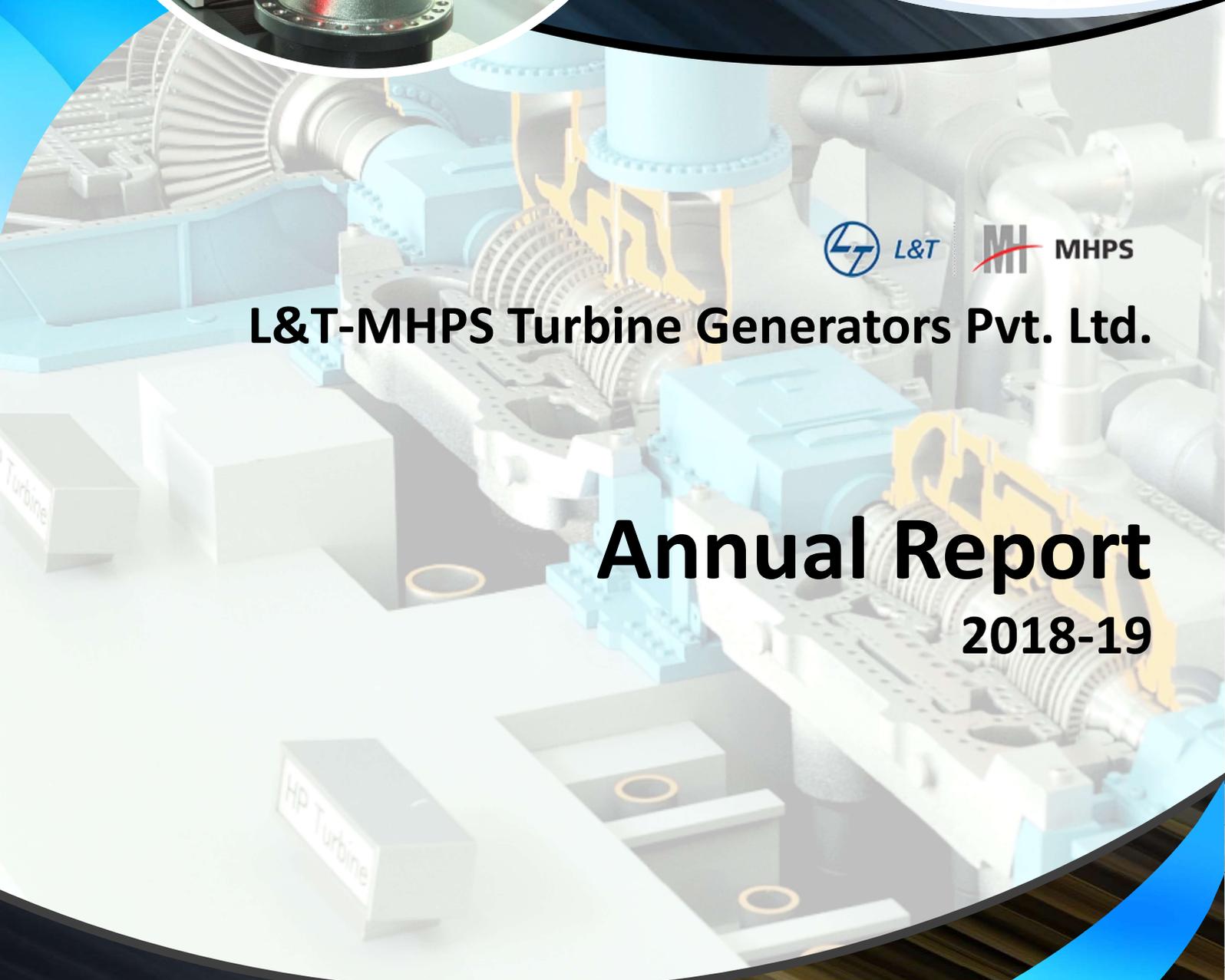




L&T-MHPS Turbine Generators Pvt. Ltd.

Annual Report

2018-19





L&T



MHPS

L&T-MHPS TURBINE GENERATORS PVT. LTD.

MANAGEMENT POLICY

(Quality, Energy, Environment, Occupational Health and Safety)

We dedicate ourselves to achieve progressive excellence in performance of the integrated management system, encompassing all activities related to manufacture and supply of Steam Turbines & Generators of contemporary global Quality standards to enhance Customer satisfaction.

We aim to demonstrate our corporate citizenship by exercising judicious balance and control in the area of Quality, Energy Performance, Environmental aspects, identified hazards affecting Occupational Health and Safety of all present at our workplace, in compliance with applicable legal & other requirements.

Starting from Design, Procurement, Manufacturing, Supply of our products and services, we shall be committed to Quality, timely Delivery, Cost, Improve Energy performance, prevention of Pollution, prevention of Injuries and Ill health.

We are fully committed to make appropriate provision of resources to deploy our policy for continual improvement.

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COMPANY OVERVIEW

L&T-MHPS Turbine Generators Private Limited (LMTG) is a joint venture Company between Larsen & Toubro Limited, Mitsubishi Hitachi Power Systems, Japan & Mitsubishi Electric Corporation, Japan. The Company is in the business of design, manufacture, supply, project management, operational spares & life cycle services of supercritical & ultra-supercritical steam Turbines & Generators with ratings ranging from 500 MW to 1,000 MW and steam Turbines of 150 MW and 300 MW for combined cycle power plants.

The Company has established a state of the art facility to manufacture 4,000 MW of Turbines and Generators per year, strategically located on the banks of Tapi River 300 kms north of Mumbai and 21 kms off Surat, in Hazira, India's largest industrial hub. The manufacturing facility is located at L&T Hazira Manufacturing Complex, one of the world's largest and most advanced hubs for manufacturing of the complete range of equipment for supercritical power plants of L&T Power.

LMTG is the only fully integrated factory, where large size Turbine and Generators are manufactured, assembled and tested under single roof. The facility includes fabrication, rotor manufacturing, assembly facility, 1000 MW Generator test bed, high speed balancing facility, high speed blade manufacturing and stator & rotor coil manufacturing facility.

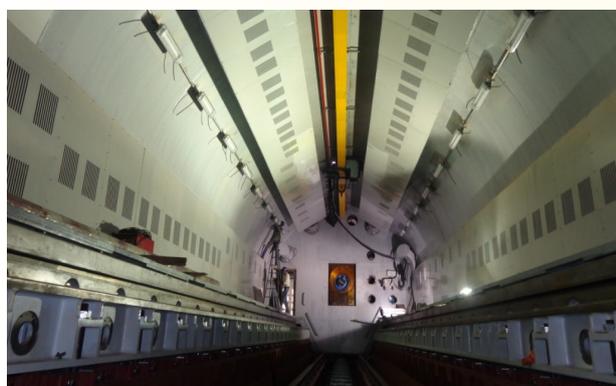
The fully operational LMTG facility incorporates best-in-class systems, processes, technology and manufacturing capabilities. It offers end-to-end manufacturing solutions and life-cycle support combining engineering excellence with the latest Ultra Supercritical Turbine and Generator technology to domestic and overseas customers.

“POWER PACKED PARTNERSHIP TO SERVE THE NATION”

COMPANY INFORMATION



Side Entry Groove Machine



High Speed Balancing Facility



Erection at Project Site

BOARD OF DIRECTORS

| | |
|------------------------|----------------------|
| Mr. Shailendra Roy | Chairman |
| Mr. Hisashi Fukuda | Director |
| Mr. Derek Michael Shah | Director |
| Mr. Yusuke Kurogi | Director |
| Mr. Katsutoshi Mori | Director |
| Mr. Shekhar Sharda | Director |
| Mr. Tetsuya Suzuki | Whole Time Director |
| Mr. Shekar Viswanathan | Independent Director |
| Mrs. Vijaya Sampath | Independent Director |

REGISTERED OFFICE

L&T-MHPS Turbine Generators Pvt. Ltd.
L&T House, N.M. Marg, Ballard Estate,
Mumbai - 400 001

AUDITORS

B.K. Khare & Co
706/708, Sharda Chambers,
New Marine Lines,
Mumbai - 400 020

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

The Directors are pleased to present the report on the business and operations of the Company together with the Audited Statements of Accounts and the Auditor's Report for the year ended 31st March 2019.

Financials & Performance of the Company

| Particulars | 2018-19 | 2017-18 |
|--------------------------------|-----------------|-----------------|
| Revenue (Net) | 812.08 | 952.27 |
| Operating Margin | 192.04 | 204.19 |
| Less: Depreciation | 56.07 | 66.25 |
| Less: Finance Cost | 90.41 | 77.73 |
| Profit/ (Loss) Before Tax | 45.56 | 60.21 |
| Provision for Deferred Tax | – | 2.69 |
| Profit After Tax | 45.56 | 57.52 |
| Balance Carried Forward | (429.79) | (475.87) |

₹ crore

The financial year 2018-19 has been reassuring for the Company despite challenges in the domestic power segment. The revenue has reduced in the absence of domestic projects, however with constant focus on exports, spares and services, the Company is able to sustain the operations during the year. The better utilization of in-house capacity along with implementation of various cost reduction

initiatives has helped in maintaining the margins. The Company is hopeful of bagging export projects and few domestic projects in the coming year. The Management's continuous focus on product up-gradation & improvements, cost reduction initiatives and improvements in manufacturing processes has resulted in meeting the customer requirements.

During the year, the Company has successfully manufactured & exported 2 units of 1,000 MW Turbines, the first of its kind to be manufactured in the country.

During the year, the Company has won the All India National Productivity Championship Award 2018 for "Capacity Enhancement and Process Optimization in Blade Manufacturing" an event organized by Indian Machine Tools Manufacturing Association, CMS Insight Award for Leadership in Energy Management by Clean Energy Ministerial, France, Gold Trophy in Annual Convention on Quality Concepts both at Ankleshwar & Vadodara QCFI Chapters. Best Presentation Award at International Conference on Cable Wire 2018 on topic "Online PD Assessment for In-Service Cable Terminations using UHF PD Detection Technique" by Indian Electrical

and Electronic Manufacturers Association (IEEMA), New Delhi. A workman of the Company has been honoured with Shram Shree Award for special contribution by Government of Gujarat during the year.

The Company has further enhanced the skill levels in Turbine & Generator manufacturing. The Company has focused on localization of Ultra Supercritical Steam Turbine and Generator components and achieved significant milestones during the year. As a part of constant up-gradation of the product, the Company is working on high performance Turbine equipment and the most advanced Ultra-Supercritical Steam Turbines.

Capital & Finance

The Total Equity Share Capital as on 31st March, 2019, is Rs. 710.60 Crore. The Company has made a part repayment of foreign currency loans of US\$ 35.45 Million during the year as per schedule.

The Company has Refinanced US\$ 33 Million through SMBC, Singapore to repay the instalments of loan to JBIC.

Capital Expenditure

As at March 31, 2019 the gross fixed and intangible assets including leased assets, stood at Rs. 1,279.26 crore and the net fixed and intangible assets, including leased assets, at Rs. 689.37 crore. Capital Expenditure during the year amounted to Rs. 2.52 crore.

Deposits

During the year under review, the Company has not accepted any deposit from the Public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

Particulars of loans given, investments made, guarantees given or security provided by the Company

The Company has not given any loans, guarantees or security. The details of Investments is provided on Notes forming part of Accounts - 7 of the Annual Report.

Particulars of Contracts or Arrangements with related parties

The Board of Directors have approved the Related Party Transactions for the Financial Year 2018-19. All the related party transactions were in the ordinary course

of business and at arm's length nor they had conflict with the interest of the Company. A detailed summary is disclosed in note no. 29.11 of notes forming part of Accounts.

Appropriations

There were no appropriations made during the financial year 2018-19.

Dividend

Considering the capital requirement, the Board of Directors has not recommended any dividend for the financial year under review.

Depository System

The Ministry vide its notification dated 10th September 2018, requires certain companies to facilitate dematerialization of all its existing securities and has mandated that the stake of promoters, directors and key managerial personnel should be held in demat form. As on March 31, 2019, 51% of the Company's total paid up capital representing 362,406,000 shares are in dematerialized form. Further, the Ministry has prohibited the physical transfer of securities. Hence, members holding shares in physical mode are advised to avail of the facility of dematerialization.

The report on reconciliation of share capital audit from Practicing Company Secretary has been / is being submitted by the Company within stipulated time.

Material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of the report

There were no material changes and commitments affecting the financial position during the year.

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo

A. Conservation of Energy

The operations of the Company are energy intensive. The Company has taken various measures to procure energy efficient equipments and taken utmost care in building the energy efficient state-of-the-art manufacturing facility. The administrative building is accredited with Gold Category by Indian Green Building Council. The Company is in the process of introducing advance ultra-supercritical

turbines which are environment friendly. As an on-going manufacturing facility, the Company continuously adopts new technologies and techniques to make infrastructure more energy efficient.

a) Energy Conservation measures taken

1. Improving energy effectiveness / efficiency of equipment and systems

- ◆ Use of LED light fixtures in manufacturing shops & administration building has resulted in reduction of lighting connected load to 120 kw from earlier 450 kw.
- ◆ The factory building designed to use natural light during the day. This includes use of Sky pipe lights on a pilot basis in Stator Coil Shop with great success.
- ◆ Arresting leakages in compressed air system by replacing with premium quality Connectors.
- ◆ Reduction in Energy consumption in Blade shop by controlling the Air cooler's operation sequentially and by providing alternative arrangement having targeted & calibrated air flow.
- ◆ Reduction of Fixed load by removing Stabilizers as well as UIT on selected CNC machines, since the power quality had increased significantly.
- ◆ Reducing Distribution losses in Plant electrical system.
- ◆ Installation of 22 kWp Roof Top Grid connected solar plant in Administration building and 306 kWp Ground Mounted Grid Connected Solar Plant which is connected to the plant grid. The Company is able to harness 4% of renewable Energy out of total Consumption during the year.
- ◆ Installation of 1,000 Litres Capacity Solar Water heater (Flat Plate Collector) on Canteen.
- ◆ The installation of UVGI- Ultra Violet Germicidal Irradiation devices for Admin HVAC leads to Energy saving up to 10%, Improves air quality and AHU maintenance Expenses.
- ◆ Installation of Total Descaler for Stator Coil Shop HVAC System, prevents scaling, rusting and algae formation thereby improving heat transfer and Saving Energy.
- ◆ Energy savings by installing real time clocks to control operation of centralized

AC plant compressors.

- ◆ Descaling of Condenser and Installations of Auto-operations (Timer control) for Ventilation System & Air Conditioning plant at Admin Building.
- ◆ Close monitoring of AC plants-setting optimum temperatures, controlled usage, Running of HVAC on Fresh Air during winter in Administrative building, etc.
- ◆ Use of energy saving devices like time switches, zone controlled AC, auto hibernation for PCs, etc. to reduce energy consumption
- ◆ Installation of energy efficient star rated ACs.
- ◆ Use of Variable Frequency Drive (VFD) for various applications such as welding positioner, EOT cranes, cooling water Pumps, etc. to improve the motor efficiency and enhance energy saving.
- ◆ Stopping air leakages, installing new air solenoid valves in airline to control air combustion, etc.
- ◆ Operating computers in Power saver mode.
- ◆ Installation of Automatic Power Factor Controller (APFC) panels in the power circuit thus improving its power factor and enabling to claim rebate in energy bills.
- ◆ Installation of Passive Harmonic Filter – to reduce the Harmonics generated by HSB 6 MW Active Front End Drive also reduces the Diesel Consumption, Carbon Foot Print and Maintenance cost.
- ◆ Installation of lighting energy saver on Lighting Transformer-2.
- ◆ Use of timer in welding machine to avoid continuous idle running.

2. Improving energy effectiveness / efficiency of Manufacturing Processes

- ◆ Optimization of the operation of higher efficiency compressors and formation of Micro-grid by inter-connections of air compressors resulted in energy saving.
- ◆ Installation of Magnetic resonator – Double resonance type & Magnetic memory type improves efficiency of Natural gas fired furnace by improving Overall Combustion Efficiency and also extending life of burners in addition reduces emissions.

- ◆ Centralized on / off control for compressors which will operate the compressors based on air consumption.
- ◆ Use of Turbo ventilators to extract heat in the non-air-conditioned areas of factory buildings.
- ◆ Laying of new 33kV Power Cables has resulted in reduced diesel consumption.
- ◆ Shifting the Blade Manufacturing Process from 5 Axis Machines to 4 Axis Machine.
- ◆ Process sequence change- Shifting of work center from high power consuming machines to Low Power Consuming Machines.
- ◆ Revising the Parameters and CNC Programme to reduce the Cycle time.
- ◆ Optimization of the operation of two compressors by connecting them with common header resulting in running one compressor instead of two.
- ◆ Reduction in idle time of CNC machines (in power ON mode to auto sleep mode) while not in use.
- ◆ Reducing the specific energy consumption (Million K.cal/Tonne) by improving the capacity utilization of Annealing Furnace.
- ◆ Optimization of HVAC running hours in Coil shop.
- ◆ Process improvements in Blade shop to reduce the specific energy consumption (kWh/Blade).
- ◆ Cycle time reduction in forged blades manufacturing by developing new cutting tool.
- ◆ Reduction in Energy consumption during HIP Rotor Balancing by changing the design of heating chamber.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- ◆ Replacement of conventional lighting fixtures of Lighting masts with Energy efficient LED Light fixtures.
- ◆ Installation of AIRCO Saver on Split AC to reduce energy Consumption.

- ◆ Providing variable air volume (VAV) valves in Admin building
- c) **Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods**
 - ◆ The measures taken have resulted in savings in cost of production, power consumption, reduction in carbon dioxide emissions & processing time.
- d) **Total Energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries Specified in the Schedule is not applicable.**

B. Technology

The Company continues to implement new technologies to meet the market needs. Since the manufacturing of newer design products are in the initial stage, all the efforts are in absorbing the technology from the parent company. Most of the efforts pertain to material indigenization and special process development. There are no specific R&D activities during the year. No separate record of the expenditure incurred is maintained by the Company.

Technology Absorption, adaptation and innovation

- 1) Efforts made towards technology absorption, adaptation and innovation:
 - ◆ Evaluated imported equipment designs / technologies and implemented the state-of-the-art technology through indigenous developments along with alternative materials/components. Large Steam Turbines having capacities upto 1,000 MW have been successfully manufactured and dispatched for export project.
 - ◆ Turning Gear operation, an important milestone of India's first Ultra-supercritical Turbine commissioning along with new efficient Generator design has been completed.
 - ◆ Interaction with external agencies / internal customers /suppliers for exposure to the latest products / designs.
 - ◆ Participating in national / international conferences, seminars and exhibitions.
 - ◆ Valuation, adaptation and / or modification of imported designs / technologies to suit indigenous requirements, alternative materials / components.
 - ◆ Use of state-of-the-art equipment, instrument and software.

- ◆ Analyzing feedback from users to improve processes and services.
 - ◆ Capability developed for designing of Control & Instrumentation system on various platforms depending on customer's requirement.
- 2) Benefits derived as a result of the above efforts are not quantifiable.
 - 3) Information regarding technology imported during the last 5 years.

| Technology Imported | Year of Import | Status |
|---|-------------------|------------------|
| Knowhow and technical information for design, engineering and manufacturing of Ultra-supercritical Turbine from MHPS, Japan | July 2015 onwards | Under Absorption |
| New & high efficiency model of Generators from MELCO, Japan. | | |

C. Foreign Exchange Earnings and Outgo

The Company is supplying Supercritical Steam Turbines and Generators for exports and domestic mega power plants which are classified as deemed exports.

₹ crore

| Particulars | 2018-19 | 2017-18 |
|---------------------------------------|---------|---------|
| <u>Foreign Exchange Earnings</u> | 560.94 | 154.02 |
| Foreign Exchange saved/deemed exports | 162.07 | 270.34 |
| Foreign Exchange Outgo | | |
| Capital Expenditure | 1.83 | 0.00 |
| Materials & Components | 422.22 | 502.02 |
| Others | 28.94 | 119.97 |

Risk Management Policy

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

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) Committee presently comprises of Mr. Shekhar Sharda, Mr. Tetsuya Suzuki and Mr. Shekar Viswanathan as Members.

Following are some of the major CSR initiatives being undertaken by the Company:

- a) Education & Health programs
- b) Skill building and development programs

The Company is part of the centrally managed CSR activities of Hazira Manufacturing Complex.

Details of Directors and Key Managerial Personnel appointed/resigned during the year

Mr. Shailendra Roy, Mr. Hisashi Fukuda, Mr. Katsutoshi Mori, Mr. Derek Michael Shah, Mr. Yusuke Kurogi, Mr. Shekhar Sharda, Mr. Tetsuya Suzuki, Mrs. Vijaya Sampath and Mr. Shekar Viswanathan are the present Directors of the Company.

During the year under review, Mr. Manabu Itani resigned from the Board. The Board placed on record its appreciation for the contributions made by him.

Mr. Tetsuya Suzuki was appointed as Whole-time Director nominated by Mitsubishi Hitachi Power Systems Limited for a period of three years with effect from January 23, 2019 to fill up the casual vacancy caused by the cessation of Mr. Manabu Itani. Pursuant to the provisions of section 161(4) of the Companies Act, 2013, as amended, any Director appointed in causal vacancy shall be approved by the members in the immediate next general meeting. Accordingly, Mr. Tetsuya Suzuki holds office upto the date of this Annual General Meeting and it has been proposed to appoint him as Whole-time Director of the Company.

Mr. Shailendra Roy and Mr. Yusuke Kurogi retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered themselves for re-appointment.

Mr. Raju Iyer is the Company Secretary of the Company and Mr. A. R. Prasad is the Chief Financial Officer of the Company.

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 May 9, 2018, July 20, 2018, October 24, 2018 and January 23, 2019.

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

Internal Audit

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

Vigil Mechanism

In accordance with the requirements of the Companies Act, 2013, the company has established a vigil mechanism framework for directors and employees to report genuine concerns.

Company Policy on Director Appointment and Remuneration

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013.

The Committee has formulated the Nomination and Remuneration policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. The Independent Directors are paid remuneration by way of sitting fees.

During the year under review, the committee met twice on May 9, 2018 and January 23, 2019.

The Nomination and Remuneration Committee comprises of Mr. Shailendra Roy, Mr. Hisashi Fukuda, Mr. Shekar Viswanathan and Mrs. Vijaya Sampath.

Declaration of Independence

The Company has received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they are not disqualified from continuing as Independent Directors.

Directors Responsibility Statement

The Board of Directors of the Company confirms:

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

Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2019, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

Performance evaluation of the Board, its Committees and Directors

The Board has laid down the manner in which the evaluation of the Board, its Committees, Chairman and the Individual Directors shall be carried out. It includes circulation of questionnaires to all the Directors for evaluation of the Board, its committees, Board composition and its structure, Board effectiveness, Board functioning, information availability, adequate discussions, etc. These questionnaires' also cover specific criteria and the grounds on which all directors in their individual

capacity would be evaluated. The Chairperson of the Nomination and Remuneration Committee analyzes the individual directors' responses on the questionnaires to arrive at unbiased conclusions.

During the year under review, the Company has completed the performance evaluation of the Board, its Committee(s), Chairman and Directors and the summary of the evaluation has been shared with the members of the Nomination and Remuneration Committee and the Board.

Meeting of the Independent Director's

The Meeting of the Independent Director's was held on May 8, 2018, without the presence of Executive Directors and Management Personnel. They reviewed the performance of Non-independent Directors and the Board as a whole and assessed the quality, quantity and timeliness of the flow of information between management and the Board.

Audit Report

The Auditors' Report to the Shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

Reporting of Frauds

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

Secretarial Audit Report

The Secretarial Audit Report issued by Ms. Naina Desai, Practicing Company Secretary is attached as Annexure 'A' to this Report.

The Secretarial Auditors' report to the shareholders does not contain any adverse remark or any qualification or comment which have any material adverse effect on the functioning of the Company.

Details of Significant and Material orders passed by the regulators or courts or tribunals

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

Auditors

As per the provisions of the Companies Act, 2013, M/s B. K. Khare & Co. (Registration No. 105102W) were eligible to be appointed for a period of five years and were appointed as Statutory Auditors from the conclusion of 11th AGM till the conclusion of 16th AGM.

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

Compliance with Secretarial Standards on Board Meetings and Annual 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. There were no cases of sexual harassment received in the Company during the financial year 2018-19.

Awareness workshops/training programs are conducted across the Company to sensitize employees to uphold the dignity of their colleagues at workplace specially with respect to prevention of sexual harassment.

The Company has an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 consisting of 11 members across Hazira Manufacturing Complex.

Cost auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and as per Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board of Directors has approved the appointment of M/s R. Nanabhoy & Co, Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2020 at a remuneration of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousands Only). They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

A proposal for ratification of remuneration payable to the Cost Auditor for the financial year 2019-20 is placed before the shareholders. The Report of the Cost Auditors for the financial year ended March 31, 2019 is under finalization and shall be filed with the Ministry of Corporate Affairs within the prescribed period.

As per the requirements of section 148 of the Companies Act, 2013 read with the Rules, the Company is required to maintain the cost records and accordingly, such accounts are made, and records have been maintained in respect of the applicable products for the year ended 31st March 2019.

Occupational Health, Safety & Environment

The Company is committed to the principle that business objectives should never be allowed to compromise safety. The same is reflected in all its activities, products and services, providing safe and healthy working environment to all stakeholders. We are committed to continually improving our performance in all aspects and have set high standards for ourselves to do more than just fulfilling the regulatory requirements.

In all stages of our business activities, our EHS response aims to protect the global environment, prevent pollution, support the health and safety of all those with whom we work and in the local communities in which we operate, accurately recording the quantities of energy consumption and waste material generation and other relevant data as per Global Reporting Initiative (GRI) parameters.

For the financial year 2018-19, LMTG received no serious or willful violations from any EHS-related government agency, sustained no catastrophic injuries or fatalities and prevented significant releases of hazardous substances to the environment. We are following guidelines of ISO 14001:2015 (Environmental Management Systems) and OHSAS 18001:2007 and working towards getting ISO 45001:2018 accreditation.

LMTG's EHS Management System and its performance and results are an integral part of our overall Sustainability Program. Our goal is to provide transparency, results in compliance, prevention of pollution and reduction of injuries.

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-09 is attached as Annexure 'B' to this Report.

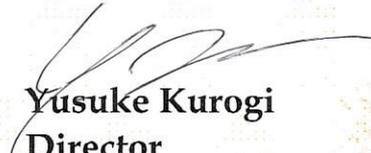
Acknowledgement

The Directors wish to thank the Customers, Vendors and business associates for their continued support and valuable co-operation during the year. The Directors also wish to place on record their appreciation of the contribution made by employees at all levels. Our progress in setting up of world class hi-Tech manufacturing facility and meeting challenges of project deliveries was made possible by their hard work, commitment, cooperation and support. The Directors thank the Reserve Bank of India, Financial Institutions, Japan Bank for International Co-operation, Banks, Central & State Governments authorities and the stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board of Directors



Shailendra Roy
Chairman
DIN: 02144836



Yusuke Kurogi
Director
DIN: 07172890

Place: Faridabad
Date : 24th April, 2019

MANAGEMENT DISCUSSION & ANALYSIS

Business Development & Outlook

Last financial year the Coal Fired Thermal Power sector continued its slow pace, having wedged between the government's push for renewable energy and its dilemma on going ahead full steam on new large power plants. The wait for equipment manufacturers who are already reeling under excess capacities is continuing, which sums up the cut-throat competition for few orders available in the market.

Ministry of Power's earlier directive to scrap power plants above 25 years is yet to see the light, which is partly responsible for the slow pace in the number of upcoming supercritical plants. Earlier year's announcement of making it mandatory that only ultra-supercritical units would be ordered beyond 2020 and would be commissioned beyond 2027 has already made a positive difference, as the new plants coming up are mostly ultra-supercritical, giving a relief for high technology equipment manufacturers.

Coal availability issues which were hitherto crippling the power plants, have settled down with more and more power plants now in the green. But the crack down on loan defaulters by the banks through NCLT and the stricter norms to issue fresh loans, have made life difficult for power producers to source funds.

After a long debate, it seems to have settled down on the policy makers that Coal based power plants along with nuclear power plants are here to stay as the backbone of country's future power needs. This is good news for the Company as it has the capability to manufacture the nuclear Turbines also. The company is preparing to bid for few large and upcoming nuclear power plants. This opens a new window to a robust future, if the Government's huge plans for the nuclear sector are to come true.

The company which has imbibed a Japanese pedigree, is in a continuous pursuit to reduce costs, product improvisation of bringing in more-efficient models, indigenization and optimization of facilities. This has made the company one of the most stable and reliable manufacturers in the sector, living up to its reputation of delivering quality product in time. Company's resolve to resist temptations of price reduction holds it in good stead today vis-à-vis competition.

The global orders through its parent, MHPS is a testimony to the quality products of the company. Last year the company manufactured and exported 2 units of 1,000 MW Turbines, the first of its kind to be manufactured in the country. The global shift towards larger capacities is giving an edge to asset heavy companies, as outsourcing large capacity components is still in its infancy. Hence company's vision of in-house manufacturing model is reaping dividends.

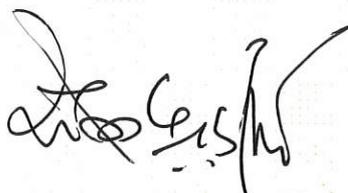
The Company is confident of meeting the market requirements to manufacture & deliver the cost competitive products in the coming years. The initiatives undertaken by the management with a clear foresight are bearing fruit in the form of a handful of Hydro sector component orders and a consistently growing spares and services business.

The year 2019-20 is looking prospective with a fresh set of proposals coming up for new power plants in both coal and nuclear sectors.

Strategic Initiatives

Apart from the thrust on Export business, the Company's initiatives to generate business out of the booming hydro and nuclear businesses will benefit in the near future. Nevertheless, the focus to generate additional revenue through after Sales Services and Spares will contribute to the bottom line.

For and on behalf of the Board of Directors



Shailendra Roy
Chairman
DIN: 02144836



Yusuke Kurogi
Director
DIN: 07172890

Place: Faridabad

Date : 24th April, 2019

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Secretarial Audit Report

2018-19



Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED March 31, 2019

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

To,

The Members,

L&T- MHPS TURBINE GENERATORS PRIVATE LIMITED

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; presently (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

- vi) Other specific business/industry related laws applicable to the company, viz.-
- ⇒ Gas Cylinder Rules, 2016.
 - ⇒ The Static and Mobile Pressure Vessels (Unfired) Rules, 2016.
 - ⇒ Petroleum Act, 1934 and Petroleum Rules, 2002 .

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 fifteen days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period 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. For Example-

- (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.

Increase in Borrowing limits of the Company not exceeding Rs.2000 crore at the General Meeting held on June 29, 2018, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.

- (iv) Merger / amalgamation / reconstruction, etc. - NIL.
- (v) Foreign technical collaborations. - NIL.

NAINA R DESAI

Practising Company Secretary

FCS No. 1351

Certificate of Practice No.13365

Place: Mumbai

Date: April 15, 2019

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

'Annexure A'

To,

The Members

L&T- MHPS TURBINE GENERATORS PRIVATE LIMITED

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

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

NAINA R DESAI

Practising Company Secretary

FCS No. 1351

Certificate of Practice No.13365

Place: Mumbai

Date: April 15, 2019



Annexure B
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2019
[Pursuant to Section 92(3) of *The Companies Act, 2013* and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | |
|---|---|
| CIN | U31101MH2006PTC166541 |
| Registration Date | 27/12/2006 |
| Name of the Company | L&T - MHPS Turbine Generators Private Limited |
| Category / Sub-Category of the Company | Public Limited Company |
| Address of the Registered Office and Contact details | L&T House, N.M. Marg, Ballard Estate, Mumbai - 400001. Tel:- 022-67525656. Email:Subodh.Shetty@Larsentoubro.Com |
| Whether Listed Company | No |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the Total Turnover of the Company shall be stated:-

| Sr. No. | Name and Description of Main Products / Services | NIC Code of the Product/ Service | % to Total Turnover of the Company |
|---------|---|----------------------------------|------------------------------------|
| 1. | Manufacturing of Parts of Super Critical Steam Turbine and Generators | 28110 | 94% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary /Associate | % Of Shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Larsen & Toubro Limited. Address: L&T House, N.M. Marg, Ballard Estate Mumbai - | L99999MH1946PLC004768 | Holding | 51 | 2(46) |

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

I) Category-wise Share Holding

| 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. | 36,24,06,000 | - | 36,24,06,000 | 51 | 36,24,06,000 | - | 36,24,06,000 | 51 | NIL |
| E) Banks / FI | | | | | | | | | |
| F) Any Other.... | | | | | | | | | |
| Sub-Total (A) (1) :- | 36,24,06,000 | - | 36,24,06,000 | 51 | 36,24,06,000 | - | 36,24,06,000 | 51 | NIL |
| (2) Foreign | | | | | | | | | |
| A) NRIs - Individuals | | | | | | | | | |
| B) Other-Individuals | | | | | | | | | |
| C) Bodies Corp. | - | 34,81,94,000 | 34,81,94,000 | 49 | - | 34,81,94,000 | 34,81,94,000 | 49 | NIL |
| D) Banks / FI | | | | | | | | | |
| E) Any Other.... | | | | | | | | | |
| Sub-Total (A) (2) :- | - | 34,81,94,000 | 34,81,94,000 | 49 | - | 34,81,94,000 | 34,81,94,000 | 49 | NIL |
| Total Shareholding Of Promoter (A)=(A)(1)+(A)(2) | 36,24,06,000 | 34,81,94,000 | 71,06,00,000 | 100 | 36,24,06,000 | 34,81,94,000 | 71,06,00,000 | 100 | NIL |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| A) Mutual Funds | | | | | | | | | |
| B) Banks / FI | | | | | | | | | |
| C) Central Govt | | | | | | | | | |
| D) State Govt(S) | | | | | | | | | |
| E) Venture Capital Funds | | | | | | | | | |
| F) Insurance Companies | | | | | | | | | |
| G) FIIs | | | | | | | | | |
| H) Foreign Venture Capital Funds | | | | | | | | | |
| I) Others (Specify) | | | | | | | | | |
| Sub-Total (B) (1) :- | | | | | | | | | NIL |

I) Category-wise Share Holding (Cont....)

| 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 | |
| 2. Non-Institutions | | | | | | | | | |
| A) Bodies Corp. | | | | | | | | | |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| B) Individuals | | | | | | | | | |
| i) Individual Shareholders Holding Nominal Share Capital upto Rs. 2 Lakh | | | | | | | | | |
| ii) Individual Shareholders Holding Nominal Share Capital in Excess Of Rs 2 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) | 36,24,06,000 | 34,81,94,000 | 71,06,00,000 | 100 | 36,24,06,000 | 34,81,94,000 | 71,06,00,000 | 100 | NIL |

(II) *Shareholding of Promoters*

| Sr. 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 Share | % of total shares of the Company | % of shares pledged / encumbered to total Shares | |
| 1. | Larsen & Toubro Limited | 36,24,06,000 | 51.00 | NIL | 36,24,06,000 | 51.00 | NIL | NIL |
| 2. | Mitsubishi Hitachi Power Systems Limited | 27,71,34,000 | 39.00 | NIL | 27,71,34,000 | 39.00 | NIL | NIL |
| 3. | Mitsubishi Electric Corporation | 7,10,60,000 | 10.00 | NIL | 7,10,60,000 | 10.00 | NIL | NIL |
| | Total | 71,06,00,000 | 100.00 | NIL | 71,06,00,000 | 100.00 | NIL | NIL |

(III) *Change in Promoters' Shareholding: NIL*

| Sr. No. | For each of the Promoter | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | At the beginning of the year | NIL | | | |
| 2. | Date wise Increase / Decrease In share holding during the year specifying The reasons for Increase / Decrease (E.g. Allotment / Transfer / Bonus / Sweat Equity Etc): | | | | |
| 3. | At the end of the year | | | | |

(IV) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr. 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 |
| 1. | At the beginning of the year | NIL | | | |
| 2. | Date wise Increase / Decrease in share holding during the year specifying the reasons for Increase / Decrease (Eg. Allotment / Transfer / Bonus / Sweat Equity etc): | | | | |
| 3. | At the end of the year (or on the date of separation, If separated during the year) | | | | |

(V) Shareholding of Directors and Key Managerial Personnel

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | At the beginning of the year | NIL | | | |
| 2. | Date wise Increase / Decrease in shareholding during the year specifying the reasons for Increase / Decrease (Eg. Allotment / Transfer / Bonus / Sweat Equity etc): | | | | |
| 3. | At the end of the year | | | | |

V. INDEBTEDNESS

Indebtedness of the Company including Interest Outstanding/Accrued but not due for payment

₹ crore

| Particulars | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the Financial Year | | | | |
| I) Principal amount | | 821.48 | | 821.48 |
| II) Interest due but not paid | | - | | - |
| III) Interest accrued but not due | | 0.91 | | 0.91 |
| Total (I+II+III) | | 822.39 | | 822.39 |
| Change in Indebtedness during the Financial Year | | | | |
| Addition | | 234.42 | | 234.42 |
| Reduction | | (218.03) | | (218.03) |
| Net change | | 16.39* | | 16.39* |
| Indebtedness at the end of the Financial Year | | | | |
| I) Principal Amount | | 837.87 | | 837.87 |
| II) Interest Due But Not Paid | | - | | - |
| III) Interest Accrued But Not Due | | 0.89 | | 0.89 |
| Total (I+II+III) | | 838.76 | | 838.76 |

* Net change in unsecured loan (after considering effect of revaluation).

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sr. No. | Particulars of Remuneration | Name of the Whole-Time Director | Total Amount |
|---------|--|---|--------------|
| | | Mr. Manabu Itani*/ Mr. Tetsuya Suzuki@ | |
| 1. | Gross Salary (A) Salary as per provisions u/s 17(1) of the Income-Tax Act,1961 (B) Value of Perquisites u/s 17(2) of the Income-Tax Act, 1961 (C) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961 | NIL | |
| 2. | Stock Option | | |
| 3. | Sweat Equity | | |
| 4. | Commission - As % of Profit - Others, specify... | | |
| 5. | Others, please specify | | |
| | Total | | |
| | Ceiling as per the Act | | |

| | | |
|----|--|-----|
| 3. | Sweat Equity | NIL |
| 4. | Commission - As % of Profit - Others, specify... | |
| 5. | Others, please specify | |
| | Total | |
| | Ceiling as per the Act | |

Note: *resigned with effect from 23rd January, 2019

@appointed with effect from 23rd January, 2019

B. Remuneration to other Directors:

| Sr. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|---|---------------------|------------------------|------------------------|--------------|
| | | Mrs. Vijaya Sampath | Mr. Shekar Viswanathan | | |
| 1. | Independent Directors -Fee for attending Board/Committee meetings -Commission -Others, please specify | 250,000 | 100,000 | | 350,000 |
| | Total (1) | 250,000 | 100,000 | | 350,000 |
| | | Mr. Shailendra Roy | Mr. Shekhar Sharda | Mr. Derek Michael Shah | Total |
| | | Mr. Hisashi Fukuda* | Mr. Yusuke Kurogi | Mr. Katsutoshi Mori* | |
| 2. | Other Non-Executive Directors fee for attending Board / Committee Meetings Commission Others, please specify | NIL | | | |
| | Total (2) | | | | |
| | Total = (1+2) | | | | |
| | Total Managerial Remuneration | | | | |
| | Overall Ceiling as per the Act | | | | |

Note: * Appointed as Directors wef May 9, 2018

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

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|------------------------------------|-------------------------|-----------|
| | | Company Secretary Mr. Raju Iyer | CFO Mr. A. R. Prasad | Total |
| 1. | Gross Salary (A) Salary as per provisions U/S 17(1) of the Income-Tax Act, 1961 (B) Value of Perquisites U/S 17(2) of the Income-Tax Act, 1961 (C) Profits in lieu of Salary U/S 17(3) of the Income-Tax Act, 1961 | NIL | 4,518,056 | 4,518,056 |
| 2. | Stock Option | | NIL | NIL |
| 3. | Sweat Equity | | | |
| 4. | Commission - As % of Profit - Others, specify | | | |
| 5. | Others, please specify | | | |
| | Total | | | 4,518,056 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding Fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. Directors | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. Other officers in default | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

Auditor's Report

2018-19



INDEPENDENT AUDITOR'S REPORT

To the Members of

L&T-MHPS Turbine Generators Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of L&T-MHPS Turbine Generators Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss including other comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in



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India

the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| KAM related to Revenue recognition on construction contracts | |
|---|---|
| Key Audit Matter | <p>Revenue recognition on construction contracts</p> <p>The Company is engaged in the business of design, engineering, manufacturing, selling, maintenance and servicing of Supercritical & Ultracritical Steam Turbines & Generators and related products.</p> <p>Revenue from long-term construction contracts is recognized in accordance with Ind AS 115, Revenue from Contracts with Customers, generally based on the extent of progress towards completion.</p> <p>Recognition of the Company's revenue is complex as its core business activity is dependent on construction contracts requires management to make assessments that significantly determine the quantum of revenue and margins recognized during a financial year.</p> <p>These assessments include assessing completion of contractually deter-</p> |



| | |
|---|--|
| | <p>mined obligations, estimating total costs to complete the contract and identification of any possible delays and consequential penalties that may affect the revenue recognized. Revenues, total contract costs and profits could deviate from earlier estimates over the contract tenure depending on several factors.</p> <p>Reference to related disclosures: Refer Notes [29.01] to the Financial Statements.</p> |
| <p>Principal Audit Procedures</p> | <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We tested the relevant internal controls used to ensure the completeness, accuracy and timing of revenue recognized, including controls over the degree of completion of turnkey and contracts at year-end.</p> <p>We selected sample of contracts to assess whether the revenue recognition methodology was relevant and consistent with accounting standards, and had been applied consistently.</p> <p>For the contracts selected, we inspected original signed contracts and agreed the revenue recognised to the underlying accounting records.</p> <p>For the contracts selected, and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract.</p> <p>Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.</p> <p>Assessment of accounting for contract amendments.</p> |

| | |
|--|---|
| | <p>Performed analytical procedures and test of details for reasonableness of incurred and estimated costs and the billable revenues and cost of sales recognized in the statement of profit and loss considering the extent of progress towards completion.</p> <p>We performed inquiries of management teams to understand reasons for cost variations and to understand management's assessment of potential contract risks.</p> |
| Conclusion | Our procedures did not identify any material exceptions. |
| KAM related to Provision for Warranty expenditure | |
| Key Audit Matter | <p>Provision for Warranty expenditure</p> <p>The company is liable to its customers for repairs or to replace any defect as mentioned in respective contracts. Most contracts mention about the Defect Liability Period (DLP) for which the company needs to create appropriate provisions. The warranty provision is major aspect for the company & hence needs to be calculated on appropriate basis.</p> <p>We focused on this area as the completeness and valuation of the expected outcome of warranty provisions requires a high degree of management judgments and the use of estimates giving rise to inherent uncertainty in the amounts recorded in the financial statements.</p> <p>Reference to related disclosures:</p> |
| Principal Audit Procedures | <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We tested the relevant internal controls regarding completeness of warranty provisions and how Management assesses valuation of provisions.</p> <p>We challenged the assumptions underlying the valuation of provisions by checking the inputs used to calculate the provisions, including interviewing the personnel's charged with the responsibility of warranty provisioning.</p> |



| | |
|---|--|
| Conclusion | Our procedures did not identify any material exceptions. |
| KAM related to Foreign Currency transactions and accounting for Hedges | |
| Key Audit Matter | <p>A significant portion of the Company's transactions are in foreign currency as several contracts with customers are denominated in a currency different from the reporting currency. The Company undertakes foreign exchange forward contracts to hedge the currency risk.</p> <p>These contracts are designated as hedges under Ind AS 109 which require management in making estimate of timing of cash flows from the underlying and hedge and estimating hedge effectiveness.</p> <p>Further, the Company is also required to identify and measure foreign exchange derivatives that may be embedded within contracts with customers.</p> <p>Reference to related disclosures: Refer Notes [29.08] to the Financial Statements.</p> |
| Principal Audit Procedures | <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We tested the relevant internal controls regarding initiation, processing and recording of foreign exchange contracts, documentation of contracts identified as hedges of foreign currency risk and how Management assesses effectiveness of hedges.</p> <p>These procedures also included testing of internal approvals and compliance with hedging policy approved by the Board.</p> <p>Test of details included checking fair value of forward exchange contracts as on reporting date with confirmations from counter-party banks and checking accuracy of the accounting for amounts recorded in Statement of Profit and Loss and Other Comprehensive income in relation to effective portion of hedges.</p> |

| | |
|------------|--|
| | Test of details in respect of embedded derivatives included a review of contractual terms and checking mathematical accuracy of the computations performed by the management including inquiries in relation to key assumptions. |
| Conclusion | Our procedures did not identify any material exceptions. |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's / annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementa-



tion 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing 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 financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- ◆ Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the com-

pany has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure-B**", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 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:

The Company has not paid any remuneration to any of its Key managerial Personnel during the year and hence, this clause is not applicable to the Company.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (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 financial statements. (Refer Note 29.06 to the financial statements);
- ii. The Company has made provision, as required as per the applicable law or accounting standards for material foreseeable losses, if any, for 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 during the year.

For **B.K. Khare & Co.**

Chartered Accountants

(Firm's Registration No. 105102W)



Ravi Kapoor

Partner



Membership No. 040404

Faridabad, India

April 24, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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-MHPS Turbine Generators Private Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the 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 of 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 2019, 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 **B.K. Khare & Co.**

Chartered Accountants

(Firm's Registration No. 105102W)



Ravi Kapoor

Partner



Membership No. 040404

Faridabad, India

April 24, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

i) In respect of its Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is at reasonable intervals considering the size of the Company and nature of its assets.
- c) In our opinion and according to the information and explanations given to us and on the examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) In respects of Inventory:

- a) The inventory, including stocks lying with the third parties have been physically verified by management at a reasonable intervals during the year. In our opinion, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.
- b) The company is maintaining proper records for inventory and discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.
- iii) The According the information and explanations given to us, the Company has granted unsecured loans to one body corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not



prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

c) There is no overdue amount remaining outstanding as at the year-end.

iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi) On the basis of information given to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India, under sub section (1) of section 148 of the Companies Act 2013, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

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

a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Cess, Goods and Service tax 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, Customs Duty, Cess, Goods and Service tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us and on the basis of the

examination of the records of the Company, the particulars of income tax, sales tax, value added tax which have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2019 are as under:

| Nature of statute | Nature of disputed dues | *Amount (in crore) | Period to which the amount relates | Forum where dispute is pending |
|--|-------------------------|--------------------|------------------------------------|---|
| Central Sales tax Act and Local Sales tax Act, Gujarat | Penalty | 0.30 | 2011-12 | Deputy commissioner Commercial Tax, Gujarat |

* The amount is net of pre-deposit paid in getting the stay/appeal admitted.

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to Banks, Financial Institutions, and Government and debenture holders.
- ix) 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 3 (ix) of the Order are not applicable to the Company and not commented upon.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- 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 as required by the applicable accounting standards.

- xiv) 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 3 (xiv) of the Order is not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the Company is not required to be registered under section 45-1 of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **B.K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Ravi Kapoor

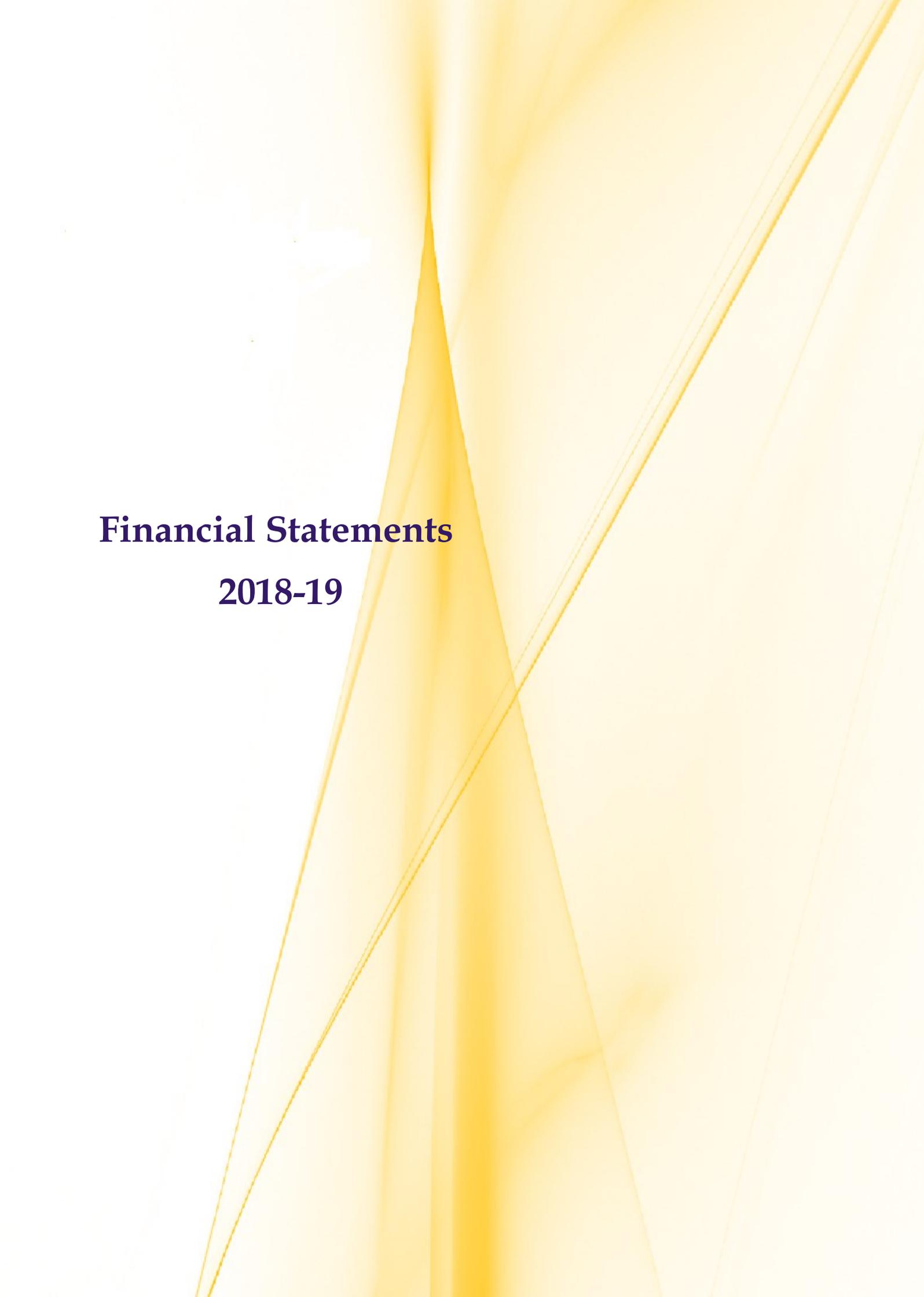
Partner

Membership No. 040404



Faridabad, India

April 24, 2019



Financial Statements
2018-19

BALANCE SHEET AS AT MARCH 31, 2019

₹ crore

| Particulars | Note No. | As at 31st March 2019 | As at 31st March 2018 |
|---|----------|-----------------------|-----------------------|
| ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Property, Plant and Equipment | 1 | 683.81 | 736.80 |
| (b) Capital Work-in-Progress | 2 | - | - |
| (c) Other Intangible Assets | 3 | 5.57 | 6.22 |
| (d) Financial Assets | | | |
| (i) Loans | 4 | 0.08 | 0.10 |
| (e) Deferred Tax Assets (Net) | | - | - |
| (f) Other Non Current Assets | 5 | 5.81 | 4.67 |
| Total Non Current Assets | | 695.27 | 747.79 |
| (2) Current Assets | | | |
| (a) Inventories | 6 | 34.51 | 38.90 |
| (b) Financial Assets | | | |
| (i) Investments | 7 | 427.30 | 150.32 |
| (ii) Trade Receivables | 8 | 621.23 | 517.39 |
| (iii) Cash & Cash Equivalents | 9 | 0.33 | 49.47 |
| (v) Other Financial Assets | 10 | 25.19 | 46.80 |
| (c) Other Current Assets | 11 | 418.80 | 927.75 |
| Total Current Assets | | 1,527.36 | 1,730.63 |
| TOTAL ASSETS | | 2,222.63 | 2,478.42 |
| EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share Capital | 12 | 710.60 | 710.60 |
| (b) Other Equity | 13 | (423.56) | (448.17) |
| Total Equity | | 287.04 | 262.43 |
| (2) Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 14 | 588.82 | 590.44 |
| (b) Provisions | 15 | 95.71 | 51.02 |
| Total Non Current Liabilities | | 684.53 | 641.46 |
| (3) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 241.50 | 383.39 |
| (ii) Current Maturities of Long Term Borrowings | 17 | 247.70 | 229.06 |
| (iii) Trade Payables | 18 | 122.01 | 224.14 |
| (iv) Other Financial Liabilities | 19 | 204.41 | 207.68 |
| (b) Other Current Liabilities | 20 | 426.53 | 528.85 |
| (c) Provisions | 21 | 8.91 | 1.41 |
| Total Current Liabilities | | 1,251.06 | 1,574.53 |
| TOTAL EQUITY AND LIABILITIES | | 2,222.63 | 2,478.42 |

As per our report attached of even date
B.K. Khare & Co.
 Chartered Accountants
 Firm's Registration No. 105102W

For and on behalf of the Board of Directors of
L&T-MHPS Turbine Generators Private Limited


Ravi Kapoor
 Partner
 Membership no. 040404


Tetsuya Suzuki
 Chief Operating Officer
 DIN : 8333217


Shailendra Roy
 Chairman
 DIN: 2144836


Yusuke Kurogi
 Director
 DIN: 7172890


A R Prasad
 Chief Financial Officer


Raju Iyer
 Company Secretary

Place : Faridabad
 Date : 24th April 2019

Place : Faridabad
 Date : 24th April 2019

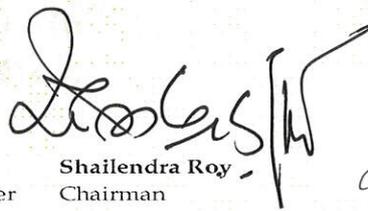
| Particulars | Note No. | 2018-19 | 2017-18 |
|--|----------|---------------|---------------|
| REVENUE : | | | |
| Revenue from Operations | 22 | 812.08 | 963.29 |
| Other Income | 23 | 16.00 | 4.47 |
| TOTAL REVENUE | | 828.08 | 967.76 |
| EXPENSES : | | | |
| Cost of Materials Consumed | 24 (i) | 422.52 | 584.78 |
| Excise Duty on Sale of Goods | | - | 11.02 |
| Other Manufacturing and Operating expenses | 24 (ii) | 62.90 | 72.15 |
| Employee Benefits Expense | 25 | 63.78 | 63.11 |
| Other Expenses | 26 | 86.84 | 32.51 |
| Finance Cost | 27 | 90.41 | 77.73 |
| Depreciation, Amortisation & Impairment | | 56.07 | 66.25 |
| TOTAL EXPENSES | | 782.52 | 907.55 |
| Profit / (Loss) Before Tax | | 45.56 | 60.21 |
| Tax Expenses | | | |
| Current Tax | | - | - |
| Deferred Tax | | - | (2.69) |
| PROFIT/(LOSS) AFTER TAX FOR THE YEAR | | 45.56 | 57.52 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified subsequently to profit/loss - Net of Tax | | 0.54 | 0.50 |
| Items that will be reclassified subsequently to profit/loss - Net of Tax | | (23.49) | 21.55 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 22.61 | 79.57 |
| Significant accounting policies | 28 | | |
| Other Notes forming part of the accounts | 29 | | |
| Earnings per Equity Share (Basic & Diluted) (Rs.) | 29.13 | 0.64 | 0.81 |
| Face value per Equity share (Rs.) | | 10.00 | 10.00 |

As per our report attached of even date
B.K. Khare & Co.
 Chartered Accountants
 Firm's Registration No. 105102W

For and on behalf of the Board of Directors of
L&T-MHPS Turbine Generators Private Limited


Ravi Kapoor
 Partner
 Membership no. 040404


Tetsuya Suzuki
 Chief Operating Officer
 DIN : 8333217


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 Chairman
 DIN: 2144836


Yusuke Kurogi
 Director
 DIN: 7172890


A R Prasad
 Chief Financial Officer


Raju Iyer
 Company Secretary

Place : Faridabad
 Date : 24th April 2019

Place : Faridabad
 Date : 24th April 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(A) EQUITY SHARE CAPITAL

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|--------------------------|--------------------------|
| Balance at the beginning of the year | 710.60 | 710.60 |
| Changes in equity shares capital during the year | - | - |
| Balance at the end of the year | 710.60 | 710.60 |

(B) OTHER EQUITY

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|--------------------------|--------------------------|
| Equity component of other financial instruments | | |
| As per last Balance Sheet | 11.31 | 11.31 |
| Add: Additions | 2.01 | - |
| Less: Deductions | - | - |
| TOTAL (A) | 13.32 | 11.31 |
| Share Options Outstanding Account | | |
| As per last Balance Sheet | - | - |
| Add: Additions | - | - |
| Less: Deductions | - | - |
| TOTAL (B) | - | - |
| Hedging Reserve Fund | | |
| As per last Balance Sheet | 16.40 | (5.15) |
| Add: Additions | - | 21.55 |
| Less: Deductions | (23.49) | - |
| TOTAL (C) | (7.09) | 16.40 |
| Profit and Loss Account | | |
| Opening Balance | (475.87) | (533.89) |
| Profit for the period | 45.56 | 57.52 |
| Other comprehensive income | 0.54 | 0.50 |
| TOTAL (D) | (429.79) | (475.87) |
| TOTAL (A+B+C+D) | (423.56) | (448.17) |

As per our report attached of even date

B.K. Khare & Co.

Chartered Accountants

Firm's Registration No. 105102W

For and on behalf of the Board of Directors of

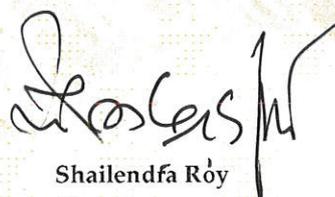
L&T-MHPS Turbine Generators Private Limited



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Chairman
DIN: 2144836



Yusuke Kurogi
Director
DIN: 7172890



A R Prasad
Chief Financial Officer



Raju Iyer
Company Secretary

Place : Faridabad
Date : 24th April 2019

Place : Faridabad
Date : 24th April 2019

| Particulars | | 2018-19 | 2017-18 |
|-------------|--|-----------------|-----------------|
| A. | Cash Flow from Operating Activities | | |
| | Net Profit/(Loss) before tax | 45.56 | 60.21 |
| | Adjustment for : | | |
| | Depreciation and Amortisation | 56.07 | 66.25 |
| | (Profit)/Loss on Sale of Investment | (13.18) | (4.27) |
| | (Profit)/Loss on Sale of Fixed Asset | 0.01 | (0.05) |
| | Dividend from Investment | - | - |
| | Interest from investments | - | - |
| | Interest Expenses | 39.84 | 30.70 |
| | Premia on Forward Cover on Items grouped under Financing Activity | 35.77 | 47.00 |
| | Exchange Difference on Items grouped under Financing Activity | 14.79 | (47.20) |
| | Exchange Difference on Items grouped under Investing Activity | (23.19) | 8.79 |
| | Operating Profit before working capital changes | 155.67 | 161.43 |
| | Adjustments For Changes in Assets & Liabilities : | | |
| | (Increase) / Decrease in Trade and Other Receivables | 419.94 | 215.99 |
| | (Increase) / Decrease in Inventories | 4.39 | (9.84) |
| | Increase / (Decrease) in Trade Payables and Customer Advances | (183.41) | (282.80) |
| | Cash generated from operations | 396.59 | 84.78 |
| | Direct taxes paid (net of refund) | - | - |
| | Net Cash from Operating Activities (A) | 396.59 | 84.78 |
| B. | Cash Flow from Investing Activities : | | |
| | Purchase of Fixed Assets and Intangible Assets | (2.52) | (2.59) |
| | Sale of Tangible Fixed Assets | 0.09 | 0.11 |
| | (Purchase)/Sale of current investment (Net) | (263.80) | (106.95) |
| | Dividend Received from Investments | - | - |
| | Interest received from investments | - | - |
| | Net Cash / (used in) from Investing Activities (B) | (266.23) | (109.43) |
| C. | Cash Flow from Financing Activities : | | |
| | Proceeds from Issue of Share Capital | - | - |
| | Proceeds from Long Term Borrowings | 234.42 | 107.14 |
| | Repayment of Long Term Borrowings | (250.65) | (166.68) |
| | Revaluation Gain/(Loss) on Long Term Borrowings | 18.46 | - |
| | Proceeds/(Repayment) from Other Short Term Borrowings (Net) | (141.89) | 164.33 |
| | Interest on Borrowings | (39.84) | (30.70) |
| | Net cash/ (used in) from Financing Activities (C) | (179.50) | 74.09 |
| | Net (decrease)/ increase in cash and cash equivalents (A+B+C) | (49.14) | 49.44 |
| | Cash and Cash equivalents as at the beginning of the year | 49.47 | 0.03 |
| | Cash and Cash equivalents as at the end of the year | 0.33 | 49.47 |
| | Net (Decrease)/ Increase in Cash and Cash Equivalents | (49.14) | 49.44 |

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.

2. Purchase of fixed assets includes movement of capital work-in-progress during the year.

As per our report attached of even date

B.K. Khare & Co.

Chartered Accountants

Firm's Registration No. 105102W

For and on behalf of the Board of Directors of
L&T-MHPS Turbine Generators Private Limited


Ravi Kapoor
Partner
Membership no. 040404


Tetsuya Suzuki
Chief Operating Officer
DIN : 8333217


Shailendra Roy
Chairman
DIN: 2144836


Yusuke Kurogi
Director
DIN: 7172890


A R Prasad
Chief Financial Officer


Raju Iyer
Company Secretary

Place : Faridabad
Date : 24th April 2019

Place : Faridabad
Date : 24th April 2019

NOTES FORMING PART OF BALANCE SHEET

1 : PROPERTY, PLANT AND EQUIPMENT 2 : CAPITAL WORK IN PROGRESS

₹ CRORE

| Tangible Asset | Cost | | | Depreciation | | | Book Value | |
|---------------------------------|---------------------|-------------|-------------|---------------------|--------------|-------------|---------------------|---------------------|
| | As at 01st Apr 2018 | Additions | Deductions | As at 31st Mar 2019 | For the year | Deductions | As at 31st Mar 2019 | As at 31st Mar 2018 |
| Buildings | 173.28 | - | - | 173.28 | 6.27 | - | 147.00 | 153.27 |
| Plant & equipment | 732.72 | 0.01 | 0.14 | 732.59 | 45.23 | 0.09 | 498.48 | 543.75 |
| Computers | 1.61 | 0.39 | 0.09 | 1.91 | 0.14 | 0.09 | 0.55 | 0.30 |
| Office equipment | 0.30 | 0.06 | - | 0.36 | 0.03 | - | 0.09 | 0.06 |
| Furniture & fixtures | 7.82 | - | - | 7.82 | 1.20 | - | 3.31 | 4.51 |
| Vehicles | 0.72 | - | 0.08 | 0.64 | 0.12 | 0.03 | 0.48 | 0.65 |
| Assets taken on Finance Lease | 35.08 | - | - | 35.08 | 0.37 | - | 33.90 | 34.27 |
| Total | 951.52 | 0.46 | 0.31 | 951.68 | 53.36 | 0.21 | 683.81 | 736.80 |
| Capital Work In Progress | | | | | | | | |
| TOTAL | 951.52 | 0.46 | 0.31 | 951.68 | 53.36 | 0.21 | 683.81 | 736.80 |

₹ CRORE

| Tangible Asset | Cost | | | Depreciation | | | Book Value | |
|---------------------------------|---------------------|-------------|-------------|---------------------|--------------|-------------|---------------------|---------------------|
| | As at 01st Apr 2017 | Additions | Deductions | As at 31st Mar 2018 | For the year | Deductions | As at 31st Mar 2018 | As at 31st Mar 2017 |
| Buildings | 173.28 | - | - | 173.28 | 6.26 | - | 153.27 | 159.52 |
| Plant & equipment | 732.42 | 0.30 | - | 732.72 | 55.30 | - | 543.75 | 598.75 |
| Computers | 1.49 | 0.18 | 0.07 | 1.60 | 0.20 | 0.06 | 0.29 | 0.32 |
| Office equipment | 0.35 | - | 0.05 | 0.30 | 0.06 | 0.05 | 0.06 | 0.12 |
| Furniture & fixtures | 7.82 | - | - | 7.82 | 1.20 | - | 4.51 | 5.71 |
| Vehicles | 0.80 | 0.20 | 0.28 | 0.72 | 0.14 | 0.23 | 0.65 | 0.64 |
| Assets taken on Finance Lease | 35.08 | - | - | 35.08 | 0.37 | - | 34.27 | 34.64 |
| Total | 951.24 | 0.68 | 0.40 | 951.52 | 63.53 | 0.34 | 736.80 | 799.70 |
| Capital Work In Progress | | | | | | | | |
| TOTAL | 951.24 | 0.68 | 0.40 | 951.52 | 63.53 | 0.34 | 736.80 | 799.70 |

NOTES FORMING PART OF BALANCE SHEET

3 : OTHER INTANGIBLE ASSETS

₹ CRORE

| Intangible Asset | Cost | | | Amortisation | | | Book Value | |
|--|---------------------|-------------|------------|---------------------|--------------|------------|---------------------|---------------------|
| | As at 01st Apr 2018 | Additions | Deductions | As at 31st Mar 2019 | For the year | Deductions | As at 31st Mar 2019 | As at 31st Mar 2018 |
| Computer Software | 2.74 | - | - | 2.74 | 0.11 | - | 2.58 | 0.16 |
| Engineering & Technical Know-how Fees | 38.08 | 2.06 | - | 40.14 | 2.60 | - | 34.73 | 5.41 |
| Total | 40.82 | 2.06 | - | 42.88 | 2.71 | - | 37.31 | 6.22 |
| Intangible assets under development | | | | | | | | |
| TOTAL | 40.82 | 2.06 | - | 42.88 | 2.71 | - | 37.31 | 6.22 |

₹ CRORE

| Intangible Asset | Cost | | | Amortisation | | | Book Value | |
|--|-----------------------|-------------|------------|---------------------|--------------|------------|---------------------|---------------------|
| | As at 01st April 2017 | Additions | Deductions | As at 31st Mar 2018 | For the year | Deductions | As at 31st Mar 2018 | As at 31st Mar 2017 |
| Computer Software | 2.74 | - | - | 2.74 | 0.17 | - | 2.47 | 0.44 |
| Engineering & Technical Know-how Fees | 36.19 | 1.89 | - | 38.08 | 2.54 | - | 32.13 | 6.60 |
| Total | 38.93 | 1.89 | - | 40.82 | 2.71 | - | 34.60 | 7.04 |
| Intangible assets under development | | | | | | | | |
| TOTAL | 38.93 | 1.89 | - | 40.82 | 2.71 | - | 34.60 | 7.04 |

4 : NON-CURRENT ASSETS - FINANCIAL LOANS

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------|--------------------------|--------------------------|
| Security Deposits | | |
| Unsecured Considered Good: | | |
| Deposit Paid | 0.08 | 0.10 |
| TOTAL | 0.08 | 0.10 |

5 : OTHER NON-CURRENT ASSETS

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|--------------------------|--------------------------|
| Capital Advances | | |
| Secured Capital Advances | - | - |
| Non-current assets for current tax | | |
| TDS Receivables | 4.54 | 4.09 |
| Financial Guarantee Asset | 1.27 | 0.58 |
| TOTAL | 5.81 | 4.67 |

6 : INVENTORIES (AT COST)

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------|--------------------------|--------------------------|
| Raw Material | 5.97 | 8.83 |
| Components | 24.96 | 25.62 |
| Stores-Tools, Jigs & Fixtures | 2.88 | 3.90 |
| Goods in Transit | 0.70 | 0.55 |
| TOTAL | 34.51 | 38.90 |

7 : CURRENT INVESTMENTS

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--------------|--------------------------|--------------------------|
| Mutual Funds | 427.30 | 150.32 |
| TOTAL | 427.30 | 150.32 |

PARTICULARS OF INVESTMENT PURCHASED AND SOLD DURING THE YEAR

| Particulars | Face Value | No of Units As at 31-03-2019 | Value as at | Value as at |
|--|------------|---------------------------------|-----------------|-----------------|
| | | | 31st March 2019 | 31st March 2018 |
| | | | ₹ crore | ₹ crore |
| Mutual Funds: | | | - | - |
| ICICI Prudential Savings Fund- Growth | 100 | | - | 21.76 |
| ICICI Prudential Ultra Short Term Fund | 10 | 1,87,38,766 | 35.36 | - |
| ICICI Prudential Short Term Fund | 10 | 75,35,967 | 29.10 | - |
| Reliance Ultra Short Duration Fund | 1,000 | 1,61,800 | 47.06 | 128.56 |
| Reliance Low Duration Fund | 1,000 | 88,326 | 22.82 | - |
| Reliance Short Term Fund | 10 | 43,37,835 | 15.06 | - |
| Franklin India Low Duration Fund | 10 | 3,76,68,256 | 81.89 | - |
| Franklin India Banking and PSU Debt Fund | 10 | 2,05,34,724 | 30.49 | - |
| Kotak Low Duration Fund | 1,000 | 3,09,286 | 70.72 | - |
| IDFC Bond Fund | 10 | 3,03,59,923 | 94.80 | - |
| | | | - | - |
| TOTAL | | | 427.30 | 150.32 |

8 : TRADE RECEIVABLES

₹ crore

| Particulars | As at | As at |
|-------------------------------------|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Unsecured | | |
| Considered Good | 621.76 | 517.45 |
| Less : Allowance for Doubtful Debts | (0.53) | (0.06) |
| TOTAL | 621.23 | 517.39 |

9 : CASH AND CASH EQUIVALENTS

₹ crore

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Balance with Banks | | |
| Balances with Scheduled Banks | 0.24 | 49.45 |
| Balances with Non Scheduled Banks | - | 0.02 |
| Cash on Hand | - | - |
| Cheque on Hand | - | - |
| Book credit balance in Bank Account | (0.23) | - |
| Fixed deposits with bank (maturity less than 3 months) | 0.32 | - |
| TOTAL | 0.33 | 49.47 |

10 : CURRENT - OTHER FINANCIAL ASSETS

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|--------------------------|--------------------------|
| Advance to Employees | 0.02 | 0.01 |
| Interest Receivables Others | - | 0.27 |
| Forward Contract Receivable | 23.17 | 43.99 |
| Other Receivables | 1.53 | 2.21 |
| Security Deposits - unsecured | 0.47 | 0.32 |
| Embedded Derivative Receivable (ED Asset) | - | - |
| TOTAL | 25.19 | 46.80 |

11 : OTHER CURRENT ASSETS

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|--------------------------|--------------------------|
| Unbilled Revenue (project related activity) | | |
| Work-in-Progress at Cost | 21.66 | - |
| Work-in-Progress at Realisable Sales Value | 329.15 | 618.99 |
| Work-in-Progress at Realisable Sales Value ICO | 8.16 | 127.01 |
| | 358.97 | 746.00 |
| Unbilled revenue including retention money | | |
| Contractual Retention Money not Due | - | - |
| Contractual Retention Money not Due - ICO | 13.83 | 94.27 |
| | 13.83 | 94.27 |
| Advance recoverable other than in cash | | |
| Balance with Government Authorities | 25.08 | 69.22 |
| Advances to Suppliers | 22.77 | 20.56 |
| Gratuity Asset | 0.72 | 0.75 |
| Prepaid Expenses | 1.06 | 0.74 |
| Financial Gurantee Asset | 0.97 | 0.64 |
| | 50.60 | 91.91 |
| Less: Allowance for Doubtful loans & advances | (4.60) | (4.43) |
| | 46.00 | 87.48 |
| TOTAL | 418.80 | 927.75 |

12 (i) : EQUITY SHARE CAPITAL

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | No. Of Shares | ₹ crore | No. Of Shares | ₹ crore |
| Authorised: | | | | |
| Equity Shares of Rs. 10 each | 720,000,000 | 720.00 | 720,000,000 | 720.00 |
| Issued, Subscribed & Fully Paid-up: | | | | |
| Equity Shares of Rs. 10 each | 710,600,000 | 710.60 | 710,600,000 | 710.60 |
| TOTAL | 710,600,000 | 710.60 | 710,600,000 | 710.60 |

12 (ii) : RECONCILIATION OF THE NUMBER OF EQUITY SHARES AND SHARE CAPITAL

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | No. Of Shares | ₹ crore | No. Of Shares | ₹ crore |
| Issued, Subscribed and fully paid up equity shares outstanding at beginning of the year | 710,600,000 | 710.60 | 710,600,000 | 710.60 |
| Add: Shares issued during the year | - | - | - | - |
| Issued, Subscribed and fully paid up equity shares outstanding at the end of the year | 710,600,000 | 710.60 | 710,600,000 | 710.60 |

12 (iii) : SHAREHOLDER HOLDING MORE THAN 5% OF EQUITY SHARES AS AT THE END OF THE YEAR

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|---------------------------------------|-----------------------|----------------|-----------------------|----------------|
| | No. Of Shares | Shareholding % | No. Of Shares | Shareholding % |
| Larsen & Toubro Ltd. | 362,406,000 | 51 | 362,406,000 | 51 |
| Mitsubishi Hitachi Power Systems Ltd. | 277,134,000 | 39 | 277,134,000 | 39 |
| Mitsubishi Electric Corporation | 71,060,000 | 10 | 71,060,000 | 10 |
| TOTAL | 710,600,000 | 100 | 710,600,000 | 100 |

Terms / Rights attached to Equity Shares:

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company in proportion to their shareholding.

Other Disclosures:

For the period of five years immediately preceding the date at which the balance sheet is prepared: 1) there are no shares allotted as fully paid pursuant to contracts without payment being received in cash. 2) there are no shares allotted as fully paid up by way of bonus shares, and 3) there are no shares bought back.

13 : OTHER EQUITY

₹ crore

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Equity component of other financial instruments | 13.32 | 11.31 |
| Retained Earnings | (429.79) | (475.87) |
| Hedging Reserve Fund | (7.09) | 16.40 |
| TOTAL | (423.56) | (448.17) |

14 : FINANCIAL LIABILITIES - BORROWINGS - NON CURRENT

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|--------------------------|--------------------------|
| Unsecured | | |
| Long Term Unsecured Loan from Banks | 836.52 | 819.50 |
| Less: Current Maturities of Long Term Borrowings (Included in Note: 17) | 247.70 | 229.06 |
| TOTAL | 588.82 | 590.44 |

Note: For the above borrowings, corporate guarantee is given by Larsen & Toubro Ltd. for its 51% shares of any and all amounts that are due and payable by the borrower under this agreement, Mitsubishi Heavy Industries Ltd./Mitsubishi Hitachi Power System Ltd. for 49% share of any and all amounts that are due and payable by the borrower under this agreement.

14(i) : TERM LOAN FROM BANK (UNSECURED)-EXTERNAL COMMERCIAL BORROWING (ECBs)

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 | Rate of Interest | Terms of repayment of term loan outstanding as on 31st March 2019 |
|---|--------------------------|--------------------------|---------------------|---|
| External Commercial Borrowings from Japan Bank for International Co-Operation | 114.11 | 322.62 | USD Libor + Spread | Repayable in 6 equal Half yearly installments commenced from 15/03/2017 and ending on 15/09/2019 |
| | 11.69 | 22.08 | USD Libor + Spread | Repayable in 10 equal Half yearly installments commenced from 15/09/2015 and ending on 15/03/2020 |
| External Commercial Borrowings from Sumitomo Mitsui Banking Corporation | 369.76 | 364.36 | JPY Libor + Spread | Repayable in 3 equal yearly installments commencing from 15/07/2019 and ending on 15/07/2021 |
| | 342.32 | 107.54 | USD Libor + Spread | Repayable in 4 equal yearly installments commencing from 15/09/2021 and ending on 15/03/2023 |
| External Commercial Borrowings from Bank of Tokyo Mitsubishi UFJ Ltd. | - | 4.89 | USD Libor + Spread | Repayable in 8 equal Half yearly installments commenced from 17/01/2015 and ending on 17/07/2018 |
| TOTAL | 837.87 | 821.48 | | |

Note: 1. Current maturities of long term borrowings are forming part of Note 17

2. ECB has been hedged through interest rate swap and currency swaps as disclosed in Note 29.08

15 : PROVISIONS - NON CURRENT

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|--------------------------|--------------------------|
| Provisions For Employee Benefits | | |
| Compensated Absences | 5.01 | 5.55 |
| Provisions for Product Warranties | 90.70 | 45.47 |
| TOTAL | 95.71 | 51.02 |

16 : SHORT TERM BORROWINGS

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|------------------|--------------------------|--------------------------|
| Secured | | |
| Loans from Banks | 25.00 | 46.00 |
| Unsecured | | |
| Loans from Bank | 216.50 | 337.39 |
| TOTAL | 241.50 | 383.39 |

The secured portion of loan repayable on demand & working capital facilities from ICICI bank, are secured by hypothecation of Inventories and Trade receivables.

17 : CURRENT MATURITIES OF LONG TERM BORROWINGS

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-----------------------|--------------------------|--------------------------|
| Unsecured | | |
| Term loans from banks | 247.70 | 229.06 |
| TOTAL | 247.70 | 229.06 |

18 : TRADE PAYABLES

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------|--------------------------|--------------------------|
| Due to Related Parties | 9.09 | 28.19 |
| Due to Micro and Small Enterprises | 1.19 | 2.69 |
| Other Trade Payables | 111.73 | 193.26 |
| TOTAL | 122.01 | 224.14 |

19 : CURRENT - OTHER FINANCIAL LIABILITIES

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|--------------------------|--------------------------|
| Embedded Derivative Payables | 1.24 | 9.23 |
| Security Deposit Received | 0.24 | 0.26 |
| Other Payables | 0.45 | 0.41 |
| Tender Deposit Received | 0.15 | 0.27 |
| Performance Linked Rewards | 4.79 | 5.25 |
| Forward Contract Payable (Designated as Cash Flow Hedge) | 71.65 | 66.21 |
| Unbilled Costs - Contracts | 67.67 | 67.08 |
| Other Liabilities | 58.22 | 58.97 |
| TOTAL | 204.41 | 207.68 |

20 : OTHER CURRENT LIABILITIES

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|--------------------------|--------------------------|
| Due to customers - Construction Contract | | |
| Provision for foreseeable losses | 27.42 | 27.42 |
| Advances from Customers | 396.89 | 467.39 |
| Other Payables | | |
| Statutory Dues | 2.22 | 34.04 |
| TOTAL | 426.53 | 528.85 |

21 : PROVISIONS - CURRENT

₹ crore

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|--------------------------|--------------------------|
| Provisions For Employee Benefits | | |
| Compensated Absences | 1.27 | 1.41 |
| Other Provision | | |
| | 7.64 | - |
| TOTAL | 8.91 | 1.41 |

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

22 : REVENUE FROM OPERATIONS

₹ crore

| Particulars | 2018-19 | 2017-18 |
|--|---------------|---------------|
| Sales & Services | | |
| Manufacturing, Construction & Project Related Activity | 765.01 | 929.50 |
| Engineering and Service Fees | 22.90 | 29.83 |
| | 787.91 | 959.33 |
| Other Operational Income | | |
| Non - Production Scrap Sale | 0.10 | 0.04 |
| Miscellaneous Income | 10.53 | 1.89 |
| Premium on Forward Contracts | 13.54 | 2.03 |
| | 24.17 | 3.96 |
| TOTAL | 812.08 | 963.29 |

23 : OTHER INCOME

₹ crore

| Particulars | 2018-19 | 2017-18 |
|--|--------------|-------------|
| Interest Receivable on Investments | 1.82 | - |
| Net Gain/(Loss) on sale of Current Investments | 8.45 | 3.09 |
| Profit / (Loss) on sale of Fixed Assets (Net) | (0.01) | 0.05 |
| Gain/(Loss) on Fair Valuation of Investments | 4.73 | 1.17 |
| Other Income | 1.01 | 0.16 |
| TOTAL | 16.00 | 4.47 |

24 (i): COST OF MATERIALS CONSUMED

₹ crore

| Particulars | 2018-19 | 2017-18 |
|---------------------------------|---------------|---------------|
| Materials Consumed | | |
| Raw Materials | 17.94 | 1.78 |
| Components | 390.51 | 548.32 |
| Freight Inward | 5.42 | 7.79 |
| | 413.87 | 557.89 |
| Less: Manufacturing Scrap Sales | (5.87) | (8.45) |
| Sub Contracting Charges | 14.52 | 35.34 |
| TOTAL | 422.52 | 584.78 |

24 (ii): MANUFACTURING AND OPERATING EXPENSES

₹ crore

| Particulars | 2018-19 | 2017-18 |
|---|--------------|--------------|
| Stores, Spares & Tools | 24.54 | 33.49 |
| Power and Fuel | 12.08 | 14.87 |
| Royalty and Technical Knowhow Fees | 2.66 | 5.27 |
| Packing & Forwarding Charges | 8.04 | 5.06 |
| Hire charges - Plant Machinery and Others | 0.22 | 0.13 |
| Engineering, Technical & Consultancy Fees | 11.51 | 8.95 |
| Repairs & Maintenance | 2.00 | 1.38 |
| Other manufacturing Expenses | 1.85 | 3.00 |
| TOTAL | 62.90 | 72.15 |

25 : EMPLOYEE BENEFIT EXPENSES

₹ crore

| Particulars | 2018-19 | 2017-18 |
|--|--------------|--------------|
| Salaries, Wages and Bonus | 54.39 | 53.69 |
| Contribution to and Provision for | | |
| Provident Fund | 1.27 | 1.26 |
| Employee's Pension Scheme | 1.25 | 1.31 |
| Gratuity Fund | 0.76 | 0.79 |
| Leave Encashment | (0.52) | 0.11 |
| Employee Deposit Linked Insurance | 0.03 | 0.04 |
| Group Insurance | 0.03 | 0.04 |
| Employee Welfare Expenses | 6.57 | 5.87 |
| TOTAL | 63.78 | 63.11 |

26 : OTHER EXPENSES

₹ crore

| Particulars | 2018-19 | 2017-18 |
|--|--------------|--------------|
| Insurance | 1.32 | 1.42 |
| Rent | 0.04 | 0.01 |
| Rates & Taxes | - | 0.04 |
| Travelling and Conveyance | 1.38 | 1.70 |
| General Repairs and Maintenance | 5.99 | 6.75 |
| Audit Fees | 0.05 | 0.05 |
| Cost Audit Fees | 0.01 | 0.01 |
| Professional Fees | 1.38 | 1.57 |
| Directors Fees | 0.04 | 0.04 |
| Telephone, Postage and Telegrams | 0.24 | 0.40 |
| Bank Charges | 0.74 | 1.39 |
| Security Charges | 0.90 | 0.97 |
| Cost of Software | 1.11 | 1.46 |
| Other Expenses | 1.85 | 1.06 |
| Foreign Exchange (Gain) / Loss (Net) | 18.92 | (11.28) |
| Provisions for warranties & Liquidated Damages | 52.87 | 26.92 |
| TOTAL | 86.84 | 32.51 |

27 : FINANCE COST

₹ crore

| Particulars | 2018-19 | 2017-18 |
|---|--------------|--------------|
| Interest Expenses | | |
| Interest paid on Term Loan from Banks | 21.69 | 18.01 |
| Other Borrowing Cost | | |
| Interest paid on Cash Credit | 0.24 | 0.11 |
| Interest paid on Buyers Credit | - | - |
| Premium on Forward Contracts | 35.77 | 47.01 |
| Interest Paid on Export Packing Credit | 17.91 | 12.58 |
| Interest Accrued and due to Supplier UnderMSMED | 0.01 | 0.02 |
| Exchange (Gain)/Loss | 14.79 | - |
| TOTAL | 90.41 | 77.73 |

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Significant Accounting Policies



28. SIGNIFICANT ACCOUNTING POLICIES

28.01 Corporate Information

L&T-MHPS Turbine Generators Private Limited is a joint venture Company between Larsen & Toubro Limited, Mitsubishi Hitachi Power Systems, Japan & Mitsubishi Electric Corporation, Japan. The Company is in the business of design, manufacture, supply, project management, operational spares & life cycle services of supercritical & ultra-supercritical steam Turbines & Generators with ratings ranging from 500 MW to 1,000 MW and steam turbines of 150 MW and 300 MW for combined cycle power plants.

28.02 Basis of Preparation of Financial Statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs under section 133 of Companies Act, 2013.

The Company maintains its accounts on accrual basis following the historical cost convention, except carrying value of property, plant and equipment considered at deemed cost on the date of transition to Ind AS and certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Company's financial statements are presented in Indian Rupees (₹) which is also its functional currency.

Accounting policies have been consistently applied except where a newly issued Indian accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

28.03 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates,

judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

28.04 Revenue recognition

i) Contract revenue from Project related activity is recognized by applying percentage of completion method after providing for foreseeable losses, if any. Percentage of completion is determined as a proportion of the cost incurred up to the reporting date to the total estimated cost of complete. Foreseeable losses, if any, on the contracts is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of contract.

While determining the amount of foreseeable loss, all elements of cost and related incidental income not included in contract revenue is taken into consideration. Contract is reflected at cost that are expected to be recoverable till such time the outcome of the contract cannot be ascertained reliably and at realizable value thereafter. Claims are accounted as income in the year of acceptance by customer.

ii) Service revenue is recognized as per the terms of the contract with the customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

iii) Revenue from sale of goods is recognized, when all significant risks and rewards are transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

iv) Other income

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

- b) Dividend income is recognized when the company's right to receive is established, which is generally when shareholders approve the dividend.
- c) Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

28.05 Property, Plant and Equipment

Property, plant and equipment are stated at cost less depreciation. Cost comprises purchase price (net of discounts and taxes/duties where credits are availed) plus directly attributable costs of bringing the asset to its location and working condition. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that economic future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment has been provided based on useful life as prescribed in Schedule II of the Companies Act, 2013. Property, plant and equipment which are added / disposed of during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

Based on technical evaluation, the management believes that the useful lives as given under, best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

| Category of Asset | Useful Life as per Company policy (in years) | As per Schedule II of Companies Act, 2013 (in years) |
|--|--|--|
| Air conditioning and refrigeration equipment's | 12 | 15 |
| Motor Cars | 7 | 8 |

Leased assets

Leasehold lands are amortized over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II of the Companies Act, 2013, where the lease period of land is beyond the life of building.

In other cases, building constructed on leasehold lands are amortized over the primary lease period of the lands.

Intangible assets and amortization

Intangible assets are stated at original cost net of tax/ duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized 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. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortization period and the amortization method for an intangible asset with the finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or

method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortized over their useful life as follows:

| Intangible Asset | Useful Life |
|--|--------------------|
| Specialized Software | 6 years |
| Engineering fees and lump sum fee for technical know-how | 6 years |

Intangible assets with indefinite useful lives, if any are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continuous to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

28.06 Employee benefits

Short term employee benefit

- i) All employee benefits payable within one year like salaries, wages, accumulating short term compensated absences (“leave entitlements”), etc. are recognized in the period in which the employee renders the related service which entitles him to avail such benefits.
- ii) The expected cost of profit sharing and bonus payments are recognized when (i) there is a present obligation to make such payments as a result of past events and (ii) a reliable estimate of the liability can be made.

Post-employment benefits

- i) Defined contribution plans: State administered pension scheme is classified as defined contribution plan. The contribution paid/payable under defined contribution plan is recognized during the period in which the employee renders related service.
- ii) Defined benefit plans: The Employees’ Group Gratuity-cum-Life Assurance Scheme with Life Insurance Corporation of India, Provident Fund Scheme

managed by Regional Provident Fund Commissioner (RPF), and the Employee's Superannuation Scheme are the Company's defined benefit plans. Wherever applicable, the present value of obligation under such defined benefit plans are determined based on actuarial valuation. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- ◆ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- ◆ Net interest expense or income.

Long-term employee benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred.

28.07 Foreign currency transactions

- i) The functional currency of the Company is Indian Rupee.

ii) Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences arising on subsequent settlement/year end re-statement are recognized in the statement of profit and loss.

iii) Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. The exchange rate on date of transaction is applied when recognizing revenue against which such advances are received consequent to the amendment in Ind AS effective 1 April 2018.

iv) Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

28.08 Borrowing Costs

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

28.09 Leases

The determination of whether an arrangement is, or contains, a lease is based on substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

28.10 Inventories

Inventories are carried in the balance sheet as follows

| | | |
|----|---|--|
| i | Raw Material, Packing Material, Construction Materials, stores & Spares | At weighted average cost basis |
| ii | Work In Progress & Finished Goods - Manufacturing | At cost of material, plus appropriate production overheads |

The cost of the inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition.

Slow and non-moving material, obsolescence, defective inventories are duly provided for. Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Material and supplies held for use in the production of inventories are not written down, if the finished products in which they will be used are expected to be sold at or above cost.

28.11 Taxes on income

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 expected outcome of assessments / appeals.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and

reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred Tax assets for previous year has been reversed in current year on conservative approach as non-foreseeability of its adjustment in future against profits.

28.12 Provisions, contingent liabilities, contingent assets & commitments

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

- i) the Company has a present obligation as a result of a past event;
- ii) a probable outflow of resources is expected to settle the obligation; and
- iii) the amount of the obligation can be reliably estimated. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received. The expense

relating to provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability is disclosed in the case of

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation or
- ii) a present obligation arising from past events, when no reliable estimate is possible or
- iii) a possible obligation arising from past events where the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Contingent assets are neither recognized nor disclosed. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each Balance Sheet date.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The Initial estimate of warranty- related costs is reviewed annually.

Liquidated damages

Provision for Liquidated damages are recognized on contracts for which delivery dates are exceeded and computed in reasonable manner.

Other Litigation claims

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

28.13 Earnings per share

Basic earnings per share are computed by dividing net profit or loss from continuing operations for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Diluted earnings per share are computed after adjusting the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

28.14 Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- ◆ Expected to be realized or intended to be sold or consumed in normal operating cycle,
- ◆ Held primarily for the purpose of trading,
- ◆ Expected to be realized within twelve months after the reporting period,
- ◆ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ◆ It is expected to be settled in normal operating cycle,
- ◆ It is held primarily for the purpose of trading,
- ◆ It is due to be settled within twelve months after the reporting period,
- ◆ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets/liabilities are classified as non-current.

All other liabilities are classified as non-current.

28.15 Impairment of non-financial assets

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

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

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- a) In the case of an individual asset, at the higher of fair value less cost to sell and the value in use;
- b) In the case of a cash generating unit (CGU) (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's fair value less cost to sell and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life discounted at pre-tax discounting rate.

In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in statement of profit and loss, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (the 'OCI'). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

28.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

28.17 Exceptional Items

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

28.18 Fair Value Measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ◆ In the principal market for the asset or liability, Or
- ◆ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

| | |
|---------|---|
| Level 1 | Quoted (unadjusted) market prices in active markets for identical assets or liabilities |
| Level 2 | Valuable techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable |
| Level 3 | Valuable techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristic and risks of the asset or liability and the level of the fair value hierarchy as explained above.

28.19 Non-current assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Asset and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if a component of the Company that either has been disposed of, or is classified as held for sale, and:

- ◆ Represents a separate major line of business or geographical area of operations,
- ◆ Is part of a single coordinated plan to disposal of a separate major line of business or geographical area of operations.

An entity shall not depreciate (or amortize) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

28.20 Financial instruments:

i) Financial assets:

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- ◆ Financial assets at fair value
- ◆ Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any written down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- ◆ **Business model test:** The objective of the Company's business model is to hold financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- ◆ **Cash flow characteristics test:** 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.

A Financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- ◆ **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
- ◆ **Cash flow characteristics test:** 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.

Even if an instrument meets the two requirement to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investment for which the entity has elected to present value change in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

- ◆ The rights to receive cash flows from the asset have expired, or
- ◆ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without

material delay to a third party under a 'pass-through' arrangement and either;

- a) The Company has transferred substantially all the risks and rewards of the asset, or
- b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company had transferred its rights to receive cash flow from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the associated liability are measured on a basis that reflects the right and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- ◆ Financial assets measured at amortized cost;
- ◆ Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- ◆ The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ◆ Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- ◆ Trade receivables or contract revenue receivables; and
- ◆ All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted

for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determine that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company's financial instrument on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowing including bank overdraft and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into the Company that are not designated as hedging instrument in hedge relationship as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading as they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised

recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) Derivative financial instruments and hedge accounting:

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

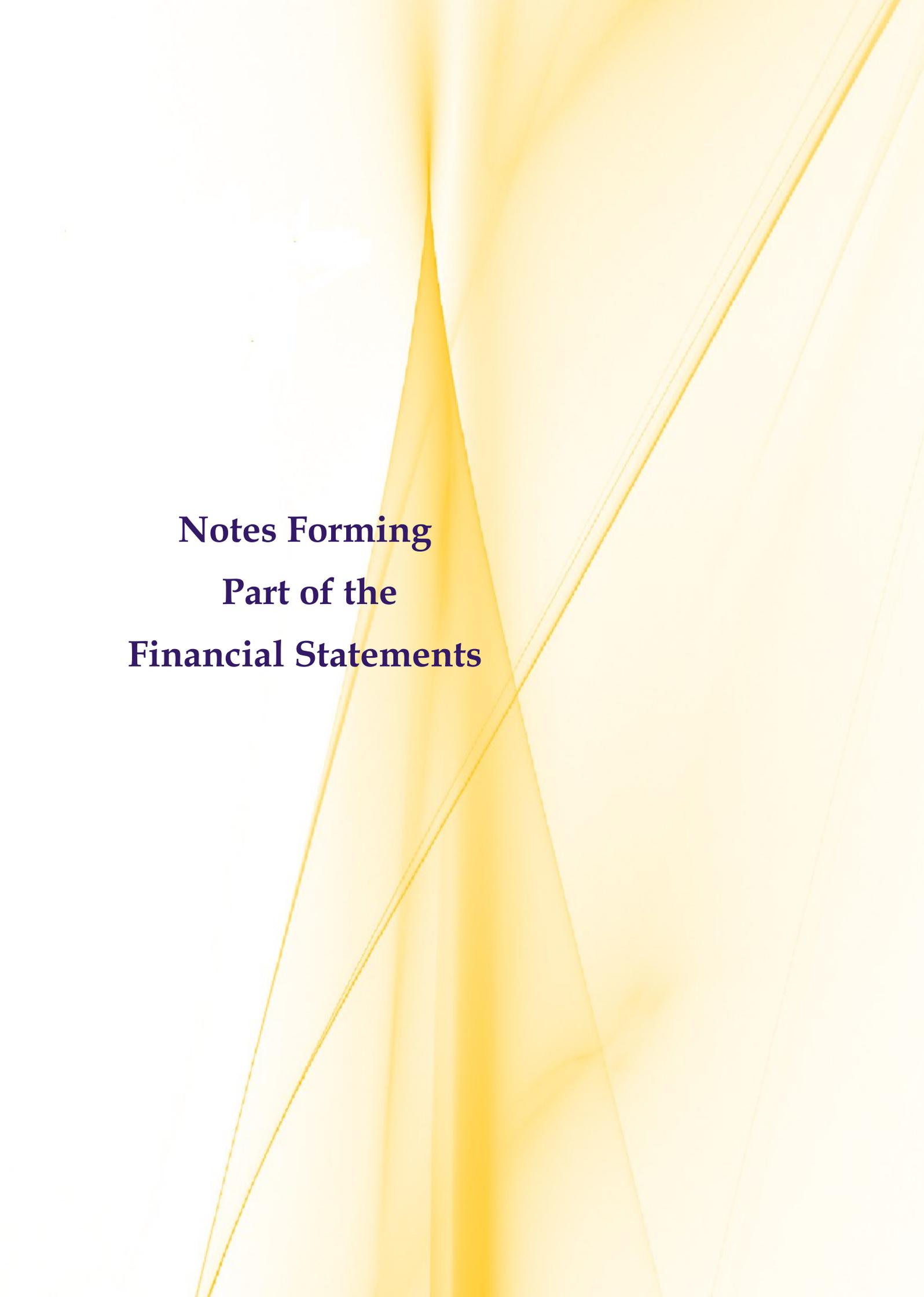
Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedged item affects profit or loss.

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

28.21 Operating segment

The Company's operations comprise a single business segment of "Designing, Engineering, Manufacturing and Commissioning of Super Critical Steam Turbine Generators" carried out primarily in India and is established on the basis of those components of the Company that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.



**Notes Forming
Part of the
Financial Statements**

29.01 Disclosures pursuant to Ind AS-115 “Revenue from contract with customers”

a) Disaggregation of Revenue:-

F.Y.2018-19 ₹ crore

| Particulars | Revenue (As Per Ind AS-115) | | | Other Revenue | Total |
|---|--------------------------------|---------------|---------------|------------------|---------------|
| | Domestic | Foreign | Total | | |
| Revenue recognized based on performance obligations satisfied | | | | | |
| (i) Over a period of time | 217.02 | 519.44 | 736.46 | - | 736.46 |
| (ii) At a point of time | 75.61 | - | 75.61 | 16.01 | 91.62 |
| Total (i+ii) | 292.63 | 519.44 | 812.08 | 16.01 | 828.08 |

F.Y.2017-18 ₹ crore

| Particulars | Revenue (As Per Ind AS-115) | | | Other Revenue | Total |
|---|--------------------------------|---------------|---------------|------------------|---------------|
| | Domestic | Foreign | Total | | |
| Revenue recognized based on performance obligations satisfied | | | | | |
| (i) Over a period of time | 352.73 | 542.97 | 895.70 | - | 895.70 |
| (ii) At a point of time | 67.59 | - | 67.59 | 4.47 | 72.06 |
| Total (i+ii) | 420.32 | 542.97 | 963.29 | 4.47 | 967.76 |

b) Movement in Expected Credit Loss (ECL) during the year:-

₹ crore

| Particulars | Trade Receivables (Other then Covered under Ind AS-115) | | Trade Receivables (Covered under Ind AS- 115) | | Contract Assets |
|----------------------------------|---|----------|---|-------------|--------------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 |
| Opening Balance | - | - | 0.06 | 0.08 | - |
| Ind AS-115 Transition impact | - | - | - | - | - |
| Change in Loss Allowances | - | - | - | - | - |
| Loss allowance based on ECL | - | - | - | - | - |
| Additional Provisions (Net) | - | - | 0.47 | (0.02) | - |
| Written off as Bad debts | - | - | - | - | - |
| Closing Balance | - | - | 0.53 | 0.06 | - |

c) Movement in Contract Assets & Contract Liabilities during the year:-

₹ crore

| Particulars | Contract Assets | Contract Liabilities | Contract Assets | Contract Liabilities |
|--|-----------------|----------------------|-----------------|----------------------|
| | 2018-19 | | 2017-18 | |
| Opening Balance | 746.00 | 467.39 | 790.74 | 611.02 |
| Add/(Less): Revenue recognised during the year | 736.46 | - | 895.70 | - |
| Add/(Less): Physical Billing during the year | (1,123.49) | - | (940.44) | - |
| Add/(Less): Progress Bills raised during the year | - | - | - | - |
| Add/(Less): Advance received during the year (Net of Adj.) | - | (70.50) | - | (143.63) |
| Add/(Less): Impairment of Contract Assets | - | - | - | - |
| Foreseeable Loss on Contract Assets (Net of Reversal) | - | - | - | - |
| ECL on Contract Assets (Net of Reversal) | - | - | - | - |
| Closing Balance | 358.97 | 396.89 | 746.00 | 467.39 |

d) Reconciliation of Contract Price with Revenue during the year:-

₹ crore

| Particulars | 2018-19 | 2017-18 |
|---|-----------------|-----------------|
| Opening Contracted Price of orders at the start of the year (incl. full value of partially executed contracts) | 3,418.38 | 3,227.14 |
| Changes during the year on account of: | | |
| Add: Fresh Orders Received (incl. revaluation) | 820.41 | 232.42 |
| Add: Additional Claims / Bonus | - | - |
| Less: Orders Completed | (2,376.01) | (41.19) |
| Less: Penalty | - | - |
| Closing Contracted Price of orders at the end of the year (including full value of partially executed contracts) | 1,862.78 | 3,418.38 |

₹ crore

| Particulars | 2018-19 | 2017-18 |
|--|-----------------|-----------------|
| Revenue recognised during the year | | |
| Out of Orders completed during the year | 264.16 | 4.58 |
| Out of Continuing Orders at the end of the year (I) | 472.30 | 891.12 |
| Revenue recognised upto P.Y. towards Continuing Orders at the end of the year (II) | 674.25 | 1,895.31 |
| Balance Revenue to be recognised in Future years (III) | 716.23 | 631.96 |
| Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts) (I+II+III) | 1,862.78 | 3,418.38 |

e) Remaining Performance Obligations:-

₹ crore

| Particulars | Total | Likely conversion in revenue | | | |
|---|---------------|------------------------------|-------------------|-------------------|----------------|
| | | Upto Year1 | From 1 to 2 Years | From 2 to 3 Years | Beyond 3 years |
| Transaction price allocated to the remaining performance obligation | 716.23 | 561.80 | 154.43 | - | - |
| Total | 716.23 | 561.80 | 154.43 | - | - |

The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, wherever required on long-term contracts.

f) Transition impact on application of Ind As 115 as compared to Ind As11 and Ind AS 18

As at 31st March 2019, after application of Ind As 115, transition impact of application of Ind As 115 Vs Ind AS11 and Ind AS 18 is "NIL"

29.02 Auditor's Remuneration and Expenses Charged to Accounts

| Particulars | ₹ crore | |
|----------------|-------------|-------------|
| | 2018-19 | 2017-18 |
| Audit fees | 0.03 | 0.03 |
| Tax audit fees | 0.01 | 0.01 |
| Other Services | 0.02 | 0.01 |
| Total | 0.06 | 0.05 |

29.03 Micro, Small and Medium Enterprises

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as at March 31, 2019. The disclosure pursuant to the said Act is as under

| Particulars | ₹ crore | |
|---|---------|---------|
| | 2018-19 | 2017-18 |
| Principal Amount due to suppliers under MSMED Act | 1.18 | 2.69 |
| Interest accrued, due to suppliers under MSMED Act | 0.01 | 0.01 |
| Payment made to suppliers (other than interest) beyond the appointed day during the year | 3.10 | 2.02 |
| Interest paid to suppliers under MSMED Act (other than section 16) | Nil | Nil |
| Interest paid to suppliers under MSMED Act (section 16) | 0.01 | 0.02 |
| Interest due and payable towards suppliers under MSMED Act for payment already made | Nil | Nil |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act | 0.01 | 0.01 |

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

29.04 Disclosure as required by Indian Accounting Standard (IND AS) 12 Income Taxes

a) The major componets of tax expense for the year ended March 31, 2019

₹ crore

| Sr. | Particulars | 2018-19 | 2017-18 |
|-----|---|------------|-------------|
| | Statement of Profit and Loss: | | |
| (a) | (i) Profit and Loss section | | |
| 1 | Current income tax : | | |
| | Current income tax charge | Nil | Nil |
| | Effect of prior period adjustments | Nil | Nil |
| 2 | Deferred tax: | | |
| | Relating to origination and reversal of temporary differences | Nil | 2.69 |
| | Income tax expense reported in the statement of profit or loss | Nil | 2.69 |
| (b) | Other comprehensive income (OCI) section: | | |
| | Current income tax : | | |
| | Net loss/ (gain) on remeasurement of defined benefit plans | Nil | Nil |
| | Deferred Tax: | Nil | Nil |
| | Net gain / (loss) on cash flow hedges | Nil | Nil |
| | Unrealised gain / (loss) on debt securities (FVTOCI) | Nil | Nil |
| | Income tax expense reported in the OCI section | Nil | Nil |

b) Reconciliation of Defered tax expense for the year ended March 31, 2019

₹ crore

| Sr. | Particulars | 2018-19 | 2017-18 |
|-----|--|--------------|--------------|
| 1 | Profit before tax | 45.56 | 60.21 |
| 2 | Applicable tax rate | 34.94% | 34.61% |
| 3 | PBT * applicable tax rate (1*2) | 15.92 | 20.84 |
| 4 | Items forming part of deferd tax expense: | | |
| (a) | Set off of previously unadjusted tax losses | (15.92) | (20.84) |
| (b) | Difference in book and Income tax depreciation | Nil | 0.40 |
| (c) | Provision for compensated absences disallowed u/s 43B | Nil | 2.29 |
| (d) | Reversal of Defered tax assets | Nil | Nil |
| (e) | Others | Nil | Nil |
| | Tax expense recognised during the year (Total 3 to 4) | Nil | 2.69 |

c) Components of deferred tax assets and liabilities recognised in the balance sheet and statement of profit & loss

₹ crore

| Sr. | Particulars | Balance Sheet | | Statement of Profit & Loss | |
|-----|--|---------------|------------|----------------------------|-------------|
| | | 31-Mar-19 | 31-Mar-18 | 2018-19 | 2017-18 |
| 1 | Provision for compensated absences disallowed u/s 43B | Nil | Nil | Nil | 2.29 |
| 2 | Difference in book and income tax depreciation | Nil | Nil | Nil | 0.40 |
| 3 | Business loss available for offsetting against future taxable income | Nil | Nil | Nil | Nil |
| 4 | Statutory liability claimed on payment basis | Nil | Nil | Nil | Nil |
| | Net deferred tax (assets) / liabilities | Nil | Nil | Nil | 2.69 |

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

₹ crore

| Sr. | Particulars | 2018-19 | 2017-18 |
|-----|---|------------|------------|
| 1 | Opening balance | Nil | (2.69) |
| 2 | Tax income / (expense) during the period recognised in statement of profit and loss | Nil | 2.69 |
| | Closing balance | Nil | Nil |

As per Ind AS-12, DTA is to be created only when there is a "Convincing evidence". As on today there is no sufficient evidence to create DTA.

29.05 Investor Education and Protection Fund

There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

29.06 Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities, Contingent Assets and Commitments

Movement in provisions: product warranties

₹ crore

| Particulars | 2018-19 | 2017-18 |
|--|---------|---------|
| Opening balance | 45.47 | 18.55 |
| Add:- Additional provision during the year | 45.23 | 26.92 |
| Less:- Provision used/reversed during the year | Nil | Nil |
| Closing balance | 90.70 | 45.47 |

The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at period end represents the amount of the expected cost of meeting such obligations of rectification/replacement.

Contingent liabilities and Commitments (to the extent not provided for)

₹ crore

| Nature of liability | 31-Mar-19 | 31-Mar-18 |
|---|-----------|-----------|
| Sales tax liability as an outcome of assessment dues which is challenged in first appeal. | 0.36 | 0.36 |

The Company does not expect any reimbursements in respect of the above contingent liabilities. It is not practicable to estimate the timings of cash outflows, if any, in respect of above pending resolution of the appellate proceedings.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 0.44 Cr. (previous year Rs. 0.11 Cr.)

Provident Fund

In terms of the recent judgement of the Honourable Supreme Court of India dated February 28, 2019 holding that PF contribution is payable on allowances that are fixed and uniformly applicable. In the opinion of management, there is uncertainty and lack of clarity regarding the period of applicability of the judgement. The Company has estimated the potential liability of Rs. 0.003 crore as contingent in accordance with the judgement from the date of pronouncement and retrospective liability, if any, in terms of the aforesaid decision is being studied by the management and as the legal view emerges.

29.07 (a) Disclosures as required by Indian Accounting Standard (Ind AS) 19 Employee Benefits

Employee benefits - provision for / contributions to retirement benefit schemes are made in accordance with Ind AS - 19 Employee Benefits as follows -

i. Defined Contribution Plan - Company has contributed Rs. 1.25 Cr. towards Employee's Pension Scheme (previous year : 1.31 Cr.) and Rs. 1.27 Cr. towards Provident fund (Previous Year Rs. 1.26 Cr.) , which is recognised as an expense in the Statement of Profit and Loss.

ii. Defined Benefit Plan :

General Description Gratuity Plans

The Company makes contributions to the Employees Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at the time of retirement, death while in employment or termination of employment, of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service, subject to a maximum of Rs.20 Lakh.

Table 1 : Amount recognized in Balance Sheet - Gratuity

₹ crore

| Particulars | Gratuity plan | |
|--|---------------|---------------|
| | 31-Mar-19 | 31-Mar-18 |
| Present value of funded defined benefit obligation | 5.73 | 4.18 |
| Less : Fair value of plan assets | (6.46) | (4.94) |
| Add : Present value of unfunded defined benefit obligation | Nil | Nil |
| Add : Amount not recognized due to asset limit | Nil | Nil |
| Net defined benefit liability / (asset) recognized in balance sheet | (0.72) | (0.75) |
| Net defined benefit liability / (asset) is bifurcated as follows: | | |
| Current | Nil | Nil |
| Non-current | (0.72) | (0.75) |

Table 2 - Current Year Expense Charged to Statement of Profit & Loss

₹ crore

| Particulars | Gratuity plan | |
|--|---------------|-------------|
| | 31-Mar-19 | 31-Mar-18 |
| Current service cost | 0.84 | 0.81 |
| Interest on defined benefit obligation liability / (asset) | (0.08) | (0.02) |
| Past service cost | Nil | 0.01 |
| Administration Expenses | Nil | Nil |
| (Gain)/Loss on settlement | Nil | Nil |
| Expense charged to Statement of Profit & Loss | 0.76 | 0.80 |

Table 3 - Current Year Expense Recognised in Other Comprehensive Income ("OCI")

₹ crore

| Particular | Gratuity plan | |
|--|---------------|-------------|
| | 31-Mar-19 | 31-Mar-18 |
| Opening amount recognised in OCI outside Statement of profit & Loss | 0.08 | 0.57 |
| Remeasurements during the period due to : | | |
| Changes in financial assumptions | 0.19 | (0.34) |
| Changes in demographic assumptions | (0.00) | 0.08 |
| Experience adjustments | 0.37 | (0.02) |
| Actual return of plan assets less interest on plan assets | (0.02) | (0.21) |
| Adjustment to recognize the effect of asset ceiling | Nil | Nil |
| Closing amount recognized in OCI outside Statement of Profit & Loss | 0.62 | 0.08 |

Table 4 - Reconciliation of opening and closing balance of present value of defined benefit obligations

₹ crore

| Particulars | Gratuity plan | |
|--|---------------|-------------|
| | 31-Mar-19 | 31-Mar-18 |
| Opening balance of present value of defined benefit obligations | 4.18 | 3.54 |
| Add: Current service cost | 0.84 | 0.81 |
| Add: Interest cost | 0.31 | 0.24 |
| i) Employer | | |
| ii) Employee | | |
| Add/(Less): Actuarial losses/(gains) arising from - | | |
| Changes in financial assumptions | 0.19 | (0.34) |
| Changes in demographic assumptions | (0.00) | 0.08 |
| Experience adjustments | 0.37 | (0.02) |
| Less: Benefits paid | (0.16) | (0.14) |
| Add: Past service cost | Nil | 0.01 |
| Add: Liabilities assumed on transfer of employees | Nil | 0.01 |
| Closing balance of present value of defined benefit obligations | 5.73 | 4.18 |

Table 5 - Reconciliation of Plan Assets

₹ crore

| Particulars | Gratuity plan | |
|--|---------------|-------------|
| | 31-Mar-19 | 31-Mar-18 |
| Opening fair value of plan assets | 4.94 | 3.57 |
| Add: Interest income on plan assets | 0.39 | 0.26 |
| Add: Actual return on plan assets less interest income | 0.02 | 0.21 |
| Add: Contributions by employer | 1.27 | 1.03 |
| Add: Assets acquired / (settled)* | Nil | Nil |
| Less: Benefits paid | (0.16) | (0.14) |
| Less: Assets distributed on settlements | Nil | Nil |
| Closing Balance of plan assets | 6.46 | 4.94 |

* On account of business combination or inter group transfer

Table 6 - The major categories of plan assets as a percentage of total plan assets

| Particulars | Gratuity plan |
|---------------------------|---|
| Govt. of India securities | Scheme with Life Insurance Corporation |
| State Govt. securities | |
| Corporate bonds | |
| Public Sector bonds | |
| Special deposit scheme | |

Table 7: Principal Actuarial Assumptions of gratuity

| Particulars | 31-Mar-19 | 31-Mar-18 |
|-------------------------------|-----------|-----------|
| Discount rate (p.a.) | 7.50% | 7.85% |
| Salary escalation rate (p.a.) | 7.00% | 7.00% |

Estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Table 8 : Sensitivity Analysis - impact of increase/decrease in actuarial assumptions in gratuity

₹ crore

| Particulars | Gratuity plan | |
|--|---------------|-----------|
| | 31-Mar-19 | 31-Mar-18 |
| Discount rate | | |
| Impact of increase in 100 bps on defined benefit obligations | -8.87% | -8.81% |
| Impact of decrease in 100 bps on defined benefit obligations | 10.50% | 10.41% |
| Salary escalation rate | | |
| Impact of increase in 100 bps on defined benefit obligations | 10.45% | 10.40% |
| Impact of decrease in 100 bps on defined benefit obligations | -8.99% | -8.95% |

The Provident Fund is managed by Regional Provident Fund Corporation (RPFC).

29.07 (b) The agreement with Union workers expired on 1 April 2018 and is under negotiation. The Company has made adequate provision in books towards the impact of increase in salaries as a consequence of the proposed revision based on expectation of payout.

29.08 Fair Value Measurements

The following methods of assumptions were used to estimate the fair values:

1. Fair value of the cash, short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amount largely due to short term maturities of these instruments.
2. Fixed and variable interest rates are revalued by the company based on the parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluations allowance are taken to account for the expected loss on these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability

Financial assets by category:

₹ crore

| Sr. | Particulars | 31-Mar-19 | 31-Mar-18 |
|----------|---|-----------------|---------------|
| 1 | Measured at Fair value thru" Profit & Loss (FVTPL) | | |
| (a) | Mutual funds | 427.30 | 150.32 |
| (b) | Embedded derivative | Nil | Nil |
| (c) | Derivative Instruments | 23.17 | 44.01 |
| 2 | Measured at amortised cost | | |
| (a) | Trade Receivables | 635.06 | 611.67 |
| (b) | Advances recoverable in cash or kind | 1.55 | 2.48 |
| (c) | Cash and cash equivalents | 0.33 | 49.47 |
| (d) | Other bank balances | Nil | Nil |
| (e) | Security deposits | 0.47 | 0.32 |
| 3 | Measured at Fair value thru" OCI (FVTOCI) | | |
| (a) | Embedded derivative | Nil | Nil |
| (b) | Derivative Instruments | Nil | Nil |
| | Total Financial Assets | 1,087.88 | 858.26 |

**Financial liabilities by category:**

₹ crore

| Sr. | Particulars | 31-Mar-19 | 31-Mar-18 |
|----------|---|-----------------|-----------------|
| 1 | Measured at Fair value thru" Profit & Loss (FVTPL) | | |
| (a) | Embedded derivatives | 1.24 | 9.23 |
| (b) | Derivative Instruments | 71.65 | 66.21 |
| 2 | Measured at amortised cost | | |
| (a) | Borrowings | 1,078.02 | 1,202.90 |
| (b) | Trade payables | 121.99 | 224.14 |
| (c) | Other financial liabilities | 5.63 | 6.19 |
| 3 | Financial liabilities at fair value thru OCI | | |
| (a) | Embedded derivatives | Nil | Nil |
| (b) | Derivative Instruments | Nil | Nil |
| | Total Financial Liabilities | 1,278.53 | 1,508.66 |

Disclosures in Statement of Profit & Loss

₹ crore

| Sr. | Particulars | 2018-19 | 2017-18 |
|----------|---|---------|---------|
| 1 | Net gain / (losses) on financial assets and financial liabilities | (14.66) | 13.99 |
| (a) | Mandatorily measured at fair value thru" P&L | | |
| | Gain/ (Loss) on fair valuation or sale of investment in Mutual Fund | 4.73 | 1.17 |
| (b) | Designated as at fair value thru" P&L | | |
| | (i) Gain/ (Loss) on fair valuation or settlement of forward contract | (12.15) | 11.73 |
| | (ii) Gain/ (Loss) on fair valuation or settlement of Embedded derivative contract | 3.77 | (11.66) |
| (c) | Financial assets measured at amortised cost | | |
| | (i) Exchange Gain/ (Loss) on revaluation or settlement of items denominated in foreign currency | (10.86) | 20.98 |
| | (ii) (Allowances)/reversal of expected credit loss during the year | (0.47) | 0.02 |
| (d) | Financial liabilities measured at amortised cost | | |
| | Exchange Gain/ (Loss) on revaluation or settlement of items denominated in foreign currency | 0.32 | (8.25) |
| (e) | Financial assets measured at FVTOCI: | | |
| (i) | Gains recognized in OCI | | |
| | (a) Gain/ (Loss) on fair valuation of settlement of forward contracts | Nil | Nil |
| | (b) Gain/ (Loss) on fair valuation of settlement of embedded derivatives contracts | Nil | Nil |

| | | | |
|------|---|-----|-----|
| (ii) | Gains reclassified to P&L from OCI upon de-recognition (a) on forwards contracts upon underlying hedged assets affecting the P&L account or related assets or liabilities. (b) on embedded derivative contracts upon underlying hedged assets affecting the P&L account or related assets or liabilities. | Nil | Nil |
| 2 | Interest revenue Financial assets measured at amortised cost | Nil | Nil |
| 3 | Interest expense Financial liabilities that are not measured at FVTPL | Nil | Nil |

Details of outstanding hedge instruments

Information as on 31 March 19

₹ crore

| Particulars | Nominal Amount | Average Rate Rs. | Timing | |
|--|----------------|---------------------|-----------------|-------------|
| | | | Up to 12 months | > 12 months |
| a. Currency exposure | | | | |
| Cash flow hedge | | | | |
| Foreign currency forward covers | | | | |
| Payable hedges | | | | |
| USD including USD pegged currency | 123.96 | 72.84 | 91.13 | 32.84 |
| EUR including EUR pegged currency | 94.94 | 81.38 | 47.82 | 47.12 |
| JPY | 611.96 | 0.71 | 389.52 | 222.44 |
| Receivable hedges | | | | |
| USD | 441.65 | 70.88 | 422.74 | 18.91 |
| JPY | 174.52 | 0.64 | 174.52 | - |
| Currency Swaps | | | | |
| USD | 170.32 | 67.66 | 23.94 | 146.39 |
| JPY | - | - | - | - |
| b. Interest rate exposure | | | | |
| Cash flow hedge | | | | |
| Foreign currency forward covers | | | | |
| USD | - | - | - | - |
| JPY | - | - | - | - |
| Currency Swaps | | | | |
| USD | 3.08 | 67.59 | 3.08 | - |
| JPY | - | - | - | - |

Information as on 31 March 18
₹ crore

| Particulars | Nominal Amount | Average Rate ₹ | Timing | |
|--|----------------|-------------------|-----------------|-------------|
| | | | Up to 12 months | > 12 months |
| a. Currency exposure | | | | |
| Cash flow hedge | | | | |
| Foreign currency forward covers | | | | |
| Payable hedges | | | | |
| USD including USD pegged currency | 206.21 | 76.08 | 206.21 | - |
| EUR including EUR pegged currency | 106.35 | 79.13 | 72.49 | 33.86 |
| JPY | 465.78 | 0.69 | 138.70 | 327.07 |
| Receivable hedges | | | | |
| USD | 460.85 | 68.34 | 370.03 | 90.82 |
| JPY | 160.21 | 0.62 | 160.21 | - |
| Currency Swaps | | | | |
| USD | 97.34 | 55.51 | 46.63 | 50.70 |
| JPY | - | - | - | - |
| b. Interest rate exposure | | | | |
| Cash flow hedge | | | | |
| Foreign currency forward covers | | | | |
| USD | - | - | - | - |
| JPY | - | - | - | - |
| Full Currency Swaps | | | | |
| USD | 1.61 | 55.45 | 1.61 | - |
| JPY | - | - | - | - |

₹ crore

| Financial assets and liabilities measured - recurring fair value | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| Financial assets | | | | |
| Measured at Fair value thru" Profit & Loss (FVTPL) | | | | |
| Investments in Mutual funds | 427.30 | - | - | 427.30 |
| Embedded derivative | - | - | - | - |
| Derivative Instruments | - | 23.17 | - | 23.17 |
| Measured at amortised cost | | | | |
| Trade Receivables | - | 635.06 | - | 635.06 |
| Advances recoverable in cash | - | 1.55 | - | 1.55 |
| Cash and cash equivalents | - | 0.33 | - | 0.33 |
| Other bank balances | - | - | - | - |
| Security deposits | - | 0.47 | - | 0.47 |

₹ crore

| Financial assets and liabilities measured - recurring fair value | Level 1 | Level 2 | Level 3 | Total |
|--|---------|----------|---------|----------|
| Measured at Fair value thru" OCI (FVTOCI) | | | | |
| Embedded derivative | | - | | - |
| Derivative financial instruments designated as cash flow hedges | | - | | - |
| Total Financial Assets | | | | 1,087.88 |
| Financial Liabilities | | | | |
| Measured at Fair value thru" Profit & Loss (FVTPL) | | | | |
| Embedded derivatives | | 1.24 | | 1.24 |
| Derivative Instruments | | 71.65 | | 71.65 |
| Measured at amortised cost | | | | |
| Borrowings | | 1,078.02 | | 1,078.02 |
| Trade payables | | 121.99 | | 121.99 |
| Other financial liabilities | | 5.63 | | 5.63 |
| Financial liabilities at fair value thru OCI | | | | |
| Embedded derivatives | | - | | - |
| Derivative Instruments | | - | | - |
| Total Financial Liabilities | | | | 1,278.53 |

29.09 Financial Risk Management

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

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

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

a) 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 major customers by the management team of the Company 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.

In addition, for delay in collection of receivables, the Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivables. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customer e.g. public sector, private sectors etc.

Expected Credit Loss (ECL) reconciliation on Trade Receivable:
₹ crore

| Particulars | 2018-19 | 2017-18 |
|---|---------|---------|
| ECL on Trade receivables | | |
| Opening | 0.06 | 0.08 |
| Changes in loss allowance (Provision for doubtful debts): | | |
| Add: Loss allowance based on Expected credit loss | 0.47 | 0.00 |
| Less: Write off as bad debts | 0.00 | 0.00 |
| Less: Reduction in provision due to actual receipt from customers | 0.00 | 0.02 |
| Closing | 0.53 | 0.06 |

The percentage of revenue from its top two customers is 86% for 2018-19 (94% for 2017-18).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks (see below). The counter-parties are mainly banks and the Company has entered into contracts with the 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.

b) Liquidity Risk

The Company's treasury department monitors the cash flows of the Company and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds (see counter-party risk above).

The Company has project related borrowings as at 31 March 2019 and has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business.

Maturity profile of Financial liabilities as on 31.03.2019 :
₹ crore

| Sr. No. | Particulars | Up to 12 months | More than 12 months | 31-Mar-19 |
|---------|-----------------------------|-----------------|---------------------|-----------|
| 1 | Borrowings | 489.20 | 588.82 | 1,078.02 |
| 2 | Trade payables | 110.95 | 11.04 | 121.99 |
| 3 | Other financial liabilities | 5.63 | - | 5.63 |

c) Market Risk

Market Risk is the risk of loss of future earnings, fair value, future cash flows that may result from change in price of financial instrument. The value of the financial instrument may change as a result of change in interest rate scenario and other market changes that affect the market risk sensitive instrument. Market risk is attributable to market risk sensitive instruments viz. investments in mutual funds.

The company has got a treasury team which manages cash resources, implementation of hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with market risk limits and policies. This team is guided by the treasury committee. Company manages the market risk through the treasury committee which evaluates and exercises independent control over the entire process of market risk management. The treasury committee recommends the policies & processes for investments. The committee is appraised the implementation of plan & policies on quarterly basis. Board of the Company is also appraised of the proceedings of the treasury committee on quarterly basis.

- Foreign Currency Risk

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

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

The Company's operations have exposures in foreign currencies, with US dollars & Japanese Yen being the maximum contributors.

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).

In addition, the Company has embedded derivatives mainly for projects in India that are won on an international competitive bidding basis. These are quoted in foreign currency and match the exposure that the Company has as liabilities for the project. Since forward contracts taken for embedded derivative projects are considered ineffective, they are charged to the statement of profit and loss.

The Company has exposure to loans denominated in foreign currency in US dollars & Japanese Yen. The Company has mitigated the risk of foreign exchange fluctuation by a combination of forward contracts and swaps. The swap is a principal and interest rate (see below) swap in which, for the principal, the Company has fixed its liability in Indian Rupees.

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

Contracts with maturity not later than twelve months include certain contracts that can be rolled over to subsequent periods in line with underlying exposures.

5% Increase or Decrease in foreign exchange rates will have following impact on profit before tax

₹ crore

| Particulars | Impact on profit before tax Expense / (Income) | |
|---|---|-----------|
| | 31-Mar-19 | 31-Mar-18 |
| USD Sensitivity (USD and USD pegged currency) | | |
| INR/USD -Increase by 5%* | 8.43 | 8.39 |
| INR/USD -Decrease by 5%* | (8.43) | (8.39) |
| JPY Sensitivity | | |
| INR/JPY -Increase by 5%* | (0.30) | 5.76 |
| INR/JPY -Decrease by 5%* | 0.30 | (5.76) |
| EURO Sensitivity (EURO and EURO pegged currency) | | |
| INR/EURO -Increase by 5%* | 0.00 | (0.40) |
| INR/EURO -Decrease by 5%* | (0.00) | 0.40 |

* Holding all other variable constant

- Interest Rate Risk

The Company has obtained loan in US dollars & Japanese Yen, which has a floating rate of interest at LIBOR plus spread. The Company has swapped part of the interest rate liability and has a fixed exposure in INR.

0.25% Increase or Decrease in interest rates will have following impact on profit before tax

₹ crore

| Particulars | Impact on profit before tax Expense / (Income) | |
|------------------------------------|---|-----------|
| | 31-Mar-19 | 31-Mar-18 |
| USD | | |
| Interest rates -increase by 0.25%* | 0.00 | 0.00 |
| Interest rates -decrease by 0.25%* | (0.00) | (0.00) |
| JPY | | |
| Interest rates -increase by 0.25%* | 0.00 | 0.00 |
| Interest rates -decrease by 0.25%* | (0.00) | (0.00) |

* Holding all other variable constant

- Price risk for mutual fund investments

₹ crore

| Particulars | Impact on profit before tax Expense / (Income) | |
|----------------------|---|-----------|
| | 31-Mar-19 | 31-Mar-18 |
| Liquid funds | | |
| NAV -Increase by 1%* | (4.27) | (1.50) |
| NAV -Decrease by 1%* | 4.27 | 1.50 |

* Holding all other variable constant

29.10 Disclosures as required by Indian Accounting Standard (Ind AS) 108 Segment Reporting

Primary / Secondary segment reporting format :

- a) The company's risk-return profile is not affected by products as the company deals in single product.
- b) In respect of secondary segment information, the Company has identified its geographical segments as
 - (i) domestic
 - (ii) overseas.

The secondary segment information has been disclosed accordingly.

₹ crore

| Particulars | Domestic | | Overseas | | Total | |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| Revenue by location of customers | 275.53 | 415.13 | 536.54 | 548.16 | 812.08 | 963.29 |
| Trade Receivables* | 482.93 | 588.33 | 152.12 | 23.34 | 635.06 | 611.67 |
| Advances from Customers | 88.23 | 89.45 | 308.66 | 377.95 | 396.89 | 467.39 |

* Refer Note No. 8 & 11

29.11 Related party disclosure as required by Indian Accounting Standards (Ind AS) 24

a. List of related parties who exercise control:

| Sr. No. | Name of the Related Party | Country of Incorporation | % Equity Interest | |
|---------|--|--------------------------|-------------------|------------------|
| | | | As at 31-03-2019 | As at 31-03-2018 |
| 1 | Larsen & Toubro Limited | India | 51% | 51% |
| 2 | Mitsubishi Hitachi Power Systems Limited | Japan | 39% | 39% |
| 3 | Mitsubishi Electric Corporation Limited | Japan | 10% | 10% |

b. Key Management Personnel (KMP):

List of Key Management Personnel and payment of salaries, commission and perquisites to KMP

| Name | Designation |
|------------|-------------------------|
| A R Prasad | Chief Financial Officer |

₹ crore

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|--------------|--------------------------------|-------------|-------------|
| a | Short term employment benefits | 0.45 | 0.43 |
| b | Post employment benefits | 0.01 | 0.01 |
| c | Other long term benefits | Nil | Nil |
| d | Termination benefits | Nil | Nil |
| e | Share based payment | Nil | Nil |
| TOTAL | | 0.46 | 0.44 |

c. Payments made to Independent Directors

₹ crore

| Fees paid | Meetings | 2018-19 | | 2017-18 | |
|--------------|---------------------------|------------------------|---------------------|------------------------|---------------------|
| | | Mr. Shekar Viswanathan | Mrs. Vijaya Sampath | Mr. Shekar Viswanathan | Mrs. Vijaya Sampath |
| Sitting Fees | Audit Committee | - | 0.01 | 0.01 | 0.01 |
| | Board Meeting | 0.01 | 0.02 | 0.02 | 0.02 |
| | Nomination & Remuneration | Nil | Nil | 0.00 | 0.00 |
| | Total sitting fees | 0.01 | 0.03 | 0.03 | 0.03 |
| Commission | | - | - | - | - |
| | Total | 0.01 | 0.03 | 0.03 | 0.03 |

d. List of related parties :

| Sr. No. | Related Party | Relationship |
|---------|---|-----------------------|
| 1 | Larsen & Toubro Limited | Joint Venture Partner |
| 2 | Mitsubishi Hitachi Power Systems Limited | Joint Venture Partner |
| 3 | Mitsubishi Electric Corporation | Joint Venture Partner |
| 4 | L&T-MHPS Boilers Private Limited | Member of same group |
| 5 | L&T Hydrocarbon Engineering Limited | Member of same group |
| 6 | L&T Special Steels & Heavy Forgings Private Limited | Member of same group |
| 7 | Nabha Power Limited | Member of same group |

e. Commitment with related parties

₹ crore

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|--------------|--------------|
| Purchase commitment - Revenue: | | |
| Larsen & Toubro Limited | - | 6.56 |
| Mitsubishi Hitachi Power Systems Limited | 3.10 | 0.14 |
| L&T-MHPS Boilers Private Limited | 23.34 | 11.29 |
| L&T Special Steels & Heavy Forgings Pvt. Ltd. | 0.07 | 0.05 |
| Mitsubishi Electric Corporation | 1.54 | 15.27 |
| Total | 28.04 | 33.30 |

₹ crore

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|----------|---|--------------|--------------|
| 1 | Purchase of goods & services: | 39.17 | 62.34 |
| (i) | Mitsubishi Hitachi Power Systems Limited | 3.55 | 4.57 |
| (ii) | Larsen & Toubro Limited | 5.38 | 6.22 |
| (iii) | L&T-MHPS Boilers Private Limited | 11.66 | 31.42 |
| (iv) | L&T Special Steels & Heavy Forgings Pvt. Ltd. | 0.00 | 0.01 |
| (v) | Mitsubishi Electric Corporation | 18.59 | 20.12 |

₹ crore

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|----------|---|-----------------|---------------|
| 2 | Sale of goods & services: | 1,158.33 | 916.16 |
| (i) | Larsen & Toubro Limited | 276.39 | 718.74 |
| (ii) | Mitsubishi Hitachi Power Systems Limited | 851.78 | 188.78 |
| (iii) | Nabha Power Ltd. | 29.21 | 8.14 |
| (iv) | L&T-MHPS Boilers Private Limited | 0.00 | 0.33 |
| (v) | Mitsubishi Electric Corporation | - | 0.16 |
| (vi) | L&T Special Steels & Heavy Forgings Pvt. Ltd. | 0.94 | - |

₹ crore

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---------|---|---------|---------|
| 3 | Capital transactions on account of Purchase: | 2.06 | 1.89 |
| (i) | Mitsubishi Hitachi Power Systems Limited | 2.06 | 1.89 |

₹ crore

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---------|---|---------|---------|
| 4 | Capital transactions on account of Sale: | 0.05 | 0.01 |
| (i) | L&T Special Steels & Heavy Forgings Pvt. Ltd. | 0.02 | - |
| (ii) | Larsen & Toubro Limited | 0.02 | 0.01 |

₹ crore

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---------|--|---------|---------|
| 5 | Other Transactions Net Balances: | 8.40 | 2.08 |
| | Recovery of Expenses from: | | |
| (i) | Mitsubishi Hitachi Power Systems Limited | 0.12 | 0.25 |
| (ii) | Mitsubishi Electric Corporation | 0.18 | - |
| (iii) | L&T Special Steels & Heavy Forgings Pvt. Ltd. | - | 0.03 |
| (iv) | L&T-MHPS Boilers Private Limited | - | 1.17 |
| | Payables towards expenses incurred by: | | |
| (i) | L&T-MHPS Boilers Private Limited | 0.05 | - |
| (ii) | Larsen & Toubro Limited | 8.64 | 3.50 |
| (iii) | L&T Hydrocarbon Engineering Limited | 0.01 | 0.01 |
| (iv) | L&T Infrastructure Development Projects Limited | - | 0.01 |
| (v) | Mitsubishi Electric Corporation | - | 0.01 |
| | Inter Corporate Deposits (ICD): | | |
| (i) | ICD to Larsen & Toubro Ltd. | 100.00 | - |
| (ii) | Receipt on Maturity of ICD from Larsen & Toubro Ltd. | 100.00 | - |
| (iii) | Interest received on maturity of the ICD | 1.81 | - |

₹ crore

| Sr. No. | Particulars | As at 31-03-2019 | As at 31-03-2018 |
|---------|---------------------------------------|---------------------|---------------------|
| 1 | Amount due to related parties: | 9.61 | 29.38 |
| (i) | Larsen & Toubro Limited | 5.40 | 15.41 |
| (ii) | L&T-MHPS Boilers Private Limited | 1.01 | 12.77 |
| (iii) | L&T Hydrocarbon Engineering Limited | 0.01 | 0.01 |
| (iv) | Mitsubishi Electric Corporation | 3.18 | 1.19 |

₹ crore

| Sr. No. | Particulars | As at 31-03-2019 | As at 31-03-2018 |
|---------|---|---------------------|---------------------|
| 2 | Amount due to related parties (towards advances) : | 382.74 | 465.75 |
| (i) | Larsen & Toubro Limited | 68.09 | 87.80 |
| (ii) | Nabha Power Ltd. | 5.99 | - |
| (v) | Mitsubishi Hitachi Power Systems Limited | 308.66 | 377.95 |

₹ crore

| Sr. No. | Particulars | As at 31-03-2019 | As at 31-03-2018 |
|---------|---|---------------------|---------------------|
| 3 | Amount due from related parties: | 633.17 | 617.06 |
| (i) | Larsen & Toubro Limited | 472.20 | 593.57 |
| (ii) | L&T Special Steels & Heavy Forgings Pvt. Ltd. | 1.12 | 0.23 |
| (iii) | L&T-MHPS Boilers Private Limited | 0.00 | 0.22 |
| (iv) | Mitsubishi Electric Corporation | 0.05 | - |
| (v) | Mitsubishi Hitachi Power Systems Limited | 156.59 | 22.63 |
| (vi) | Nabha Power Ltd. | 3.20 | 0.42 |

29.12 Disclosure as required by Indian Accounting Standard (Ind AS) 102 Share based payments - Employee Stock Option Plan

Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is Rs. 12.53 Cr. The same is being recovered over the period of vesting by the holding company. Accordingly, cost of Rs. 12.43 Cr. (Previous Year Rs. 12.04 Cr.) has been recovered by the holding company upto current year, out of which, Rs. 0.39 Cr. (Previous Year Rs. 0.14 Cr.) was recovered during the year. Balance Rs. 0.10 Cr. will be recovered in future periods.

29.13 Disclosure required by Indian Accounting Standard (Ind AS 33) Earnings per share

Basic and diluted earnings per share (EPS)

₹ crore

| Particulars | 2018-19 | 2017-18 |
|---|---------|---------|
| Profit / (Loss) after tax as per accounts | 45.56 | 57.52 |
| Weighted average number of shares outstanding (Nos) | 71.06 | 71.06 |
| Basic EPS (Amount in Rs.) | 0.64 | 0.81 |
| Diluted EPS (Amount in Rs.) | 0.64 | 0.81 |
| Face Value per share (Amount in Rs.) | 10.00 | 10.00 |

29.14 Assets Pledged as Security

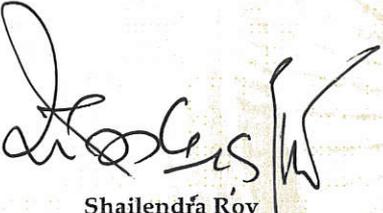
The carrying amount of assets pledged as security for current borrowings are as under:

| Particulars | ₹ crore | |
|---|-----------------|-----------------|
| | 31-Mar-19 | 31-Mar-18 |
| Current: | | |
| Financial assets | | |
| Trade Receivables | 635.06 | 611.67 |
| Non Financial assets | | |
| Inventories | 393.48 | 784.90 |
| Total assets pledged as security | 1,028.54 | 1,396.56 |

29.15 Accounting Standard issued but not yet effective

The MCA has notified Ind As-116 "Leases" effective 1st April'19. The company has evaluated the impact of the implementation of the standard. There is no material impact on implementing the Ind As 116.

29.16 Figures of the previous year have been re-grouped/re-classified to confirm to the figures of current year.

| | | | |
|---|--|---|---|
| As per our report attached of even date B.K. Khare & Co. Chartered Accountants Firm's Registration No. 105102W | For and on behalf of the Board of Directors of L&T-MHPS Turbine Generators Private Limited | | |
|  Ravi Kapoor Partner Membership no. 040404 |  Tetsuya Suzuki Chief Operating Officer DIN : 8333217 |  Shailendra Roy Chairman DIN: 2144836 |  Yusuke Kurogi Director DIN: 7172890 |
| |  A R Prasad Chief Financial Officer |  Raju Iyer Company Secretary | |
| Place : Faridabad Date : 24th April 2019 | Place : Faridabad Date : 24th April 2019 | | |

MANAGEMENT SYSTEM CERTIFICATE

Certificate No:
93703-2011-AQ-IND-RvA
101451-2011-AE-IND-RvA
101450-2011-HSO-IND-DNV
149407-2014-AE-IND-RvA

Initial certification date:
28, February, 2011
18, August, 2011
18, August, 2011
18, September, 2012

Valid:
28, February, 2017 - 27, February, 2020
28, February, 2017 - 27, February, 2020
28, February, 2017 - 27, February, 2020
18, February, 2017 - 18, February, 2020

This is to certify that the management system of

L&T MHPS Turbine Generators Pvt. Ltd.

Gate No. 8, Hazira Works, P.O. Bhattha, Surat - 394 510, Gujarat, India

has been found to conform to the Management System standard:

ISO 9001:2015
ISO 14001:2015
OHSAS 18001:2007
ISO 50001:2011

This certificate is valid for the following scope:

Design, engineering, manufacturing and sale of super critical/ultra-super critical steam turbines & generators and steam turbines for combined cycle power plants

Providing services and spares for power sector

This integrated certificate has the function of showing all certificated services of L&T MHPS Turbine Generators Pvt. Ltd., the accreditation status can be found for each service on the issued certificate (see reference to certificate no's).

Place and date:
Chennai, 07, March, 2017



For the issuing office:
DNV GL – Business Assurance
ROMA, No. 10, GST Road, Alandur,
Chennai - 600 016, India

A handwritten signature in blue ink, appearing to read "Sivadasan Madiyath".

Sivadasan Madiyath
Management Representative

“Alone we can do so little, together we can do so much.”
– Helen Keller



L&T



MHPS

L&T-MHPS Turbine Generators Pvt. Ltd.

Registered Office : L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001, INDIA

Manufacturing Facility : Hazira Manufacturing complex (West), Surat-Hazira Road, P.O. Bhatta, Surat 394510

Website : www.Lntmhpsturbogen.com

CIN: U31101MH2006PTC166541