAT Tribunal	1999-00 to 2002-03, 2007-08 to 2010-11, 2014-15 & 2015-16	65.45	61.68
	Non submission of forms	Additional Commissioner (Appeal)	2005-06, 2011-12, 2015-16	1.92	0.51
	Non submission of forms, Disallowance of ITC & WCT TDS, Disallowance of deemed sales in Import, Sales-in-transit, High sea sales, Classification disputes.	Joint Commissioner (Appeals)/Joint Commissioner	2001-02, 2003-04 to 2006-07, 2010-11 to 2015-16, 2017-18	367.39	340.66
	Non Submission of forms, Disallowance of Sales-in-transit, Disallowance of ITC.	Assistant/Deputy Commissioner (Appeals)	1989-90, 1997-98 to 1999-00, 2001-02, 2004-05, 2008-09 to 2014-15	22.72	18.90
The Central Excise Act, 1944, Service Tax under Finance Act, 1994	Demand towards disallowed Input credit	CESTAT	2009-10, 2010-11	5.57	5.15
	Classification disputes	CESTAT	2017-18	45.84	8.94
Income Tax Act, 1961	Dispute regarding tax not deducted on bank guarantee charges and internet charges	Income Tax Authority	A.Y. 2012-13	0.02	0.02
	Difference in rate of tax deducted at source	Director of Income Tax (International Taxation)	A.Y. 2007-08 & A.Y. 2008-09	3.41	3.41
	Disallowance of Section 10A Benefit	High Court of Karnataka	A.Y. 2006-07 to A.Y. 2009-10	7.53	7.53

Name of the Statute	Nature of the disputed dues.	Forum where dispute is Pending	Period to which Amount relates	Amount Involved (₹ in Crore)	Amount Unpaid (₹ in Crore)
Income Tax Act, 1961	Disallowance of Section 10A Benefit	Commissioner (Appeals)	A.Y. 2010-11	1.27	1.27
	Disallowance of Software Expenses	High Court of Karnataka	A.Y. 2007-08 to A.Y. 2009-10	2.43	2.43
	Disallowance of Software Expenses	Commissioner (Appeals)	A.Y. 2010-11 to A.Y. 2014-15	4.90	4.90
	Disallowance of ESOP Reimbursements	Commissioner (Appeals)	A.Y. 2010-11 to A.Y. 2014-15	3.12	3.12
	Disallowance of ESOP Reimbursements	Income Tax Authorities	A.Y. 2007-08 to A.Y. 2009-10	3.56	3.56
	Disallowance of Loss on forward contracts	Commissioner (Appeals)	A.Y. 2012-13	0.51	0.51
	Disallowance of foreseeable losses	Commissioner (Appeals)	A.Y. 2014-15	24.84	1.86
Customs Act, 1962	Classification disputes	CESTAT	2015-16	0.32	0.30
	Classification disputes	Commissioner of Customs	2006-07, 2008-09, 2019-20	6.54	0.32

(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 financial institutions and banks. The Company has not issued any debentures and has not borrowed any funds from government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

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

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 20039826AAAACT1730)

Place: Mumbai
Date: 29 May, 2020

Balance Sheet as at March 31, 2020

Particulars	Note	As at 31-03-2020 ₹ crore	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*	*As at 31-03-2019 ₹ crore*
ASSETS					
Non- current assets					
Property, plant and equipment	3		**756.01**		*755.66*
Capital-work-in-progress	3		**9.97**		*7.44*
Intangible assets	3		**16.48**		*4.78*
Right-of-use-asset	3		**50.55**		*–*
Financial assets					
Investments	4	**193.89**		*168.89*	
Loans	5	**1,135.40**		*1,279.72*	
Other financial assets	6	**64.72**		*74.25*	
			1,394.01		*1,522.86*
Deferred tax assets (net)	36		**231.54**		*247.04*
Other non-current assets	7		**381.18**		*380.82*
			2,839.74		*2,918.60*
Current Asset					
Inventories	8		**15.82**		*9.31*
Financial assets					
Investments	9	**1,500.54**		*2,602.89*	
Trade receivables	10	**3,932.75**		*1,869.34*	
Cash and cash equivalents	11	**177.37**		*682.89*	
Other bank balances	12	**–**		*0.02*	
Loans	13	**1,540.44**		*6.61*	
Other financial assets	14	**881.17**		*685.96*	
			8,032.27		*5,847.71*
Other current assets	15		**3,656.70**		*3,100.79*
			11,704.79		*8,957.81*
TOTAL ASSETS			**14,544.53**		*11,876.41*
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	16	**1,000.05**		*1,000.05*	
Instruments entirely equity in nature	17	**760.00**		*760.00*	
Other equity	18	**960.24**		*229.41*	
TOTAL EQUITY			**2,720.29**		*1,989.46*
LIABILITIES					
Non- current liabilities					
Financial liabilities					
Borrowings	19	**804.30**		*734.55*	
Lease liability		**33.34**		*–*	
Other financial liabilities	20	**33.36**		*118.20*	
			871.00		*852.75*
Provisions	21		**18.92**		*14.31*
			889.92		*867.06*

Balance Sheet as at March 31, 2020 (contd.)

Particulars	Note	As at 31-03-2020 ₹ crore	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*	*As at 31-03-2019 ₹ crore*
Current liabilities					
Financial liabilities					
Borrowings	**22**	**0.77**		*133.95*	
Lease Liabilities		**19.69**		*–*	
Trade payables	**23**				
Due to micro enterprises and small enterprises		**77.89**		*41.36*	
Due to others		**3,300.56**		*2,703.95*	
Other financial liabilities	**24**	**474.81**		*366.62*	
			3,873.72		*3,245.88*
Other current liabilities	**25**		**6,634.68**		*5,507.01*
Provisions	**26**		**341.03**		*201.81*
Income tax liabilities (net)			**84.89**		*65.19*
			10,934.32		*9,019.89*
TOTAL EQUITY AND LIABILITIES			**14,544.53**		*11,876.41*
CONTINGENT LIABILITIES AND COMMITMENTS	**27**				

Notes forming part of financial statements
(Refer Note 1 to Note 54)

As per our report of even date attached

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No.117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

For and on behalf of the Board

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

R. Shankar Raman
Director
DIN: 00019798

K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date : May 29, 2020

Place : Mumbai
Date : May 12, 2020

Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note	2019 -20 ₹ crore	2019 -20 ₹ crore	*2018-19 ₹ crore*	*2018-19 ₹ crore*
INCOME					
Revenue from operations	**28**		**14,410.56**		*12,694.82*
Other income	**29**		**313.81**		*267.98*
Total income			**14,724.37**		*12,962.80*
EXPENSES					
Manufacturing, construction and operating expense	**30**				
Cost of raw materials and components consumed		**6,842.35**		*4,966.73*	
Construction materials		**955.89**		*406.11*	
Sub-contracting charges		**2,167.24**		*3,323.54*	
Changes in inventories (including contract assets)		**(161.40)**		*(16.61)*	
Other manufacturing, construction and operating expenses		**1,915.52**		*2,076.46*	
			11,719.60		*10,756.23*
Employee benefits expense	**31**		**875.80**		*807.14*
Finance costs	**32**		**64.00**		*22.39*
Depreciation, amortisation,obsolescence and impairment	**3**		**108.31**		*88.03*
Other expenses	**33**		**626.80**		*441.68*
Total expenses			**13,394.51**		*12,115.47*
Profit before tax			**1,329.86**		*847.33*
Current tax	**36**	**447.01**		*344.31*	
Deferred tax	**36**	**(58.86)**		*(51.72)*	
			388.15		*292.59*
Profit after tax			**941.71**		*554.74*
Other comprehensive income					
A. Items that will not be reclassified to profit or loss					
Remeasurements of the net defined benefit plans		**(4.92)**		*(2.69)*	
Income tax (expenses)/income on remeasurements of the defined benefits plan		**1.24**		*0.94*	
			(3.68)		*(1.75)*
B. Items that will be reclassified to profit or loss					
Effective portion of gains and losses on hedging instruments in cash flow hedges		**262.17**		*(176.26)*	
Income tax (expenses)/income on effective portion of gains/(losses) on hedging instruments in a cash flow hedge		**(75.74)**		*61.60*	
Cost of hedging reserve		**(3.55)**		*1.19*	
Income tax (expenses)/income on cost of hedging reserve		**1.06**		*(0.42)*	
			183.94		*(113.89)*
Total other comprehensive income			**180.26**		*(115.64)*
Total comprehensive income			**1,121.97**		*439.10*

Statement of Profit and Loss for the year ended March 31, 2020 (contd.)

Particulars	Note	2019 -20 ₹ crore	2019 -20 ₹ crore	*2018-19 ₹ crore*	*2018-19 ₹ crore*
Basic earnings per equity share (₹)	**40**		**8.44**		*4.57*
Diluted earnings per equity share (₹)			**5.35**		*3.15*
Face value per equity share (₹)			**10**		*10*

Notes forming part of financial statements
(Refer Note 1 to Note 54)

As per our report of even date attached

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No.117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Place : Mumbai
Date : May 29, 2020

For and on behalf of the Board

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

R. Shankar Raman
Director
DIN: 00019798

K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date : May 12, 2020

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

	2019-20 ₹ crore	*2018-19* *₹ crore*
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**1,329.86**	*847.33*
Depreciation, amortisation,obsolescence and impairment	**108.31**	*88.03*
(Profit)/loss on sale of current investments	**(1.39)**	*(4.61)*
Dividend received	**(14.99)**	*–*
Exchange difference on items grouped under investing activities	**(120.30)**	*–*
Interest expense - Lease Liability	**2.23**	*–*
Interest expense	**28.53**	*22.39*
Exchange loss (attributable to finance costs)	**69.75**	*–*
Interest income	**(268.66)**	*(260.69)*
(Profit) on sale of property plant and equipment (net)	**(0.95)**	*(1.03)*
Operating profit before working capital changes	**1,132.39**	*691.42*
Adjustments for:		
(Increase)/decrease in trade receivables and other assets	**(2,474.69)**	*(2,709.99)*
(Increase)/decrease in inventories	**(6.51)**	*38.55*
Increase/(decrease) in trade payables and other liabilities	**1,908.04**	*2,058.70*
Cash (used in)/generated from operations	**559.23**	*78.68*
Direct taxes refund/(paid) - net	**(412.34)**	*(318.34)*
Net cash (used in)/from operating activities	**146.89**	*(239.66)*
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property plant and equipment (including intangible assets)	**(100.18)**	*(131.09)*
Sale of property plant and equipment (including advance received)	**2.91**	*2.87*
Purchase of non-current investment	**(25.00)**	*(0.29)*
(Purchase)/sale of current investments (net)	**1,103.74**	*(1,396.28)*
Interest received	**161.26**	*247.40*
Dividend Income	**14.99**	*–*
Inter-corporate deposit with Parent Company (net of repayments)	**(1,249.50)**	*470.26*
Net cash (used in)/from investing activities	**(91.78)**	*(807.13)*
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	**(326.22)**	*(331.21)*
Additional tax on dividend	**(63.98)**	*(42.26)*
(Repayments)/proceeds from borrowings from Parent Company	**(54.03)**	*54.03*
(Repayments)/proceeds of short term loans from banks	**(79.14)**	*79.38*
Proceeds from Long term borrowings	**–**	*734.55*
Repayment of lease liabilities	**(11.45)**	*–*
Interest paid	**(25.83)**	*(21.85)*
Net cash (used in)/from financing activities	**(560.65)**	*472.64*

Statement of Cash Flows for the year ended March 31, 2020 (contd.)

	2019-20 ₹ crore	2018-19 ₹ crore
Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(505.54)**	*(574.15)*
Cash and cash equivalents at beginning of the year	**682.91**	*1,257.06*
Cash and cash equivalents at end of the year	**177.37**	*682.91*

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 ₹ 5.44 crore (previous year gain: ₹ 0.12 crore) on account of translation of foreign currency bank balances.
4. Cash and cash equivalents are reflected in the balance sheet as follows:

	2019-20	2018-19
(a) Cash and cash equivalents disclosed under current financial assets [Note 11]	**177.37**	*682.89*
(b) Other bank balances under current financial assets [Note 12]	**–**	*0.02*
	177.37	*682.91*

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

Notes forming part of financial statements (Refer Note 1 to Note 54)

As per our report of even date attached

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No.117366W / W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

For and on behalf of the Board

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

R. Shankar Raman
Director
DIN: 00019798

K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date : May 29, 2020

Place : Mumbai
Date : May 12, 2020

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

EQUITY SHARE CAPITAL

(₹ crore)

	Balance as at 01-04-2018	Changes during 2018-19	Balance as at 31-03-2019	Balance as at 01-04-2019	Changes during 2019-20	Balance as at 31-03-2020
Equity shares of ₹ 10 each	1,000.05	–	1,000.05	1,000.05	–	1,000.05
	1,000.05	**–**	**1,000.05**	**1,000.05**	**–**	**1,000.05**

INSTRUMENTS ENTIRELY EQUITY IN NATURE

(₹ crore)

	Balance as at 01-04-2018	Changes during 2018-19	Balance as at 31-03-2019	Balance as at 01-04-2019	Changes during 2019-20	Balance as at 31-03-2020
Preference shares of ₹ 10 each	760.00	–	760.00	760.00	–	760.00
	760.00	**–**	**760.00**	**760.00**	**–**	**760.00**

OTHER EQUITY

(₹ crore)

	Reserves and surplus					Items of other comprehensive income	Total other equity
	Capital reserve	Capital reserve on business combination	Capital redemption reserve	General reserve	Retained earnings	Hedging reserve	
Balance as at 01-04-2018	**0.32**	**(59.33)**	**0.13**	**1.21**	**257.34**	**50.13**	**249.80**
Change in accounting policy (Net off deferred tax) [Refer Note 44]	–	–	–	–	(60.20)	–	(60.20)
Restated 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 ₹ 68.08 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**
Balance as at 01-04-2019	**0.32**	**(59.33)**	**0.13**	**1.21**	**350.84**	**(63.76)**	**229.41**
Change in accounting policy (Net off deferred tax) [Refer Note 49]	–	–	–	–	(0.94)	–	(0.94)
Restated opening as at 01-04-2019	**0.32**	**(59.33)**	**0.13**	**1.21**	**349.90**	**(63.76)**	**228.47**
Profit for the year	**–**	**–**	**–**	**–**	**941.71**	**–**	**941.71**
Other comprehensive income	–	–	–	–	(3.68)	183.94	180.26
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**938.03**	**183.94**	**1,121.97**
Dividend (including tax on dividend ₹ 63.98 crore)	–	–	–	–	(390.20)	–	(390.20)
Balance as at 31-03-2020	**0.32**	**(59.33)**	**0.13**	**1.21**	**897.73**	**120.18**	**960.24**

Notes forming part of financial statements (Refer Note 1 to Note 54)

As per our report of even date attached

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No.117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Place : Mumbai
Date : May 29, 2020

For and on behalf of the Board

Subramanian Sarma
CEO & Managing Director
DIN: 00554221

R. Shankar Raman
Director
DIN: 00019798

K. S. Balasubramanyam
Chief Financial Officer

Sivaram Nair
Company Secretary
M. No.: F3939

Place : Mumbai
Date : May 12, 2020

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. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

These financials statements have been approved for issue by the Board of Directors at their meeting held on May 12, 2020.

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

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

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

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

Significant judgments are used in:

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

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

    i) Revenue from operations

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

Notes forming part of the Accounts (contd.)

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

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

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

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

2. Fixed price contracts: Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

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

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

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

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

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

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

ii) Other income

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

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

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

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

2.7 Exceptional Items

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

2.8. Property, plant and equipment (PPE)

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

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

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

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

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.

Notes forming part of the Accounts (contd.)

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

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under schedule II to Companies Act, 2013 or based on the useful life adopted by the Company for similar assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives

Freehold land is not depreciated.

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

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

2.9. Intangible assets and amortization

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets are amortised as follows:

a. Specialised software: over a period of six years.

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

Research and development expenditure on new products:

(i) Expenditure on research is expensed under respective heads of account in the period in which it is incurred.

(ii) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;

b. the Company has intention to complete the intangible asset and use or sell it;

c. the Company has ability to use or sell the intangible asset;

d. the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;

e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f. the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

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

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

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

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

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

2.10. Impairment of assets

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

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

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

ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset.

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

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

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

2.11. Employee benefits

a. Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

b. Post-employment benefits:

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

ii. Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Company/Parent, the post-retirement medical care plan and the company pension plan represent defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Notes forming part of the Accounts (contd.)

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

Defined benefit employee costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the statement of profit and loss as employee benefits expense. Interest cost implicit in defined benefit employee cost is recognised in the statement of profit and loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised in profit or loss when such settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

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

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

c. Long term employee benefits:

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

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

d. Termination benefits:

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

2.12. Leases

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

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

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

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

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

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

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

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

2.13. Financial instruments

2.13.1 Initial recognition

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

2.13.2 Subsequent measurement

a. Non derivative financial instruments

(i) Financial assets carried at amortised cost:

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which 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 counterparty for these contracts is generally a bank.

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

This category has derivative financial assets or liabilities which are not designated as hedges.

Notes forming part of the Accounts (contd.)

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.

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.

2.13.15 Impairment

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

2.14. Inventories

Inventories are valued after providing for obsolescence, as under:

a. Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

b. Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In some cases, manufacturing work-in-progress are valued at lower of specifically identifiable cost or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.

c. Finished goods and stock in trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

2.15. Cash and bank balances

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

2.16. Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

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

2.17. Employee stock option schemes of parent company

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of Larsen & Toubro Limited (the parent company) to employees of the Company. The Scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised within specified period. The holding company follows the fair value method to account for its stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

2.18. Foreign currencies

i. The functional currency and presentation currency of the Company is Indian Rupee.

ii. Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date.

iii. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

iv. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing spot rate are recognised in profit or loss in the period in which they arise except for:

   a. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

   b. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

v. Financial statements of foreign operations whose functional currency is different than Indian Rupee are translated into Indian Rupees as follows:

   a. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

   b. income and expenses for each income statement are translated at average exchange rates; and

   c. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

Notes forming part of the Accounts (contd.)

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 operations. Expenses are recognised for its share of expenses incurred jointly with other parties as part of the joint arrangement.

2.21. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

i. the Company has a present obligation (legal or constructive) as a result of a past event;

ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii. a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

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

ii. a present obligation arising from past events, when no reliable estimate is possible.

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

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

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

2.22. Commitments

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

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

ii. Uncalled liability on shares and other investments partly paid;

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

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

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

2.23. Business combinations

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

2.24. Statement of cash flow

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

i. transactions of a non-cash nature;

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

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

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

2.25. Earnings per equity share

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

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

2.26. Events after reporting date

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

Notes forming part of the Accounts (contd.)

NOTE 3 A (I) : PROPERTY, PLANT AND EQUIPMENT

₹ crore

	COST				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at 01-04-2019	Additions	Disposal of assets	As at 31-03-2020	As at 01-04-2019	For the year	Disposal of assets	As at 31-03-2020	As at 31-03-2020	As at 01-04-2019
Land										
Free Hold	1.03	–	–	**1.03**	–	–	–	**–**	**1.03**	*1.03*
Lease Hold	92.44	–	–	**92.44**	*3.94*	1.01	–	**4.95**	**87.49**	*88.50*
Sub total - land	**93.47**	**–**	**–**	**93.47**	***3.94***	1.01	**–**	**4.95**	**88.52**	***89.53***
Buildings	167.18	15.11	0.44	**181.85**	*30.62*	6.32	0.08	**36.86**	**144.99**	*136.56*
Plant and equipment	654.42	43.77	1.83	**696.36**	*265.01*	56.61	1.38	**320.24**	**376.12**	*389.41*
Furniture and fixtures	7.72	2.93	1.69	**8.96**	*2.36*	1.18	0.76	**2.78**	**6.18**	*5.36*
Vehicles	30.72	1.72	2.33	**30.11**	*15.75*	4.10	1.45	**18.40**	**11.71**	*14.97*
Office equipments	17.98	5.50	0.45	**23.03**	*9.85*	3.96	0.42	**13.39**	**9.64**	*8.13*
Computers	41.79	16.71	0.70	**57.80**	*21.85*	11.41	0.68	**32.58**	**25.22**	*19.94*
Ships	92.78	8.67	–	**101.45**	*1.03*	6.79	–	**7.82**	**93.63**	*91.75*
Total	**1,106.06**	**94.41**	**7.44**	**1,193.03**	***350.41***	**91.38**	**4.77**	**437.02**	**756.01**	***755.66***
Previous year	***992.18***	***120.81***	***6.93***	***1,106.06***	***268.71***	***85.18***	***3.48***	***350.41***	**–**	**–**
Add: Capital work in progress									**9.97**	*7.44*
Total - Tangible assets									**765.98**	***763.10***

NOTE 3 A (II) : INTANGIBLE ASSETS

₹ crore

	COST				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at 01-04-2019	Additions	Disposal of assets	As at 31-03-2020	As at 01-04-2019	For the year	Disposal of assets	As at 31-03-2020	As at 31-03-2020	As at 01-04-2019
Computer software	24.31	14.99	–	**39.30**	19.53	3.29	–	**22.82**	**16.48**	*4.78*
Total - Computer software	**24.31**	**14.99**	**–**	**39.30**	***19.53***	**3.29**	**–**	**22.82**	**16.48**	***4.78***
Previous year	*20.31*	*4.00*	–	*24.31*	*18.28*	*1.25*	–	*19.53*	–	–
Total - Intangible assets									**16.48**	***4.78***

NOTE 3 A (III) : RIGHT-OF-USE-ASSET (Refer Note 49)

₹ crore

	COST					DEPRECIATION/AMORTISATION					Net book value	
	As at 01-04-2019	Transition addition	Additions	Disposal of assets	As at 31-03-2020	As at 01-04-2019	Transition addition	For the year	Disposal of asset	As at 31-03-2020	As at 31-03-2020	As at 01-04-2019
Plant & Equipment	–	–	30.15	**–**	**30.15**	–		6.30	–	**6.30**	**23.85**	–
Building	–	17.04	29.05	10.89	**35.20**	–	8.77	6.63	6.90	**8.50**	**26.70**	–
Total - Right of-use-assets	**–**	**17.04**	**59.20**	**10.89**	**65.35**	**–**	**8.77**	**12.93**	**6.90**	**14.80**	**50.55**	**–**

Notes :

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

b. Cost/valuation of leasehold land includes ₹ 69.50 crore (*previous year : ₹ 69.85 crore*) for which agreement is yet to be executed.

(ii) Cost/valuation of buildings includes ₹ 12.72 crore (*previous year : ₹ 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 ₹ 0.70 crore (*previous year: ₹ 1.61 crore*) on account of obsolescence.

Notes forming part of the Accounts (contd.)

NOTE 4 : NON-CURRENT FINANCIAL ASSETS : INVESTMENTS

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
Investments in equity instruments (unquoted, at cost)		
Investment in subsidiary companies		
Fully paid equity shares in subsidiary companies		
L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC) (1000 equity shares of SAR 1,000 each fully paid) (₹130.39)	**0.00**	*0.00*
Larsen Toubro Arabia LLC (7500 equity shares of SAR 1,000 each fully paid) (₹ 65)	**0.00**	*0.00*
L&T Modular Fabrication Yard LLC (20,19,230 shares of OMR 1 each) (₹171.70)	**0.00**	*0.00*
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**	*0.00*
L&T Heavy Engineering LLC (39,65,500 shares of OMR 1 each) (₹ 183.89)	**0.00**	*0.00*
L&T Hydrocarbon International FZE (150 shares of AED 1000 each)	**0.29**	*0.29*
L&T Gulf Private Limited (80,00,000 equity shares of ₹ 10 each fully paid) (Refer note (ii) below)	**35.79**	–
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) (Refer note (ii) below)	**–**	*10.79*
L&T Hydrocarbon Caspian LLC (9,250 shares of AZM 10 each)	**0.36**	*0.36*
Total Non-current Investments (Refer Note 39)	**193.89**	*168.89*

Notes:

(i) Aggregate value of unquoted investments - book value - ₹ 193.89 crore (*previous year : ₹ 168.89 crore*)

(ii) During the year the Company has acquired 39,99,984 equity shares of L&T Gulf Private Limited and thereby L&T Gulf Private Limited has become wholly owned subsidiary

NOTE 5 : NON-CURRENT FINANCIAL ASSETS : LOANS

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
Security deposits - Unsecured considered good		
Security deposits	**5.65**	*2.42*
Loans to related parties- Unsecured considered good		
Subsidiaries	**1,129.75**	*1,111.28*
Joint venture	**–**	*166.02*
	1,135.40	*1,279.72*

Notes forming part of the Accounts (contd.)

NOTE 6 : NON-CURRENT FINANCIAL ASSETS : NON-CURRENT OTHER FINANCIAL ASSETS

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019* *₹ crore*
Fixed deposits with banks (maturity more than 12 months)		
Balance with scheduled banks fixed deposit with maturity more than 12 months - Current Year ₹ 25,000 (*previous year: ₹ 25,000*)	–	*–*
Forward contract receivable	**10.52**	*68.11*
Embedded derivative receivable	**54.20**	*6.14*
	64.72	*74.25*

NOTE 7 : NON-CURRENT ASSETS : OTHER

Particulars	As at 31-03-2020 ₹ crore	 ₹ crore	*As at 31-03-2019* *₹ crore*	 *₹ crore*
Capital advances		**0.25**		*0.89*
Other than capital advances				
Long term advance recoverable:				
Others	**5.99**		*4.98*	
Sales tax recoverable	**0.23**		*0.23*	
VAT recoverable	**25.28**		*28.56*	
Sales tax advance payment	**132.57**		*115.56*	
Income tax receivable net of provision for tax	**216.86**		*230.60*	
		380.93		*379.93*
		381.18		*380.82*

NOTE 8 : CURRENT ASSETS : INVENTORIES (at cost or net realisable value whichever is lower)

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019* *₹ crore*
Components	**3.26**	*0.51*
Construction materials	**0.02**	*0.16*
Stores and spares	**12.54**	*8.64*
	15.82	*9.31*

Note:

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

NOTE 9 : CURRENT FINANCIAL ASSETS : INVESTMENTS

Particulars	As at 31-03-2020 ₹ crore	 ₹ crore	*As at 31-03-2019* *₹ crore*	 *₹ crore*
Investment in Mutual fund (unquoted) carried at fair value through profit and loss		**1,500.54**		*2,602.89*
HSBC Cash Fund- Growth Direct Plan: 2,529,413.794 units	**500.19**		*–*	
SBI Premier Liquid Fund - Direct Plan Growth: 3,217,589.869 units	**1,000.35**		*–*	
Edelweiss Liquid Fund - Regular Plan Growth: (*Previous year : 2,096,529.853 units*)	–		*500.53*	
HSBC Cash Fund - Growth: (*Previous year : 2,696,393.579 units*)	–		*500.56*	

Particulars	As at 31-03-2020		*As at 31-03-2019*	
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
L&T Liquid Fund - Regular Growth: (*Previous year : 2,352,147.258 units*)	–		*600.65*	
Reliance Liquid Fund - Growth Plan - Growth Option: (*Previous year : 1,102,654.778 units*)	–		*500.53*	
SBI Liquid Fund Regular Growth: (*Previous year : 1,716,636.054 units*)	–		*500.62*	
		1,500.54		*2,602.89*

NOTE 10 : CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

Particulars	As at 31-03-2020		*As at 31-03-2019*	
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
Considered good -unsecured	**4,370.04**		*2,340.77*	
Allowance for expected credit loss	**(437.29)**		*(471.43)*	
		3,932.75		*1,869.34*
Credit impaired	**57.69**		–	
Allowance for doubtful debts -credit impaired	**(57.69)**		–	
		–		–
		3,932.75		*1,869.34*

NOTE 11 : CURRENT FINANCIAL ASSETS : CASH AND CASH EQUIVALENTS

Particulars	As at 31-03-2020	*As at 31-03-2019*
	₹ crore	*₹ crore*
Balances with banks	**176.95**	*40.05*
Remittance in transit	**–**	*320.42*
Cash on hand	**0.42**	*0.21*
Fixed deposits with banks (maturity less than 3 months)	**–**	*322.21*
	177.37	*682.89*

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

NOTE 12 : CURRENT FINANCIAL ASSETS : OTHER BANK BALANCES

Particulars	As at 31-03-2020	*As at 31-03-2019*
	₹ crore	*₹ crore*
Fixed deposit with banks including interest accrued thereon		
Maturity more than 3 months and less than 12 months	**–**	*0.02*
	–	*0.02*

Notes forming part of the Accounts (contd.)

NOTE 13 : CURRENT FINANCIAL ASSETS : LOANS

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
Security deposits - Unsecured considered good		
Security deposits	**7.51**	*6.45*
Earnest Money Deposit	**0.04**	*0.04*
Loans to related parties- Unsecured considered good		
Parent, subsidiary and fellow subsidiary companies	**1,369.03**	–
Joint ventures	**163.73**	–
Other loans - current - Unsecured considered good		
Advances recoverable in cash or in kind	**0.13**	*0.12*
	1,540.44	*6.61*

NOTE 14 : CURRENT FINANCIAL ASSETS : OTHERS

Particulars	As at 31-03-2020 ₹ crore	₹ crore	*As at 31-03-2019 ₹ crore*	*₹ crore*
Advances to related parties				
Parent, subsidiary and fellow subsidiary companies				
Current account balances		**417.61**		*435.00*
Joint ventures/Associates				
Current account balances	**16.45**			*13.75*
Less: Allowance for expected credit loss	**(5.08)**			
		11.37		
Advances recoverable in cash or in kind				
Forward contract receivable		**258.73**		*200.12*
Other loans and advances		**15.70**		*9.93*
Embedded derivative receivable		**177.76**		*27.16*
Doubtful other loan and advances	**48.42**		*34.57*	
Less: Allowance for expected credit loss	**(48.42)**		*(34.57)*	
		–		–
		881.17		*685.96*

NOTE 15 : CURRENT ASSETS : OTHERS

Particulars	As at 31-03-2020 ₹ crore	₹ crore	*As at 31-03-2019 ₹ crore*	*₹ crore*
Contract Assets: (Refer Note 44)				
Due from customers (construction and project related activity)	**2,320.09**		*1,669.13*	
Retentions (incl. unbilled revenue)	**802.94**		*665.90*	
		3,123.03		*2,335.03*
Balances with customs, port trust etc.		–		*0.01*
Advance recoverable other than in cash		**532.07**		*764.14*
Others		**1.60**		*1.61*
		3,656.70		*3,100.79*

Notes forming part of the Accounts (contd.)

NOTE 16 : EQUITY SHARE CAPITAL

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

Particulars	As at 31-03-2020 Number of shares	As at 31-03-2020 ₹ crore	*As at 31-03-2019 Number of shares*	*As at 31-03-2019 ₹ crore*
Authorised:				
Equity shares of ₹ 10 each	**2,00,20,00,000**	**2,002.00**	*2,002,000,000*	*2,002.00*
Issued, subscribed and fully paid up:				
Equity shares of ₹ 10 each	**1,00,00,50,000**	**1,000.05**	*1,000,050,000*	*1,000.05*
		1,000.05		*1,000.05*

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

Particulars	As at 31-03-2020 Number of shares	As at 31-03-2020 ₹ crore	*As at 31-03-2019 Number of shares*	*As at 31-03-2019 ₹ 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*

16(iii) Equity dividend during the year

The Company paid first interim equity dividend for FY 2019-20 of ₹ 125.01 crore and dividend distribution tax of ₹ 25.70 crore during the year.

The Company paid second interim equity dividend for FY 2019-20 of ₹ 120.01 crore and dividend distribution tax of ₹ 21.59 crore during the year

16(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.

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

Particulars	As at 31-03-2020 Number of shares	As at 31-03-2020 Shareholding %	*As at 31-03-2019 Number of shares*	*As at 31-03-2019 Shareholding %*
Larsen & Toubro Limited (Parent):				
Equity shares of ₹ 10 each	**1,000,050,000**	**100%**	*1,000,050,000*	*100%*

16(vi) In the period of five years immediately preceding March 31, 2020:

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 17 : INSTRUMENTS ENTIRELY EQUITY IN NATURE

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
Preference share capital	**760.00**	*760.00*
	760.00	*760.00*

Notes forming part of the Accounts (contd.)

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

Particulars	As at 31-03-2020		*As at 31-03-2019*	
	Number of shares	**₹ crore**	*Number of shares*	*₹ crore*
Issued, subscribed and fully paid up preference shares outstanding at the beginning of the year:				
10% Preference shares of ₹ 10 each	**500,000,000**	**500.00**	*500,000,000*	*500.00*
12% Preference shares of ₹ 10 each	**260,000,000**	**260.00**	*260,000,000*	*260.00*
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*

17(ii) Preference dividend during the year

The Company paid the final preference dividend for FY 2018-19 of ₹ 20.30 crore and dividend distribution tax of ₹ 4.17 crore during the year.

The Company paid preference dividend for FY 2019-20 of ₹ 60.90 crore and dividend distribution tax of ₹ 12.52 crore during the year.

17(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.

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

Particulars	As at 31-03-2020		*As at 31-03-2019*	
	Number of shares	**Shareholding %**	*Number of shares*	*Shareholding %*
Larsen & Toubro Limited (Parent) :				
10% Preference shares of ₹ 10 each	**500,000,000**	**100%**	*500,000,000*	*100%*
12% Preference shares of ₹ 10 each	**260,000,000**	**100%**	*260,000,000*	*100%*

NOTE 18 : OTHER EQUITY

Particulars	As at 31-03-2020	*As at 31-03-2019*
	₹ crore	*₹ 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)	**120.18**	*(63.76)*
Retained earnings	**897.73**	*350.84*
	960.24	*229.41*

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

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

\# 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 19 : LONG-TERM BORROWINGS

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
External commercial borrowing (unsecured)	**804.30**	*734.55*
	804.30	*734.55*

Terms of repayment of term loan outstanding as at 31-3-2020	Rate of Interest	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
Facility Type A: USD 71.690 Mn loan repayable on 8 October 2023 Facility Type B: USD 17.655 Mn USD loan repayable on 8 April 2023, USD 17.655 Mn loan repayable on 8 April 2024	USD LIBOR + Spread	**804.30**	*734.55*

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

NOTE 20 : NON CURRENT FINANCIAL LIABILITIES : OTHERS

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
Forward contract payable	**29.31**	*0.07*
Embedded derivatives payable	**0.21**	*113.15*
Premium payable on financial guarantee contracts	**3.84**	*4.98*
	33.36	*118.20*

NOTE 21 : NON CURRENT PROVISIONS

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019 ₹ crore*
Provision for employee benefits:		
Post-retirement medical benefits plan [Note Q(5)(iii)(a)] (Refer Note 37)	**18.92**	*14.31*
	18.92	*14.31*

NOTE 22 : CURRENT FINANCIAL LIABILITIES : BORROWINGS

Particulars	As on 31-03-2020			*As on 31-03-2019*		
	Secured ₹ crore	Unsecured ₹ crore	Total ₹ crore	*Secured ₹ crore*	*Unsecured ₹ crore*	*Total ₹ crore*
Secured loans from banks - cash credits	**0.77**	–	**0.77**	*0.22*	–	*0.22*
Short term loans and advances from related parties	–	–	–	–	*54.03*	*54.03*
Short term loans from banks	–	–	–	–	*79.70*	*79.70*
	0.77	–	**0.77**	*0.22*	*133.73*	*133.95*

Notes forming part of the Accounts (contd.)

Notes:

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

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

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

NOTE 23 : CURRENT FINANCIAL LIABILITIES : TRADE PAYABLE

Particulars	**As on 31-03-2020** **₹ crore**	*As on 31-03-2019* *₹ crore*
Total outstanding dues of micro and small enterprises (Refer note 47)	**77.89**	*41.36*
Total outstanding dues of creditors other than micro and small enterprises		
Due to related parties:		
Parent Company	**103.32**	*197.51*
Subsidiary and fellow subsidiary companies	**545.94**	*488.86*
Joint Venture companies	**154.04**	*103.43*
Acceptances	**–**	*0.01*
Due to others	**2,497.26**	*1,914.14*
	3,378.45	*2,745.31*

NOTE 24: CURRENT FINANCIAL LIABILITIES : OTHERS

Particulars	**As on 31-03-2020** **₹ crore**	*As on 31-03-2019* *₹ crore*
Forward contracts payable	**304.01**	*119.63*
Embedded derivative payable	**23.10**	*77.31*
Due to creditors for capital goods/services	**12.25**	*15.87*
Liabilities towards employees/workmen	**129.69**	*142.80*
Other payable	**5.76**	*11.01*
	474.81	*366.62*

NOTE 25 : CURRENT LIABILITIES : OTHERS

Particulars	**As on 31-03-2020**		*As on 31-03-2019*	
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
Contract Liabilities (Refer Note 44)				
Due to customers (construction related activity)	**4,643.00**		*3,657.07*	
Advances from customers	**1,013.73**		*599.80*	
		5,656.73		*4,256.87*
Other payable (including sales tax, service tax and GST)		**977.95**		*1,250.14*
		6,634.68		*5,507.01*

Notes forming part of the Accounts (contd.)

NOTE 26 : CURRENT LIABILITIES : PROVISIONS

Particulars	As on 31-03-2020 ₹ crore	₹ crore	*As on 31-03-2019* *₹ crore*	*₹ crore*
Provision for employee benefits (Refer Note 37)				
Gratuity	**9.50**		*8.58*	
Compensated absences	**71.91**		*65.88*	
Post-retirement medical benefits plan	**0.07**		*0.04*	
		81.48		*74.50*
Tax on dividend		**–**		*38.22*
Other provisions (Refer Note 41)		**259.55**		*89.09*
		341.03		*201.81*

NOTE 27 : CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent liabilities

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019* *₹ crore*
Claims against the Company not acknowledged as debt		
(a) Corporate Guarantees for performance given on behalf of Subsidiaries	**11,347.72**	*–*
(b) Sales-tax liability that may arise in respect of matters in appeal	**5.24**	*25.70*
(c) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company	**6.24**	*6.37*
(d) Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	**3.41**	*3.24*

Notes:

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

B. Commitments

Particulars	As at 31-03-2020 ₹ crore	*As at 31-03-2019* *₹ crore*
Estimated amount of contracts remaining to be executed on capital account		
Pending capital orders	**50.94**	*19.54*
Less: Capital provisions	**(6.13)**	*(6.39)*
Less: Capital advance	**(0.25)**	*(0.38)*
Pending capital orders - Related Parties	**0.52**	*–*
	45.08	*12.78*

Notes forming part of the Accounts (contd.)

NOTE 28: REVENUE FROM OPERATIONS

Particulars	2019-20		2018-19	
	₹ crore	₹ crore	₹ crore	₹ crore
Sale of products				
Manufacturing activity		**7.62**		*21.76*
Sale of services				
Construction and project related activity	**14,160.19**		*12,430.29*	
Servicing fees	**41.41**		*19.77*	
Engineering and service fees	**103.62**		*153.41*	
		14,305.22		*12,603.47*
Other operating revenue				
Income from hire of plant and equipment	**2.25**		*10.63*	
Technical fees	**0.41**		*2.18*	
Income from services to Related Parties	**12.52**		*14.72*	
Premium earned (net) on related forward exchange contract	**0.04**		*0.24*	
Insurance claim recoveries	**65.56**		*3.82*	
Miscellaneous income	**16.94**		*38.00*	
		97.72		*69.59*
		14,410.56		*12,694.82*

NOTE 29 : OTHER INCOME

Particulars	2019-20		2018-19	
	₹ crore	₹ crore	₹ crore	₹ crore
Interest Income				
Related Parties	**242.35**		*228.44*	
Others	**26.02**		*32.25*	
		268.37		260.69
Dividend Income from Subsidiary		**14.99**		–
Overheads charged to Related Parties		**14.09**		–
Net gain /(loss) on sale or fair valuation of investments		**1.39**		*4.61*
Net gain /(loss) on sale of property, plant and equipment		**0.95**		*1.03*
Provision no longer required		**–**		*0.98*
Miscellaneous income		**14.02**		*0.67*
		313.81		*267.98*

Notes forming part of the Accounts (contd.)

NOTE 30 : MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES

Particulars	2019-20		2018-19	
	₹ crore	₹ crore	₹ crore	₹ crore
Materials consumed				
Raw materials and components [Note Q(22)(b)]	6,871.38		5,021.98	
Less: scrap sales	29.03		55.25	
		6,842.35		4,966.73
Construction materials		955.89		406.11
Sub-contracting charges		2,167.24		3,323.54
Changes in inventories (including contract assets)		(161.40)		(16.61)
Other manufacturing, construction and operating expenses:				
Lease rentals	538.89		–	
Rent	–		73.00	
Hire charges - plant and equipment and others	–		524.87	
Stores,spares and tools consumed	320.92		89.91	
Power and fuel	72.71		170.57	
Packing and forwarding	21.66		20.86	
Engineering, technical and consultancy fees	716.11		616.15	
Insurance	45.71		22.24	
Rates and taxes	16.32		47.22	
Travelling and conveyance	125.24		151.07	
Repairs to plant and equipment	9.05		5.69	
General repairs and maintenance	49.73		51.92	
Bank guarantee charges	30.91		15.15	
Miscellaneous expenses	33.21		160.36	
Provision/(reversal) for foreseeable losses on construction contracts	(64.94)		127.45	
		1,915.52		2,076.46
		11,719.60		10,756.23

NOTE 31 : EMPLOYEE BENEFITS EXPENSE

Particulars	2019-20		2018-19	
	₹ crore	₹ crore	₹ crore	₹ crore
Salaries, wages and bonus		776.40		715.64
Contribution to and provision for:				
Provident funds and pension fund	19.09		16.06	
Superannuation/employee pension schemes	0.11		0.10	
Gratuity provision	6.61		6.79	
		25.81		22.95
Expenses on Employee Stock Option Schemes of Parent Company (Refer Note 45)		3.04		7.80
Insurance expenses-medical and others		8.57		10.00
Staff welfare expenses		61.98		50.75
		875.80		807.14

Notes forming part of the Accounts (contd.)

NOTE 32 : FINANCE COSTS

Particulars	2019-20		2018-19	
	₹ crore	₹ crore	₹ crore	₹ crore
Interest expenses				
On term loan from banks	28.53		17.12	
On lease liability-Right-of-Use	2.23		–	
Ind AS 19	5.82		5.27	
		36.58		22.39
Exchange loss (attributable to finance costs)		27.42		–
		64.00		22.39

NOTE 33 : OTHER EXPENSES

Particulars	2019-20	2018-19
	₹ crore	₹ crore
Power and fuel	5.92	4.95
Packing and forwarding	2.40	3.20
Professional fees	59.93	64.48
Payment to auditor (Refer Note 46)	0.68	0.65
Insurance	4.00	3.29
Rent & Hire charges	2.10	–
Rent	–	10.02
Rates and taxes	151.23	7.35
Travelling and conveyance	30.02	22.94
Repairs to buildings	5.28	1.25
General repairs and maintenance	17.47	15.77
Directors' fees	0.28	0.16
Telephone, postage and telegrams	11.58	11.68
Stationery and printing	5.01	4.78
Bank charges	10.48	6.60
Overheads charged by Parent Company	162.35	139.77
Corporate social responsibility (Refer Note 48)	11.18	9.71
Miscellaneous expenses	34.81	30.19
Bad Debts and Advances Written off	0.34	10.77
Allowance for doubtful debts and advances (net)	88.17	108.30
Exchange (gain) /loss (net)	(165.08)	(21.19)
Other provisions (Refer Note 41)	188.65	7.01
	626.80	441.68

NOTE 34 : PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The operation of the Company is classified as "infrastructure facilities" as defined under schedule VI to the Act. Accordingly, the disclosure requirements specified in sub section 4 of section 186 of the Act in respect of loan given, guarantee given or security provided and the related disclosures on purpose/utilization by recipient companies and requirement of charging minimum rate of interest as prescribed under sub section 7 of section 186, are not applicable to the Company. Loans are disclosed under note 5 and 13.

Notes forming part of the Accounts (contd.)

NOTE 35 : 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 31.03.2020			*As at 31.03.2019*		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
	Current assets							
1.	Inventories	8	**15.82**	**–**	**15.82**	*9.31*	*–*	*9.31*
2.	Investments	9	**1500.54**	**–**	**1500.54**	*2602.89*	*–*	*2602.89*
3.	Trade receivables	10	**3932.75**	**–**	**3932.75**	*1764.52*	*104.82*	*1869.34*
4.	Loans	13	**1540.44**	**–**	**1540.44**	*5.53*	*1.08*	*6.61*
5.	Other financial assets	14	**878.25**	**2.92**	**881.17**	*685.96*	*–*	*685.96*
6.	Other current assets	15	**3153.91**	**502.79**	**3656.70**	*3099.84*	*0.95*	*3100.79*

	Particulars	Note	As at 31.03.2020			*As at 31.03.2019*		
			Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
	Current liabilities							
1.	Borrowings	22	**0.77**	**–**	**0.77**	*133.95*	*–*	*133.95*
2.	Lease Liability		**19.69**	**–**	**19.69**	*–*	*–*	*–*
3.	Trade payables	23	**3375.53**	**2.92**	**3378.45**	*2459.24*	*286.07*	*2745.31*
4.	Other financial liabilities	24	**472.93**	**1.88**	**474.81**	*366.63*	*–*	*366.63*
5.	Other current liabilities	25	**6513.34**	**121.34**	**6634.68**	*5164.13*	*342.88*	*5507.01*
6.	Provisions	26	**307.41**	**33.62**	**341.03**	*180.96*	*20.84*	*201.80*

NOTE 36 : DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 12 "INCOME TAXES":

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

₹ crore

Sr. No.	Particulars	2019-20	*2018-19*
1.	Profit or Loss section		
	(i) Current income tax		
	Current income tax expense	**475.23**	*335.39*
	Tax expense in respect of earlier years	**(28.22)**	*8.92*
	(ii) Deferred tax:		
	Tax expense on origination and reversal of temporary differences	**(118.39)**	*(51.72)*
	Effect on deferred tax balances due to the change in income tax rate	**59.53**	*–*
	Income tax expense reported in Profit or Loss [(i)+(ii)]	**388.15**	***292.59***

Notes forming part of the Accounts (contd.)

Sr. No.	Particulars	2019-20	2018-19
2.	Other Comprehensive Income (OCI) Section:		
	(i) Items not to be reclassified to Profit or Loss in subsequent periods:		
	Current tax expense/(income):	–	–
	On remeasurement of defined benefit plan	**(1.24)**	*(0.94)*
	Total	**(1.24)**	***(0.94)***
	(ii) Items to be reclassified to Profit or Loss in subsequent periods:		
	(A) Current tax expense/(income)	–	–
	(B) Deferred tax:		
	On mark to market gain/(loss) on cash flow hedges	**75.74**	*(61.60)*
	Net gain/(loss) on cost of hedging reserve	**(1.06)**	*0.42*
	Total	**74.68**	***(61.18)***
	Income tax expense reported in the OCI section [(i)+(ii)]	**73.44**	***(62.12)***

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

₹ crore

Sr. No.	Particulars	2019-20	2018-19
1.	Profit before tax	**1,329.86**	*847.33*
2.	Corporate tax rate as per Income tax Act, 1961	**25.168%**	*34.944%*
3.	Tax on Accounting profit (3) = (1)*(2)	**334.70**	*296.09*
4.	(i) Tax on Income exempt from tax :		
	(A) Income related to SEZ	–	*(4.39)*
	(ii) Tax on expenses not tax deductible:		
	(A) CSR Expenses	**2.81**	*2.45*
	(iii) Weighted deductions on R&D expenditure and deduction u/s 80IA	–	*(2.76)*
	(iv) Effect on deferred tax balances due to the change in income tax rate	**59.53**	–
	(v) Effect of current tax related to earlier years	**(28.22)**	–
	(vi) Tax effect on various other items	**19.33**	*1.20*
	Total (i) to (vi)	**53.45**	***(3.50)***
5.	**Tax expense recognised during the year (5)=(3+4)**	**388.15**	***292.59***
6.	Effective tax Rate (%) **(6) = (5)/(1)**	**29.19 %**	***34.53%***

The Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. The section 115BAA, provides existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with consequential surrender of specified deductions/incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961 for assessment year (AY) – 2020-21 or subsequent AYs. Once exercised such an option cannot be withdrawn for the same or subsequent AYs.

Accordingly, the Company has recognised provision for Income tax for the year ended March 31, 2020 and remeasured its deferred tax assets/(liabilities) (net) based on the rate prescribed in the said Ordinance. The full impact of this change has been recognised in the statement of profit and loss and other comprehensive income, for the year ended March 31, 2020.

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

₹ crore

Sr. No.	Particulars	Balance Sheet		Statement of Profit or Loss		Other Comprehensive Income	
		As at 31-03-2020	As at 31-03-2019	2019-20	2018-19	2019-20	2018-19
1.	Disputed statutory liability claimed on payment basis u/s 43B of the Income Tax Act, 1961	**8.93**	*1.64*	**7.29**	–	–	–
2.	Items disallowed u/s 43B of Income Tax Act, 1961	**(98.66)**	*(22.93)*	**(75.73)**	*0.85*	–	–
3.	Provision for doubtful debt and advances	**(186.08)**	*(210.21)*	**24.13**	*(21.84)*	–	–
4.	Difference in book depreciation and income tax depreciation	**60.79**	*89.37*	**(28.58)**	*3.08*	–	–
5.	Gain/(loss) on derivative/Hedge transactions/foreseeable loss	**(15.15)**	*(105.71)*	**15.88**	*(45.14)*	**74.68**	*(61.18)*
6.	Opening Impact of lease rent as per Ind AS 116	**(1.35)**	–	**(1.03)**	–	–	–
7.	Other temporary differences	**(0.02)**	*0.80*	**(0.82)**	*11.33*	–	–
	Deferred tax expense/(income)	–	–	**(58.86)**	***(51.72)***	–	–
	Net deferred tax (assets)/liabilities	**(231.54)**	***(247.04)***	–	–	–	–

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

₹ crore

Sr. No.	Particulars	2019-20	*2018-19*
1.	Opening Balance as at April 1	**(247.04)**	*(142.83)*
2.	Tax (income)/expense recognised in opening Retained earnings	**(0.32)**	*(32.34)*
3.	Tax (income)/expense during the period recognised in:		
	(i) Statement of Profit and Loss in Profit or Loss section	**(58.86)**	*(51.72)*
	(ii) Statement of Profit and Loss under OCI section	**74.68**	*(61.18)*
	(iv) MAT utilised during the year against current tax provision	–	*41.03*
4	**Closing balance as at March 31**	**(231.54)**	***(247.04)***

Note 37 : Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 "Employee Benefits"

1. Defined contribution plans: [Note 2.11] Amount of ₹ 7.95 crore (*previous year ₹ 6.29 crore*) is recognised as an expense.

Notes forming part of the Accounts (contd.)

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 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
A) Present value of defined benefit obligation								
- Wholly funded	**50.45**	*43.42*	**–**	–	**–**	–	**367.41**	*316.81*
- Wholly non-funded	**9.49**	*8.58*	**18.99**	*14.36*	**3.86**	*4.39*	**–**	–
Less: Fair value of plan assets	**42.38**	*35.02*	**–**	–	**–**	–	**389.31**	*318.79*
Amount to be recognised as liability or (asset)	**17.56**	*16.98*	**18.99**	*14.36*	**3.86**	*4.39*	**(21.90)**	*(1.98)*
B) Amounts reflected in the balance sheet								
- Liabilities	**17.56**	*16.98*	**18.99**	*14.36*	**3.86**	*4.39*	**3.79**	*2.91*
- Assets	**–**	–	**–**	–	**–**	–	**–**	–
Net liability/(asset)	**17.56**	*16.98*	**18.99**	*14.36*	**3.86**	*4.39*	**3.79**	*2.91*
Net liability/(asset) – current	**17.56**	–	**0.07**	*0.04*	**0.08**	*0.17*	**3.79**	*2.91*
Net liability/(asset) – Non current	**–**	*16.98*	**18.92**	*14.32*	**3.78**	*4.22*	**–**	–

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	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1.	Current service cost	**6.61**	*6.88*	**1.34**	*1.53*	**0.15**	*0.10*	**11.32**	*9.96*
2.	Interest cost	**3.06**	*2.64*	**1.09**	*1.18*	**0.33**	*0.23*	**28.23**	*24.50*
3.	Interest income on plan assets	**(2.53)**	*(2.68)*	**–**	–	**–**	–	**(28.23)**	*(24.50)*
4.	Actuarial losses/(gains)	**3.73**	*5.26*	**2.20**	*(3.67)*	**(1.01)**	*1.09*	**(31.01)**	*(0.16)*
5.	Actuarial gain/(loss) not recognised in books	**–**	–	**–**	–	**–**	–	**31.01**	*0.16*
6.	Past Service Cost	**–**	–	**–**	*0.05*	**–**	–	**–**	–
7.	Adjustment for earlier years	**–**	*(0.09)*	**–**	–	**–**	–	**–**	–
	Total (1 to 7)	**10.87**	*12.01*	**4.63**	*(0.91)*	**(0.53)**	*1.42*	**11.32**	*9.96*
i.	Amount included in "employee benefits expense"	**6.61**	*6.79*	**1.34**	*1.58*	**0.15**	*0.10*	**11.32**	*9.96*
ii.	Amount included as part of "finance cost"	**0.53**	*(0.04)*	**1.09**	*1.18*	**0.33**	*0.23*	**–**	–
iii.	Amount included as part of "Other comprehensive income"	**3.73**	*5.26*	**2.20**	*(3.67)*	**(1.01)**	*1.09*	**–**	–
	Total (i+ii+iii)	**10.87**	*12.01*	**4.63**	*(0.91)*	**(0.53)**	*1.42*	**11.32**	*9.96*
	Actual return on plan assets	**4.23**	*1.88*	**–**	–	**–**	–	**59.24**	*24.67*

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 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
Opening balance of the present value of defined benefit obligation	**52.06**	*46.83*	**14.35**	*15.34*	**4.39**	*2.97*	**316.81**	*280.74*
Add: Current service cost	**6.61**	*6.88*	**1.34**	*1.53*	**0.15**	*0.10*	**11.32**	*9.96*
Add: Interest cost	**3.06**	*2.64*	**1.09**	*1.18*	**0.32**	*0.23*	**28.23**	*24.50*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	**40.38**	*24.57*
iii) Transfer-in/(out)	–	–	–	–	–	–	–	*4.69*
Add/(less): Actuarial losses/(gains)	–	–	–	–	–	–	–	–
i) Actuarial (gains)/losses arising from changes in financial assumptions	**6.91**	*0.10*	**3.14**	*(0.10)*	**0.44**	*1.09*	–	–
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	**(0.80)**	*2.96*	**0.70**	*(3.01)*	–	–	–	–
iii) Actuarial (gains)/losses arising from changes in experience adjustments	**(0.68)**	*1.38*	**(1.63)**	*(0.76)*	**(1.45)**	–	–	–
Less: Benefits paid	**(7.22)**	*(8.75)*	–	*(0.01)*	–	–	**(33.93)**	*(35.73)*
Add: Liabilities assumed on transfer of employees	–	–	–	–	–	–	**4.60**	*8.07*
Closing balance of the present value of defined benefit obligation	**59.94**	*52.06*	**18.99**	*14.35*	**3.85**	*4.39*	**367.41**	*316.81*

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 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
Opening balance of the fair value of the plan assets	**35.01**	*35.88*	**318.79**	*283.12*
Add: Interest income on plan assets*	**2.53**	*2.69*	**28.23**	*24.50*
Add/(Less): Actuarial gains/(losses)	–	–	**31.01**	–
(a) Difference between actual return on plan assets and interest income	**1.70**	*(0.80)*	–	*0.16*
(b) Others				
Add: Contribution by the employer	**8.40**	*0.84*	**11.16**	*9.91*
Add/(less) : Transfer in/(out)	–	–	**4.60**	–
Add: Contribution by plan participants	–	–	**29.45**	*24.17*
Add: Liabilities assumed on transfer of employees	–	–	–	*12.65*
Less: Benefits paid	**(5.26)**	*(3.60)*	**(33.93)**	*(35.73)*
Closing balance of the plan assets	**42.38**	*35.01*	**389.31**	*318.79*

Notes forming part of the Accounts (contd.)

* Basis used to determine interest income on plan assets:

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

The Company expects to fund ₹ 8.06 crore (*previous year: ₹ 8.39 crore*) towards gratuity plan.

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

₹ crore

Particulars	Gratuity plan			Gratuity plan		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	As at March 31, 2020			As at March 31, 2019		
Cash and cash equivalents	–	–	**–**	–	–	–
Equity instruments	–	–	**–**	–	–	–
Debt instruments - Corporate Bonds	12.32	–	**12.32**	*10.21*	–	*10.21*
Debt instruments - Central government Bonds	25.77	–	**25.77**	*24.02*	–	*24.02*
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	–	–	**–**	–	–	–
Others	–	4.29	**4.29**	–	*0.78*	*0.78*
Total	**38.09**	**4.29**	**42.38**	**34.23**	**0.78**	**35.01**

₹ crore

Particulars	Trust-managed provident fund plan			Trust-managed provident fund plan		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	As at March 31, 2020			As at March 31, 2019		
Cash and cash equivalents	–	1.28	**1.28**	–	*0.57*	*0.57*
Equity instruments	–	–	**–**	–	–	–
Debt instruments - Corporate Bonds	112.24	–	**112.24**	*66.41*	–	*66.41*
Debt instruments - Central government Bonds	83.89	–	**83.89**	*75.14*	–	*75.14*
Debt instruments - State government Bonds	98.46	–	**98.46**	*76.32*	–	*76.32*
Debt instruments - PSU Bonds	62.28	–	**62.28**	*69.84*	–	*69.84*
Mutual funds – Equity	5.65	5.40	**11.05**	*4.15*	*6.05*	*10.20*
Mutual funds – Debt	–	–	**–**	–	*2.76*	*2.76*
Mutual funds – Others	0.92		**0.92**	–	*0.15*	*0.15*
Fixed Deposits	–	–	**–**	–	–	–
Others	1.70	–	**1.70**	*0.02*	–	*0.02*
Special Deposit Scheme	–	17.49	**17.49**	–	*17.38*	*17.38*
Total	**365.14**	**24.17**	**389.31**	***291.88***	***26.91***	***318.79***

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

₹ crore

Particulars	31.03.2020	*31.03.2019*
Gratuity plan	**8.14**	*6.47*
Post-retirement medical benefit plan	**19.80**	*18.64*
Company pension plan	**10.38**	*9.88*

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

₹ crore

	Particulars	31.03.2020	*31.03.2019*
1.	Discount rate:		
	a) Gratuity plan	**6.69%**	*7.63%*
	b) Company pension plan	**6.69%**	*7.67%*
	c) Post-retirement medical benefit plan	**6.69%**	*7.63%*
2.	Annual increase in healthcare costs (see note 7 below)		
3.	Salary Growth rate:		
	a) Gratuity plan	**6.00%**	*5.00%*
	b) Company pension plan	**8.00%**	*7.00%*

4. Attrition rate:

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

   b) For gratuity plan the attrition rate varies from 1% to 11% *(previous year: 1% to 12%)* 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 5 % *(previous year : 5%)*.

8. (a) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2019-20	2018-19	2019-20	2018-19
Impact of change in salary growth rate	**8.50%**	*6.65%*	**(7.53%)**	*(5.99%)*
Impact of change in discount rate	**(7.42%)**	*(5.80%)*	**8.53%**	*6.65%*

   (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	
	2019-20	2018-19	2019-20	2018-19
Impact of change in discount rate	**(9.55%)**	*(9.12%)*	**11.34%**	*10.77%*
Impact of change in life expectancy	**1.02%**	*0.97%*	**(1.09%)**	*(1.04%)*

Notes forming part of the Accounts (contd.)

(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	
	2019-20	2018-19	2019-20	2018-19
Impact of change in health care cost	**12.67%**	*15.77%*	**(10.43%)**	*(12.88%)*
Impact of change in discount rate	**(17.44%)**	*(16.58%)*	**22.71%**	*21.14%*
Impact of change in life expectancy	**1.53%**	*0.86%*	**(1.60%)**	*(0.91%)*

h) Characteristics of defined benefit plans and associated risks:

1. Gratuity plan:

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

2. Post-retirement medical care plan:

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

3. Company's pension plan:

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

4. Trust managed provident fund plan:

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

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

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

NOTE 38: DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24 "RELATED PARTY DISCLOSURES":

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

Parent:	
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)
3	L&T Modular Fabrication Yard LLC
4	Larsen & Toubro Electromech LLC
5	L&T Hydrocarbon International FZE
6	Larsen & Toubro Kuwait Construction General Contracting Company, WLL
7	L&T Heavy Engineering LLC
8	L&T Gulf Private Limited*

*L&T Gulf Private Limited was a joint venture till 31 December 2019, w.e.f. 1 January 2020, it is considered as subsidiary of the Company.

Fellow subsidiary companies:			
1	Nabha Power Limited	2	L&T Thales Technology Services Private Limited
3	Larsen and Toubro (East Asia) SDN.BHD	4	L&T Valves Limited
5	L&T Electrical and Automation FZE	6	L&T Technology Services Limited
7	L&T Infrastructure Finance Company Limited	8	Tamco Switchgear (Malaysia) SDN BHD
9	L&T Geostructure LLP	10	L&T Electrical & Automation Saudi Arabia Company Limited
11	L&T Infrastructure Engineering Limited	12	Larsen & Toubro Infotech Limited
13	Larsen & Toubro Hydrocarbon International Limited LLC	14	KANA Controls General Trading and Contracting Company WLL
15	L&T Reality Limited		

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

*Joint ventures of Parent and other group entities

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

Notes forming part of the Accounts (contd.)

b) Disclosure of related party transactions:

(₹ crore)

Sr. No	Nature of transaction / relationship / major parties	2019-20 Amount	2019-20 Amounts for major parties	2018-19 Amount	2018-19 Amounts for major parties
1	**Purchase of goods and services (including commission paid)**				
	Parent	**718.95**		*347.70*	
	Subsidiaries, including:	**442.79**		*979.52*	
	L&T Modular Fabrication Yard LLC		**373.80**		*786.11*
	Larsen & Toubro Electromech LLC		**63.12**		*147.79*
	L&T Gulf Private Limited		**5.25**		*–*
	L&T Heavy Engineering LLC		**0.51**		*50.82*
	Fellow subsidiaries, including:	**206.02**		*117.62*	
	L&T Valves Limited		**96.97**		*61.87*
	L&T Electrical and Automation FZE		**19.99**		*21.41*
	Larsen & Toubro Infotech Limited		**2.39**		*–*
	Tamco Switchgear (Malaysia) SDN BHD		**–**		*0.37*
	L&T Technology Services Limited		**3.46**		*2.06*
	L&T Infrastructure Engineering Limited		**–**		*0.25*
	L&T Geostructure LLP		**71.39**		*10.23*
	L&T Electrical and automation Limited		**10.86**		*21.43*
	Associates and joint ventures, including:	**274.15**		*255.14*	
	L&T Chiyoda Limited		**234.07**		*153.45*
	L&T Gulf Private Limited		**0.72**		*13.74*
	L&T Sapura Shipping Private Limited		**39.36**		*86.88*
	L&T Sapura Offshore Private Limited				
	Joint ventures of Parent and other group entities, including:	**2.21**		*0.70*	
	L&T Sargent and Lundy Limited		**2.06**		*0.70*
	Total	**1644.12**		*1710.92*	
2	**Sale of goods / contract revenue and services**				
	Parent	**46.95**		*32.11*	
	Subsidiaries, including:	**8.27**		*112.24*	
	L&T Modular Fabrication Yard LLC		**–**		*0.67*
	L&T Hydrocarbon Saudi Company LLC		**6.61**		*111.56*
	L&T Heavy Engineering LLC		**1.66**		*–*
	Fellow subsidiaries, including:	**8.01**		*29.08*	
	L&T Technology Services Limited		**8.01**		*27.84*
	Joint ventures of Parent and other group entities, including:	**–**		*0.43*	
	L&T Special Steels and Heavy Forgings Private Limited		**–**		*0.43*
	Total	**63.23**		*172.87*	
3	**Purchase / lease of fixed assets**				
	Parent	**–**		*3.07*	
	Subsidiaries, including:	**1.09**		*0.16*	
	L&T Modular Fabrication Yard LLC		**1.09**		*–*
	Fellow subsidiaries, including:	**1.33**		*–*	
	L&T Infrastructure Engineering Limited		**0.43**		*–*
	L&T Technology Services Limited		**0.90**		*–*
	Joint ventures of Parent and other group entities, including:	**0.15**		*0.16*	
	L&T Sapura shipping Private Limited		**0.15**		*0.16*
	Total	**2.57**		*3.39*	

(₹ crore)

Sr. No	Nature of transaction / relationship / major parties	2019-20 Amount	2019-20 Amounts for major parties	2018-19 Amount	2018-19 Amounts for major parties
4	**Sale of fixed asset**				
	Parent	**0.10**		–	
	Total	**0.10**		–	
5	**Purchase of investment in subsidiary and associate, joint venture companies**				
	Subsidiaries, including:	–		*0.29*	
	Larsen & Toubro International FZE		–		*0.29*
	Total	–		*0.29*	
6	**Net inter corporate deposits given / (returned)**				
	Parent	**1249.50**		*(129.91)*	
	Subsidiaries, including			*770.94*	
	Larsen Toubro Arabia LLC		–		*93.73*
	L&T Hydrocarbon Saudi Company LLC		–		*532.36*
	L&T Modular Fabrication Yard LLC		–		*80.06*
	L&T Heavy Engineering LLC		–		*64.79*
	Joint ventures, including:	**(17.69)**		*(20.28)*	
	L&T Sapura Shipping Private Limited		**(17.69)**		*(20.28)*
	Total	**1231.81**		*620.75*	
7	**Inter corporate borrowings taken / (repaid)**				
	Parent	**(54.03)**		*54.03*	
	Total	**(54.03)**		*54.03*	
8	**Receiving of services / overheads charged by related parties**				
	Parent	**161.83**		*138.55*	
	Subsidiaries, including:	**0.15**		*0.23*	
	Larsen Toubro Arabia LLC		**0.15**		*0.23*
	Fellow subsidiaries, including:	**10.57**		*7.49*	
	Larsen and Toubro Infotech Limited		**10.54**		*7.40*
	L&T Electrical and Automation FZE		–		*0.09*
	Associates and joint ventures, including:	**7.29**		*1.17*	
	L&T Chiyoda Limited		**7.29**		*0.97*
	L&T Gulf Private Limited		–		*-0.25*
	L&T Sapura Shipping Private Limited		–		*0.45*
	Joint ventures of Parent and other group entities, including:	**2.35**		*1.03*	
	L&T MHPS Boiler Private Limited		**1.22**		*1.03*
	L&T-Sargent & Lundy Limited		**1.13**		–
	Total	**182.19**		*148.47*	
9	**Rent paid, including lease rentals under leasing / hire purchase arrangements including loss sharing on equipment finance**				
	Parent	**15.92**		*4.41*	
	Subsidiaries, including:	**13.22**		–	
	L&T Modular Fabrication Yard LLC		**10.80**		–
	Larsen & Toubro Electromech LLC		**1.45**		–
	Larsen Toubro Arabia LLC		**0.97**		–

Notes forming part of the Accounts (contd.)

(₹ crore)

Sr. No	Nature of transaction / relationship / major parties	2019-20 Amount	2019-20 Amounts for major parties	2018-19 Amount	2018-19 Amounts for major parties
	Fellow subsidiaries including:	**0.29**		*0.29*	
	Larsen & Toubro Infotech Limited		**0.29**		*0.29*
	Associates and Joint Ventures, including	**0.08**		–	
	L&T Sapura Shipping Private Limited		**0.08**		–
	Total	**29.51**		*4.70*	
10	**Charges incurred for deputation of employees from related parties**				
	Parent	–		*0.61*	
	Subsidiaries, including:	**8.61**		*36.02*	
	L&T Modular fabrication Yards LLC		**8.61**		*36.02*
	Total	**8.61**		*36.63*	
11	**Charges recovered for deputation of employees to related parties**				
	Parent	–		–	
	Fellow subsidiaries, including:				
	L&T Technology Services Limited				
	Associates and joint ventures, including:	**4.07**		–	
	L&T Sapura Shipping Private Limited		**4.07**		–
	Total	**4.07**		–	
12	**Rent received, overhead recovered and miscellaneous income**				
	Parent	**3.07**		*1.66*	
	Subsidiaries, including:	**14.50**		*12.65*	
	Larsen Toubro Arabia LLC		**8.07**		*7.35*
	L&T Hydrocarbon Saudi Company LLC		**6.01**		*4.24*
	L&T Gulf Private Limited		**0.42**		–
	Larsen & Toubro Electromech LLC		–		*0.93*
	Fellow subsidiaries, including	**0.74**		*0.62*	
	L&T Valves Limited		**0.53**		*0.46*
	L&T Shipbuilding Limited		**0.00**		*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		**0.11**		*0.07*
	Associates and joint ventures, including:	**6.68**		*7.71*	
	L&T Chiyoda Limited		**6.18**		*6.33*
	L&T Gulf Private Limited		**0.04**		*1.01*
	L&T Sapura Shipping Private Limited		**0.46**		*0.37*
	Joint ventures of Parent and other group entities, including:	**0.19**		*0.18*	
	L&T MHPS Boilers Private Limited		**0.12**		*0.10*
	L&T Special Steels and Heavy Forgings Private Limited		**0.02**		*0.03*
	L&T MHPS Turbine Generators Private Limited		**0.01**		*0.01*
	L&T Sargent and Lundy Limited		**0.01**		*0.01*
	L&T Howden Private Limited		**0.03**		*0.03*
	Total	**25.19**		*22.82*	

(₹ crore)

Sr. No	Nature of transaction / relationship / major parties	2019-20		2018-19	
		Amount	Amounts for major parties	Amount	Amounts for major parties
13	**Interest received**				
	Parent	**201.68**		*199.36*	
	Subsidiaries, including:	**36.06**		*23.87*	
	Larsen Toubro Arabia LLC		**13.02**		*11.52*
	L&T Hydrocarbon Saudi Company LLC		**18.12**		*8.84*
	Associates and joint ventures, including:	**4.61**		*5.04*	
	L&T Sapura Shipping Private Limited		**4.61**		*5.04*
	Total	**242.35**		*228.27*	
14	**Interest paid**				
	Parent	**0.06**		*0.03*	
	Total	**0.06**		*0.03*	
15	**Dividend paid**				
	Parent	**326.22**		*331.21*	
	Total	**326.22**		*331.21*	
16	**Dividend received**				
	Subsidiaries	**14.99**		–	
	L&T Modular Fabrication Yard LLC		**14.99**		–
	Total	**14.99**		–	
17	**Amount written off**				
	Parent	**–**		*1.60*	
	Total	**–**			*1.60*
18	**Amount recognised in P&L on account of debtors and advances**				
	Parent	**0.77**		–	
	Fellow subsidiaries including:	**2.64**		–	
	Larsen & Toubro Hydrocarbon International Limited LLC		**2.64**		–
	Associates and Joint Venture including:	**5.07**		–	
	L&T Sapura Offshore Private Limited		**5.07**		–
	Total	**8.48**		–	
19	**Employer' contribution towards trust managed employees provident fund**	**11.32**		*9.91*	
20	**Employer' contribution towards trust managed employees gratuity fund**	**8.39**		*0.84*	
21	**Payment under lease as per IND AS 116**	**2.41**		–	
	Parent		**2.41**		–
	Total	**2.41**		–	
22	**Guarantee issued on behalf of the Company by**				
	Parent	**1705.47**		*9308.23*	
	Total	**1705.47**		*9308.23*	
23	**Guarantee given on behalf of**				
	Subsidiary	**10645.78**			
	Larsen Toubro Arabia LLC		**3993.85**		–
	L&T Hydrocarbon Saudi Company LLC		**6651.93**		–
	Total	**10645.78**			

Notes forming part of the Accounts (contd.)

c) Amount due to / from related parties :

(₹ crore)

Sr. No	Category of balance / relationship / major parties	As at 31.03.2020		As at 31.03.2019	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	**Accounts receivable**				
	Parent	**55.51**		*14.35*	
	Subsidiaries, including:	**1.49**		*16.73*	
	L&T Hydrocarbon Saudi Company LLC		**1.40**		*16.51*
	L&T Heavy Engineering LLC		**0.09**		*0.22*
	Fellow subsidiaries, including:	**4.13**		*3.13*	
	L&T Technology Services Limited		**4.13**		*3.13*
	Associates and joint ventures, including:	**–**		*0.03*	
	L&T Gulf Private Limited		**–**		*0.03*
	Total	**61.13**		*34.24*	
2	**Accounts payable (including acceptance & interest accrued)**				
	Parent	**104.72**		*188.44*	
	Subsidiaries, including:	**482.62**		*478.25*	
	Larsen Toubro Arabia LLC		**78.66**		*38.98*
	L&T Modular Fabrication Yard LLC		**303.50**		*339.04*
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**0.50**		*0.46*
	L&T Gulf Private Limited		**6.81**		*–*
	Larsen & Toubro Heavy Engineering LLC		**3.01**		*–*
	Larsen & Toubro Electromech LLC		**90.13**		*39.43*
	Fellow subsidiaries, including:	**61.90**		*20.20*	
	L&T Valves Limited		**34.86**		*–*
	Larsen and Toubro (East Asia) SDN.BHD		**0.12**		*0.12*
	L&T Electrical and Automation FZE		**2.64**		*6.46*
	L&T Technology Services Limited		**5.27**		*8.49*
	Larsen & Toubro Infotech Limited		**5.56**		*2.25*
	L&T Geostructure LLP		**5.52**		*–*
	L&T Electrical & Automation Saudi Arabia Company Limited		**5.36**		*–*
	L&T Shipbuilding Limited		**–**		*1.29*
	TAMCO Switchgear (Malaysia) SDN BHD		**0.98**		*1.30*
	KANA Controls General Trading and Contracting Company WLL		**1.51**		*–*
	L&T Infrastructure Engineering Limited		**0.07**		*0.29*
	Associates and joint ventures, including:	**152.88**		*102.80*	
	L&T Gulf Private Limited		**–**		*4.35*
	L&T Chiyoda Limited		**96.31**		*23.83*
	L&T Sapura Shipping Private Limited		**55.87**		*73.38*
	Joint ventures of Parent and other group entities, including:	**1.16**		*0.11*	
	L&T Sargent and Lundy Limited		**1.00**		*0.11*
	L&T Special Steels and Heavy Forgings Private Limited		**0.16**		*–*
	Total	**803.28**		*789.79*	

Notes forming part of the Accounts (contd.)

(₹ crore)

Sr. No	Category of balance / relationship / major parties	As at 31.03.2020		As at 31.03.2019	
		Amount	Amounts for major parties	Amount	Amounts for major parties
3	**Loans and advances recoverable**				
	Parent	**127.87**		*193.39*	
	Subsidiaries, including:	**272.40**		*218.98*	
	L&T Hydrocarbon Saudi Company LLC		**78.26**		*73.47*
	Larsen & Toubro Electromech LLC		**0.81**		*2.84*
	L&T Modular Fabrication Yard LLC		**0.50**		*8.95*
	Larsen Toubro Arabia LLC		**168.22**		*108.44*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		**21.70**		*19.90*
	Larsen & Toubro Heavy Engineering LLC		**2.22**		–
	L&T Gulf Private Limited		**0.42**		–
	L&T Heavy Engineering LLC		**–**		*0.41*
	Fellow subsidiaries, including:	**27.34**		*25.46*	
	L&T Hydrocarbon International Limited LLC		**2.64**		*4.71*
	L&T Electrical & Automation Saudi Arabia Company Limited		**–**		*0.80*
	L&T Electrical and Automation FZE		**5.32**		*4.14*
	L&T Infrastructure Finance Company Limited		**0.02**		*0.02*
	L&T Shipbuilding Limited		**–**		*0.96*
	L&T Technology Services Limited		**13.31**		*14.51*
	Nabha Power Limited		**0.03**		*0.03*
	L&T Thales Technology Services Private Limited		**0.02**		*0.02*
	L&T Valves Limited		**5.81**		*0.27*
	Associates and joint ventures, including:	**16.23**		*15.02*	
	L&T Chiyoda Limited		**7.44**		*6.59*
	L&T Sapura Shipping Private Limited		**3.58**		*1.33*
	L&T Sapura Offshore Private Limited		**5.21**		*5.22*
	L&T Gulf Private Limited		**–**		*1.88*
	Joint ventures of Parent and other group entities, including:	**0.21**		*0.33*	
	L&T Special Steels and Heavy Forgings Private Limited		**0.06**		–
	L&T MHPS Turbine Generators Private Limited		**–**		*0.01*
	L&T Sargent and Lundy Limited		**0.02**		*0.03*
	L&T MHPS Boilers Private Limited		**0.11**		*0.26*
	L&T Howden Private Limited		**0.02**		*0.03*
	Total	**444.05**		*453.81*	
4	**Provision against doubtful debts and advances**				
	Parent	**0.79**		*0.02*	
	Fellow Subsidiary	**2.64**		–	
	L&T Hydrocarbon International Limited LLC		**2.64**		–
	Associates and joint ventures, including:	**5.07**		–	
	L&T Sapura Offshore Private Limited		**5.07**		–
	Total	**8.51**			

Notes forming part of the Accounts (contd.)

(₹ crore)

Sr. No	Category of balance / relationship / major parties	As at 31.03.2020		As at 31.03.2019	
		Amount	Amounts for major parties	Amount	Amounts for major parties
5	**Inter corporate deposits**				
	Parent	**1249.50**		–	
	Subsidiaries, including:	**1249.27**		1111.29	
	Larsen Toubro Arabia LLC		**487.99**		434.08
	L&T Hydrocarbon Saudi Company LLC (Formerly Larsen & Toubro ATCO Saudi LLC)		**601.48**		532.36
	L&T Modular Fabrication Yard LLC		**86.71**		80.06
	L&T Heavy Engineering LLC		**73.09**		64.79
	Associates and joint ventures, including:	**163.73**		166.02	
	L&T Sapura Shipping Private Limited		**163.73**		166.02
	Total	**2662.50**		1277.31	
6	**Inter corporate borrowings**				
	Parent	**–**		54.03	
	Total	**–**		54.03	
7	**Due to Directors #**	**8.54**		7.16	
	Mr. Subramaniam Sarma		**8.33**		6.68
	Total	**8.54**		7.16	
8	**Guarantee issued on behalf of the Company by**				
	Parent	**19593.32**		18476.12	
	Total	**19593.32**			18476.12
9	**Guarantee given on behalf of**				
	Subsidiary	**11347.71**		–	
	Larsen Toubro Arabia LLC		**4254.39**	–	
	L&T Hydrocarbon Saudi Company LLC		**7093.32**		–
	Total	**11347.71**		–	

includes commission due to non-executive directors

d) Related Party-Commitment:

(₹ crore)

Sr. No.	Nature of transaction / relationship / major parties	2019-20		2018-19	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	**Capital commitment**				
	Parent	**–**		–	
	Fellow subsidiaries, including:	**2.11**		–	
	Larsen & Toubro Infotech Limited		**1.59**	–	
	L&T Infrastructure Engineering Limited		**–**		–
	L&T Technology Services Limited		**0.52**		
	Total	**2.11**		–	

Notes forming part of the Accounts (contd.)

(₹ crore)

Sr. No.	Nature of transaction / relationship / major parties	2019-20		2018-19	
		Amount	Amounts for major parties	Amount	Amounts for major parties
2	**Revenue commitment**				
	Parent	**945.43**		*854.85*	
	Subsidiaries company	**1589.82**		–	
	L&T Modular Fabrication Yard LLC		**1586.72**		–
	L&T Gulf Private Limited		**3.10**		–
	Fellow subsidiaries, including:	**143.21**		*116.15*	
	L&T Valves Limited		**76.44**		*76.12*
	L&T Electrical and Automation FZE		**64.82**		*28.88*
	Larsen & Toubro Infotech Limited		**0.18**		–
	L&T Technology Services Limited		**0.31**		*2.91*
	L&T Infrastructure Engineering Limited		**–**		*1.70*
	TAMCO Switchgear (Malaysia) SDN BHD		**–**		*0.10*
	Larsen & Toubro Heavy Engineering LLC		**–**		*2.50*
	KANA Controls General Trading and Contracting Company WLL		**–**		*0.44*
	Associates and joint ventures, including:	**223.71**		*195.41*	
	L&T Chiyoda Limited		**220.45**		*186.02*
	L&T Gulf Private Limited		**–**		*6.95*
	L&T Sapura Shipping Private Limited		**3.26**		*2.44*
	Joint ventures of Parent and other group entities, including:	**1.65**		*0.08*	
	L&T Sargent and Lundy Limited		**1.65**		*0.08*
	Total	**2903.82**		*1166.50*	
3	**Revenue Commitment-Services**				
	Parent	**0.90**		–	
	Fellow subsidiaries, including:	**7.44**		–	
	L&T Technology Services Limited		**7.44**		–
	Associates and joint ventures, including:	**0.08**		–	
	L&T Chiyoda Limited		**0.08**		–
	Total	**8.42**		–	

*L&T Gulf till last year was shown as joint venture

e) Remuneration of Directors and Key Managerial Personnel:

A. Payment of salaries:

(₹ crore)

Key Managerial Personnel	2019-20				2018-19			
	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	**16.33**	**–**	**–**	**16.33**	*14.00*	–	–	*14.00*
Mr. T Chinnappa	**0.62**	**0.54**	**0.32**	**1.48**	*0.91*	*0.02*	–	*0.93*

Notes forming part of the Accounts (contd.)

B. Fee for attending Board/Committee meetings

(₹ crore)

Sr. No.	Particulars	FY 2019-20	FY 2018-19
	Mr. K. Venkataramanan	**0.02**	*0.04*
	Mr. Vikram Singh Mehta	**0.03**	*0.04*
	Mr. Sarthak Behuria (upto 31.03.2019)	–	*0.04*
	Mrs. Bhagyam Ramani	**0.02**	*0.04*

C. Commission

(₹ crore)

Sr. No.	Particulars	FY 2019-20	FY 2018-19
	Mr. K. Venkataramanan	**0.05**	*0.20*
	Mr. Vikram Singh Mehta	**0.09**	*0.15*
	Mr. Sarthak Behuria	–	*0.22*
	Mrs. Bhagyam Ramani	**0.07**	*0.21*
	Mr. A K Balyan	–	*0.06*

Notes:

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

NOTE 39: 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	2020		2019	
			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%
3	L&T Modular Fabrication Yard LLC	Sultanate of Oman	70%	99.99%	70%	99.99%
4	Larsen &Toubro Electromech LLC	Sultanate of Oman	70%	99.99%	70%	99.99%
5	L&T Hydrocarbon International FZE	UAE	100%	100%	100%	100%
6	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Kuwait	49%	100%	49%	100%
7	L&T Heavy Engineering LLC	Sultanate of Oman	70%	99.99%	70%	99.99%
8	L&T Gulf Private Limited	India	100%	100%	–	–
	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%
4	L&T Chiyoda Limited	India	50%	50%	50%	50%
5	L&T Hydrocarbon Caspian LLC	Baku, Azerbaijan	50%	50%	50%	50%

NOTE 40 : BASIC AND DILUTED EARNINGS PER SHARE [EPS] COMPUTED IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARD (IND AS) 33 "EARNINGS PER SHARE":

₹ crore

Particulars		2019-20	*2018-19*
Basic			
Profit after tax as per accounts (₹ crore)		**941.71**	*554.74*
Less: Dividend on preference shares		**81.20**	*81.20*
Less: Dividend distribution tax on Preference dividend		**16.69**	*16.57*
Profit available to equity shareholders	A	**843.82**	*456.97*
Weighted average number of equity shares outstanding	B	**1,00,00,50,000**	*1,00,00,50,000*
Basic EPS (₹)	A/B	**8.44**	*4.57*
Diluted			
Profit after tax as per accounts (₹ crore)	A	**941.71**	*554.74*
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	**5.35**	*3.15*
Face value per equity share (₹)		**10**	*10*

NOTE 41: 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 during the year	–	–	–	–	–
6	**Balance as at 31.03.2019**	**38.75**	**0.44**	**49.90**	**–**	**89.09**
7	**Balance as at 01.04.2019**	**38.75**	**0.44**	**49.90**	**–**	**89.09**
8	Additional provision during the year	79.72	61.00	0.53	54.91	196.16
9	Provision used during the year	–	–	–	–	–
10	Unused provision reversed during the year	(6.97)	–	(18.73)	–	(25.70)
11	Additional provision for unwinding of interest and change in discount rate during the year	–	–	–	–	–
12	**Balance as at 31.03.2020**	**111.50**	**61.44**	**31.70**	**54.91**	**259.55**

Notes forming part of the Accounts (contd.)

b) Nature of provisions:

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

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

3 Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Indian Accounting Standard (Ind AS) 115 "Revenue from Contracts with Customers".

4 Other Provision represents provision for onerous contract.

c) Disclosures in respect of contingent liabilities are given as part of note 27 to the balance sheet.

NOTE 42 : DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 107 "FINANCIAL INSTRUMENTS"

a) Category-wise classification of applicable financial assets:

₹ crore

Sr. No.	Particulars	As at 31.03.2020	*As at 31.03.2019*
1	**Measured at fair value through profit and loss (FVTPL)**		
	Investments		
(a)	Mutual funds	**1500.54**	*2602.89*
	Derivative financial assets		
(b)	Derivative Instruments not designated as cash flow hedges	**23.20**	*86.93*
(c)	Embedded derivatives not designated as cash flow hedges	**124.32**	*16.00*
2	**Measured at amortised cost**		
(a)	Loans given	**2675.84**	*1286.34*
(b)	Trade receivables	**3932.75**	*1869.34*
(c)	Cash and cash equivalents	**177.37**	*682.91*
(d)	Other financial assets	**638.57**	*458.66*
3	**Measured at fair value through OCI (FVTOCI)**		
	Derivative financial assets		
(a)	Derivative financial instruments designated as cash flow hedges	**246.05**	*181.29*
(b)	Embedded derivative financial instruments designated as cash flow hedges	**107.64**	*17.30*
	Total financial assets	**9426.28**	*7201.66*

b) Category-wise classification of applicable financial liabilities:

₹ crore

Sr. No.	Particulars	As at 31.03.2020	*As at 31.03.2019*
1	**Measured at fair value through profit and loss (FVTPL)**		
	Derivative financial liabilities		
(a)	Derivative instruments not designated as cash flow hedges	**62.35**	*18.08*
(b)	Embedded derivatives not designated as cash flow hedges	**0.37**	*96.10*
2	**Measured at amortised cost**		
(a)	Borrowings	**805.07**	*868.50*
(b)	Trade payables	**3378.45**	*2745.31*
(c)	Other financial liabilities	**151.54**	*174.67*
(d)	Lease liability	**53.03**	–
3	**Financial liabilities at fair value through OCI**		
	Derivative financial liabilities		
(a)	Derivative instruments designated as cash flow hedges	**270.97**	*101.62*
(b)	Embedded derivatives designated as cash flow hedges	**22.94**	*94.31*
	Total financial liabilities	**4744.72**	*4082.30*

Notes forming part of the Accounts (contd.)

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

₹ crore

Particulars	As at 31-03-2020	*As at 31-03-2019*
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)	**314.13**	*117.41*
(Allowance)/reversal for expected credit loss during the year	**77.68**	*10.33*
Provision for doubtful debts (other than expected credit loss)(net)	**(134.25)**	*(38.28)*
Bad debts written off (net)	**(0.34)**	*(10.77)*
Provision for deposits and advances	**(20.56)**	*–*
Financial assets measured at fair value through OCI		
Gain (loss) on fair valuation or settlement of forward contracts designated as cash flow hedge	**(8.74)**	*(217.22)*
Gain (loss) on fair valuation or settlement of embedded derivative designated as cash flow hedge	**110.11**	*(20.59)*
On forward contracts upon underlying hedged item affecting the P&L or related assets or liability	**(103.69)**	*83.35*
On embedded derivative upon underlying hedged item affecting the P&L or related assets or liability loss	**(27.40)**	*17.53*
Designated as fair value through profit and loss		
Gain (loss) on fair valuation or settlement of forward contracts not designated as cash flow hedge loss	**(186.05)**	*(43.60)*
Gain (loss) on fair valuation or settlement of embedded derivative not designated as cash flow hedge loss	**138.48**	*5.11*
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)	**(52.50)**	*(36.09)*
Unclaimed credit balances written back	**16.40**	*6.80*
Mandatorily measured at fair value through profit and loss		
Gain/(loss) on fair valuation or sale of investment in mutual fund units/equity	**1.39**	*4.61*
Interest revenue		
Financial assets measured at amortised cost		
From banks	**1.44**	*1.21*
From ICD	**242.35**	*228.44*
Others	**24.58**	*31.04*
Interest expenses		
Financial liabilities measured at amortised cost	**(55.90)**	*17.12*

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Notes forming part of the Accounts (contd.)

₹ crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	At March 31, 2020				
	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
– Mutual fund units	**9**	**1500.54**	**–**	**–**	**1500.54**
– Derivative instruments not designated as cash flow hedges	**6, 14**	**–**	**23.20**	**–**	**23.20**
– Embedded derivative Instruments not designated as cash flow hedges	**6, 14**	**–**	**124.32**	**–**	**124.32**
Financial Investments at FVOCI					
– Derivative financial instruments designated as cash flow hedges	**6, 14**	**–**	**246.05**	**–**	**246.05**
– Embedded derivative financial instruments designated as cash flow hedges	**6, 14**	**–**	**107.64**	**–**	**107.64**
Total financial assets		**1500.54**	**501.21**	**–**	**2001.75**
Financial liabilities					
Financial liabilities at FVPL					
– Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	**20, 24**	**–**	**62.35**	**–**	**62.35**
b) Embedded derivative Instruments not designated as cash flow hedges	**20, 24**	**–**	**0.37**	**–**	**0.37**
– Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	**20, 24**	**–**	**270.97**	**–**	**270.97**
b) Embedded derivative financial instruments designated as cash flow hedges	**20, 24**	**–**	**22.94**	**–**	**22.93**
Total financial liabilities		**–**	**356.63**	**–**	**356.63**

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2019				
	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
– Mutual fund units	*9*	*2602.89*	*–*	*–*	*2602.89*
– Derivative instruments not designated as cash flow hedges	*6, 14*	*–*	*86.93*	*–*	*86.93*
– Embedded derivative Instruments not designated as cash flow hedges	*6, 14*	*–*	*16.00*	*–*	*16.00*
Financial Investments at FVOCI					
– Derivative financial instruments designated as cash flow hedges	*6, 14*	*–*	*181.29*	*–*	*181.29*
– Embedded derivative financial instruments designated as cash flow hedges	*6, 14*	*–*	*17.30*	*–*	*17.30*
Total financial assets		*2602.89*	*301.52*	*–*	*2904.41*
Financial Liabilities					
Financial liabilities at FVPL					
– Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	*20, 24*	*–*	*18.08*	*–*	*18.08*
b) Embedded derivative Instruments not designated as cash flow hedges	*20, 24*	*–*	*96.10*	*–*	*96.10*
– Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	*20, 24*	*–*	*101.62*	*–*	*101.62*
b) Embedded derivative financial instruments designated as cash flow hedges	*20, 24*	*–*	*94.31*	*–*	*94.31*
Total financial liabilities		*–*	*310.11*	*–*	*310.11*

Notes forming part of the Accounts (contd.)

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

a. Financial assets measured at amortised cost:

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

b. Financial liabilities measured at amortised cost:

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

f) Maturity profile of financial liabilities:

₹ crore

Particulars	Note	As at 31-03-2020			*As at 31-03-2019*		
		Within 12 months	After 12 months	Total	*Within 12 months*	*After 12 months*	*Total*
A. Non-derivative liabilities							
Borrowings	19, 22	0.77	804.30	805.07	–	*734.55*	*734.55*
Trade payables	23	3375.53	2.92	3378.45	*2459.24*	*286.06*	*2745.30*
Other financial liabilities		151.54	–	151.54	*196.57*	–	*196.57*
Lease Liability		19.69	33.34	53.03	–	–	–
Total		**3548.08**	**840.50**	**4388.09**	***2941.81***	***1020.61***	***3676.42***
B. Derivative liabilities							
Forward contracts	20, 24	304.01	29.31	333.32	*119.63*	*0.07*	*119.70*
Embedded derivatives	20, 24	21.21	2.10	23.31	*77.31*	*113.14*	*190.45*
Total		**325.22**	**31.41**	**356.63**	***196.94***	***113.21***	***310.15***

g) Currency forward contracts outstanding as on 31.03.2020 :-

₹ crore

Particulars	Nominal Amount	Average Rate	Timing	
			Upto 12 months	More than 12 months
Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currencies	2139.34	73.07	2065.20	74.14
EURO	863.45	82.19	863.45	–
Japanese Yen	69.59	0.67	69.59	–
Kuwaiti Dinar	307.99	236.19	307.99	–
Great Britain Pound	36.48	93.55	36.48	–
Receivable hedges				
USD including USD pegged currencies	3072.45	74.08	2788.76	283.69
Great Britain Pound	12.95	94.84	12.95	–
EURO	1142.23	82.77	1142.23	–
Kuwaiti Dinar	529.65	235.92	529.65	–

Notes forming part of the Accounts (contd.)

Currency forward contracts outstanding as on 31.03.2019 :

₹ 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*	–
Japanese Yen	*2.69*	*0.63*	*2.69*	–
Kuwaiti Dinar	*523.08*	*232.08*	*523.08*	–
Great Britain Pound	*40.57*	*93.77*	*40.57*	–
Receivable hedges				
USD including USD pegged currencies	*4954.88*	*71.78*	*4711.18*	*243.70*
Great Britain Pound	*14.37*	*93.61*	*14.37*	–
EURO	*1165.09*	*83.84*	*699.05*	*466.04*
Kuwaiti Dinar	828.97	238.99	828.97	–

h) Carrying value of hedge instruments:

Particulars	Currency exposure	
	31.03.2020	*31.03.2019*
Forward contract		
Current		
Asset - Other financial assets	**323.69**	*180.66*
Liability - Other financial liabilities	**258.67**	*124.52*
Non-current		
Asset - Other financial assets	**29.89**	*17.94*
Liability - Other financial liabilities	**11.02**	*71.40*

i) Breakup of hedge reserve balance:

₹ crore

Particulars	As at 31.03.2020	As at 31.03.2019
Balance towards continuing hedges	**177.77**	*35.92*
Balance for covers cancelled but underlying yet to be on balance sheet	**(57.59)**	*(100.80)*
Total	**120.18**	*(64.88)*
Hedging reserve fund	**121.55**	*(63.77)*
Cost of hedge reserve	**(1.37)**	*(1.12)*

j) Movement of hedging reserve:

₹ crore

Hedging reserve	31.03.2020	31.03.2019
I. Cash flow hedge reserve		
Opening balance	**(64.88)**	*49.78*
Add: Spot to spot movement in forward contracts	**–**	*5.59*
Add: Forward-to-forward movement in forward contracts	**104.92**	*(245.13)*
Add: Amount reclassified to profit or loss	**156.54**	*63.09*
Add: Amount included in non-financial asset/liability	**0.71**	–
Less: Deferred tax related to above	**(75.74)**	*61.78*
Closing balance	**121.55**	*(64.88)*

Notes forming part of the Accounts (contd.)

Hedging reserve	31.03.2020	*31.03.2019*
II. Cost of hedge reserve		
Opening balance	**1.12**	*0.34*
Add: Forward-to-forward movement in forward contracts	**(3.55)**	*1.37*
Less: Deferred tax related to above	**1.06**	*(0.60)*
Closing balance	**(1.37)**	*1.12*

k) Reclassification of hedge reserve to profit and loss

₹ crore

Particulars	Hedge reserve	
	31.03.2020	*31.03.2019*
Future cash flows are no longer expected		
Other expenses	**(93.69)**	*(21.31)*
Hedged item becoming on balance sheet		
Progress Billing	**(25.46)**	*12.40*
Revenue line item	**(0.30)**	*(1.04)*
Manufacturing, construction and operating expense line item	**(37.09)**	*(43.13)*
Total	**(156.54)**	*(53.07)*

l) Financial risk management

The Company is exposed to credit/counter-party risk, liquidity risk, currency risk and interest rate risk.

The Company's risk management policy (including financial risk) is approved by the board of directors.

The Company's risk management committee is responsible for the implementation of the risk management policy.

l-i) Credit/counter-party risk

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

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

The Company has made provision for expected credit loss (ECL) based on revised model of historical provisioning data of the Company for the last 5 years and discounting rate based on credit risk of the Company's customers. Accordingly, as on March 31, 2020, provision for default was ranging from 3% to 41% (*Previous Year : 1% to 40%*) and provision for delay was made using discount rate of 7.5%. No provision has been made on trade receivable in not due category. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customer i.e. public sector and private sector.

Allowances for non-collection of receivables and ECL on delay / default in collection, on a combined basis, were ₹ 494.98 crore as on March 31, 2020 and ₹ 471.43 crore as on March 31, 2019. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

₹ crore

Particulars	2019-20	*2018-19*
Opening balance of allowances for doubtful accounts	**471.43**	*443.58*
Allowances recognized (reversed)	**(110.28)**	*(10.15)*
Additional provision	**134.26**	*38.28*
Amounts written off during the year	**(0.43)**	*(0.09)*
Closing balance of allowances for doubtful accounts	**494.98**	*471.43*

Notes forming part of the Accounts (contd.)

The percentage of revenue from its top five customers is 66.43% for F.Y. 2019-20 *(83.56% for F.Y. 2018-19)*.

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks (see below). The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter-party risk where necessary.

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

I-ii) Liquidity risk

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

The Company has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business, if required.

I-iii) Currency risk

Foreign exchange risk is a significant financial risk for the Company.

The Company uses derivative financial instruments to mitigate foreign exchange related exposures. Specialist treasury teams that have the appropriate skills and experience take decisions for risk management purposes.

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

The Company has operations abroad and also has other transactions in foreign currencies and the maximum exposure is in US dollars.

Currency wise exposure of the Company is as below (major traded currencies only):

₹ crore

Particulars	31.03.2020		*31.03.2019*	
	USD	EUR	*USD*	*EUR*
Financial assets				
Investments				
Trade receivable	**1323.81**	**579.79**	*1447.41*	*32.30*
Loan and advances	**1413.01**	**–**	*0.03*	*0.00*
Cash and cash equivalents	**21.58**	**0.19**	*178.70*	*1.69*
Other financial assets	**54.19**	**13.16**	*176.22*	*52.19*
Derivatives taken to hedge - on balance sheet assets	**834.86**	**11.59**	*776.01*	*10.87*
Net exposure to foreign currency risk (assets)	**1977.73**	**581.54**	*1026.34*	*75.32*
Derivative taken to hedge – off balance sheet assets	**4269.08**	**1629.62**	*2749.61*	*–*
Financial liabilities				
Borrowings	**804.30**	**–**	*–*	*–*
Trade payable	**1058.14**	**250.44**	*674.70*	*268.36*
Other financial liabilities	**89.93**	**10.08**	*324.98*	*4.18*
Derivatives taken to hedge - on balance sheet liabilities	**31.33**	**67.18**	*93.88*	*132.61*
Net exposure to foreign currency risk (liabilities)	**1921.04**	**193.34**	*905.80*	*139.93*
Derivative taken to hedge - off balance sheet liabilities	**2366.12**	**873.87**	*1374.63*	*303.65*

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.

Notes forming part of the Accounts (contd.)

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

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

Particulars	**2019-20**		*2018-19*	
	USD	**EUR**	*USD*	*EUR*
Forward contracts not designated as cash flow hedges:				
Sold	**225.6**	**67.59**	*1447.52*	*10.87*
Purchase	**2690.62**	**399.6**	376.77	98.52
Embedded derivatives not designated as cash flow hedges:				
Sold	**145.68**	**363.80**	213.69	558.03
Purchase	**153.28**	**0.20**	2415.81	6.07

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 ₹ 17.50 crores as at March 31, 2020 and ₹ 13.30 crore as at March 31, 2019.

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, 2020 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange rates and the Company's actual exposures and position.

i-v) Interest rate risk:

The Company's exposure to the risk for changes in market rates relate to the Company's project specific borrowing for international projects and External Commercial Borrowings carrying floating interest rate.

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

Carrying amount of collateral given

₹ crore

Particulars	**As at 31.03.2020**	*As at 31.03.2019*
Trade receivables and inventories	**3250.00**	*1878.65*
Cash and cash equivalents (including other bank balances)	–	*682.89*
Current investments	–	*22.90*
Other current assets	–	*658.94*
Loan (others)	–	*6.62*
Total current financial assets	**3250.00**	*3250.00*

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

NOTE 43 : 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

Notes forming part of the Accounts (contd.)

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 31-03-2020	*As at 31-03-2019*	**As at 31-03-2020**	*As at 31-03-2019*
1	**India (a)**	**9901.04**	*7246.91*	**1136.60**	*1013.28*
	Foreign countries:				
2	United States of America	**3.42**	*19.47*	**–**	*–*
3	Kingdom of Saudi Arabia	**183.05**	*694.01*	**31.51**	*49.61*
4	Sultanate of Oman	**328.70**	*357.36*	**2.29**	*0.76*
5	United Arab Emirates	**820.09**	*1264.36*	**12.44**	*16.36*
6	Kuwait	**86.97**	*564.73*	**29.89**	*35.95*
7	Netherlands	**2279.97**	*2460.15*	**–**	*–*
8	Other countries	**807.32**	*87.84*	**1.46**	*27.75*
	Total other countries (b)	**4509.52**	*5447.92*	**77.59**	*130.43*
	Total (a+b)	**14410.56**	*12694.83*	**1214.19**	*1143.72*

iii. Major customers: Information

Top three customers contribute to 47.92% (*Previous Year : 72%*) of the total revenue (individually more than 10% of the Company's total revenue).

₹ crore

Customer	Revenue	
	2019-20	*2018-19*
Customer 1	**3001.73**	*4921.87*
Customer 2	**2279.36**	*3393.54*
Customer 3	**1624.84**	*939.52*

iv. Product wise revenue information

₹ crore

Product category	Revenue from major product and services	
	2019-20	*2018-19*
(i) **Construction and project related activity :**		
Items for oil and gas, chemical industries etc.	**14,160.19**	*12,430.29*
(ii) **Manufacturing and trading activity :**		
Items for oil and gas, chemical industries	**7.62**	*21.76*
(iii) Engineering service fees	**103.62**	*153.41*
(iv) Others	**139.13**	*89.36*
Total revenue	**14,410.56**	*12,694.82*

NOTE 44 : 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		
9,818.16	4,508.15	14,326.31	84.25	14,410.56

(b) Movement in expected credit loss during the year

₹ crore

Particulars	Provision on trade receivables covered under Ind AS 115		Provision on contract assets	
	2019-20	*2018-19*	**2019-20**	*2018-19*
Opening balance (A)	**471.43**	443.58	**171.19**	–
Ind AS 115 transition impact	–	–	–	*61.05*
Changes in loss allowance:				
• Loss allowance based on expected credit loss	**(110.28)**	(10.33)	–	–
• Additional provision (net)	**134.26**	38.28	**43.63**	*110.14*
• Write off as bad debts	**(0.43)**	(0.09)	–	–
Closing balance (B)	**494.98**	471.43	**214.82**	*171.19*

(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)	2335.02	4256.86	(1921.84)
Closing balance (B)	3123.03	5657.31	(2534.28)
Net increase/(decrease)	788.01	1400.45	(612.44)

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

Revenue recognized during the year from opening balance of contract liabilities amounts to ₹ 1263.91 crore. Revenue recognized during the year from the performance obligations satisfied in the previous year (arising out of contract modifications) amounts to ₹ Nil and change in contract price amounts to ₹ 123.81 crore (Penalty ₹ 16.87 crore; Change order ₹ 106.93 crore; Bonus ₹ Nil).

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

₹ crore

Particulars	2019-20	2018-19
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	**66,442.29**	*54,457.72*
Changes during the year on account of:		
Add: Fresh orders/change orders received (net)	**16,632.14**	*23,342.74*
Less: Reduction in scope of existing contract	**(600.87)**	–
Add: Claim	**66.35**	*28.90*
Add: Bonus	–	*78.48*
Add/(less): adjustments towards exchange rate movements	**601.06**	*304.92*
Less: Penalty	**(258.39)**	*(236.97)*
Less: Orders completed	**(3,137.68)**	*(11,533.50)*
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	**79,744.90**	*66,442.29*

Notes forming part of the Accounts (contd.)

Particulars	2019-20	2018-19
Revenue recognised during the year	**14,326.31**	*12,673.34*
Out of orders completed during the year	**341.64**	*644.18*
Out of continuing orders at the end of the year (I)	**13,984.67**	*12,029.16*
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)	**31,059.24**	*21,692.88*
Balance revenue to be recognised in future (Order book) (III)	**34,700.99**	*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)	**79,744.90**	*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 **(2019-20)**	**34,700.99**	**19,976.83**	**12,269.07**	**2,433.09**	**22.00**	**–**	**–**
Transaction price allocated to the remaining performance obligation **(2018-19)**	*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
	2904.19			**2,918.60**
Current assets				
Inventories	8.66	–	0.65	9.31

Notes forming part of the Accounts (contd.)

₹ 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
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	760.00			760.00
Other equity	256.23	-60.20	33.38	229.41
TOTAL EQUITY	**2,016.28**	**-60.20**	**33.38**	**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	5502.23		4.78	5,507.01
Provisions	201.80			201.80
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 from customer over and above matrix	–	-18.82	–
Total expenses	**12166.32**	**-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 FY 2018-19 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 FY 2018-19 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 45 : DISCLOSURES IN RESPECT OF EMPLOYEES STOCK OPTIONS SCHEME

Pursuant to the Employees Stock Options Scheme established by the Parent (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the Parent, in respect of the Employee stock option scheme is ₹ 47.77 crore (*previous year : ₹ 44.75 crore*). This Employee stock option scheme is being recovered over the period of vesting by the Parent. Accordingly, cost of ₹ 44.15 crore (*previous year : ₹ 41.11 crore*) has been recovered by the Parent up to current year, out of which, ₹ 3.04 crore (*previous year : ₹ 7.54 crore*) was recovered during the year. Balance ₹ 3.62 crore will be recovered in future periods.

Computation of total cost-

₹ crore

Particulars	31-3-2020	*31-3-2019*
Cost recovered in past	**41.11**	*33.57*
Cost recovered during the year (Total of debit notes for ESOP Staff Cost)	**3.04**	*7.54*
Cost to be recovered in future	**3.62**	*3.64*
Total cost incurred by the Parent, in respect of ESOP	**47.77**	*44.75*
Cost recovered up to the current year	**44.15**	*41.11*

Notes forming part of the Accounts (contd.)

NOTE 46 : DISCLOSURE PURSUANT TO AUDITOR'S REMUNERATION

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

₹ crore

Particulars	2019-20	*2018-19*
Statutory Audit Fees	**0.32**	*0.23*
For Other services including certification work	**0.12**	*0.16*
For Taxation matters	**0.14**	*0.12*
Expenses reimbursed	**–**	*0.03*
Limited Review Fees	**0.10**	*0.09*

NOTE 47 : 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 31-03-2020	*As at 31-03-2019*
Principal amount due	**77.82**	*41.35*
Interest accrued and due on above amount	**–**	*–*
Payment made to suppliers (other than interest) beyond appointed day during the year	**8.93**	*1.00*
Interest paid (other than section 16)	**–**	*–*
Interest paid (section 16)	**–**	*–*
Interest due and payable towards supplier for payments already made beyond appointed day	**0.07**	*–*
Interest accrued and remaining unpaid at the end of the year	**–**	*–*

NOTE 48

A. The expenditure on research and development activities recognized as expense in the statement of profit and loss is ₹ 5.04 crore (*previous year: ₹ 15.62 crore*)

Capital expenditure is as follows:

a) on property, plant and equipment ₹ Nil *(previous year: ₹ 0.09 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:

a. 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 ₹ 10.88 crore (*previous year ₹ 8.94 crore*)

c. Amount spent during the year:

(₹ crore)

Sr no	Particulars	Disclosure under	2019-20			*2018-19*		
			In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
1	Construction/acquisition of any asset		–	–	–	*2.88*	–	*2.88*
2	Other revenue expenses:							
	– Recognised as expense and shown under other expenses	Note 33	11.17	0.01	11.18	*6.84*	–	*6.84*
	– Recognised as expense and shown under employee benefit expenses	Note 31	0.15	–	0.15	*0.17*	–	*0.17*
	Total		**11.32**	**0.01**	**11.33**	***9.89***	**–**	***9.89***

There are no related party transactions in CSR.

Notes forming part of the Accounts (contd.)

NOTE 49 : TRANSITION DISCLOSURES - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARDS (IND AS) 116 -LEASES

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

(₹ crore)

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

ii. Transition impact on Opening retained Earnings :-

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

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

Disclosure under Ind AS 116

Where the company is a lessee:-

i. The company has taken various assets on lease such as, plant and machinery, buildings, office premises, vehicles.

Generally, leases are renewed only on mutual consent and at a prevalent market price and sub-lease is restricted.

ii. Details with respect to right of use assets:-

Class of asset	Depreciation for the year	Additions to right - of-use asset during the year	Carrying amount of the asset as at 31.03.2020
Building	6.63	29.05	**26.70**
Plant and Equipment	6.30	30.15	**23.85**
Total	**12.93**	**59.20**	**50.55**

iii. Interest expense on lease liabilities amounts to ₹ 2.23 crore.

iv. Expense relating to leases for which underlying asset is of low value is ₹ 23.96 crore.

v. Expense related to short-term leases is ₹ 497.70 crore

vi. Total cash outflow for leases - ₹ 495.39 crore

(a) Payment of lease liability - ₹ 9.22 crore

(b) Payment of interest on lease liability - ₹ 2.23 crore

(c) Cash outflow for short term leases - ₹ 462.90 crore

(d) Cash outflow for low value leases - ₹ 21.04 crore

Notes forming part of the Accounts (contd.)

NOTE 50

Disclosure in respect of joint operation:

Sr. No.	Name of the joint operation	*Principal place of business	Description of the interest
1	Consortium of L&T Hydrocarbon Engineering Limited. and EMAS AMC Pte. Ltd	UAE	**HASBAH**- Engineering, Procurement, Construction, Pre-Commissioning of Hasbah Offshore Gas Facilities Increment II in Saudi Arabia **Marjan**
2	Consortium of L&T Hydrocarbon Engineering Ltd. and Reliance Naval and Engineering Ltd.	India	The Project is about conversion of Sagar Pragati from Mobile Offshore Drilling unit (MODU) to Mobile Offshore Production Unit (MOPU) which includes Design & Engineering, Procurement, Fabrication, Transportation, Jack-up, Hook-up, Testing & Pre-commissioning.
3	GE Oil & Gas UK Ltd, McDermott International Management S. de RL, Berlian McDermott Sdn Bhd and Vetco Gray Pte Ltd.	India	**98/2** - 34 Subsea Trees and associated Subsea Control Systems,Rigid Pipelines – approx. 500 kms (10 kms Onshore, 10 kms River, Balance - Offshore),Manifolds 6 Nos (2 Gas + 4 Oil) and associated subsea structures (Total Tonnage : approx. 7000 MT) Infield Umbilicals (176 kms), Manifolds 6 Nos (2 Gas + 4 Oil) and associated subsea structures (Total Tonnage : approx. 7000 MT) Infield Umbilicals (176 kms)
4	Consortium of L&T Hydrocarbon Engineering Ltd. and EMAS AMC PTE Ltd.	UAE	Formed for execution of EPC Contracts awarded by Saudi Aramco under Long Term Agreement. **17 Tower crane** - Replace Tower Cranes - Marjan and Zuluf, **Safaniya-** Engineering, Procurement, Construction, Pre-Commissioning of SFNY 4 Decks, Subsea Pipelines & Cables, AND STP-17 69 kv Circuit Breaker (OOK) **CRPO 36-** ZULF 3 SSS DECKS & ASSOCIATED PIPELINES, **CRPO 27-** 3 Gas PDMs in HSBH & ARBI Field Project **CRPO 37** **CRPO 47** **CRPO 48** **CRPO 49**
5	Consortium of Technip France, L&T Hydrocarbon Engineering Ltd. and Technip India Limited	India	**Sindri / Barauni:** Engineering, Procurement, Construction, commissioning and Performance Test run of a new single stream 2200 MTPD Ammonia plant with natural gas as feedstock and 3850 MTPD prilled Urea plant and its associated off sites and utility facilities on a lump sum Lump sum Turn Key basis at HURL sindri and Barauni, Jharkhand India

NOTE 51

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31.03.2020

NOTE 52

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

Notes forming part of the Accounts (contd.)

NOTE 53

Estimation uncertainty relating to global health pandemic on COVID-19

The sites of the Company were shut-down on 24.03.2020 following countrywide lockdown due to COVID-19. The Company has since obtained required permissions and is gradually restarting the sites from post relaxation of lockdown. Based on detailed assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Management is confident of availability and ability of customers for the products projects, obtaining regular supply of materials and logistics services after resumption of the operations. In assessing the recoverability of receivables and property, plant and equipment the Company has considered internal and external information including orders on hand, past trends, credit risks of customers, past trends and approved business projections, various industry and macroeconomic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions. The Company expects to recover the carrying amount of these assets. The impact of COVID-19 may be different from that estimated as at the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

NOTE 54

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

For and on behalf of the Board

Subramanian Sarma *CEO & Managing Director* DIN: 00554221	**R. Shankar Raman** *Director* DIN: 00019798
K. S. Balasubramanyam *Chief Financial Officer*	**Sivaram Nair** *Company Secretary* M. No.: F3939

Place : Mumbai
Date : May 12, 2020

Notes

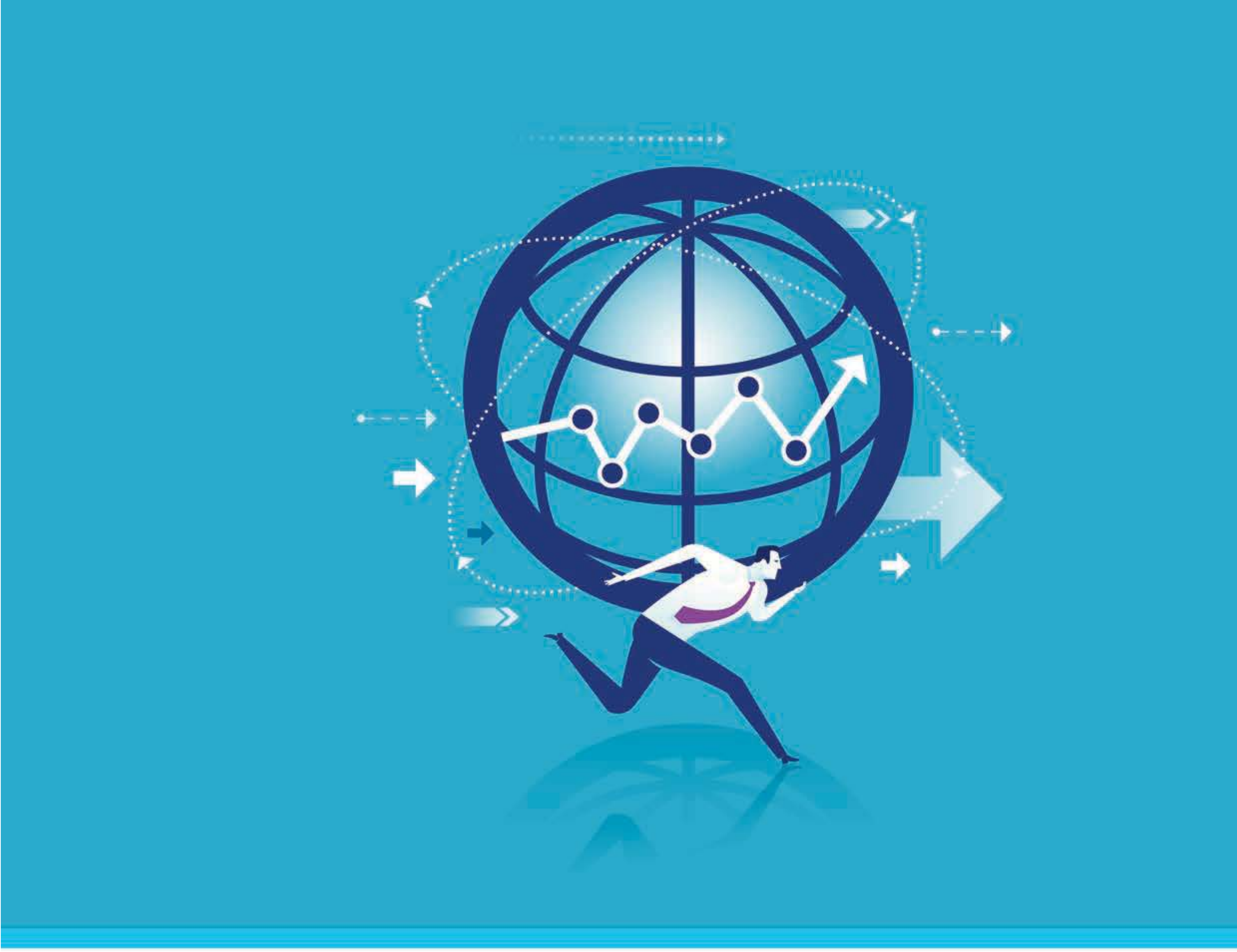
Employee Engagement

"Talent wins games, but teamwork and intelligence wins championships."

- Michael Jordan


Annual ICONS Function Inhouse Talent

Leadership Interactions



Landmark Projects

"I can't change the direction of the wind, but I can adjust my sails to always reach my destination."

- Jimmy Dean

Gathering Centre (GC 30) for Kuwait Oil Company, Kuwait

Haliba Field Development project of Al Dhafra Petroleum Operations Company Ltd UAE

INDMAX FCC Unit including LPG Treatment Facility for IOCL at Bongaigaon, India

Wellhead platform and Process-cum-Living Quarters Platform installed off India's east coast


Melamine Plant with additional facilities for GSFC, Vadodara, India


RIL Coal Bed Methane Phase-II project at Shahdol, Madhya Pradesh

CBMC/DP/xxxxxx

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